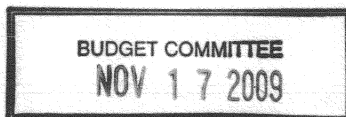




# Corporate Report

Clerk's Files **FA.19.MoB**Originator's  
Files

---

**DATE:** November 3, 2009

**TO:** Chair and Members of Budget Committee  
Meeting Date: November 17, 2009

**FROM:** Paul A. Mitcham, P.Eng. MBA  
Commissioner of Community Services

**SUBJECT:** Mobile Sign Rentals

---

**RECOMMENDATION:** That this report dated November 3, 2009 from the Commissioner of Community Services entitled, "Mobile Sign Rentals" be received for information.

**BACKGROUND:** Further to Budget Committee discussions on September 23, 2009, staff were requested to review the City's current practice of renting mobile signs to determine whether the City could achieve savings similar to those realized by the Region of Peel when they transitioned from rental of mobile signs to the purchase of signs.

On June 2, 2008, the Region of Peel Waste Management Division implemented an in-house Mobile Sign Service for the Region of Peel. In the program's first year, the Region of Peel operated over 3,000 weeks of signs, averaging approximately 58 signs per week. The Region has stated that this resulted in an annual savings of \$269,000. The Region is expanding the program to include an additional 22 signs which will result in 80 dedicated sign locations per week. With workloads currently at capacity, Regional staff have proposed increasing the FTE compliment from one full time and one part time to two full time positions with occasional part time assistance during the peak summer season. Staff administer all aspects of the sign

program, including: maintenance; permitting; message changes; sign transport; and scheduling of messages.

**PRESENT STATUS:** On average, the City of Mississauga rents 1,100 signs annually. Over the duration of the City's previous sign contract from September 1, 2006 through August 31, 2009, a total of \$236,960 was spent on mobile sign rentals. Of this total, 62% was expensed from the Community Services Department.

Department	Ave. Annual Cost
Mayor and Council	\$20,780.57
City Manager's Office	\$3,785.83*
Community Services Department	\$50,575.20
Corporate Services Department	\$1,350.51
Planning & Building Department	\$2,615.66
Transportation and Works Department	\$1,390.97
Non-Departmental Accounts	\$744.69

\* Note that 83% of the charges to the City Manager's Office originated from the Office of Culture which is now a Division of the Community Services Department.

The City entered into a new rental contract on September 1, 2009 with a two year term and a one year option for extension. Weekly rental rates are set at \$76 per sign compared with a rate of \$128 per week charged by the City's previous mobile sign vendor. The City's current rental contract yields savings of approximately 31% over the previous rental contract as a result of effective staff negotiations.

**COMMENTS:** Staff conducted a review to compare: previous contract rates; current contract rates; Region of Peel operating costs; and the option to purchase and operate mobile signs by the City of Mississauga. In order to provide an accurate cost comparison the review analyzed City and Region expenses for: purchase signs, cages and letters; labour to administer the program; vehicle, maintenance and fuel costs; compared with the rental contract rates.

The City of Mississauga uses approximately 1,100 signs per year. As a comparison, the Region of Peel currently manages more than 3,000 signs annually, which it expects to increase to 4,000 signs.

The Region of Peel's primary use for mobile signs is for public service announcements and information, i.e. waste collection date changes. This results in more permanent sign locations where messages on mobile signs are changed as opposed to the signs being physically moved from location to location. The City of Mississauga employs mobile signs predominantly for the purpose of promotion and notice of public meetings, resulting in the need to change mobile sign locations depending on the target audience.

City purchase and operation of mobile signs is a less favourable option than the current rental contract due to the associated labour costs required to manage this function in house. It is estimated that the cost for the City to administer mobile signs will be approximately 72% greater than the current rental contract. Additionally, the recent introduction of pylon signs at all Recreation facilities provides a new promotional vehicle that is expected to slightly decrease reliance on mobile signs.

**FINANCIAL IMPACT:** The current sign contract charges a weekly sign rental rate of \$76; however, when message changes and additional weeks are factored, the city currently pays approximately \$51 per sign per week. This is compared with the previous contract that averaged \$74 per sign per week inclusive of message changes and additional weeks.

City of Mississauga – Comparison of Potential Options			
	Previous Contract	Current Contract	Purchase/ Operate
Avg. Annual Cost	\$81,243.43	\$55,847.31	\$95,935.22
Avg. Cost Per Sign	\$74.47	\$51.19	\$87.93

\*The 3 options are based on an average of 1,091 signs per year as indicated by past utilization figures.

The Region of Peel estimates a cost per sign of \$52. If the City of Mississauga were to purchase and operate mobile signs, the cost would be approximately \$88 per sign. The Region is able to realize economies of scale due to the volume of signs that they utilize. Furthermore, the use of stationary locations by the Region of Peel as compared to the City of Mississauga's more frequent location changes contributes to lower labour costs.

