

Town of Whitby

Staff Report

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Report Title: Sponsorship and Advertising Asset Valuation Report

Report to: Committee of the Whole

Date of meeting: January 20, 2025

Report Number: CAO 01-25

Department(s) Responsible:

Office of the Chief Administrative Officer

Submitted by:

Sarah Klein, Deputy CAO & Director of Strategic Initiatives

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

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1. Recommendation:

1. That Report CAO 01-25, Sponsorship and Advertising Asset Inventory Valuation Report, be received for information; and,
2. That Council direct staff to seek Naming Rights for the Whitby Sports Complex and other facilities including Iroquois Park Sports Centre and report back for approval as per the Municipal Property and Facility Naming Policy (Policy MS 250).

2. Highlights:

- The Advertising and Sponsorship Division of Economic Development actively solicits the community for sponsorship participation in Town recreational facilities. Top-level sponsorship packages include Naming Rights to certain facilities, which are subject to Council approval.

- A sponsorship and advertising asset valuation exercise was approved as part of the 2023 Capital budget, and Interkom was secured to conduct the study.
- The purpose of this report is to share the recommendations of the study which focus on revenue generation opportunities related to naming rights of new and existing facilities and the opportunity to enhance operational experience.

3. Background:

The Advertising and Sponsorship Division of Economic Development actively solicits the community for advertising and sponsorship opportunities in Town facilities, programs and events. The Town of Whitby has a robust advertising and sponsorship program, with assets categorized as naming rights, sponsorship, advertising, town-wide public programs and services, and other unique opportunities. There is currently one staff member, the Sponsorship & Advertising Sales Manager, who oversees this portfolio, with an additional staff member recently approved in the 2025 budget to be hired.

The sponsorship and advertising program generates a total annual revenue of \$607,000, including:

- Annual revenue for facility sponsorship and advertising: \$330,000
- Annual revenue for special events sponsorships: \$119,000
- Annual revenue for Mayor and Council Golf Classic: \$158,000

In November 2023, the Town of Whitby engaged Interkom to conduct a Sponsorship and Advertising Asset Valuation. This included the following:

- Review and assess existing advertising, sponsorship, and event assets.
- Evaluate and propose enhancements to procedures, pricing models, and staffing levels.
- Identify new advertising and sponsorship opportunities based on industry best practices.

This work was undertaken in three phases:

- Internal Review: Review and evaluation of Town-supplied documents and site visits to understand and observe current assets and operations.
- Environmental Scan: Research into industry best practices and benchmarking with comparable municipalities.
- Recommendations: Proposals for process enhancements, resource adjustments, and new revenue opportunities.

4. Discussion:

The Sponsorship and Advertising Asset Valuation (Attachment 1) provides an evaluation of the Town's current asset inventory and recommends optimizing practices to maximize revenue through new and existing opportunities. A review and comparison of advertising rates posted by various municipalities indicate that the Town of Whitby's

pricing strategy generally reflects fair or above market prices. Interkom did not recommend substantive changes to existing assets but focused on new assets and pursuing both full facility naming rights as well as facility component naming rights. For example, a facility naming right would be the naming of the Whitby Sports Complex whereas a facility component naming right would be the naming of the pool complex within the facility.

Outlined below are the key findings/recommendations from the Sponsorship and Advertising Asset Valuation.

Focus On Selling Naming Rights of New and High-Value Assets

The review of sponsorship and advertising assets identified the top priority should be maintaining a strong focus on marketing and selling naming rights for both new and existing high-traffic municipal capital assets, with particular emphasis on the new Whitby Sports Complex.

Naming rights is potentially one of the most lucrative areas that a municipality can capitalize on to generate sustained revenue, although it also requires the largest investment of time and effort to secure an agreement (estimated 6-18 months). The advantage of selling naming rights is that the longer-term agreements don't require the same level of servicing/stewardship as smaller agreements along with the necessary work put into renewing as frequently.

Interkom conducted a comparator analysis of facility naming rights in the Region of Durham. The following facilities are used as comparable, noting that the values are for the facility naming value only and do not include revenue generated from interior space naming.

- Oshawa Delpark Homes Centre: named in 2018 for \$1.5M for a 10-year term
 - Includes a 4-pad arena, leisure pool with lazy river and waterslide, fitness centre and indoor walking track, an outdoor accessible playground, splash pad, community garden and pollinator garden.
 - It is also home to branches of the OSCC55+ Oshawa Senior Community Centres and the Oshawa Public Libraries.
- Pickering Chestnut Hill Developments Recreation Complex: named in 2019 for \$1.125M for a 15-year term
 - Includes a twin-pad arena, 25-metre swimming pool with diving well and children's training pool, fitness centre and indoor walking track, indoor racquetball/squash and tennis courts (12).

Interkom has identified several revenue-generating opportunities for the Town to explore. The table below highlights the key sponsorship and advertising opportunities for the Town of Whitby. The first column shows the total asset value if fully sold at current rates. The second column outlines the potential revenue from facility naming rights based on a 10-year term, noting that shorter terms may increase the annual

amount, while longer terms could reduce it. The final column, “Other New Revenue”, identifies additional revenue opportunities, including new assets for sale (such as naming rights for facility components) or adjustments in the pricing of existing assets.

