



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF DEVELOPMENT SERVICES

**Mission Statement:** As stewards of the Town of Amherstburg, we strive to improve the quality of life of all residents through the delivery of effective, efficient, and affordable services.

Author's Name: Melissa Osborne	Report Date: April 29, 2024
Author's Phone: 519 736-0012 ext. 2137	Date to Council: May 13, 2024
Author's E-mail: <a href="mailto:mosborne@amherstburg.ca">mosborne@amherstburg.ca</a>	Resolution #:

To: Mayor and Members of Town Council

Subject: Digital Gateway Signage

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1. **RECOMMENDATION:**

It is recommended that:

1. Administration **BE DIRECTED** to issue a Request for Proposal for third party partnership on the digital gateway signs as outlined in this report;
2. Administration **BE APPROVED** to proceed with the extended 5-year parts warranty for the digital signs, at a cost of \$4,430 USD, plus taxes, with all revenue and expenditures to be captured under the Economic Development Division; and,
3. Administration **BE DIRECTED** to bring back any changes to the Municipal Digital Signage Policy which may be required as a result of the RFP.

2. **BACKGROUND:**

The introduction of the two (2) gateway signs at the North and South end of Sandwich street dates back to 2018 with the following resolutions:

- A. Resolution # 20180423-114

**Moved By** Councillor Lavigne  
**Seconded By** Councillor Meloche

**That:**

1. The delegation **BE RECEIVED**; and,

2. **That Administration BE DIRECTED to provide a report to Council on the feasibility of electronic signage at the north and south entrances to the Town.**

The Mayor put the Motion.

**Motion Carried**

B. Resolution # 20180528-180

**Moved By** Councillor Meloche

**Seconded By** Councillor Fryer

**That:**

1. **The report from the CAO dated May 22, 2018, regarding Gateway Signage BE RECEIVED;**
2. **Administration BE AUTHORIZED to construct programmable Gateway Signage at the north and south gateways to the Town of Amherstburg;**
3. **Administration BE DIRECTED to report back with a schedule of fees for Council approval for advertisement on the Gateway Signage; and,**
4. **A transfer from the Capital Reserve account BE APPROVED not to exceed \$128,200 to fund the Gateway Signage.**

The Mayor put the Motion.

**Motion Carried**

C. Resolution # 20201109-366

**Moved By** Deputy Mayor Meloche

**Seconded By** Councillor Simone

**That the Municipal Digital Signage Policy BE ADOPTED in accordance with the report entitled Adoption of the Municipal Digital Signage Policy dated October 28, 2020.**

The Mayor put the Motion.

**Motion Carried**

The intention of the program was to leverage the annual revenue for maintenance and replacement of the digital signs, as outlined in the report which was before Council on November 9, 2020, and attached as Appendix A. This report provides an update on the

revenue to date, the current status of maintenance and replacement as well as recommendations on potential next steps.

### 3. DISCUSSION:

The original plan had suggested potential revenue in the range of \$36,000 to \$39,600 annually. Achieving these targets was contingent upon 12 to 15 paid advertisements and 3 to 6 non-profit advertisements each month. To date, the annual revenue is as follows:

Year	Number of Non-Profit Ad's	Number of For-Profit Ad's	Amount
2020	0	0	\$0
2021	3	0	\$300
2022	7	1	\$900
2023	11	3	\$1,800
<b>Total</b>	<b>14</b>	<b>2</b>	<b>\$3,000</b>

The vast majority of digital messaging has been for municipal events which does not provide for revenue generation. As noted in the table above the digital advertisements have been mostly for non-profit groups with only 5 instances from profit businesses, and those instances were from the same 2 business.

Given 2020 through 2022 there was limited to no ability to host events as well as other limitations imposed during the pandemic, it is not surprising that no revenue was generated in 2020 and very little in 2021 and 2022. Revenue generated in 2023 has also fallen substantially below the \$32,000 to \$36,000 in potential projections. While there is information regarding the use of this medium for advertising there is very little uptake to date.

Providing a means by which to advertise is only one small part of how advertising revenue is generated. The ability to call and build relationships to sell the advertising is key to producing revenue. While staff can encourage the use of the gateway signs and promote it on our website, we are not staffed to actively sell advertising. It is important to consider that many franchises in Town do not necessarily advertise independently from the parent organization, which could be for a variety of reasons including but not limited to: restrictions from national on what they can and can't do and or fees paid for the franchise including advertising so additional advertising dollars are not set aside by local franchises.

