

## Municipality Of Chatham-Kent

### Corporate Services

**To:** Mayor and Members of Council

**From:** Cathy Hoffman, General Manager, Corporate Services/Chief Human Resources Officer

**Date:** October 4, 2020

**Subject:** Naming Rights Sponsorship Strategy—CK Community Champions Program

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It is recommended that:

1. A **CK Community Champions Program** be created to provide a framework for Sponsorship guidelines;
2. The Naming Rights Company be directly appointed to conduct an inventory and valuation of the Municipality of Chatham-Kent's potential assets for the future development of a Sponsorship Program at a one-time cost of \$20,000 to be taken from the Strategic Reserve.
3. Receipt of applications under the Commemorative Naming Policy be temporarily placed on hold until Council receives a report following the valuation of assets and the Naming Rights Sponsorship Strategy plan.

### **Background**

On October 1, 2018 Council approved a Commemorative Naming Policy. The purpose of that policy is to permit the traditional practice of naming municipal property, buildings and features after significant geographical or historical elements using a prescribed process. There are five types of naming situations this policy intends to address: a) The opening of a new municipal property, building or feature, 2) the re-opening of a same, c) naming for significant contribution reasons, d) renaming existing municipal property, building or feature that currently has a formal name, or e) providing recognition of gifts generously donated to the municipality.

The Commemorative Naming Policy is not intended to address naming situations related to sponsorships or naming rights as it relates to those instances where public properties, buildings and features have their naming rights sold. The policy is also not intended to cover individual memorial dedications, naming of municipal roadways or core facilities like municipal centres, fire halls, EMT stations, police stations and public libraries, as examples.

Since the approval of this policy, one asset has been commemoratively named after an individual in our community. The Two Creeks Trail was renamed to the Grant Bowman Trail

in March, 2020. A second request was made to rename the St. Clair College Ball Diamond to the Bob Weedon Ball Diamond. That request was placed on hold pending this report.

Because this policy does not include a sponsorship component, there is no opportunity to utilize this strategy to generate creative opportunities for community pride and revenue through sponsorship naming that follows.

### **Comments**

The Municipality of Chatham-Kent has a long history of providing its residents with an abundance of programs delivered in unique and community rich facilities. However, like other cities across Ontario, Chatham-Kent faces ever-increasing challenges to deliver and maintain the quality of our programs, services and facilities.

The Municipality of Chatham-Kent is not a complete stranger to sponsorship initiatives. For example, in September 2018 the Greenfield Global Trail was named through a sponsorship partnership based on \$50k per year for 5 years. This contribution assisted in the financial support and Council approval of the Round the River trail. This is an example of a successful partnership that will benefit both Greenfield Global and C-K and demonstrates the kind of opportunity available for sponsorship. However, to date there has been no formal Naming Rights Strategy to optimize the benefits.

The creation of a **CK Community Champions Program** would give businesses, organizations and individuals the opportunity to create a lasting legacy of community improvement while taking advantage of the unique marketing opportunities that Chatham-Kent can provide.

The first step in advancing this program will be to create an inventory and valuation of all potential assets to offer a naming rights partner. The Naming Rights Company is a boutique firm that focuses exclusively on building long-term naming rights partnerships between prominent brands and sport, entertainment and cultural facilities. They are a group of experts in the sponsorship, media and naming rights landscape, with specific experience developing long-term partnerships with major brands for a broad range of clients. Dan Cimoroni, a Partner of The Naming Rights Company was born and raised in Chatham-Kent and maintains strong ties to the community to this day. His knowledge of our history in sport, recreation and community pride coupled with his significant naming rights experience position us well to evolve a credible strategy. It is anticipated that the inventory and valuation process will require 4 months at a cost of \$5,000/month for a total of \$20,000. Administration is recommending a direct appointment rather than a competitive request for proposal process because of The Naming Rights Company's unique ties to Chatham-Kent and their significant experience and low cost.

The second step will be to 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. Along with this the Commemorative Naming Policy will need to be reviewed for any required amendments to ensure both policies align.

The third step will be the planning and implementation of the Naming Rights sponsorship sales process. This is inclusive of identifying prospective partners, presenting the opportunity to companies, structuring mutually amenable deal terms, negotiating & developing the contract, and then onboarding the Naming Rights partner. For work conducted during this phase, the Naming Rights Company would be compensated on a commission basis on any sponsorship they secure.