Table 1: Revenue Generation Opportunities by Facility

Facility	Current Total Assets	New Asset – Facility Naming Rights	Other Potential New Revenue	TOTAL
Whitby Sports Complex	N/A	\$150,000	\$215,500	\$365,500
Iroquois Park Sports Centre	\$251,000	\$100,000	\$48,900	\$148,900
McKinney Centre	\$105,000	\$40,000	\$10,300	\$50,300
Whitby Civic Recreation Complex	\$20,500	\$25,000	\$15,010	\$40,010
Brooklin Community Centre & Library	\$2,100	\$30,000	\$19,900	\$49,900
TOTAL	\$378,600	\$345,000	\$309,610	\$654,610
TOTAL excluding Whitby Sports Complex	\$378,600	\$195,000	\$94,110	\$289,110

It is important to note that the asset inventory will never be completely sold in its entirety. It is intended to provide companies with multiple choices and price points for participating in Town initiatives. With the current economic environment and multiple worthy causes for businesses and community partners to sponsor, support and advertise with, a realization of 20-50% of asset inventory is reasonable, especially as it relates to facility naming rights. The percent of assets sold is partially dependent on staffing levels, which will be addressed next.

Enhance Operational Excellence

To improve facility operations and boost sponsorship opportunities, several initiatives are recommended:

- **Track Visitor Numbers:** Install people counting devices at all municipal facilities to gather data that supports decisions related to program planning, operational efficiency, financial budgeting, strategic planning, and sponsorship sales.
- **Offer Discounted Rates:** Provide reduced rates for community groups to increase facility usage, promote inclusivity, and enhance public relations.
- **Explore Software Solutions:** Consider using software like HubSpot, DonorPerfect, or Societ to manage donations, sponsorships, and customer relationships efficiently.

- Boost Team Collaboration: Effective collaboration between departments, including Sponsorship, Legal, Finance, and Facility Operations, is essential for successful sponsorship sales. Clear communication, especially between Sponsorship and Finance, is key for managing payments and multi-year agreements.

5. Financial Considerations:

A Sponsorship and Advertising Asset Valuation exercise was approved as part of the 2023 Capital budget (project 55207003) in the amount of \$78,825 and has been completed within budget.

Based on the recommendations from the Sponsorship and Advertising Asset Valuation produced by Interkom, Table 2 below projects the revenue potential over a six-year period (2025 to 2030).

Table 2: Projected Revenue Generation and Net Revenues

	2025	2026	2027	2028	2029	2030
Current Revenue (assume 3% increase annually)	\$607,000	\$625,210	\$643,966	\$663,285	\$683,183	\$703,679
Additional Revenue Opportunities – Naming Rights and Other (assuming 50% of facility naming inventory and 25% of other inventory being sold)	\$14,456	\$255,028	\$255,028	\$255,028	\$255,028	\$255,028
Total Gross Revenue	\$621,456	\$880,238	\$898,994	\$918,313	\$938,211	\$958,707
Total Costs (two staff & operating)	(\$225,025)	(\$291,721)	(\$302,625)	(\$313,884)	(\$325,513)	(\$335,125)
Net Revenues	\$396,431	\$588,516	\$596,369	\$604,428	\$612,699	\$623,582

As shown in Table 2, above, net revenues for the Town are projected to grow from \$396,431 in 2025 to \$623,582 by 2030 based on:

- Current/baseline revenues are projected to increase by 3% per year (from \$607,000 in 2025 to \$703,679 in 2030);
- Additional Revenue opportunities, recommended by Interkom, is projected to increase the Town’s revenues by \$255,028 annually (starting in 2026);
- Town costs (including one additional staff person included in the 2025 adopted budget) are projected to be \$225,025 in 2025, increasing to \$335,125 in 2030. The two staff will negotiate/sell sponsorship assets from the available asset

inventory, maintain and renew agreements, and ensure that invoicing and sales documentation are generated in a timely manner.

Over the six-year period, total net revenues outlined in Table 2 are projected to be \$3.4 million (= \$396,431 + \$588,516 + 596,369 + 604,428 + 612,699 + 623,582). The net revenue generated by the Advertising and Sponsorship program directly benefits the public by lowering the overall cost of providing municipal services at Town facilities, thereby reducing the property tax burden.

6. Communication and Public Engagement:

Advertising and Sponsorship will partner with Communications and Creative Services to promote advertising and sponsorship opportunities and recognize sponsors through various communications channels.

7. Input from Departments/Sources:

This report was developed in collaboration with internal departments, including Community Services, the Communications and Creative Services Division, and Finance.

8. Strategic Priorities:

This initiative is consistent with the Town's Community Strategic Plan, specifically Strategic Pillar 4: Whitby's Government. It addresses the following:

- Objective 4.1 Address community needs through collaboration and strategic partnerships, specifically
 - Action 4.1.2 Strengthen existing and build new partnerships as well as
- Objective 4.4 Ensure fiscal accountability and responsibly plan for growth, specifically
 - Action 4.4.1 Deliver services that respond to community needs while balancing the impact to the taxpayers.

This initiative takes sustainability and accessibility standards into account when determining locations of advertising and sponsorship materials.

9. Attachments:

Attachment 1 – Sponsorship and Advertising Asset Inventory Valuation Report