



STAFF REPORT ACTION REQUIRED

Sponsorships and Naming Rights: Partnership Policies to Promote and Recognize Contributions to the City

Date:	June 1, 2011
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	P:\2011\Internal Services\CFO\Ec11002Cfo (AFS#13475)

SUMMARY

The purpose of this report is to provide Council with policies designed to enhance revenue received by the City through sponsorships and naming rights and to establish a fair, transparent and consistent review process for such proposals.

Sponsorships and naming rights can generate revenue for Toronto that may offset rising program and capital costs. However, there are no corporate-wide policies governing sponsorships or naming rights. As requested by the Budget Committee during the 2011 budget process, draft policies have been developed, following consultations with affected divisions and the City's agencies, board and commissions.

The policies also establish a consistent, fair and transparent review process for these partnership arrangements.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council adopt the policies contained in the following attachments:
 - a. Appendix 1 – City of Toronto Sponsorship Policy
 - b. Appendix 2 – City of Toronto Naming Rights Policy
 - c. Appendix 3 – City of Toronto Honourific and Street Naming Policy.

2. City Council request the Director of the Toronto Office of Partnerships, in conjunction with the relevant City divisions, to identify appropriate properties for potential naming rights.
3. City Council request the Director of the Toronto Office of Partnerships to consult with relevant internal and external stakeholders for the purposes of establishing guidelines for the valuation of City properties that may be leveraged for sponsorships and naming rights.
4. City Council delegate authority to Division Heads to accept and enter into sponsorship agreements and to spend received funds in accordance with Appendix 1 and that the City of Toronto's Municipal Code be amended accordingly.
5. City Council amend the Council Procedures to expand the delegation of authority to community councils to include the authority to name City properties in compliance with City policies.
6. City Council authorize the introduction of the necessary bills to give effect.

FINANCIAL IMPACT

It is anticipated that the recommended corporate wide sponsorship and naming rights policies will enhance revenue generation for the City.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on January 11, 2011, the Budget Committee adopted a motion from the Committee requesting that "The Director of the Toronto Office of Partnerships, in consultation with the appropriate City staff, develop appropriate policies which will increase the City's capacity for revenue generation, including sponsorships and naming rights, and submit a report to the Executive Committee in March 2011."

Furthermore, at its meeting of October 26 and 27, 2009, City Council adopted the following recommendations from the Auditor General's report entitled "Parks, Forestry and Recreation – Capital Program – The Backlog in Needed Repairs Continues to Grow":

- "9. City Council request the City Manager, in consultation with the General Manager, Parks, Forestry and Recreation and the Director, Toronto Office of Partnerships, to develop, for approval by Council, a comprehensive City-wide policy on naming rights and other private funding arrangements.

10. City Council request the Director, Toronto Office of Partnerships, in consultation with appropriate divisional staff, to identify all potential projects and facilities that may benefit from naming rights or other private funding arrangements and, with the approval of Council, pursue such funding according to corporate guidelines."

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilDecisionDocumentReport&meetingId=2209>

The attached policies also address recommendations 5 and 6 of the Fiscal Review Panel's "Blueprint for Fiscal Stability and Economic Prosperity – A Call to Action" report, which urged the City to increase and diversify its revenue base and review its capital assets for the purposes of extracting greater value for them.

<http://www.investtoronto.ca/InvestAssets/PDF/Reports/blueprint-highlights-20080217.pdf>

ISSUE BACKGROUND

Partnerships come in a variety of forms: donations, grants, joint ventures, etc. While the City welcomes opportunities to partner with external parties for the benefit of residents, guidelines are required to establish corporate-wide standards and processes. To date, the City has developed a number of such protocols (e.g. the Donations Policy, the Unsolicited Quotation or Proposal Policy) to facilitate the creation of new partnerships.

Sponsorships

Toronto engages in a wide variety of sponsorships, wherein a third party provides cash and/or in-kind services to the City in return for such marketing benefits as signage, publicity and promotional consideration, sampling and merchandising opportunities, etc.. In 2009, the City attracted 87 sponsorships, valued at more than \$7 million. Examples include: The 20-Minute Toronto Makeover (sponsored by Glad, Tim Horton's, Pizza Pizza and others), The Toronto Challenge Run (presented by Monster Mortgage) and Winterlicious (presented by American Express).

In addition, many City agencies, boards, and commissions (ABCs), have utilized sponsorships to fund programs and services. For example, Sun Life Financial sponsors the Toronto Public Library's Museum & Arts Pass Program and the Hudson Bay Company and Toronto Delta East sponsor the Toronto Zoo.

Naming Rights

In a challenging fiscal environment, and with limited public dollars available, naming rights are being increasingly looked at by governments and public institutions as a means of securing additional revenue for their infrastructure and programming needs.

Many Toronto cultural, health and educational organizations use naming rights to finance the construction of new facilities. The Michael Lee Chin Crystal at the ROM, the Four Seasons Centre for the Performing Arts, and the Ted Rogers School of Management at Ryerson University are examples.

