



TO: GENERAL COMMITTEE

SUBJECT: BARRIE MOLSON CENTRE RENAMING

WARD: ALL

PREPARED BY AND KEY CONTACT: N. GAVARRE, INVESTMENT COORDINATOR #4431

SUBMITTED BY: R. JAMES-REID, EXECUTIVE DIRECTOR OF ACCESS BARRIE

GENERAL MANAGER APPROVAL: R. JAMES-REID, EXECUTIVE DIRECTOR OF ACCESS BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the Executive Director of Access Barrie be authorized to execute a 25 year naming rights agreement with Paul Sadlon Motors Inc., in a form acceptable to the Director of Legal Services for the City Recreation Facility at 555 Bayview Drive for an amount not less than \$2,000 000.00 to be paid in \$100 000.00 instalments over the first 20 years of the agreement.
2. That the new name of the Facility be "Sadlon Arena" and be included in the 25 year naming rights agreement.
3. That the first instalment of the naming rights be used towards the fabrication and installation of the new signage.

PURPOSE & BACKGROUND

Report Overview

4. The naming rights for the Barrie Molson Centre was negotiated in 1994 as part of a land swap between the City of Barrie and Molson Canada. The City received 9 acres of land (valued at \$112,000 per acre= approximately \$1 million in value) and in return Molson's received the naming rights to the facility. The naming rights agreement is set to expire in 2018.
5. City staff met with MolsonCoors Executives on September 28th, 2017 to discuss their interest in continuing on with the naming rights of the Barrie Molson Centre. MolsonCoors later followed up with City staff and declined the opportunity to continue on with the naming rights of the building.
6. On January 15, 2018, Barrie City Council adopted motion 18-G-002 regarding the Barrie Molson Centre specifying:
 - i. That staff in Access Barrie seek out any interested parties in the naming rights opportunity for the Barrie Molson Centre outside of the City's Purchasing By-law process and report back to General Committee with any recommendations of potential sponsors.
 - ii. That the Barrie Molson Centre be added to the list of assets in the Sponsorship Pilot Program if no interested parties are found.

7. On January 16th 2018, City of Barrie issued a press release titled "Naming rights for sale at City of Barrie's premier arena". The press release identified that the City of Barrie wanted to hear from individuals or businesses interested in securing the naming rights to the Barrie Molson Centre (BMC) as the name would be replaced by the end of 2018. Interested parties were to express their interest to City staff by March 1st.
8. City staff also created an email campaign with information about the opportunity and sent it to the local business community. In addition there was a list of national companies created that the opportunity was sent out to, along with being promoted via Canadian News Wire, social media, local media coverage and the City of Barrie website. All expressions of interest were to be received by March 1st.
9. As of March 1st city staff were able to assess the companies that had expressed interest in the opportunity. Several national and local companies expressed interest for exploratory discussions.

ANALYSIS

10. Once the March 1st deadline had passed City staff were able to reach out to respondents and begin discussions regarding the level of the interest in the naming opportunity. There were many things to take into consideration including the complexities of the existing contracts at the Barrie Molson Centre, the desired price for the naming opportunity and the level of engagement the sponsor was looking for.
11. There was a total of 8 companies shortlisted that engaged in preliminary discussions regarding the naming rights opportunity.
12. After several meetings and discussions, Paul Sadlon Motors Inc. offered a sponsorship of \$2,000,000.00 for a 25 year term. Paul Sadlon Motors Inc. has offered to pay the full amount in the first 20 years of the contract with the last 5 years having no payments. Paul Sadlon Motors Inc. will pay \$100,000.00 each year starting in 2018 with the last payment in 2037 with the name remaining in place until December 31st, 2043.
13. The naming rights will include the new name to appear at 555 Bayview Drive on all locations the existing Barrie Molson Centre or BMC name currently exists.
14. A dedicated parking spot at the East Entrance to the facility will be provided to the Sadlon family each day from 7:00am to 12:00am for their personal use to attend any events held within the facility.
15. Paul Sadlon Motors Inc. is a long standing, reputable Barrie Company that has been serving the Barrie and surrounding area since 1971.
16. Paul Sadlon is committed to this community and in 2011 made a significant donation that helped Georgian College achieve their fundraising goals for their new Sadlon Centre for Health and Wellness.
17. There are noteworthy limitations to negotiating a new contract for the renaming of the Barrie Molson Centre. The City of Barrie has limited control and has to work within existing third party tenant contracts. The City does not control food and beverage rights including all pouring rights. The City does not control product sales and promotions within the building, or interior advertising.