The fourth step will be to amend the current Commemorative Naming Policy

The **CK Community Champions Program** is an exciting new partnership that if approved, will invite businesses, community organizations, foundations and individuals to sponsor facilities, programs, services and community initiatives in return for a variety of marketing and promotional opportunities, as well as year-round recognition for their contribution to improving the lives of Chatham-Kent residents in a community they proudly call their own.

These partnerships will help the Municipality of Chatham-Kent to deliver programs and services and better value to municipal taxpayers and allow us to create access to new and consistent revenue streams. From research conducted by The Naming Rights Company, they've identified that over 90% of brands that acquire naming rights to municipally owned venues have either their corporate headquarters, a large employee presence, or significant interest in the community where the venue is located. For communities like Chatham-Kent this means local, mid-sized businesses are high-potential partners. Naming rights are not reserved for national or international blue-chip companies, as is evidenced by several comparable venues, as reference:

- Nature Fresh Farms Recreation Centre, Leamington, ON (\$65,000 per year)
- Highbury Canco Arena, Leamington, ON (\$20,000 per year)
- Progressive Auto Sales Arena, Sarnia, ON (\$43,441 per year)
- Capri Pizzeria Recreation Complex, Windsor, ON (\$16,000 per year)
- Windsor Family Credit Union Centre, Windsor, ON (\$162,000 per year)
- Budweiser Gardens, London, ON (\$640,000 per year)
- FirstOntario Arts Centre, Milton, ON (\$40,000 per year)

Having a healthy, vibrant municipality is everybody's business. The more we support its infrastructure and the "Chatham-Kent experience" the more people will want to live here, work here and do business here. In short, everyone wins.

### **Consultation**

Various members of the Executive Management Team have been consulted on this report.

### **Financial Implications**

The one-time cost of \$20,000 to conduct the inventory and valuation of assets would be funded through the Strategic Reserve.

In future budgets there would be an opportunity for sponsorship to assist in funding the operations of assets.

Prepared by:

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Cathy J.E. Hoffman, MPA, CHRL  
General Manager, Corporate Services/Chief Human Resource Officer

Attachment: Appendix A: The Naming Rights Company Information

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THE NAMING RIGHTS

COMPANY



PROPOSAL FOR THE  
MUNICIPALITY OF  
CHATHAM-KENT

OCTOBER 5, 2020



The Naming Rights Company is a boutique firm that focuses exclusively on building long-term naming rights partnerships between prominent brands and sport, entertainment and cultural facilities.

We are a group of experts in the sponsorship, media and naming rights landscape, with specific experience developing long-term partnerships with major brands for a broad range of clients. From community to national organizations, professional athletes and the Olympic Games, our team has been active contributors to the evolution of an entire industry.

Our goals are simple.

**OPTIMIZE REVENUE  
GENERATION**

**DEVELOP LASTING  
RELATIONSHIPS**

**ENGAGE  
COMMUNITIES**

**WHO ARE WE?**

**THE NAMING RIGHTS  
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## Randy Paul President

Highly regarded in the industry, Randy is a relationship builder, leader and sponsorship expert. He has negotiated hundreds of B2B agreements for events, venues, professional sports teams and athletes. His 30-year career is aligned with best in class sport, entertainment and athlete brands, such as MLSE, TSN & IMG.

With his sales expertise, Randy is instrumental in identifying and packaging available assets into valuable opportunities for potential partners.

## Dan Cimatoroni CEO, *CCI Class of '87*

Dan's 25+ year career has been spent leading sales groups, counselling C-suite executives and delivering value to clients. From his early career in artist management to global roles with IMG and leading marketing & sales for the Olympic Broadcast Consortium, Dan has demonstrated exceptional leadership.

Dan has a finely tuned ability to effectively manage stakeholders and plays a key role in communicating with senior staff, council, and partners.

## Adam Ward Vice President

Adam possesses a broad range of consulting experience. In addition to practical experience in sponsorship valuation, brand strategy, and revenue generation, he holds a Masters degree in Sport Management from the University of Ottawa. To remain engaged with emerging industry trends, Adam also teaches Marketing at Sheridan College in a part-time capacity.

Adam is an asset to the project team in both project management capacity and in asset valuation calculations.