Across Canada and the U.S., virtually all major municipalities have pursued naming rights to varying degrees and most have policies regarding their usage. Calgary, Winnipeg, Chicago and New York proactively solicit offers to buy naming rights. Ottawa recently approved a 2011-2015 Marketing Plan to expand the scope of its corporate partnerships, including the marketing of naming rights. In announcing the construction of a new \$400 million NHL-style arena, Quebec City said it had sold naming rights to Videotron.

In Toronto, there are a limited number of examples. They include: Scotiabank Nuit Blanche, the Saturn Playground and the Franklin Children's Garden. The City's ABCs, have obtained naming rights for such properties as BMO Field, the Direct Energy Centre and Ricoh Coliseum at Exhibition Place and the Sony Centre.

There is some evidence that support is strong for the awarding of naming rights. This is based on the results of polling done in 2006 for Parks, Forestry and Recreation. Environics Research Group asked a series of questions about public support for City initiatives to raise funds and resources for parks and recreation services.

Some 69 per cent of respondents somewhat or strongly supported the City entering into corporate partnerships. Those same respondents were then asked how their support would change if the partnership involved granting corporate naming rights of a City-owned asset for a limited period of time. Some 59 per cent said their support would stay the same while 30 per cent said their support would increase.

Honourific and Street Namings

Naming opportunities exist to honour the heritage of Toronto and to recognize the dedication, accomplishments, or generosity of individuals and groups who contribute to City building. Over the years, many municipal facilities and amenities have been named to commemorate the financial and other contributions of Torontonians and community organizations. The J.J. Picininni Community Centre, the Barbara Frum Library and the Don Mills Civitan Arena are some notable examples.

As well, requests are made to re-name public spaces in honour of those individuals, both living and deceased, who have made exceptional contributions to the public good. For instance, in 2010, Newport Beach Park was re-named Jean Augustine Park, to acknowledge the accomplishments of the first African Canadian woman elected to the Parliament of Canada. Similarly, City Council recently voted to rename Metro Square after David Pecault, the renowned civic leader and co-founder of the Luminato arts festival.

As new municipal assets are built and as communities continue to evolve, requests for honourific and street namings can be expected to increase. A comprehensive policy is required to standardize the various divisional approaches and to promote a process that is inclusive, equitable and transparent.

COMMENTS

TOP consulted with divisional representatives from Cluster A and Cluster B through the Deputy City Manager's Partnership Advisory Group, the City Manager's Office and Cluster C via the Chief Financial Officer's Partnership Reference Group.

Sponsorship and Naming Right Policy Highlights

The primary features of both policies are:

- With the exception of the City's Business Improvement Areas, they apply to all divisions and those ABCs which are by law subject to the policies of City Council, and to all City properties (events, programs, facilities, features, etc.) except for streets and lanes.
- Unless prohibited by the policies, the City welcomes sponsorship and naming right offers from any third party. The City must retain ownership and control of the sponsored/named property. All sponsorship and naming right agreements must be documented. Divisions have delegated authority to accept sponsorships valued up to \$500,000. All naming rights, regardless of their value, require the approval of Council.
- An RFP is not required when soliciting sponsorships. With respect to naming rights, TOP will work with relevant divisions and stakeholders to develop an inventory of properties that are candidates for naming and will present an annual plan of naming opportunities to Council.
- To maximize the financial return to the City, it is recommended seeking proposals from companies that specialize in soliciting naming rights.

Highlights of the Honourific and Street Naming Policy

The proposed Honourific and Street Naming Policy provide a framework for promoting the identity of Toronto and for acknowledging the significant philanthropic and other contributions made by individuals and organizations to the City. Highlights include:

- Similar to the proposed sponsorship and naming right policies, the Honourific and Street Naming Policy applies to all City divisions and to those ABCs which are by law subject to the policies of City Council. Likewise, any City property or street is eligible for naming unless otherwise noted.

- The policy replaces existing naming policies and guidelines such as the City of Toronto Street Naming Policy and the Naming and Renaming of Parks and Recreation Facilities Policy.
- Property and street namings are at the sole discretion of the City and may be granted or revoked by Community Council at any time. The policy establishes a formal procedure for the receipt and consideration of both solicited and unsolicited naming proposals.

Amendments to the Delegation to Community Council

The authority to name streets, lanes and parks in compliance with City policies has already been delegated to community councils under s. 27-152E(5) of the Council Procedures. The proposed Honourific and Street Naming Policy provides that the delegated authority of community councils would be expanded to include the naming of all City properties including, but not limited to, events, services, programs, activities, real property, facilities, intellectual property, parks, and other assets.

Accordingly, the Council Procedures must be amended to give effect to these policies. Amendments to the Council Procedures require a two-thirds majority vote to be adopted.

Conclusion

The City of Toronto needs corporate-wide sponsorship and naming policies to enhance revenue generation and to improve service by ensuring a standard approach to their review and approval.

CONTACT

Phyllis Berck
Director, Toronto Office of
Partnerships
E-mail: pberck@toronto.ca
Phone: (416) 329-6119

Cam Weldon
Chief Financial Officer and Deputy
City Manager
cweldon@toronto.ca
(416) 392-8773

SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Appendix 1 – City of Toronto Sponsorship Policy
Appendix 2 – City of Toronto Naming Rights Policy
Appendix 3 – City of Toronto Honourific and Street Naming Policy