
Halifax Regional Council
April 16, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed

George McLellan, Chief Administrative Officer

DATE: April 9, 2002

SUBJECT: Parking Meter Advertisements

ORIGIN

At the February 20, 2001 meeting of Council, staff were authorized to enter into an extension of the contract with Meter-Ad for one year beyond the initial trial period. Staff were to conduct an evaluation with Meter-Ad on the merits of the project and report back on the results of this evaluation in one year, at the expiration of the trial period.

RECOMMENDATION

It is recommended that:

Council instruct staff to discontinue parking meter advertisement at this time and give written notice to Meter-Ad to terminate the agreement.

BACKGROUND

On November 23, 1999, Regional Council authorized staff to proceed with a one year pilot project with Meter-Ad for the use of parking meters for advertising purposes based on the following:

1. HRM to make available 500 parking meters located in various areas of HRM including, but not limited to, the downtown core areas of Halifax and Dartmouth, University Avenue and the Armdale Rotary.
2. Meter-Ad to be responsible for all activity related to the advertisement including marketing, client relations, collections of revenue, submission of rental monies to HRM and the reporting of damage to meters to HRM.
3. Meter-Ad to restrain placing advertisements on meters in the immediate vicinity of historic buildings or sensitive areas such as the Public Gardens, Maritime Museum of the Atlantic, Legislative Building, Grand Parade and Government House for aesthetic reasons. HRM to reserve the right to remove advertising if it were deemed to be inappropriate.
4. HRM to reserve the right to require the removal of any advertisement that is considered to be in direct conflict with an abutting business interest. This was a condition of the test pilot developed to address the strong opposition posed by the business community to the pilot project on the grounds that there was more than enough poster type advertising in the downtown already and another form of this kind of advertising should not be discouraged.
5. The advertising display unit to be used is comprised of a stainless steel bracket and an advertising sign unit constructed of a heavy duty plexiglass material. The entire display unit is similar in size to the face plate or time display portion of the meter. The advertising sign unit slides into a slot at the top of the bracket and fastens using a tamper proof fastener. An advertisement display constructed of a heavy duty laminated poster board and the size of a postcard fits within the sign unit. The display unit has been carefully designed to afford a reasonable display for the advertiser while not overpowering the parking meter or the surrounding area.
6. A return to HRM of 42% of the gross advertising revenue from the use of the parking meters for advertising purposes, estimated at \$38,115 for the one year term of the pilot project.
7. An agreement for one year effective March 1, 2000. An option to renew the agreement for an additional five one year term subject to Council approval.

On February 20, 2001, Regional Council authorized staff to proceed with the extension of the pilot project for one year, commencing March 1, 2001. Support for the extension was based on the following:

1. The total amount of revenue from this trial project is yet to be determined as there is more money yet to come in.
2. The staff report does not mention that Meter-Ad carries liability insurance.
3. Meter-Ad has agreed to cover all broken meters, which, to date, has only amounted to \$60.
4. The BIDC's were not in favour of this project from the start, yet both advertise on the meters.
5. It is a good idea to support an endeavour which generates revenues and decreases costs.

The one year extension on the pilot project is finished as of March 1, 2002.

DISCUSSION

At the time staff brought forward the supplementary report on February 20, 2001, an extension was not recommended. On February 27, 2001, shortly after the extension was approved by Council, staff contacted the principals of Meter-Ad, in writing, and notified them of Council's decision. Included in this correspondence was a request to meet and discuss the administration of the pilot project.

Specifically, staff requested a meeting to discuss:

1. The requirement to provide audited statements
2. The requirement to provide monthly reporting and payment
3. The requirement to report on customer information and advertisement copy
4. The requirement to identify the numbers of meters used and their location
5. A desire to access up to 10% of advertisement faces for HRM public service needs
6. The development of an evaluation model, as directed by Council, February 20, 2001.