OUR TEAM

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## FOR COMMUNITIES

- Access to new revenue streams
- A consistent source of annual revenue
- Gain a long-term partner with a vested interest in the community

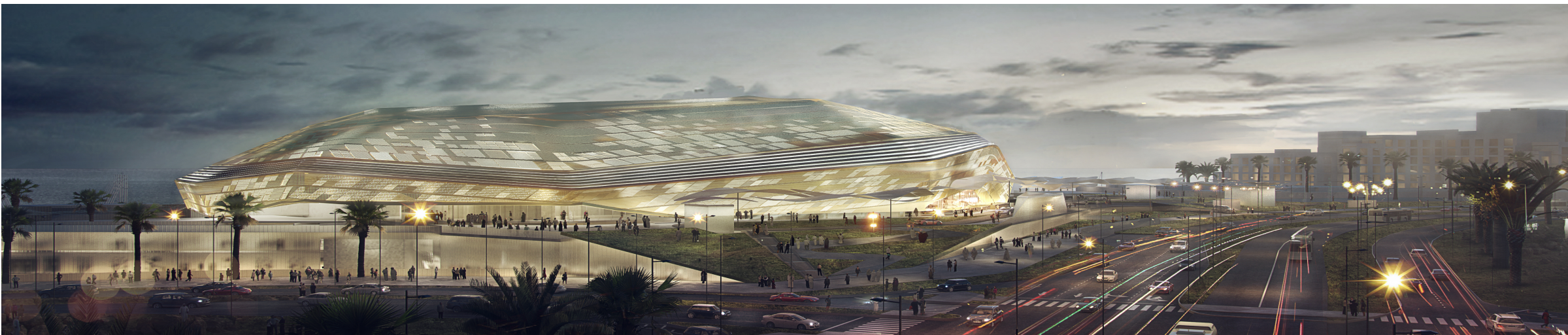


## FOR BRANDS

- Generate targeted awareness and visibility
- Increase brand loyalty
- Reinforce corporate image in a community
- Showcase corporate social responsibility
- Gain a platform for community investment

WHY NAMING RIGHTS?

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VENUES OF ALL TYPES & SIZES

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Through extensive collaboration with the Municipality of Chatham-Kent, we would work toward these stated outcomes at each phase of our work process.

The Preparation phase sees TNRC become immersed in the Municipality of Chatham-Kent assets via consistent communication and a full download of information related to the venues in consideration. This allows us to conduct a proper assessment of the value of revenue generation through partnerships. Sales Processes includes the full cycle sale of naming rights to the property, while our support through implementation ensures the Municipality of Chatham-Kent and its new partner are positioned for success.

### PHASE 1 PREPARATION

Stakeholder Alignment

Policy Development

Identify & Catalogue Assets

Asset Valuation

### PHASE 2 SALES PROCESSES

Identify Prospects

Secure Partner

Structure Deal Terms

Contract Negotiation

### PHASE 3 IMPLEMENTATION

Partner Onboarding

Measurement Framework

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## PHASE 1 PREPARATION

At this stage, we require access to staff to communicate with on a regular basis, and to provide a full internal document download.

### Stakeholder Alignment

**Process** - Work with internal staff to understand current level of knowledge/understanding on naming rights and the value it can bring to the municipality.

**Outcomes** - Staff, council, and key facility managers are informed and aligned with the purpose and value of naming rights and the process to engaging naming rights partners.

### Policy Development

**Process** - Review existing naming rights policies, providing recommendations on current state of the policies, and/or revisions to amend these policies, based on best practices, objectives, priorities, as well as comparable examples.

**Outcomes** - Clear and current policies that properly represent both the municipality's position on the concept of naming rights, as well as guidelines on practical implementation

## PHASE 1 PREPARATION

Our analysis of internal documentation allows time for review, analysis, and data synthesis, to better understand the municipality and the venues.

### Identify & Catalogue Assets

**Process** - Provide municipal staff with a clear list of required internal documentation on venues to be valued. Requests will include information on the municipality, venues, venue marketing, programming, existing exterior signage, interior signage, and resource related items  
**Outcomes** - Use the information provided to document a complete inventory of all potential assets that can be offered naming rights partner - forming the basis of the asset valuation stage.

### Asset Valuation

**Process** - Combine the art & science of sponsorship valuation, employing three unique methodologies (outlined on following 2 pages) to ascertain ranges of expected sponsorship value.  
**Outcomes** - The municipality gains a comprehensive understanding of the sponsorship value of its venue naming rights assets.

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Based on extensive experience and an understanding of the naming rights landscape, we employ valuation models that considers how certain variables impact overall value of a naming rights arrangement. We would employ the appropriate methodology across all Municipality of Chatham-Kent properties to support go-to-market pricing.



