

COORDINATED STREET FURNITURE INITIATIVE: STATUS REPORT

EXECUTIVE SUMMARY

Administration is reporting back on the status of implementation activities related to the Coordinated Street Furniture (CSF) initiative. Since last reporting on 2014 April 28, Administration has undertaken external stakeholder engagement with area community associations and with industry representatives in accordance with previous Council direction to "...establish their support for street furniture program objectives and the potential of street-level advertising to meet program objectives".

Administration received feedback from industry stakeholders in response to a Request for Information exercise. The feedback indicates that there is significant private sector interest in participation in a CSF program in Calgary. However, it also clearly indicates that the current CSF program objectives (listed on Page 2) exceed the potential value of street-level advertising revenue, particularly if limited to advertising on benches and transit shelters. Therefore, a future Request for Proposals reflecting the above is unlikely to attract bids from industry.

Administration recommends revising the CSF program objectives to address external stakeholder feedback. Completing a revision will require time for internal consultation with affected City business units. It is estimated by Administration that revised objectives for a CSF program can be prepared by 2015 May.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Transportation and Transit recommend that Council direct Administration to revise the objectives for a coordinated street furniture program, addressing external stakeholder feedback, and report back through the SPC on Transportation and Transit no later than 2015 May.

RECOMMENDATION OF THE SPC ON TRANSPORTATION AND TRANSIT, DATED 2015 MARCH 18:

That the Administration Recommendation contained in Report TT2015-0119 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 April 28, Council adopted the SPC on Transportation and Transit Recommendations contained in Report TT2014-0248 as follows:

"That Council:

1. Receive this report for information.
2. Direct Administration to report back on the status of implementation activities, including a Terms of Reference for an advertising-based street furniture program, no later than 2015 March."

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On 2013 November 18, Council endorsed the following key objectives for a city-wide street furniture program as part of Report TT2013-0581:

1. Improve the aesthetics of the public realm and reduce visual blight and clutter.
2. Improve the cleanliness of the public realm by expanding street-level waste and recycling services.
3. Enhance the levels of service and maintenance of furniture fixtures with no additional cost to the City.
4. Generate new revenues to support expanded waste and recycling services and increase existing advertising revenue.

Recommendation # 1 of this report would result in a revision of these objectives.

BACKGROUND

Common street furniture elements include transit shelters, bus benches, waste and recycling bins, newspaper racks or 'corrals', bike racks, and advertising/information pillars. Most of The City's street furniture is located in the Centre City, in Business Revitalization Zones (BRZs), and along high volume transit corridors. It is anticipated that street furniture requirements will increase over time as the city's population increases, as transit ridership increases, and as transit-oriented developments become more numerous.

Calgary Transit and Roads currently manage separate street furniture programs with various assets located throughout the city. Funding and maintenance mechanisms vary by business unit. Calgary Transit empties garbage cans at some bus stops, and, Roads maintains and empties waste and recycling containers in Centre City and some BRZs. The number of street furniture assets has increased over time with absorption of incremental operating costs by Calgary Transit and Roads. Calgary Transit currently receives revenue from two street furniture advertising contracts: bus benches (expiring 2016 December) and bus shelters (expiring 2018 November).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Status of Implementation Activities

Since last reporting to Council on 2014 April 16, Administration has:

- Completed engagement of Business Revitalization Zones (BRZs);
- Extended The City's existing bus bench contract from 2014 December to 2016 December as part a strategy to bridge the gap with street furniture contracts expiring in 2018;
- Engaged community associations in the Centre City, adjacent to BRZs and in other high-pedestrian areas; and
- Engaged industry representatives (e.g. advertising contractors; street furniture suppliers) through a Request for Information (RFI) procurement exercise for the purpose of obtaining industry stakeholder feedback while respecting The City's procurement policies and guidelines.

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The development of a “robust and attractive Terms of Reference for an advertising-based street furniture program” remains outstanding pending confirmation of CSF program objectives.

Stakeholder Engagement, Research and Communication

Community Associations

Twenty-one community associations located in the Centre City or adjacent to BRZs and other high-pedestrian areas were contacted over the period 2014 April to 2014 December. These associations were provided with an information primer regarding the CSF initiative (background; objectives; anticipated milestones/deliverables); follow-up meetings resulted with six organizations. Feedback received from community stakeholders indicated that qualified support exists for the CSF program objectives. The primary area of concern expressed by community stakeholders related to the risk of a proliferation of advertising occurring in the public realm as a direct result of the street-level advertising basis of the CSF program. The majority of the feedback received expressed the opinion that the number of advertisements in the public realm should not exceed current levels.

Additional areas of concern identified by community stakeholders included:

- Advertising content (standards; provision for community programming);
- Impacts resulting from digital advertising displays;
- Opportunities for the incorporation of unique or customizable furniture elements that would respond to individual community settings; and
- Standards for quality of street furniture design and materials selection.