Staff followed up the February 27, 2001 letter by placing a phone call to Mr. Evan Wentzell on April 10, 2001. At that time staff was advised that the company had experienced a major computer failure and was unable to provide information pertaining to the project. It was expected that recovery of the information would be completed by April 12, 2001, at which time the reports would be forthcoming by week's end.

On July 16, 2001, staff again spoke with Mr. Evan Wentzell requesting a meeting to discuss the project and that all outstanding revenues, reports and customer information be forwarded immediately to the HRM, as per the agreement. At that time, Mr. Wentzell advised that his former partner, who had been responsible for marketing the service, was no longer involved with the company. A new company, BMG Marketing Incorporated, was hired to carry out marketing. Staff was informed that customer lists and all reports would be to the HRM by July 30, 2001.

Staff responsible for the administration, monitoring and reporting of the project have received the following documentation and/or payments:

1. Schedule of meter rentals from March 24, 2000 to August 1, 2000
Cheque in the amount of \$804.55.
2. Schedule of meter rentals from September 1, 2000 to December 1, 2000
No cheque was forwarded with the schedule. Expected revenue is \$340.20

In spite of numerous requests to the company that they remit the outstanding revenue reportedly owed to HRM on the December 1, 2000 schedule, payment has not been received. Numerous requests for monthly reporting figures, advertisement copy and audited statements have also been disregarded. It is staff's opinion that Meter-Ad has failed to live up to the reporting and financial terms of the agreement. The failure of Meter-Ad to meet the basic administrative requirements of the contract and to remit HRM's share of the revenue is increasing staff's uneasiness in regards to the company's ability to meet its other obligations under the contract.

HRM holds a certified cheque in the amount of \$2,500 which can only be used to offset any damages done to HRM's property. Personal guarantees from both Mr. Evan Wentzell and Mr. Richard Dexter for \$2,500 each can be used as a basis for collection through the legal process.

Evaluation:

Staff were unable to meet with the proponents and come to agreement on the criteria that would be used to evaluate the success of the project. However, staff have conducted an in-house evaluation on the project based on the last 24 months of operation (March 2000 to March 2002)

1. Operation and Maintenance - It is difficult to evaluate the efficiency or effectiveness as information pertaining to the installation and use is unavailable. Personal observation from the parking meter maintenance program indicates that nominal damage could occur due to vandalism.
2. Placement and Type of Advertisements - Evaluation is not possible due to the fact that staff have not been provided with any information. Staff has not received any formal negative comments concerning the placement and type of advertisement. Personal observation would suggest that a lack of comments for or against the project is probably due to the low advertising usage in the community.
3. Financial Return indicates a total of \$1,144.75 up to December 1, 2000. No further information is available. Original estimates of an annual return of \$38,115 have not been met.
4. Response to the Pilot Project - Other than initial comments from the BIDC, staff have received no feedback on how the project is perceived by the public.

Staff conclude, based on the foregoing evaluation, that there is no benefit accrued to the HRM in continuing with this pilot project. The proponents have been unable to capitalize on the concept. This may be as a result of issues internal to the company or it may reflect that there is no demand for the service. Formal notice to quit the agreement should be given to Meter-Ad, with the request to remove all advertising equipment from the meters. The certified cheque for \$2,500 will be returned after a final inspection of meters is undertaken to determine that there are no damages to

HRM equipment.

Collection action will also be undertaken to recover on the outstanding funds.

BUDGET IMPLICATIONS

The HRM has recorded revenue of \$340.20 from the December 2000 report listed as owed to the HRM for the budget year 2000-2001. This amount has been fully allowed for in the valuation allowance. No additional revenues have been projected from this source.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation

ALTERNATIVES

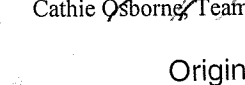
Extend Meter-Ad with an additional one year term as a pilot project. This is not recommended based on the foregoing analysis.

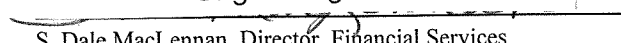
ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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