

NAMING RIGHTS CONSULTATION – SUMMARY OF INPUT

CONSULTATION TARGET GROUPS

Major themes and issues have been distilled from input provided by:

- Civic Partners,
- Public,
- Consultants active in the naming rights field, and
- Sponsors,
- City Business Units involved with Civic Partners.

Analyses and comments that follow have been carefully reviewed so that individual respondents cannot be identified.

MAJOR THEMES AND ISSUES

- Diverse and often opposing points of view among numerous stakeholders make the naming rights process extremely complex (see below for summaries).
- There was widespread preference for guidelines rather than policy, because guidelines offer greater flexibility to deal with differing circumstances.
- Opportunity for public consultation regarding the principle of selling naming rights should be provided by any Civic Partner considering the sale of naming rights.
- Historical and/or community significance of present names should be considered before selling naming rights.
- Branding of City-owned assets remains an issue of interest for The City.
- It is beneficial for The City to provide Civic Partners with the opportunity to produce revenue to maintain and enhance the City-owned assets that they control.

CIVIC PARTNERS INPUT, N=8

Two workshops were conducted on 2003 June 5 & 10 with representatives from the following Civic Partner organizations invited:

Calgary Zoo	Westside Recreation and Sports Society
Talisman Centre	South Fish Creek Recreation Association
Heritage Park	Nose Creek Sport and Recreation Association
Fort Calgary	Telus Convention Centre
Calgary Science Centre	Epcor Centre for the Performing Arts

Eight of 10 provided input and their comments are reflected below:

- Requirements for City branding, to the extent that they impinge on the branding needed to meet the needs of a Naming sponsor, could inhibit negotiations of Naming Rights Agreements.
- Revenue received from Naming Rights Agreements should not result in The City diminishing its contributions to the Civic Partner.

- The name of the potential purchaser of naming rights cannot be divulged during the negotiation process.
- Civic Partners should demonstrate public support for the sale of naming rights rather than consult directly with the public. The identity of the potential purchaser can not be included in any public engagement before the Agreement is signed.
- The City should not participate in the negotiation of naming rights.
- A majority of Civic Partners prefer no guidelines or policy imposed by the City, but prefer flexible guidelines to strict policy. The wording of guidelines should be as clear as possible. Strict policy would in fact limit the City's ability to respond to unique situations or problems that might arise as agreements are negotiated.
- The City currently entrusts Civic Partners with the management of City assets, and contributes millions of dollars in operating and capital funds every year. Extend that trust to Civic Partners negotiating Naming Rights Agreements.
- Civic Partners are well governed insofar as ethics and morals are concerned, conduct their business in a prudent manner, and are capable of negotiating Naming Rights Agreements without City involvement.
- It should be the choice of the Civic Partner whether or not to sell naming rights.
- Naming Rights Agreements should not require City Council's approval.
- Try to avoid putting City Council in the uncomfortable position of having to say yes or no.

PUBLIC INPUT

Opportunities for input by the general public and not-for-profit organizations (where there is no direct City ownership interest):

1. Two Open Houses were held at the Calgary Science Centre and Fort Calgary on 2003 June 18 & 24 respectively.
2. An on-line Naming Rights Survey was made available at www.calgary.ca/cs/ between mid-May and June 30.

The Open Houses and the opportunity to respond electronically via the Survey were advertised in the Calgary Herald, the Calgary Sun, and the June 2003 FCC Newsletter.

Open Houses, N=36

A total of 36 citizens attended the open houses. They were comprised in the majority of members of one Civic Partner, with some representation from the general public and staff of Civic Partner organizations. The following input was received:

- The public should be consulted regarding the sale of naming rights and the identity of the purchaser.
- City Council should maintain the right to approve, reject, or revoke Naming Rights Agreements.
- The historical and/or community significance of the existing name should be seriously considered.
- The public feels bombarded with commercialism to a great enough extent that it should not further intrude into our public facilities and services.

- If naming rights are sold, reference to the facility purpose should not be lost by the new name.
- The public must understand that The City does not receive revenue from the sale of Civic Partner naming rights. There is a misconception The City receives the revenue from these agreements.
- Guidelines should have specific criteria for naming rights sales, call for transparency in negotiations, define accountability for adherence to guidelines that are in place, and consideration should be given to the fiscal, social, and environmental practices of the sponsor.
- Exit clauses that The City could invoke should be included in Naming Rights Agreements.

Naming Rights Survey, N=84

The survey investigated opinion on naming rights. The survey was available to citizens both at The City of Calgary web site and in hard copy at the open houses. Responses can be divided into the following four broad categories:

1. Organizations should be free to sell naming rights.
2. Organizations should sell naming rights only under certain conditions (i.e. with an exit clause, with ethical considerations, with financial stipulations).
3. Special attention must be paid to historic names and sites.
4. Organizations should not be able to sell naming rights.

