



STAFF REPORT

Meeting Date: May 8, 2023

Title: Facility Naming Rights

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Department: Finance

Report Number: Finance-2023-013

Recommendation:

That Council provide direction to staff on whether we should pursue selling the naming rights of municipal-owned assets.

Background:

"Naming Rights" refers to a type of business deal in which a company pays for the right to name a facility or to name an asset within a facility, typically for a defined period. For example, a company may pay for the right to name a sports stadium, concert venue, or convention centre. This entails the name only, not the actual facility, or assets and operations within.

Naming Rights Agreements are often used as a form of advertising and brand promotion, allowing companies to associate their brand with high-profile events or locations and increase their visibility and brand recognition.

Naming Rights Agreements would provide the City with an alternative revenue source, which can be used to fund the operation and maintenance of the facility.

Discussion:

Naming rights agreements have been commonplace in larger municipalities throughout Ontario and Canada.

Kenora recently announced that naming rights have been granted for three facilities in their community.

- Moncrief Construction will pay the City of Kenora \$375,000 (\$25,000 for 15 years) for the naming rights at the Kenora Recreation Centre.
- Bowman Electric will pay \$175,000 (\$17,500 for 10 years) for the naming rights at the Keewatin Memorial Arena.
- Jarnel Contracting will pay \$150,000 (\$15,000 for 10 years) at the White Cap Pavilion.

Kenora's announcement has triggered conversations locally on whether this is something Dryden should consider.

Staff brought this forward to the Finance Committee in April 2023 and the Finance Committee supported staff in bringing this forward to Council for consideration.

If Council supports this revenue generating strategy/program, the following steps will be required:

1. Create an inventory of all potential assets to offer for naming rights.
 - Possible assets include the Dryden Memorial Arena, Dryden Pool & Fitness Centre, Milestone Rink, Dryden Soccer Facility, and Sandy Beach Baseball Diamonds.
2. Develop a Corporate Sponsorship and Advertising Policy, to be approved by Council, that will provide guidelines and flexibility to maximize revenue opportunities while safeguarding the Municipality's corporate values, image, assets, and interests.
3. Implementation of the Naming Rights sponsorship sales process.

Factors to be aware of that affect naming rights pricing:

- The Newness of the Facility – Companies usually don't want to associate their brand with a tired, worn down venue;
- Its Importance within the Community – Is it a community landmark with lots of history?
- The Uniqueness – Is the facility one of many naming opportunities in a community or is it truly a unique opportunity?
- The Location – Is it located along a main traffic artery where it will be visible to a lot of vehicle traffic? Does it mainly serve the municipality or a larger regional area?
- The Annual Attendance – How many people does it serve year-round? What's the opportunity for year-round visibility? Are there premiere opportunities for unique visibility?
- The Diversity of Programming – Does the facility appeal to a wide range of audiences year-round? How many of those in attendance are the sponsor's target market? Can the sponsor interact with them year-round?

- The Potential for Media Coverage – Will the facility be mentioned frequently in media such as newscasts and sportscasts? Is the facility Home Venue for a recognizable sports franchise?
- Economic Factors – Is the municipality in a depressed state or a bustling economy? Is there a lot of competition among companies?
- Additional Visibility – Are there other vehicles within the municipality that will provide additional visibility such as publications, website and signage?

As you can see, there are many factors that go into naming rights pricing/revenues. These are the elements that make each naming right opportunity unique. Which is why a \$25,000 per year naming opportunity may seem reasonable in one municipality and too low/high in another.