



City of
Peterborough

To: Members of the General Committee

From: Richard Freymond, Commissioner, Finance & Corporate Support Services

Meeting Date: December 2, 2024

Report: Direction on Peterborough Memorial Centre Naming Rights, Report FCSCS24-002

Subject

A report to seek direction from council on the sale of facility Naming Rights at the Peterborough Memorial Centre (PMC).

Recommendation

That Council approve the recommendation as outlined in Report FCSCS24-002 dated December 2, 2024 of the Commissioner, Finance & Corporate Support Services as follows:

That staff be directed to proceed with consultation as outlined in the Sponsorship Policy #0036 that would be required before Council consideration on making available for sale the Naming Rights for the Peterborough Memorial Centre.

Executive Summary

- The City has received an unsolicited request to purchase Naming Rights to the Peterborough Memorial Centre.
- Staff are seeking direction from Council on whether to pursue a Naming Rights opportunity at the PMC, or whether to decline the unsolicited request. If Council wishes to consider this opportunity, under the Sponsorship Policy, Section 9.2.2 (c), the first step would be consultation with the appropriate advisory committee.

The City will also consult with other stakeholder groups, including the Peterborough Petes.

- Following consultation, Council approval would be required to add the PMC Naming Rights sponsorship to the City's Sponsorship Asset Inventory prior to the asset being made available for sale.
- Based on an industry scan of comparable naming rights for municipal facilities, it is estimated that a Naming Rights Sponsorship at the PMC might generate NET revenues between \$750,000 and \$1.5 million dollars over a 10-year term.
- If PMC Naming Rights is added to the Sponsorship Asset Inventory at a future date, staff would subsequently undertake a standard sponsorship solicitation process to engage the marketplace and identify other interested prospects and the potential valuation of the Asset(s).
- Following consultation, approval of adding the PMC Naming Rights to the Asset Inventory, and identifying interested prospects, Staff would report back to Council in closed session as permitted under the **Municipal Act, 2001** to seek direction on the negotiation of a Naming Rights Sponsorship Agreement.

Background

The City's Corporate Sponsorship Program is tasked to generate non-tax revenues from sponsorship of City programs, facilities and services. Revenues generated are allocated through the budgetary process back to program areas in support of Council approved priorities.

The City's Corporate Sponsorship Policy #0036 provides direction to Sponsorship activities and operations, including the following approval requirements.

- Phase 1 – Asset Approvals. Any Asset with a value more than \$25,000/year, and/or that is for Naming Rights to a City Building or Complex, is deemed a "Level 4 Asset" and requires council approval of the asset prior to solicitation activities or discussions.
- Phase 2 – Sponsorship Approvals. Any Sponsorship that includes Rights to a Level 4 Asset, requires Council Approval of the Sponsorship.

Naming Rights to the Peterborough Memorial Centre would be classified a Level 4 Asset, requiring Council approval to add the Asset to the Asset Inventory before soliciting or responding to an unsolicited request. Subsequently, any recommended Sponsorship agreement that includes Naming Rights to the PMC also requires Council approval.

The City has received an unsolicited inquiry from a business that is interested to secure Naming Rights to the PMC. Staff have advised the prospect that Council approvals are required before any discussion would be appropriate.

The City has a facility Licence Agreement in place with the Peterborough Petes Hockey Club (the Petes). This Licence Agreement outlines responsibilities and revenues associated with Sponsorship in the Peterborough Memorial Centre. All Assets that are exterior to the building, including Building Naming Rights are exclusive to the City. The City also retains responsibility for, and revenues associated with Food and Beverage Services in the building. The Petes have rights to all interior sponsorship assets, advertising spaces, and suites leases, including the rights to these revenues.

A Naming Rights agreement at the PMC will require consultation with the Petes to ensure alignment with the rights and conditions of the Facility Licence Agreement. It is common practice that a building Naming Rights sponsor would seek to have profile inside and outside the building. Expectations of a sponsor cannot be known until the sponsors objectives, and budgets are identified.

Building Naming Rights across the Canadian Hockey Leagues (Ontario Hockey League, Western Hockey League and Quebec Major Junior Hockey League) facilities vary. A few statistical highlights about building Naming Rights:

- Ontario Hockey League has 14 of 20 buildings named, with a significant range in value from:
 - \$43,441.50/year or \$434,415 for 10 years – Progressive Auto Sales Arena in Sarnia
 - \$640,000/year or \$6.4M for 10 years – Budweiser Gardens in London.
 - The Peterborough Memorial Centre, North Bay Community Arena, Owen Sound JD McArthur Arena, within Harry Lumley Bayshore Community Centre, Sudbury Community Arena, Kitchener Memorial Auditorium, and the Brantford & district Civic Centre are currently unnamed buildings in terms of a financial agreement.
- Western Hockey League has 10 of 12 buildings currently named; known values are limited and much closer in range:
 - \$86,666/year or \$1.3M over 15 years – CN Centre, Prince George B.C.
 - \$150,000 or \$1.5M over 10 years (2012 – 2022) – Mosaic Place, Moose Jaw SK, now known as Moose Jaw Events Centre.
- Quebec Major Junior League has the fewest Named Facilities with only 6 of 16 named, and the financials of only the Scotiabank Centre in Halifax are publicly available.

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- Scotiabank paid \$650,000/yr. for 10 years for the Halifax facility naming rights.

The range in value for Building Naming Rights are subject to business objectives, market size and scope and the sponsorship assets that may or may not be included within each respective agreement.

Given the prominence and considerations around the name of the PMC, Council direction is sought to proceed with the required consultation before returning to Council with a recommendation on whether to add PMC Naming Rights as an available asset on the Asset Inventory.

Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Explore increased sponsorships and partnerships utilizing municipal assets and existing service provisions to provide alternative non-property tax revenue opportunities.

The City's Sponsorship program focuses on growing non-tax revenues by maximizing the City's return on investment. High yield assets that generate a large annual return back to the City represent the greatest opportunities for sustainable revenue growth.

Engagement and Consultation

There has been no internal or external consultation on this question as yet. It would be premature to have these discussions ahead of affirming Council direction.

If Council directs staff to proceed, staff will engage the Arenas, Parks and Recreation Advisory Committee, the Peterborough Petes hockey club, and other stakeholders in a discussion on potentially adding the PMC Naming Rights as an available Sponsorship Asset.

Budget and Financial Implications

Naming Rights to the PMC would generate a NET annual increase in revenue to the City. These revenues, if secured, could be allocated as part of the annual budgetary process. Any costs associated with activating the Naming Right on the PCM would be an additional expense to the Naming Rights Sponsor.

Conclusion

Following direction from council, staff will engage the Arenas, Parks and Recreation Advisory Committee, the Peterborough Petes hockey club, and other stakeholders in a discussion on potentially adding the PMC Naming Rights as an available Sponsorship Asset.

Council approval would be required to add the PMC Naming Rights as an available asset. If it becomes an available asset, the City will issue a public notice of the City's intention to solicit interest in the marketplace. Council would provide direction on any subsequent negotiations and be the approval authority for any sponsorship agreement that includes PMC Naming Rights.

Staff will respond appropriately to the current unsolicited proposal for naming rights to the PMC as per Council's approved Sponsorship Policy.

Submitted by,

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