Consequently the City cannot provide exclusivity to any new sponsor coming on board. These are all major value-driven aspects of securing a new sponsorship contract.

18. Based on a 3rd party professional consultant valuation of the venue that took into consideration all aspects of the naming rights opportunity, we have found this to be a very generous offer that is conducive to the level of sponsorship the city can deliver in a sponsorship agreement.
19. Access Barrie will work with Paul Sadlon Motors Inc. to finalize the design that will appear on the building and the first sponsorship payment will go towards covering the costs associated with switching over signage to the new name.
20. The new signage will include a design that is elevated and lit along the Bayview Drive side of the building. The new signage will be paid for out of the first instalment towards the naming rights and will have a cost of no more than \$100,000.00.
21. All changes to signage will occur as soon as possible to benefit from the good weather for installation and to also coordinate with the hockey season and ensure a changeover has minimum disruption to tenant and city operations.

ENVIRONMENTAL MATTERS

22. There are no environmental matters related to the recommendation.

ALTERNATIVES

23. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could decline the sponsorship offer made by Paul Sadlon Motors Inc. in respect to the naming of the arena at 555 Bayview Drive. It could then be added to the list of Sponsorship Pilot Program assets to be sold.

This alternative is not recommended as it will be very difficult to find another sponsorship offer that will work well with the intricacies of the current contracts in place at the facility. Also, by adding it to the list of assets on the Sponsorship Pilot Program the city is obligated to pay 19.5% commission on any negotiated contract. This sponsorship offer is a generous offer and provides the community with a new revenue source.

FINANCIAL

24. This offer is within the valuation done by an outside consultant. Savings have been realized as this contract was negotiated internally without hiring an external consultant that would have charged a retainer for a minimum of 4 months and commission of at least 19.5% of the amount secured.
25. The proceeds from the sale of the naming rights will be allocated to the current BMC facility operations cost centre and recorded in the existing advertising and revenue account, thereby contributing to the City's overall annual operating result.
26. The following is a breakdown of the payment schedule for the naming rights contract:

<u>Year</u>	<u>Payment Schedule</u>	<u>Payment</u>
Year 1	July 1 2018-2019	\$100,000.00
Year 2	July 1 2019-2020	\$100,000.00
Year 3	July 1 2020-2021	\$100,000.00
Year 4	July 1 2021-2022	\$100,000.00
Year 5	July 1 2022-2023	\$100,000.00
Year 6	July 1 2023-2024	\$100,000.00
Year 7	July 1 2024-2025	\$100,000.00
Year 8	July 1 2025-2026	\$100,000.00
Year 9	July 1 2026-2027	\$100,000.00
Year 10	July 1 2027-2028	\$100,000.00
Year 11	July 1 2028-2029	\$100,000.00
Year 12	July 1 2029-2030	\$100,000.00
Year 13	July 1 2030-2031	\$100,000.00
Year 14	July 1 2031-2032	\$100,000.00
Year 15	July 1 2032-2033	\$100,000.00
Year 16	July 1 2033-2034	\$100,000.00
Year 17	July 1 2034-2035	\$100,000.00
Year 18	July 1 2035-2036	\$100,000.00
Year 19	July 1 2036-2037	\$100,000.00
Year 20	July 1 2037-2038	\$100,000.00
Year 21	2038-2039	No Payment
Year 22	2039-2040	No Payment
Year 23	2040-2041	No Payment
Year 24	2041-2042	No Payment
Year 25	2042-2043	No Payment

LINKAGE TO 2014-2018 STRATEGIC PLAN

27. The recommendation(s) included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:

- Responsible Spending
- Inclusive Community

28. By seeking a new sponsor for the Barrie Molson Centre, it allows the City of Barrie to secure new revenue generating opportunities.