Comparison of Region of Peel to City of Mississauga Purchase and Operation of Mobile Signs		
	Region of Peel	City of Mississauga
Avg. Annual Cost	\$156,585.00	\$95,935.22
Avg. Annual Number of Signs	3,016	1,091
Avg. Cost Per Sign	\$51.92	\$87.93

\*Average cost per sign is less expensive than the rental contract rate as it factors in message changes and additional sign weeks which are less expensive.

The primary cost consideration in purchasing signs is the labour that would be associated with the transport and set up of mobile signs. This analysis assumes that additional staff hours would be required to maintain our current service needs related to mobile signs as is indicated by the Region of Peel's experience.

**CONCLUSION:**

The City of Mississauga should continue with the current rental contract for mobile signs, and not pursue in-house operation of this service. Should rental rates or the volume of signs utilized across the City increase, it would be prudent to re-evaluate this decision.

**ATTACHMENTS:**

Appendix 1: Mobile Sign Analysis



Paul A. Mitcham, P.Eng. MBA  
Commissioner of Community Services

*Prepared By: Laura Piette*

*Acting Director, Planning Development & Business  
Services*

## Mobile Sign Analysis

Previous Contract Agreement					
Cost of Enclosure Sign				\$	132.00
Cost per Portable Sign				\$	128.00
Cost for Additional Week				\$	15.00
Message Changes				\$	20.00
Year	Enclosure Signs	Portable Signs	Additional Weeks	Messages Changes	Total
2006 (3 months)	39	43	83	2	\$ 11,937.00
2007 (12 months)	248	569	519	31	\$ 113,973.00
2008 (12 months)	336	142	514	45	\$ 71,138.00
2009 (8 months)	166	100	336	8	\$ 39,912.00
<b>TOTAL</b>	<b>789</b>	<b>854</b>	<b>1452</b>	<b>86</b>	<b>\$ 236,960.00</b>
Ave. Annual Cost				\$	81,243.43
Ave. Cost per Month				\$	6,770.29
Ave. Number of Signs Per Year (including, additional weeks and message changes)					1091
Ave. Number of Signs Per Month (including, additional weeks and message changes)					91
<b>Cost per Sign</b>				<b>\$</b>	<b>74.47</b>

Current Contract Agreement					
Cost per Enclosure Sign				\$	76.00
Cost per Portable Sign				\$	76.00
Cost for Additional Week				\$	25.00
Message Changes				\$	20.00
Year	Enclosure Signs	Portable Signs	Additional Weeks	Messages Changes	Total
2006 (3 months)	39	43	83	2	\$ 8,347.00
2007 (12 months)	248	569	519	31	\$ 75,687.00
2008 (12 months)	336	142	514	45	\$ 50,078.00
2009 (8 months)	166	100	336	8	\$ 28,776.00
<b>TOTAL</b>	<b>789</b>	<b>854</b>	<b>1452</b>	<b>86</b>	<b>\$ 162,888.00</b>
Ave. Annual Cost				\$	55,847.31
Ave. Cost per Month				\$	4,653.94
Ave. Number of Signs Per Year (including, additional weeks and message changes)					1091
Ave. Number of Signs Per Month (including, additional weeks and message changes)					91
<b>Cost per Sign</b>				<b>\$</b>	<b>51.19</b>

Purchase/Operating Option					
TOTALS					
Year	Vehicle Costs	Equipment Costs	Total Costs - New Signs	Total Cost - Messgae Changes	Total Cost
2006 (3 months)	\$ 1,050.00	\$ 976.50	\$ 12,430.59	\$ 165.17	\$ 14,622.25
2007 (12 months)	\$ 4,200.00	\$ 3,906.00	\$ 123,851.07	\$ 2,560.06	\$ 134,517.13
2008 (12 months)	\$ 4,200.00	\$ 3,906.00	\$ 72,461.22	\$ 3,716.21	\$ 84,283.43
2009 (8 months)	\$ 2,800.00	\$ 2,604.00	\$ 40,323.61	\$ 660.66	\$ 46,388.27
<b>TOTAL</b>	<b>\$ 12,250.00</b>	<b>\$ 11,392.50</b>	<b>\$ 249,066.48</b>	<b>\$ 7,102.10</b>	<b>\$ 279,811.07</b>
<b>Note - Total costs, for both new signs and message changes, include labour costs for one full-time operator and one part-time administrative assistant (in line with FTE utilized by Peel Region). It also includes travel allowance costs for gas and maintenance.</b>					
AVERAGES					
Ave. Annual Cost				\$	95,935.22
Ave. Cost per Month				\$	7,994.60
Ave. Operator Hours (per week)					36.5
Ave. Administrative Assistant Hours (per week)					16.25
Ave. Number of Signs Per Year (including, additional weeks and message changes)					1091
Ave. Number of Signs Per Month (including, additional weeks and message changes)					91
<b>Cost per Sign</b>				<b>\$</b>	<b>87.93</b>