

Appendix 2

CITY OF TORONTO INDIVIDUAL AND CORPORATE NAMING RIGHTS POLICY

1. STATEMENT

- 1.1. The City welcomes proposals for naming rights by encouraging individual and corporate giving while safeguarding against the undue commercialization of the public realm.
- 1.2. Granting the right to name a City of Toronto property to an external party provides a means of generating new revenues and alternative resources to assist in the construction, support and/or provision of City facilities and programs.

2. OBJECTIVE AND PURPOSE

- 2.1 The purpose of this policy is to establish a corporate and individual naming rights protocol that:
 - creates a systematic approach to soliciting, managing and reporting on naming rights;
 - provides guidance to those that have an interest in the naming of civic properties;
 - protects the reputation, integrity and aesthetic standards of the City of Toronto and its assets;
 - ensures alignment with the City's programs and services; and
 - advances Council priorities and enhances public services.

3. SCOPE

- 3.1 This policy is not applicable to philanthropic contributions, gifts, or donations in which no benefits are granted to the third party and where no business relationship exists. Donations are governed by the City's Donation's Policy.

- 3.2 This policy applies only to naming rights, which represent but one class of sponsorship activity. Other forms of sponsorship (i.e. signage, sampling, etc.) are governed by a separate policy.
- 3.3 Only corporate and individual naming rights are covered by this policy. Honourific or commemorative naming and the process for naming/renaming City streets are covered in a separate policy.
- 3.4 For purposes of corporate consistency, this policy shall apply to all City divisions and those agencies, boards and commissions (ABCs) which are by law subject to the policies of City Council. All other ABCs are requested to adopt policies which are consistent with this policy. This policy shall not apply to boards of management for business improvement areas.
- 3.5 Naming rights arrangements that pre-date this policy are not subject to its terms.
- 3.6 Naming right proposals will be reviewed on a case-by-case basis.
- 3.7 Certain City properties, such as City Hall, Community Council sites, Union Station and others, as determined by Council, are not available for naming rights proposals.
- 3.8 Any naming rights proposal which varies from the requirements of this policy shall be approved by Council.

4. DEFINITIONS

- 4.1 For the purposes of this policy, the following definitions apply:
 - “Broker” refers to an external agency responsible for assessing the naming rights value of City properties and negotiating with the potential naming rights holder on the City’s behalf.
 - “Corporate Naming Rights” means a mutually beneficial business arrangement wherein an organization provides goods, services or financial support to the City in return for access to the commercial and/or marketing potential associated with the public display of the organization's name on a City property for a finite period. Examples include the City-owned Sony Centre for the Performing Arts and the Scotiabank Nuit Blanche arts event.
 - “Donations” are cash or in-kind contributions which provide assistance to the City. Donations do not constitute a business relationship since no reciprocal consideration is sought. Donations generally qualify for a tax

receipt. An example is the \$1 million donated by an individual for the creation of a playground designed for disabled children at Earl Bales Park.

- ❑ “Honourific” or “Commemorative Naming” means the naming of City property without return consideration. It is bestowed by the City to recognize the service, commitment or other type of contribution by an individual, group or organization. The J.J. Piccininni Community Centre is but one example.
- ❑ “Individual Naming Rights” means the naming of City property in return for a financial or in-kind contribution from an individual or their estate. Typically, such support is given to enhance the community and to help sustain the property in question for a negotiated period of time. An example is the Martin Goodman Trail.
- ❑ "Naming Rights Holder" means the party which has been awarded the Naming Rights opportunity.
- ❑ "Properties" refers to City assets including, but not limited to, events, services, programs, activities, real property, facilities, intellectual property, parks, features (e.g. rooms, ice pads, bridges, playgrounds, etc.), and other assets, but not including streets and lanes.
- ❑ “Sponsorship” is a mutually beneficial business arrangement wherein an external party, whether for profit or otherwise, provides cash and/or in-kind services to the City in return for commercial advantage. This payback may take the form of publicity, promotional consideration, merchandising opportunities, etc. Because of these marketing benefits, a sponsorship does not qualify for a tax receipt. An example of a sponsorship is the City's annual Winterlicious program, which is presented by American Express, or Glad sponsoring the 20 Minute Clean-Up.

5. PRINCIPLES

5.1. General

- 5.1.1 This policy repeals and supplants all existing in-force City policies and guidelines on the naming of civic properties, including the Naming and Renaming of Parks and Recreation Facilities Policy.

