

# City of Edmonton Recreation Facilities Naming License and Sponsorship Concept Approval

## Recommendation

That Community and Public Services Committee recommend to City Council:

1. That an exemption to City Policy C477A - Facility Name Sale Policy be approved to allow Administration to seek facility naming sponsors for the facilities outlined in Attachment 1 of the September 30, 2020 Citizen Services report CR\_8483.
2. That concept approval be given for Administration to seek facility naming sponsors for the facilities outlined in Attachment 1, subject to the conditions in City Policy C477A - Facility Name Sale Policy, as outlined in the September 30, 2020 Citizen Services report CR\_8483.

## Executive Summary

Administration is seeking approval to secure multi-year revenue agreements that results in the renaming of select recreation facilities over the next 10 years. This initiative is expected to generate revenue to help offset operation costs associated with capital assets by approximately \$4 to \$5 million over the next seven to ten years.

City Council approval is required for an exemption to the City Policy C477A - Facility Name Sale Policy to enable Administration to pursue naming opportunities for existing facilities. Public consultation on the potential names of each facility will be conducted by focus group research, complementing public consultation completed to date. Once proposed names have been identified, they will be presented to the Naming Committee for review. Each Naming Rights Agreement would then be brought forward separately to City Council for final approval.

## Report

City Policy C477A - Facility Name Sale Policy allows Administration to enter into naming rights agreements for new facilities and amenities within facilities, subject to City Council's approval. The policy notes that the City of Edmonton will not actively seek proposals for existing facilities. While some businesses continue to make smaller investments in the naming of individual amenities within a particular facility, many prospective sponsors have indicated a strong preference for naming the entire complex. Allowing Administration to secure naming rights for existing facilities could

generate more sponsorship revenue as well as attract national, private-sector collaboration.

Given the City's need to improve facility cost recovery performance, Administration is requesting an exemption to City Policy C477A to allow select recreation facilities (Attachment 1) to be temporarily (up to ten years) renamed through a naming rights agreement. The facilities were identified for this opportunity given that they can best maximize revenue under this initiative, respond to previous sponsorship inquiries received by Administration and align with facility naming practices across the Province.

City Policy C477A Facility Name Sale establishes a consistent approach and guidelines for assessing facility naming rights opportunities. If the exemption is approved, naming rights proposals will be subject to conditions set out in City Policy C477A, including that the City's responsibilities as owner of the facility must be maintained and that a sponsor must be compatible with, complementary to, and reflective of the City's values and mandate. Administration, or the partner in the case of partner-operated facilities, would secure potential naming sponsors, formalize assessment criteria and methodology as outlined in the City Policy C477A, conduct public engagement related to the naming, and review proposed names with the Naming Committee.

Where applicable, facility naming will endeavour to incorporate a sub-reference to geographic location across digital and print materials (for example: XXXX Community Recreation Centre "in Terwillegar").

Once proposed names have been selected, the terms and conditions of any Naming Rights Agreements would be brought forward to City Council for approval.

#### **Budget/Financial Implications**

In the 2019-2022 operating budget, \$450,000 of new revenue from naming rights and sponsorships was approved. Projected revenue from facility name sales over the next seven to ten years is approximately \$4 to \$5 million based on internal evaluation and validated by a third party expert in naming and sponsorship agreements. Actual value for the agreements will be negotiated with each organization that puts forward a proposal. Revenue from naming rights and sponsorships at partner-operated facilities would be distributed as per the agreement with the partner.

#### **Public Engagement**

In the July 2020 Insight Community Mixed Topic Survey, participants were asked if they would be comfortable with the sale and temporary naming of select recreation facilities. Of the 3,811 respondents to the question, 62 percent were somewhat or very

comfortable, while 15 percent were neutral in supporting the naming of recreation facilities.

### Corporate Outcomes and Performance Management

<b>Corporate Outcome:</b> The City of Edmonton has a resilient financial position.			
Outcome	Measure	Result	Target
Funding partnerships are leveraged to maximize capacity and resources	Annual revenue generated from naming rights agreements	N/A	2021: \$500,000

### Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
<b>If recommendation is approved</b>						
Public Perception	Reputational risk of a sponsor negatively influencing the public's perception of the City of Edmonton Recreation Facilities	3 - Possible	2 - Moderate	6 - Low	Following the Facility Name Sale Policy (C477A) would mitigate this risk as it establishes a consistent approach and guidelines for assessing facility name sale opportunities. The City will also engage the community on their perceptions toward the potential sponsor through focus groups, Insight Surveys and other engagement channels.	Exit strategies identified in the Agreement
<b>If recommendation is not approved</b>						

Financial	Lucrative name sale agreement opportunities could be missed	3 - Possible	2 - Moderate	6 - Low	Work with potential sponsors on amenity name sale agreements versus facility name sale agreements	
-----------	---	--------------	--------------	---------	---	--

**Attachments**

1. Facility Naming Sponsorship - Potential Facilities

**Others Reviewing this Report**

- C. Owen, Deputy City Manager, Communications and Engagement
- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- B. Andriachuk, City Solicitor