Agenda – Council – January 27, 2016

Report – Executive Policy Committee – January 20, 2016

Item No. 7 Kinsmen Club of Winnipeg – Revised Naming Right Sponsorship

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 20, 2016, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That a revised start date be approved for the commencement of The Kinsmen Club of Winnipeg ("Kinsmen Club") naming right sponsorship, which will commence on the same date as the opening of the Sherbrook Pool to the public (estimated to be in the spring of 2016).

2. That a revised payment schedule for the Kinsmen Club be approved as follows: the first payment of $500,000 to be received by the City on or before March 31, 2016; the remaining payments of $100,000 per year to be received on or before December 31 in each year beginning with the year 2016 and continuing until December 31, 2020, with all payments totaling $1 million including GST.

3. That the Kinsmen Club, if required, be permitted to extend the time period for the payment of its sponsorship contribution to a 9-year period with the final payment to be received by the City in 2024.

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the sponsorship agreement with the Kinsmen Club in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – January 20, 2016

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 20, 2016, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Revised Sponsorship Term Start Date and Payment Schedule for The Kinsmen Club of Winnipeg Naming Right Sponsorship

Critical Path: EPC/Council

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
Janet Thomas Maureen Purdy	Michael Jack Chief Operating Officer	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That Council approve a revised start date for the commencement of The Kinsmen Club of Winnipeg ("Kinsmen Club") naming right sponsorship, which will commence on the same date as the opening of the Sherbrook Pool to the public (estimated to be in the spring of 2016).

2. That Council approve a revised payment schedule for the Kinsmen Club as follows: the first payment of $500,000 to be received by the City on or before March 31, 2016; the remaining payments of $100,000 per year to be received on or before December 31 in each year beginning with the year 2016 and continuing until December 31, 2020, with all payments totaling $1 million including GST.

3. That the Kinsmen Club, if required, be permitted the to extend the time period for the payment of its sponsorship contribution to a 9-year period with the final payment to be received by the City in 2024.

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the sponsorship agreement with the Kinsmen Club in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

5. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to make any revisions to the Kinsmen Club sponsorship agreement, including revisions to the sponsorship term start date and payment schedule.

IMPLICATIONS OF THE RECOMMENDATIONS

General Implications

There are no general, regulatory, environmental or human resource implications associated with this recommendation.

Financial Implications

The financial terms of the agreement with the sponsor are as follows:

With Council approval, the Kinsmen Club will pay the City a total of $1 million including GST on a revised schedule for the naming right to the City-owned and operated Sherbrook Pool. Further, the naming right term will commence on the same date as the opening of the Sherbrook Pool to the public (estimated to be in the spring of 2016) and will end on October 31, 2041, unless further renewed.

The first payment of $500,000 will be paid on or before March 31, 2016. The remaining payments of $100,000 per year to be received on or before December 31 in each year beginning with the year 2016 and continuing until December 31, 2020, with all payments totaling $1 million including GST.

In the event that the Kinsmen Club requires additional time to pay its sponsor contribution, Kinsmen will be provided with the option to extend the time period for the payment of its sponsorship contribution to a 9-year period with the final payment to be received by the City on or before December 31, 2024.

HISTORY

- On November 21, 2007, Council approved The City of Winnipeg Sponsorship Policy. The policy requires that Council approve the naming rights to any civic facility or asset. Sponsorships to support civic programs and services require only the approval of the Chief Administrative Officer.
- In the fall of 2013, Sponsor Winnipeg entered into discussions with the Kinsmen Club about the naming right sponsorship for the city-owned Sherbrook Pool.
- The Kinsmen Club agreed to provide the City of Winnipeg with $1 million including GST for the naming right to the city-owned and operated Sherbrook Pool, located at 381 Sherbrook Street in Winnipeg.
- The term of the sponsorship is for 25 years.
- On September 24, 2014 Council approved the Administrative Report titled “Sponsorship Agreement with The Kinsmen Club of Winnipeg for the Naming of the Sherbrook Pool” and the administration began the process of executing a legal agreement between the City and the Kinsmen Club.

- During this process, the Kinsmen Club expressed concern that the sponsorship term was to begin prior to the facility opening and made a request to the administration to revise the sponsorship term start date so it aligned with the opening of the Sherbrook Pool to the public. A request was also made to amend the payment schedule.
- Council approval is required to make revisions to the Kinsmen Club sponsorship term start date, and payment schedule.

Financial Impact Statement **Date:** December 10, 2015

Project Name: **First Year of Program** **2016**

Revised Sponsorship Term Start Date and Payment Schedule for The Kinsmen Club of Winnipeg Naming Right Sponsorship

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs: Building repairs and facility improvements	$ 571,429	$ 95,238	$ 95,238	$ 95,238	$ 95,238
Incremental Revenue	571,429	95,238	95,238	95,238	95,238
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-				
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. The GST portion of the sponsorship amount is not included in the above-stated costs and revenues. This tax is remitted to the federal government.

2. In 2016-2020, the Corporate Finance Department will receive $1,000,000.00 including GST in sponsorship revenue from The Kinsmen Club of Winnipeg in exchange for the naming right. The first payment of $500,000 including GST will be paid on or before March 31, 2016 and $100,000 including GST on each anniversay of (on or before) December 31 begining in 2016 and over the following four years with the final payment to be received by the City in 2020. If required, Kinsmen will be provided the option to extend the time period for payment to a 9-year period with the final payment to be received on or before December 31, 2024. These funds will be transferred to the Planning, Property and Development Department to fund building repairs that were necessary to re-open Sherbrook Pool and for improvements to patron facilities within the building, as mutually agreed upon by the City and The Kinsmen Club.

(Original signed by R. Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was concurrence with:
Legal Services (as to Legal Advice)
Property Planning & Development
Community Services Department
Corporate Finance Department

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Division:
Prepared by: Janet Thomas & Maureen Purdy
Date: December 10, 2015
File No.