Within these general categories there was considerable variation in opinion. In fact, the commenting public have such a broad scope of intelligent and considered views that the responses only affirm the delicate and difficult task of decision making.

84 people completed the Naming Rights survey. 70% of the surveys were completed online, and 30% were completed at open houses. 47 people provided written responses to the qualitative portion of the study. 50% of survey respondents stated that they answered the survey from the position of staff or board members of a not-for-profit organization. 35% assumed the position of taxpaying citizen.

All of Calgary's 14 wards were represented in the survey. Findings were as follows:

- Slightly more than half of respondents disagreed that organizations should be allowed to sell naming rights though staff and board members are more likely to support the sale of naming rights than any other group.
- A large majority of respondents agreed that the public should be consulted about naming rights decisions. Staff and board members of not-for-profits are least likely to support public consultation. People who disagreed with the sale of naming rights are more likely to support public consultation than those who agree with the sale of naming rights.
- Among the considerations offered to survey respondents regarding naming rights decisions:
 - almost all respondents rated historical or community significance of names as important
 - only slightly fewer respondents rated the corporate citizenship of companies as an important consideration
 - approximately three-quarters of respondents rated the opportunity for not-for-profits to meet costs as important

- a large majority of respondents agreed that a third party should be consulted about the market value of naming rights.

CONSULTANTS INPUT, N=3

Responses from three of the following four Consultants in the naming rights field were received:

The Bonham Group	Performance Sponsorship
Ketchum Canada	Spectrum Management

Responses are reflected below:

- There is an exclusivity clause during the negotiation phase that precludes disclosure of the identity of the potential purchaser. Breach of this clause would end negotiations.
- Closed negotiations are the preference of the Civic Partner as much as the Sponsor. Confidentiality is a part of the “lure”, and acts to ensure that no “wrong messages” get out to the public.
- Insistence on City branding without guidelines will be a concern for the sponsor and might in some cases inhibit or prohibit negotiations. The guidelines established for City branding will determine whether or not The City takes itself and its Civic Partners out of play for Naming Rights Agreements. Caution should be exercised in establishing such guidelines.
- Very general statements that could be interpreted a number of ways may prolong negotiations as clarity is determined.
- Statements that limit the ability of the Civic Partner to negotiate business relationships and promotional agreements should be avoided.
- A risk/benefit analysis should always occur prior to the acceptance of any type of sponsorship.
- Flexible Guidelines are much preferred to strict policy, to enable rather than confine the negotiation process. Strict policy has recently hamstrung negotiations in one jurisdiction in Canada.
- The current marketplace in Calgary and across Canada is very competitive, with a large number of solid and attractive projects available for purchase.
- To the extent that guidelines clarify the process Sponsors, Civic Partners, and Consultants will welcome them. Guidelines should be stringent enough that they will bring to the surface key problems to be dealt with during negotiations rather than as or after negotiations are completed.
- The City should not be involved in negotiations. The perception that The City is part of the ask is not one that the public will easily reconcile. On the other hand, City Council and senior Administration officials should be advised of negotiations underway.

SPONSORS INPUT, N=1

The following sponsors of facility names in Calgary were contacted for input:

Pengrowth Management	Epcor Energy
Enmax	Talisman Energy
Shaw Communications	Telus Corporation

One responded, with the following input:

- With many corporate changes happening more frequently, the lure of long-term Naming Rights Agreements is diminishing in preference for short-term agreements which contain clauses allowing mutually agreed renewal.

- Branding requirements from the City may not be a contentious issue. The perception of the sponsor working hand in hand with the Civic Partner and The City on behalf of Calgarians is positive for the sponsor.
- In many if not most instances, exclusivity of sponsor services (eg. Telus communication services to the Convention Centre) is part of a Naming Rights Agreement.
- Sponsors look at Naming Rights Agreements through the following lenses:
 1. Revenue production possibilities throughout the term of the Agreement,
 2. Marketing and branding opportunities,
 3. Opportunities to showcase products and services, and
 4. Contribution to the community and the Civic Partner,

CITY BUSINESS UNIT INPUT

- The Law Department presented a clear and concise opinion that The City owns the assets in question and therefore has a significant vested interest in the naming rights activities of its Civic Partners.
- Customer Services and Communications are involved in two related initiatives - the development of a Corporate Branding Policy and a valuation of City-owned and operated assets for which The City itself may choose to seek Naming Rights Agreements. Their comments generally support the positions of Aldermen and Senior Administration.
- Some Aldermen state that it is important that the public is aware of The City's historical and continuing contribution to assets controlled by Civic Partners, a position also held by Administration. Consequently, City branding of such assets must be ensured.