

Corporate Report

REPORT NUMBER 029-2025-Community Services-Recreation & Culture

DATE

PREPARED

January 15, 2025

FILE

MEETING DATE

February 10, 2025

SUBJECT

Naming Rights Implementation Plan

RECOMMENDATION

WITH RESPECT to Report 029-2025-Community Services-Recreation & Culture, we recommend that Administration pursue naming rights sponsorships for the priority assets included in the 3-year Naming Rights Implementation Plan as outlined in this report;

AND THAT any necessary by-laws be presented to City Council for ratification.

LINK TO STRATEGIC PLAN

Implementing naming rights will help achieve the goals and objectives of the Maamawe, Growing Together Strategic Plan under the **Sustainability pillar – We advance a thriving economy and environment.**

Selling naming rights will generate new revenue to assist the City in planning and delivering cost effective services with the objective of improving long term financial sustainability by maximizing return on community investments.

EXECUTIVE SUMMARY

Administration has developed a 3-year implementation plan to pursue naming rights opportunities for priority City assets based on the research and recommendations of consultants, Performance Sponsorship Group (PSG).

Naming rights sponsorships are common in sport and entertainment facilities and becoming more common for municipal facilities. Naming rights generate new long-term revenue and build relationships with the business community in return for significant reach, audience development and recognition for sponsors.

Administration engaged PSG through a Request for Proposals (RFP) to investigate the market appeal and potential value of naming rights opportunities for several municipal assets, in alignment with industry best practices. After a thorough review and valuation process, with input from City departments that oversee assets with potential for naming rights, Administration is recommending that the City proceed with pursuing naming rights opportunities for nine (9) assets through a 3-year implementation plan.

Council approval is required to pursue and implement primary naming rights for municipal facilities and parks, in accordance with related corporate policies (Sponsorship and Naming Rights Policy; Civic Naming of Streets, Buildings, Structures and Recreational Facilities Policy).

DISCUSSION

The City of Thunder Bay has a robust portfolio of well-utilized recreational assets. In recent years, many municipalities have been investigating naming rights sponsorship opportunities for municipal recreational facilities and other assets to increase long-term revenues and develop mutually beneficial partnerships with corporations. Locally, sponsorship opportunities have typically been limited to programs and events and have not included naming of major assets such as facilities. In 2023, Council approved the Sponsorship and Naming Rights Policy, the first step in pursuing naming rights for City assets (Report 102-2023 – Community Services, Recreation & Culture).

Naming rights are a type of sponsorship and a long-term contractual arrangement where a third-party provides financial contributions, goods or services in return for access to the commercial and marketing potential associated with the public display of their name as part of the asset. This is a proven model to fund recreational and cultural facilities.

The City and business community can achieve the following benefits from naming rights:

- Stable, long-term revenue generation
- Community engagement
- Brand visibility/exposure
- Enhanced facilities (additional revenue may be used for facility upgrades)
- Strengthened public-private sector relationships

There are several levels of naming rights:

- Primary - title name of the facility (e.g. **ABC** Recreation Centre)
- Secondary - naming of a defined space within a facility (e.g. **ABC** pool or field within a larger facility)
- Tertiary and quaternary levels – name/logo placement on spaces or amenities such as score clocks or ice resurfacers.

There are many factors that impact the anticipated naming rights value of a facility. Primary naming rights revenue for a single-use facility can range from \$75,000-\$500,000 over a 5 to 15 year period. Higher value ranges are typically associated with major urban centres, resident professional sports teams, and new construction.

A cross-departmental team, led by the Recreation & Culture Division, has been working to explore naming rights opportunities for the Corporation to generate new sources of revenue to help cover the costs of providing City programs and services and mitigate budget pressures. Sponsorship industry leaders, Performance Sponsorship Group (PSG), have been engaged through a Request for Proposals (RFP) process to investigate opportunities for selling naming rights, provide a valuation of potential assets, and help prepare Administration to pursue naming rights for recommended assets.

Valuation Process

The valuation process began with a situational analysis, asset inventory and marketplace research. An internal working group consisting of staff from Recreation & Culture, Parks & Open Spaces, and Asset Management was formed to provide relevant background information and feedback throughout the valuation process.

The initial phase included an audit of existing assets such as single and multi-use recreational and cultural facilities, parks and open spaces assets, and others. Several factors were considered in the valuation, including visibility through foot and nearby vehicular traffic, appeal, and marketing reach. Other factors such as historical/legacy naming were also considered during the valuation and will be further investigated on a case-by-case basis, where applicable.

Following this research, the City's asset portfolio was further analyzed through a SWOT analysis to determine suitability and potential challenges of naming rights. Not all assets were deemed suitable for naming rights. Criteria for prioritizing assets included:

- Assets that have significant seasonal/annual attendance and foot traffic;
- Assets that are suitable for re-naming using a brand or corporate name; and
- Assets that offer an inherent leadership position for a brand or corporation.

New construction and major facility enhancements were also factored into the valuation as they can present timely opportunities for naming rights.

Key Findings

PSG's valuation identified high, medium and low priority assets for naming rights based on the set criteria. The valuation identified the following as top priority for selling naming rights:

- Fort William Gardens
- Canada Games Complex
- Proposed Multi-Use Indoor Turf Facility
- Prince Arthur's Landing Festival Area*
- Centennial Botanical Conservatory*

*These assets were identified as high priorities based on the timing of construction/redevelopment, as their reopening presents an opportunity to increase marketing value for the facilities.