Properties with names of historic or community significance would be considered for renaming only in exceptional circumstances and only after consultation with the local councillor and the community. Such renamings require City Council approval.

- 5.1.2 The cost and impact of changing existing signage, rebuilding community recognition and updating records must be considered before a property is renamed.
- 5.1.3 Charitable tax receipts shall be issued only in accordance with the *Income Tax Act* and the policies of the Canada Revenue Agency.
- 5.1.4 The City shall retain ownership and control over any named property.
- 5.1.5 Subject to the agreement, the naming right must not impair in any way the City's ability to manage the property.
- 5.1.6 The City will consider all naming rights proposals but does not have an obligation to accept any. The City reserves the right to refuse any proposal, including, but not limited to, those submitted by third parties whose activities are perceived by the recipient division to be incompatible with the City's goals, values or mission.
- 5.1.7 Unsolicited naming offers are exempt from the Unsolicited Proposal Policy. Divisions are not required to seek out competing bids when the naming opportunity is initiated by a third party.
- 5.1.8 Unsolicited naming offers may only be recommended where, in the view of the recipient division, the benefits to the City are commensurate with the value of the naming right.
- 5.1.9 All naming right agreements shall be confirmed by written contract containing terms and conditions satisfactory to the recipient division, in consultation with the Legal Services Division.
- 5.1.10 All naming right agreements shall be reported and are subject to Council approval.
- 5.1.11 All funds generated by naming rights agreements shall be allocated to the division administering the named property. Subject to the agreement, the proceeds received may be applied to the property itself or designated for another use within the division. Revenues generated through naming rights shall not reduce the recipient division's budget.
- 5.1.12 Every naming right agreement shall conform to all applicable federal and provincial statutes, and to all applicable City of Toronto bylaws, policies, contracts and practices, including the Lobbyist Register.
- 5.1.13 While the physical display of the naming right shall be negotiated or decided upon on an individual basis, such recognition must not unduly

detract from the character, integrity, aesthetic quality or safety of the property or unreasonably interfere with its enjoyment or use.

- 5.1.14 The naming rights opportunity must not confer a personal benefit to any particular City employee or City official.
- 5.1.15 The City does not endorse the products, services, or ideas of any naming right holder.
- 5.1.16 At its sole discretion, the City reserves the right to terminate the naming right prior to the scheduled termination date, without refund of consideration, should it feel it is necessary to do so to avoid the City being brought into disrepute.
- 5.1.17 The sale of a naming right must not result in incremental net costs to the City.

5.2 Individual Naming Rights

- 5.2.1 All individual naming rights must be for a fixed term, not exceeding the useful life of the property. Every such agreement shall include a sunset clause specifying the duration of the naming opportunity. Individual naming rights may be subject to renewal on mutual agreement.

5.3 Corporate Naming Rights

- 5.3.1 Parties that are disqualified from doing business with the City are not eligible for naming right opportunities.
- 5.3.2 The benefits to the naming rights holder are limited to those expressly stated in the naming rights agreement.
- 5.3.3 No form of indemnification will be provided to any naming rights holder without the express approval of the Legal Services Division.
- 5.3.4 Naming rights may only be transferred or assigned by a naming rights holder with the consent of the City. Where a company changes its name, the naming rights may, with the consent of the City and at the expense of the naming rights holder, be modified to reflect the new name.
- 5.3.5 All corporate naming agreements must be for a fixed term, not exceeding the useful life of the property. Every corporate agreement shall have a sunset clause specifying the duration of the naming opportunity. Such

agreements cannot be extended or automatically renewed without Council approval.

- 5.3.6 Naming rights holders are prohibited from implying that their products, services or ideas are sanctioned by the City.
- 5.3.7 The naming right must not result in, or be perceived to result in, any competitive advantage, benefit or preferential treatment for the naming rights holder, outside of the agreement.
- 5.3.8 There shall be no actual or implied obligation for the City to purchase the product or services of the naming rights holder.