There are companies which work with local businesses and their national entities to leverage advertising on digital mediums, such as our gateway signs. These companies either seek approval to locate a digital sign in a community or to leverage existing local digital signs, in both cases providing the municipality with revenue. The ability to generate the projected revenue from the gateway signs could be achieved if the Town were to issue a Request for Proposal seeking proposals from these types of businesses for use of our 2 gateway signs. Based on various discussions Administration anticipates the ability to achieve funding which at a minimum could be \$20,000 in annual guaranteed revenue.

The revenue will be directly tied to how many advertising spots the Town wants to secure for municipal and non-profit use.

Should Council support this direction Administration would ensure the RFP includes at a minimum the following:

1. Town retains the ability to have 3 advertising spots in each 60 second loop, on both gateway signs;
2. Permitted use of Town advertising spots will be for municipal business and or local non-profits, which will be at a cost as prescribed in the Town's Users Fee schedule and for 2024 is \$111/month
3. Town will require an annual guaranteed revenue;
4. Town will require a one-time upfront fee upon execution of the agreement;
5. Town will continue to program our advertising spots and the successful proponent will be responsible for programming theirs;
6. In addition to ensuring the proponent adheres to Advertising Standards Canada and the Canadian Code of Advertising standards, they will also be required to adhere to the Towns by-laws for advertising and signage and;
7. Town would require proposals be for no less than 3 year term and no more than a 5-year term.

By retaining 3 advertising spots in each 60 second loop, the Town can continue to advertise our events, and still provide for non-profit advertising spots. This does mean any businesses which elect to use the digital media would need to do so through the proponent, the Town would no longer offer a User Fee for digital advertising for businesses.

Should Council approve this direction it will secure guaranteed revenue from the gateway digital signs, as originally planned to sustain and replace the assets. It would also allow Administration to focus on revisiting and strengthening our other advertising and sponsorship programs. We can look at how best to build programs and packages and how best to attract advertising and sponsorship, including consideration of when those opportunities may be best leveraged by sourcing out to third parties.

### **Current Status of Digital Signs**

On June 30, 2024 the signs will be 5 years old and as a result will fall out of warranty. The Town has inquired about an extended warranty, which would provide for parts, not labour. We can secure a 5-year parts warranty for \$4,430 USD, and there is a local company which can provide the labour as and when needed. At this time, there is insufficient revenue from the signs to cover the cost of this agreement. Should Council approve the recommendation to RFP for a third party to take on the advertising, the one-time lump sum fee should be more than enough to cover this cost. If we do not proceed with the RFP a funding source will be required. Administration strongly recommends that regardless of whether the RFP is issued or not, the 5-year extended warranty on parts be approved to avoid any significant down time and costs related to part failure.

#### **4. RISK ANALYSIS:**

There is a risk that on occasion the Town may not have sufficient advertising spot to host municipal events and non-profit events. This is deemed to be a low risk given the past experience with digital sign advertising. Should it occur priority is recommended to be given to municipal events.

There is a risk that allowing a third party to manage the sale of advertising on the sign is a concern as it may result in higher costs than what the Town charges and Council would not be able to waive the fee. This is a medium risk as it is anticipated the advertising cost would be higher. However, based on the current use of the signs by businesses for advertising there is little use of the signs by these businesses to date.

There is a risk that this proposed revenue-generating solution to generate revenue to sustain these assets is not supported by Council and the current situation remains status quo. Should this occur, the digital signs will likely continue to have an unsustainable revenue stream for their maintenance and replacement, necessitating a request for additional funding in the 2025 operating budget to fund the shortfall.

#### **5. FINANCIAL MATTERS:**

The original plan to self-fund these assets through the sale of advertising has resulted in a total of \$3,000 in the first 4 years of operation. There is a need to fund the extended warranty which is \$4,430 USD. Should the RFP be successfully issued to a third party, there should be sufficient funding from the one-time lump sum for contract signing to cover this cost. Additional annual revenue expected from the RFP will be included in the 2025 operational budget documents providing Administrations recommendation on use of the funds for Council considerations. Given there is no current funding source for the signs such a recommendation would likely include a portion of the annual revenue be directed to a reserve to address the labour costs associated with fixing the digital signs as well as a portion which allocated to offset expenses and reduce the tax levy.