Medium priority opportunities included satellite arenas, stadia and baseball diamonds.

Administration has conducted preliminary due diligence reviews on the recommended high and medium priority assets. No immediate barriers were identified to pursuing naming rights for these assets. With approval to proceed, additional due diligence will be conducted for facilities with existing resident user group agreements that include privileges that may overlap with typical naming rights benefits, and for facilities that include historical or legacy names. Should due diligence identify that it is not feasible to continue to pursue naming rights for an asset, it will be removed from the plan. Updates will be provided to Council as needed, and additional approvals will be recommended where required to move forward.

Three Year Implementation Plan

Administration is recommending a 3-year implementation plan that allows the City to be strategic in the implementation of naming rights. The proposed phasing of opportunities considered factors such as internal capacity, existing agreements and due diligence needs, opportunities related to redevelopment and new construction, and a gradual approach to implementing naming rights within existing and anticipated sponsorship campaigns.

While various tiers of naming rights may be sought for these assets, primary naming rights will be pursued first as these hold the highest value and may include negotiated terms that impact the terms of lower tier naming rights. Primary naming rights will typically be in place for an extended period, i.e. 5 to 15 years.

Administration is recommending that initial naming rights opportunities be phased in over 3 years as follows:

Year	Plan
2025	Pursue naming rights for: <ul style="list-style-type: none"> • Canada Games Complex • Centennial Botanical Conservatory • Proposed Multi-Use Indoor Turf Facility Conduct further due diligence and prepare for: <ul style="list-style-type: none"> • Fort William Gardens • Delaney Arena & Fort William Stadium • Satellite Arenas • Port Arthur Stadium
2026	Pursue naming rights for: <ul style="list-style-type: none"> • Fort William Gardens • Delaney Arena & Fort William Stadium • Satellite Arenas • Port Arthur Stadium Prepare for: <ul style="list-style-type: none"> • Prince Arthur’s Landing Festival Area
2027	Pursue naming rights for: <ul style="list-style-type: none"> • Prince Arthur’s Landing Festival Area (aligned with reopening plans) • Other mid-level priorities (e.g. baseball diamonds)

Additional naming rights opportunities may be pursued beyond this initial plan, subject to required approvals.

Approval Process

Per the Sponsorship & Naming Rights Policy 01-08-14 and the Civic Naming Of Streets, Buildings, Structures And Recreational Facilities Policy 02-02-14 City Council has the authority to approve the naming of City facilities and parks.

Relevant Department Commissioners have the authority to seek concept approval from City Council prior to initiating negotiations with a potential sponsor for naming rights; identify sponsorship/naming rights opportunities that may be sensitive in nature and require additional approvals; approve sponsorship/naming rights agreements that do not involve naming of facilities or parks (i.e. non-primary naming rights for aspects of facilities/parks and naming of assets that are not facilities/parks); and delegate this authority to relevant Director, Manager, or Supervisor as applicable.

Communications

Naming rights opportunities will be publicly advertised. Where necessary, there may be targeted communications with resident user groups and other stakeholders regarding the project, for example where there is legacy naming associated with a particular group.

Members of Administration involved in sponsorship and naming rights will also communicate at least annually to review plans, valuation and benefits in the interest of consistency and best benefit for the corporation.

FINANCIAL IMPLICATION

Financial implications are subject to successful engagement of naming rights sponsor(s), the number of assets for which naming rights are sold, negotiated values of each agreement, and any associated implementation expenses (e.g. signage and other related collateral in the first year of the sponsorship).

A target of \$25,000 net revenue has been included in the 2025 operating budget. This target will be adjusted accordingly in future years based on the outcomes of the naming rights project. Naming rights revenue is typically applied to operating costs. As such, it may directly or indirectly offset equipment or facility renewal expenses and is therefore being considered as a potential revenue source within the development of the Asset Management Plan financing strategy.

CONCLUSION

It is concluded that the valuation analysis for naming rights opportunities is complete, and that naming rights can offer a new source of long-term revenue for the corporation.

It is further concluded that the proposed 3-year implementation plan will provide a phased-in, strategic approach to soliciting naming rights for priority assets that is advantageous for the City to pursue starting in 2025 and therefore that Administration should be authorized to pursue naming rights for the recommended assets.

BACKGROUND

In recent years, the Recreation & Culture Division has been investigating ways to offset facility and program operating costs through alternative revenue generation. This includes static and digital advertising, grants, donations and sponsorships.

In 2023, City Council approved a Sponsorship & Naming Rights Policy (Report 102-2023 Community Services / Recreation & Culture), which provides guidance with

respect to the development and management of sponsorship and naming rights agreements between sponsors/naming rights holders and the City of Thunder Bay.

While the City of Thunder Bay has not actively pursued naming rights sponsorships for facilities to date, other municipalities have had success with adding naming rights opportunities to sponsorship packages, given the long-term and relatively low-maintenance source of revenue that have helped offset operating costs. For example, the City of Kenora secured \$700,000 in naming rights sponsorships for three recreation and tourism facilities since 2022.

In 2024, the Recreation & Culture Division engaged Performance Sponsorship Group through a Request for Proposals to conduct a valuation of recreation and parks assets to continue the process of exploring naming rights.

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Date (01/31/2025)