Agenda – Council – April 27, 2016

Report – Executive Policy Committee – April 13, 2016

Item No. 3 Sponsorship Agreement with Jim Gauthier Chevrolet Ltd. – Naming Right of Two Indoor Hockey Rinks at the Garden City Community Centre's Seven Oaks Sportsplex (Old Kildonan Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 13, 2016, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and submitted the following to Council:

1. That a 25-year sponsorship term with Jim Gauthier Chevrolet Ltd. be approved for the naming right of two indoor hockey rinks at the Garden City Community Centre's (GCCC) Seven Oaks Sportsplex, with Jim Gauthier Chevrolet Ltd. agreeing to pay the City a total of $500,000 plus GST, over 25 years, which sponsorship will include the following:

    A. That Jim Gauthier Chevrolet Ltd. be permitted to install signs in and around the rinks and advertising monitors and reference points within the complex;
    B. That Jim Gauthier Chevrolet Ltd. be responsible for the costs of production, installation, removal and maintenance of the signage;
    C. That the City be entitled to approve the design and text for the signage prior to the installation of each sign; and
    D. That the installation and removal of all signage be either conducted or approved by the City.

2. That the City enter into, execute and deliver an agreement with Jim Gauthier Chevrolet Ltd. setting out the terms and conditions of the sponsorship.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the sponsorship agreement with Jim Gauthier Chevrolet Ltd. 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.

4. That the City pay the sponsorship funds to GCCC, to be used by GCCC to pay the outstanding principal and interest owed by GCCC, with respect to its construction loan for the Seven Oaks Sportsplex in accordance with the Funding Agreement between the City and GCCC dated June 27, 2014 and amended June 27, 2014.

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5. That the Winnipeg Public Service be directed to conduct a comprehensive review of The City of Winnipeg Sponsorship Policy and report back to Executive Policy Committee.

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

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 13, 2016, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service with the following amendment:

- Add the following new Recommendation 5.:

    5. That the Winnipeg Public Service be directed to conduct a comprehensive review of The City of Winnipeg Sponsorship Policy and report back to Executive Policy Committee.

- Renumber the remaining recommendation accordingly;

and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Sponsorship Agreement with Jim Gauthier Chevrolet Ltd. for the Naming Right of Two Indoor Hockey Rinks at the Garden City Community Centre's Seven Oaks Sportsplex

Critical Path: EPC - Council

AUTHORIZATION

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

RECOMMENDATIONS

1. That Council approve a 25-year sponsorship term with Jim Gauthier Chevrolet Ltd. for the naming right of two indoor hockey rinks at the Garden City Community Centre's (GCCC) Seven Oaks Sportsplex, with Jim Gauthier Chevrolet Ltd. agreeing to pay the City a total of $500,000 plus GST, over 25 years, which sponsorship will include the following:

    a. That Jim Gauthier Chevrolet Ltd. be permitted to install signs in and around the rinks and advertising monitors and reference points within the complex;
    b. That Jim Gauthier Chevrolet Ltd. be responsible for the costs of production, installation, removal and maintenance of the signage;
    c. That the City be entitled to approve the design and text for the signage prior to the installation of each sign; and
    d. That the installation and removal of all signage be either conducted or approved by the City.

2. That the City enter into, execute and deliver an agreement with Jim Gauthier Chevrolet Ltd. setting out the terms and conditions of the sponsorship.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the sponsorship agreement with Jim Gauthier Chevrolet Ltd. 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.

4. That the City pay the sponsorship funds to GCCC, to be used by GCCC to pay the outstanding principal and interest owed by GCCC, with respect to its construction loan for the Seven Oaks Sportsplex in accordance with the Funding Agreement between the City and GCCC dated June 27, 2014 and amended June 27, 2014.

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

The City of Winnipeg Sponsorship Policy requires that Council approve the naming rights to any civic facility or asset. Council approval is also required to enter into an agreement with Jim Gauthier Chevrolet Ltd. and to give a grant to GCCC.

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:

Jim Gauthier Chevrolet Ltd. has agreed to pay the City a total of $500,000.00 plus GST for the naming rights of the two City-owned indoor hockey rinks located in GCCC's Seven Oaks Sportsplex. Jim Gauthier Chevrolet Ltd. will pay the City $20,000 plus GST on September 1, 2016, and $20,000 plus GST, on each annual anniversary of September 1 over the following 24 years with the final payment to be received by the City in 2041.

HISTORY

- On November 21, 2007, Council approved The City of Winnipeg Sponsorship Policy ("the 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 December 2009, the City launched Sponsor Winnipeg to ensure that the program was transparent and accessible to all businesses, foundations and residents of, or doing business in, Winnipeg.
- On June 27, 2014, a Funding Agreement between the City and GCCC was executed for the construction of a twin arena. As outlined in the Funding Agreement, GCCC agrees to be bound by the Sponsorship Policy and shall apply and all sponsorship and naming rights revenues received by GCCC solely to repay the outstanding principal and interest owed by GCCC.
- In the summer of 2015, Sponsor Winnipeg entered into discussions with Jim Gauthier Chevrolet Ltd. about sponsoring the naming right for two City-owned indoor hockey rinks located in GCCC's Seven Oaks Sportsplex.
- Jim Gauthier Chevrolet Ltd. has agreed to pay the City a total of $500,000.00 plus GST for the naming rights of the two City-owned indoor hockey rinks located in GCCC's Seven Oaks Sportsplex
- The term of the sponsorship is for 25 years.
- Proceeds from the Jim Gauthier Chevrolet Ltd. sponsorship will go towards the outstanding principal and interest owed by GCCC.

- Jim Gauthier Chevrolet Ltd. will be permitted to install signs in and around the rinks and advertising monitors and reference points within the complex; exact locations to be determined at a later date.
- Jim Gauthier Chevrolet Ltd. will be responsible for the production, installation, maintenance and removal costs of the signage.
- The City will approve the design and text for the signage prior to the installation of each sign.
- The naming rights agreement with Jim Gauthier Chevrolet Ltd. is the 9th naming rights agreement to come before Council since the launch of Sponsor Winnipeg.
- Since the launch of Sponsor Winnipeg, the City has generated just over $3.3 million to enhance civic programs and services.
- The City of Winnipeg supports this sponsorship with Jim Gauthier Chevrolet Ltd. and recommends that this naming opportunity proceed to Council for approval.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 12, 2016

Project Name:

First Year of Program 2016

Sponsorship Agreement with Jim Gauthier Chevrolet for the Naming Right of two indoor hockey rinks in the Garden City Community Centre's Seven Oaks Sportsplex

	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: Funds transfer to Garden City CC	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Incremental Revenue	20,000	20,000	20,000	20,000	20,000
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-				
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

In 2016 the Corporate Finance Department will receive $20,000 plus GST in sponsorship revenue from Jim Gauthier Chevrolet Ltd. in exchange for naming rights to two indoor hockey rinks at the Garden City Community Centre's Seven Oaks Sportsplex, and $20,000 plus GST, on each annual anniversary of September 1 over the following 24 years with the final payment to be received by the City in 2041. The total naming right sponsorship is for $500,000. The money is to be transferred to the Garden City Community Centre.

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

CONSULTATION

In preparing this report there was consultation with:
Legal Services (as to legal issues)
Community Services Department
Corporate Finance (Campus Division)

SUBMITTED BY

Department: Office of the CAO
Division:
Prepared by: Maureen Purdy & Janet Thomas, for the Office of the CAO
Date: February 9, 2016