



COUNCIL – AGENDA REPORT

Meeting Date: 6 May 2025
Subject: Sponsorship and Naming Rights Policy
Directorate: Community Services

Issue:

Council is being provided with requested revisions to the Sponsorship and Naming Rights Policy P-FIN-28-C.

Policy / Council Direction:

The existing policy was deemed to be problematic when the first naming rights proposal was brought forward under its framework at the April 1, 2025 Council meeting. Council noted unclear language within a number of areas of the policy and directed Administration to give consideration to clauses regarding exclusivity, signage costs, valuation, public notice of opportunities and Council's role in the negotiation process.

Background:

Administration brought forward a Sponsorship and Naming Rights Policy to City Council for endorsement in March 2024. This policy was drafted with the assistance of a naming rights consultant, through an iterative process including workshops and strategy sessions with Council as well as internal departments. The key principles within the policy considered how valuations were performed, the role of administration and Council, what elements of a deal could be negotiated, alongside other protections for both the sponsor and City.

Over the past year, approximately 60 businesses within Airdrie and area have been contacted by an external sales agency with a presentation on the opportunities that exist. At the April 1st, 2024 Council meeting a firm proposal was brought forward for recommended approval under the policy. It was determined that many of the elements of the policy became problematic when put into practice and that the City would be served with more clarity and conciseness within a few major points, allowing for both Council and sponsors to understand their benefits and considerations.

Administration collected the feedback of Council, reviewed internally among a number of departments, and revised to present clearer language, responsibilities and

negotiables/non-negotiables. Listed below are the key considerations that were raised by Council, the response in the revised policy, and the implications of such changes.

1. Scope of Policy

After careful internal consideration, the drafted policy has been revised to govern naming rights only. A framework governing sponsorship, while necessary, is something that can be drafted next as either an administrative or Council policy. Sponsorships tend to be more nuanced and smaller in nature, posing less of a risk to the organization than overall naming rights.

2. Exclusivity of Category

The policy has been updated to specify that exclusivity is only considered for the largest value naming rights opportunities, that being the overall naming of an entire facility. It can be expected in the market to find that exclusivity is offered for all large value naming rights agreements. If not offered, it may significantly reduce number of prospects as well as the value of an overall naming agreement. Not offering exclusivity to lesser levels of naming rights may reduce valuations but presents more opportunities for similar businesses and not just the first category type who enters an agreement.

3. Signage Costs

The City will maintain the ownership of design, production, installation, and repair of signage but all associated expenditures of such will be the responsibility of the sponsor. Oversight of the signage process is necessary for the City to maintain control of branding/identity standards and integrity of physical assets. To recoup the signage costs the City will either add the signage costs to the agreement or consider it in the overall valuation.

4. Valuations

Both the original and revised policy speak to the valuations created using a market-based approach, considering visibility, level of exposure, and expected impressions. The presented revised policy goes on to commit Administration to the completion of a naming rights valuation every three years, or as needed, by an independent firm who specializes in this service. A firm understands the market conditions and comparables, ensuring the City is competitive yet fair within the wider system. The scope of work for such consultant will also specify expected terms and net-revenue, to account for commission fees, signage, and other expenditures related to the securement of an agreement.

5. Public Notice of Opportunities

The proposed policy provides clearer language on advertising opportunities within its own section. Beyond maintaining a webpage that lists all naming rights opportunities the City will put out an expression of interest for overall naming rights opportunities and when new facilities, and all assets within them, are available to be named. As is standard practice, Administration may also direct sell opportunities to businesses by

utilization of a sales agency under a commission agreement. If the City deems it necessary to resource sales internally a budget request would come forth to Council for a staffing position.

6. Council / Administration Accountabilities

Within the revised policy, the roles of Council and Administration have been further clarified. Council will receive proposals on large value naming rights in camera prior to being formally endorsed within a public session of Council once all terms are deemed acceptable by both the City and sponsor. It is recommended, Administration retains the authority to negotiate and enter into all naming rights and sponsorship agreements outside of the largest levels as Council's policy provides sufficient direction to execute renewals, prospecting, negotiation, and execution.

7. Other Changes

Based on other internal dialogue with Legislative Services, Communications, and Economic Development the revised policy has reflected other changes and tightening of language. These include a proposal review and approval process, expanded definition list, and an appendix providing clarity on naming rights decision authority.

Once the revised policy is adopted by Council, Administration would resume the promotion, solicitation, and selling of opportunities guided by the policy framework.

Council Committee Routed Through:

NA

Administration Recommendation:

That Council endorses the Naming Rights Policy, as presented; and repeals Sponsorship and Naming Rights Policy P-FIN-28-C.

Considerations:

- Any negotiations underway would be updated to reflect the revisions in the Policy.

Alternatives/Implications:

1. Council could choose to endorse Naming Rights Policy, as presented, but complete current negotiations under the framework of the previous policy version.

Considerations:

- One outstanding proposal would be brought forward for Council approval. There are a number of clauses that would conflict with the new policy including exclusivity and responsibilities for costs of signage.
2. Council could choose to determine changes required whether in policy language or direction. Administration would return with another draft.

Considerations:

- Delay impacts the sales and negotiations already underway under the current policy.

Budget Implications:

It can be reasonably expected that naming rights revenue will generate significant money towards both operating and capital budgets of existing and planned community facilities and services.

Communications and Engagement:

Communication of opportunities would be posted as per the policy.

Recommendation:

That Council:

1. endorses the Naming Rights Policy, as presented; and
2. repeals Sponsorship and Naming Rights Policy P-FIN-28-C.

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External Presenter:	NA
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Attachments:	#1: Naming Rights Policy