MARKET SIZE



VENUE LOCATION



VENUE AGE



NUMBER OF EVENTS



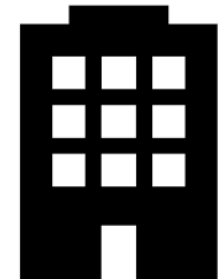
TYPE OF EVENTS



TOTAL VISITORS



MEDIA EXPOSURE



CORPORATE PRESENCE

ASSET VALUATION

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## Methodology #1

### Regression Analysis

Uses comparable data points on naming rights deals from the marketplace, and 11 drivers of naming rights value to determine the specific impact of each of these value drivers has on overall value of the naming rights for a specific venue.

## Methodology #2

### Impression-based Analysis

Values each individual asset available to a naming rights partner by counting all impressions received

X (multiplied by)

Tangible media value of the asset

X (multiplied by)

Intangible value of association with the property

- (subtract)

Factor based on for labour intensive nature of the execution of the sponsorship

=

Total Value

## Methodology #3

### Market Assessment

In the absence of sufficient information on comparable deals to run a regression, or sufficient internal assets to put a defined valuation against, we assess comparable deals from the marketplace and identify a range of expected value.

## PHASE 2 SALES PROCESSES

At this stage, we keep our clients as informed as they would like to be, ensuring a high degree of comfort while we sell on their behalf.

### Identify Prospective Partners

**Process** – Research target categories and brands with some combination of a vested interest in the community, an affinity for the region, historical spend and target market overlap.  
**Outcomes** – A long list of (approved) brands for The Naming Rights Company to have conversations with about naming municipally-owned venues in Chatham.

### Secure Naming Rights Partner

**Process** – We proceed through our sales ‘waterfall’ – the order in which we engage companies. Present the opportunity, make customizations to the offering, and get to ‘yes’ from the partner.  
**Outcomes** – A partner confirms their intention to become the naming rights partner of a venue via an written letter of intent.

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## PHASE 2 SALES PROCESSES

### Structure Deal Terms

**Process** – Working closely with the municipality and the partner, we advise on important terms like the length of agreement, average annual value, category exclusivity, the specific assets included, and activation costs.

**Outcomes** – Key terms of the agreement are signed off on by both parties.

### Contract Negotiation & Development

**Process** – Represent our client's best interest, working with internal or outside legal counsel on through the process of negotiating and crafting a sound agreement.

**Outcomes** – Both parties sign on the dotted line, and the relationship is born!

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## PHASE 3 IMPLEMENTATION

Getting the relationship off to a great start is of paramount importance. We work closely to set you up for success.

### Partner Onboarding

**Process** - We hold working sessions with our client and the new partner, for everyone to get acquainted, and establish a great working relationship. Then, we support our client and the new partner through the process of the actual integration of that partner in the venue.

**Outcomes** - Both Chatham-Kent and the new partner have confidence in the established timing and budget, and a new name goes up on the wall.

### Measurement Framework

**Process** - Outline a clear set of business objectives for both the partner and our client, priority metrics and measurement processes (data sources and collection methodologies) for obtaining pertinent data.

**Outcomes** - A framework for future data collection and reporting is established that the municipality can use on a go-forward basis when reporting to the partner.

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## Municipality of Chatham-Kent

	November					December				January				February				Mar	Apr	May	Jun	Jul	
	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22						
<b>Phase One: Preparation</b>																							
Stakeholder Alignment																							
Policy Development																							
Identify & Catalogue Assets																							
Asset Valuation																							
<b>Phase Two: Sales Processes</b>																							
Identify Prospective Partners																							
Secure Naming Rights Partner (In-market selling)																							
Structure Deal Terms																							
Contract Negotiation & Development																							
<b>Phase Three: Implementation</b>																							
Partner Onboarding																							TBD
Measurement Framework																							TBD
<b>Key Connection Points</b>																							
Update Calls																							
Stakeholder/Policy Approval																							
Asset Mix & Valuation Approval																							
Sales Materials Approval																							

# PROJECT MILESTONES

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Our team is energized by the chance to work together with the Municipality of Chatham-Kent to optimize revenue generation, develop lasting relationships, and engage communities. We see tremendous community champion opportunities with the Chatham Capitol Theatre and Tecumseh Park, among several other municipal assets.

WORKING TOGETHER

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THANK YOU!

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