Administration believes that the concerns identified by community stakeholders can be effectively addressed through the development of appropriate CSF program Terms of Reference once program objectives are confirmed.

Industry Participants

Following City procurement policies and guidelines, Administration initiated a Request For Information (RFI) procurement exercise in Fall 2014. Seven responses to the RFI were received after the exercise closed in 2014 December. Follow-up conversations were conducted with seven respondents, who were asked to respond to the following questions:

- What drives value for your company under the type of program being proposed?
- How important are advertising opportunities associated with individual furniture elements (e.g. benches versus shelters, etc.)?
- Are there programs in place in North America today that are good examples to emulate? Internationally?
- Can you suggest street furniture program features that are ‘must-haves’? Potential pitfalls?
- Community stakeholders in Calgary have consistently expressed concern that a proliferation of advertising in the public realm will result from an advertising-based street furniture program – how do/should programs successfully manage the need for advertising revenue generation relative to community stakeholder requirements to minimize impact on the public realm? Can advertising opportunities be optimized (as opposed to simply proliferated) and still create value to industry?

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- Has your company passed on bidding on municipal programs in the past? If so, why? How could the problem(s) have been addressed?

Feedback received from industry stakeholders indicated that there is significant private sector interest in participation in a CSF program in Calgary. Key drivers of value identified by respondents included: a 15 to 20 year contract term; provision of opportunities for growth in advertising locations and elements; provision of exclusivity; accommodation of digital advertising displays.

Critically, respondents with direct experience in the commercial evaluation and/or contractual delivery of street furniture programs consistently expressed the opinion that current CSF program objectives will not be met by street-level advertising, i.e. insufficient revenue potential exists to offset anticipated program costs (capital expenditures, operating expenditures, and revenue return to The City). In the last five years, advertising-based street furniture market exercises in Ottawa and Edmonton have failed to attract compliant bids reportedly as a result of unrealistic business cases and/or the presence of unacceptable levels of risk to industry partners.

Administration believes that the concern expressed by industry stakeholders regarding the viability of The City's current objectives for a CSF program warrants their revision at this time.

Strategic Alignment

The project aligns with the following Strategic Actions resulting from Council Priorities:

- N9 Provided great public spaces and public realm improvements across the city to foster opportunity for well used public spaces and places for citizen connections and urban vitality;
- M4 Invest in active transportation infrastructure, including cycling and pedestrian networks as funding becomes available;
- W2 Be as efficient and effective as possible, reducing costs and focusing on value-for-money;
- W3 Examine opportunities for alternative service delivery for competitiveness
- W6 Effectively manage The City's inventory of public assets, optimizing limited resources to balance growth and maintenance requirements; and
- W8 Increase collaboration across the organization, including alignment of budgets with service delivery to achieve City priorities.

The project is aligned with 'public realm' improvement directions contained within the Calgary Transportation Plan and the Municipal Development Plan.

The project complements the following City programs/plans:

- Centre City Implementation;
- RouteAhead; and
- 2014 Complete Streets Guide.

Social, Environmental, Economic (External)

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Social

Advertising-based street furniture programs can contribute to well-maintained public spaces, can provide enhanced opportunities for pedestrian and transit customer accommodation, and can influence citizens' perceptions of personal safety in public spaces.

Environmental

Advertising-based street furniture programs can contribute to the attractiveness of walking through the provision of resting amenities and waste receptacles.

Economic (External)

Advertising-based street furniture programs can benefit advertisers and local businesses by providing exposure to Calgary customers and potentially neighbourhood specific targeted campaigns.

Financial Capacity

Current and Future Operating Budget:

Adopting the recommendation will have no impact on the current operating budget. Implementation of a coordinated, advertising-based street furniture program should provide operational savings by assignment of maintenance cost responsibility to the vendor (or vendors).

Current and Future Capital Budget:

Adopting the recommendation will have no impact on the current capital budget. Implementation of a coordinated, advertising-based street furniture program should provide capital cost savings and avoidance by assignment of fabrication and life-cycle renewal cost responsibilities to a vendor (or vendors).

Risk Assessment

A significant risk exists that a future RFP market exercise for a street-level advertising based CSF program will fail to attract bids without a revision of the current program objectives.

REASON(S) FOR RECOMMENDATION(S):

Administration has received feedback from industry stakeholders indicating that street-level advertising does not have the potential to meet The City's proposed Coordinated Street Furniture (CSF) program objectives. Administration needs to revise the objectives for a CSF program to ensure that they will form the basis for a robust and attractive Terms of Reference that will instruct a successful future Request for Proposals exercise. Completing a revision will require time for internal consultation with affected City business units. It is estimated by Administration that revised objectives for a CSF program can be prepared by 2015 May.

ATTACHMENT(S)

None