6. PROCEDURE

6.1. General

- 6.1.1 Issues regarding the interpretation or application of this policy are to be referred to the Toronto Office of Partnerships.
- 6.1.2 In accordance with the Councillor Code of Conduct, and the principles and criteria contained in this policy, the solicitation, negotiation and administration of naming rights are to be conducted by authorized City staff only.
- 6.1.3 All naming rights must be evaluated for compliance with this policy. Divisions are responsible for ensuring that all naming rights holders and executed agreements comply with this policy and that staff abide by the provisions of this policy.
- 6.1.4 The local councillor is to be advised immediately with respect to ward-specific naming right opportunities.
- 6.1.5 All naming rights agreements will be in the form of a legal contract. For such sponsorships, the recipient division shall consult with the Legal Services Division regarding appropriate terms and conditions and consider inclusion of the following provisions:
 - i) A description of the contractual relationship, specifying the exact nature of the agreement;
 - ii) The term of the agreement;
 - iii) Renewal options, if permitted;
 - iv) The value of the consideration and, in the case of in-kind contributions, the method of assessment;
 - v) The payment schedule;
 - vi) Rights and benefits;

- vii) Release, indemnification and early termination clauses as appropriate;
- viii) Insurance clauses;
- ix) Confidentiality terms;
- x) A statement acknowledging that the sponsorship may be subject to provisions of the *Municipal Freedom of Information and Protection of Privacy Act*; and
- xi) A statement that all parties are aware of, and agree to comply with, the provisions of this policy.

Copies of all naming rights agreements are to be retained for audit purposes in accordance with the normal retention policy of the City.

- 6.1.6 The terms and conditions contained within a naming rights agreement are to be approved by the Division Head or a designate. If the agreement involves more than one division, approval will be obtained from the Heads (designates) of each division involved.
- 6.1.7 The relevant division(s) is responsible for preparing and presenting a report for Council on the content of the negotiated naming rights agreement. Upon Council approval, the division shall execute the agreement.
- 6.1.8 It is the responsibility of the recipient division to ensure that the respective parties are adhering to the terms of the agreement.

6.2. Unsolicited Proposals

- 6.2.1. All unsolicited naming or renaming requests shall be made in writing.
- 6.2.2. Such offers are to be referred to the relevant Division Head (or designate) either directly or via the Toronto Office of Partnerships.
- 6.2.3. As part of its due diligence, prior to proceeding with an unsolicited naming rights offer, the recipient division is responsible for consulting with relevant stakeholders, including ward residents, where necessary, and for conducting a risk/benefit assessment of the opportunity.
- 6.2.4. In considering a naming rights proposal, divisions may, at their discretion, utilize additional criteria beyond those noted in this policy and may assess fees for the purposes of cost recovery.
- 6.2.5. If a naming offer is not accepted, the proponent shall be advised as to the reasons.

6.3. Soliciting Naming Rights

6.3.1 General

- a) Subject to this policy, divisions are free to solicit and negotiate naming rights.
- b) For commercial naming rights opportunities, a competitive process such as a Request for Proposal is generally recommended to secure a broker with the requisite experience and expertise to identify, evaluate and negotiate with corporations.
- c) For individual naming rights opportunities, the recipient division shall develop a fund-raising campaign for the property. Factors to be considered in the development of the fundraising goal shall include capital costs, annual operating and maintenance costs, and desirability and marketability of the opportunity. Each campaign goal shall be developed on a case-by-case basis.

6.3.2 Annual Plan

- a) The Toronto Office of Partnerships shall maintain a master list of naming rights opportunities, in consultation with City divisions.
- b) In developing the naming-rights plan, the Toronto Office of Partnerships will, in conjunction with City divisions (including Facilities Management, Real Estate Services, Legal Services and Corporate Finance):
 - review the inventory of available properties;
 - assess the anticipated public response;
 - determine the impact on the community;
 - evaluate the desirability and marketability of the property; and
 - consult with councillors whose wards contain the assets identified.
- d) On an annual basis, the Toronto Office of Partnerships will bring forward for Council approval the naming-rights plan for the year. The plan will include at a minimum:
 - the properties available for naming;
 - City division(s) that own/occupy the properties;
 - target markets (e.g. corporate vs. individuals);
 - intended use of funds generated by the naming agreements; and
 - a process for determining sponsors (e.g. RFP or direct solicitation)

- e) Upon approval of the plan, Division Heads are free to pursue the naming rights opportunity, in compliance with this policy.

7. RELATED POLICIES

7.1 The City's Donations Policy can be found at:

http://www.toronto.ca/top/pdf/donation_policy.pdf

7.2 The City's Unsolicited Proposal Policy can be found at:

<http://www.toronto.ca/calldocuments/pdf/unsolicited.pdf>

7.3 Lobbyist Code of Conduct, Municipal Code Chapter 140, Article VI

http://www.toronto.ca/lobbying/code_conduct.htm

7.4 Lobbying and Donations to Council member-Organized Community Events
Joint Interpretation Bulletin

http://www.toronto.ca/lobbying/pdf/interpretation_bulletin.pdf

8. CONTACT

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