



## **Sponsorship Naming Rights Policy**

**Policy Number:** AD-2022-01

**Subject:** Sponsorship Naming Rights Policy

**Date:** April 4, 2022

**Resolution:**

# **The Nation Municipality Sponsorship Naming Rights Policy**

## **Guiding Principle**

To create new revenue to enhance facilities, programs and services for residents, The Nation Municipality (hereafter, also referred to as “the Municipality”) welcomes corporate sponsorship naming opportunities from qualified businesses and organizations (hereafter, also referred to as Sponsors whose support aligns to the Municipality’s mission, values and priorities. The Municipality is open to creating opportunities through strategic partnerships with community groups, non-profit organizations, the private sector and other levels of government to improve services and amenities.

## **Purpose**

To create a framework for corporate sponsorship naming rights that will supplement the Municipality’s funding for its facilities, programs and services.

## **Definitions**

“the Municipality” – Refers to The Nation Municipality, its departments and staff.

“asset” - A physical or non-physical Municipality-owned element that has value to sponsors in order to achieve their business objectives.

“inventory of benefits” – The assortment of advertising and recognition benefits that are purchased and provided to the sponsoring business or organization within and around a Municipality asset.

“naming rights” – The right of a business or organization to have their preferred name and/or logo appear in well-exposed areas of a Municipality asset based on their purchase of this act for a defined period of time.

“ Sponsor”- The party (businesses, organizations, and individuals) that pays a fee that is mutually negotiated to have their official name and/or logo displayed on community assets of different sizes and locations.

“agreement” – the document that is mutually negotiated and formulated by the Municipality and the sponsoring business or organization that outlines the terms and conditions of the nature, location and duration of the displaying of the latter’s official name and logo on the former’s asset.

## **Scope**

This policy shall apply to the relationship between the Municipality and a Sponsor who contribute financially for the naming rights of an asset of the Municipality.

## **General Principles**

The following principles shall be followed by the Municipality and external parties when engaged in sponsorship naming practices and activities. An external party may contribute, in whole or in part, funds to a Municipality facility, public park, structure, sports field, open space, piece of equipment where sponsorship is mutually beneficial to both parties and in a manner consistent with existing guidelines and policies set by the Municipality.

### Official Sponsorship Naming

The Sponsor must specify how their name will be officially displayed and include this term in the legally-binding sponsorship agreement.

### Duration of Sponsorship

The following must be considered when establishing the duration of a sponsorship naming agreement for any Municipality asset:

- The length of time of any naming rights agreement with a Sponsor for small municipal assets such as splash pads or baseball diamonds should range from **3 to 5 years**;
- Naming rights agreements for Sponsor for larger municipal assets like sports arenas and community centres should have a duration of **5 to 10 years, and**;
- Each sponsorship naming agreement should include an option to renew for a **negotiable duration**.

### Location of Sponsorship Names & Logos

The location of the Sponsor name and/or logo should be clearly outlined in the sponsorship agreement. This would include the precise locations both on the interior and exterior of the building.

The Sponsor will not have their name and/or logo appear on any other Municipality asset that is outside the scope of the agreement.

### Additional Sponsorship Benefits

An inventory of added standard and/or advanced benefits will be extended to the Sponsor of any asset by the Municipality. The Sponsor has the right to know what the approximate volume of traffic that the relevant asset will experience and the number of potential views that their name and/or logo will receive.

### Terms of Payment

The mutually agreed upon sponsorship fee and the terms of payment must be clearly and prevalently articulated in the sponsorship agreement. The Municipality should require an approximate amount of 15% to 25% of the total amount of sponsorship as a deposit prior to the signing of the agreement as an expression of good faith.

The payment schedule must be clearly outlined in the agreement and the Sponsor is responsible for covering the cost of the production and installation of the signage and any required modifications to the asset.

### Termination Rights

Circumstances that may result in the Municipality terminating the agreement with the Sponsor may include, but should not be limited to:

- The Sponsor makes modifications to the asset or the signage without approval from the Municipality;
- The sponsoring business or organization significantly falls behind in their payments;
- The sponsoring business or organization releases confidential information regarding the agreement or other crucial matters pertaining to the arrangement without the consent of the Municipality;
- The conduct and/or practices of the sponsoring business or organization fails to align with the Municipality's mission, values and priorities, and;

### Minimum bid for naming rights

Municipal Asset with a value between 100,000 to 1,000,000 \$ will require a minimum bid of 10%

Municipal Asset with a value between 1,000,001 to 15,000,000 \$ will require a minimum bid of 5%

### Solicited Sponsorship

When the Municipality has identified an asset for a sponsorship naming rights opportunity an official inventory of benefits shall be formulated. The inventory of benefits will outline how the prospective Sponsors will be recognized or advertised internally, outside and in relation to Municipality assets. Benefits provided to the sponsor by the Municipality are limited to those stated in the agreement.

Upon the approval of the inventory of benefits by Council, the Municipality will issue a request for "Expressions of Interest" from prospective sponsoring businesses or organizations. The duration of the request for "Expressions of Interest" should be 30 to 45 days. Promotion of the request for "Expressions of Interest" should occur through local print and broadcast media, and the Municipality's website and social media platforms.

### Unsolicited Sponsorship

In the event of an unsolicited sponsorship proposal to the Municipality of an asset from an interested business or organization, the arrangement should be tabled as Council decides whether or not it should be considered. If Council decides to consider the proposal further, then a call for "Expressions of Interest" in sponsorship opportunities for

the asset should be issued as a matter of due diligence and fairness to other prospective sponsors.

The duration of the “Expression of Interest” should be shorter than the standard timeframe that will **not exceed 30 days** so as not to deter the interest of the initial proposal. The practice also validates whether the proposed investment reflects genuine fair market value.

The requests for “Expressions of Interest” will be publicized in identified local print and broadcast media, within the Municipality’s social media platforms and on its website.

Once “Expressions of Interest” are received, the Municipality will perform an initial screening of all prospective sponsoring businesses or organizations and reject any they feel do not align with the Municipality’s mission, values and priorities. The Municipality reserves the right to reject any, or all “Expressions of Interest”, or to cancel the sponsorship naming opportunity completely. The official bidding process will then be determined and the Municipality will invite the selected sponsoring businesses or organizations to submit formal bids. Council will make the final decision on the naming rights of any municipal assets.