As previously noted, should Council not want to proceed with an RFP it is strongly recommended the warranty still be purchased to maintain the digital signs. Although the expense for the warranty extension was not planned and it is one-time in nature, it could be incurred in the Economic Development operational budget. Given the amount is not very significant there is a chance that it will not materially impact the overall corporate year-end result.

It has also been noted that revenue and expenses related to the Gateway Digital Signs does not currently align with oversight and responsibilities. This is likely due to the fact that the Economic Development Division did not previously exist. In order to better align the financials with the responsibilities for the signs it is recommended both the revenue and expenses be redirected to the Economic Development departments operational budget.

#### **6. CONSULTATIONS:**

Finance  
Manager of Tourism and Economic Development

## 7. CORPORATE STRATEGIC ALIGNMENT:

*Vision: Preserving our past while forging our future.*

<i>Amherstburg Community Strategic Plan 2022 - 2026</i>	
<p style="text-align: center;"><b>PILLAR 1</b> <b>Deliver Trusted &amp; Accountable Local Government</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Improve trust between council and staff, and residents, by strengthening governance and internal accountability structures.</li> <li>✓ Deliver transparent and efficient financial management.</li> <li><input type="checkbox"/> Increase effective communication and engagement with residents.</li> <li><input type="checkbox"/> Develop our staff team, resources, and workplace culture.</li> <li>✓ Continue to deliver strong core municipal services.</li> <li><input type="checkbox"/> Ensure Amherstburg is an inclusive accessible and welcoming community committed to reconciliation.</li> </ul>	<p style="text-align: center;"><b>PILLAR 3</b> <b>Encourage Local Economic Prosperity</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Encourage development of commercial and industrial lands.</li> <li><input type="checkbox"/> Continue to promote local tourism industry, especially overnight accommodation.</li> <li><input type="checkbox"/> Continue to facilitate downtown development for residents and visitors.</li> <li>✓ Continue to leverage partnership opportunities with other provincial, federal, and local governments, agencies, and organizations.</li> </ul>
<p style="text-align: center;"><b>PILLAR 2</b> <b>Invest in Community Amenities and Infrastructure</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Maintain safe, reliable and accessible municipal infrastructure and facilities.</li> <li><input type="checkbox"/> Increase access to recreation opportunities for all ages.</li> <li><input type="checkbox"/> Finalize and execute plans for town-owned lands (e.g. Duffy’s site, Belle Vue)</li> <li><input type="checkbox"/> Create public access to water and waterfront</li> <li><input type="checkbox"/> Prioritize opportunities to reduce environmental impacts of Town operations and increase Town resilience to climate change.</li> </ul>	<p style="text-align: center;"><b>PILLAR 4</b> <b>Shape Growth Aligned with Local Identity</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Define and communicate a vision for the Town’s future and identity.</li> <li><input type="checkbox"/> Promote and plan for green and “climate change ready” development.</li> <li><input type="checkbox"/> Review and implement policies that promote greater access to diverse housing.</li> <li><input type="checkbox"/> Protect the Town’s historic sites and heritage.</li> <li><input type="checkbox"/> Preserve the Town’s greenspaces, agricultural lands, and natural environment.</li> </ul>

## 8. CONCLUSION:

While the Town can certainly continue as is currently in place and provide for additional information to attract advertisement on the digital gateway signs it is not likely to produce

a substantial difference in current revenue. Should Council want to achieve the revenue projections originally anticipated it is best achieved by issuing an RFP and partnering with an external organization which has the contacts and ability to sell the advertising. It is recommended that the 5-year extend parts warranty proceed and that all revenue and expenses for the Gateway Digital Signs be directed to Economic Development to align with the responsibilities associated with them.



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Melissa Osborne  
**Director Development Services / Deputy CAO**

## Report Approval Details

Document Title:	Gateway Signage .docx
Attachments:	
Final Approval Date:	May 2, 2024

This report and all of its attachments were approved and signed as outlined below:



Tracy Prince



Valerie Critchley



Kevin Fox