

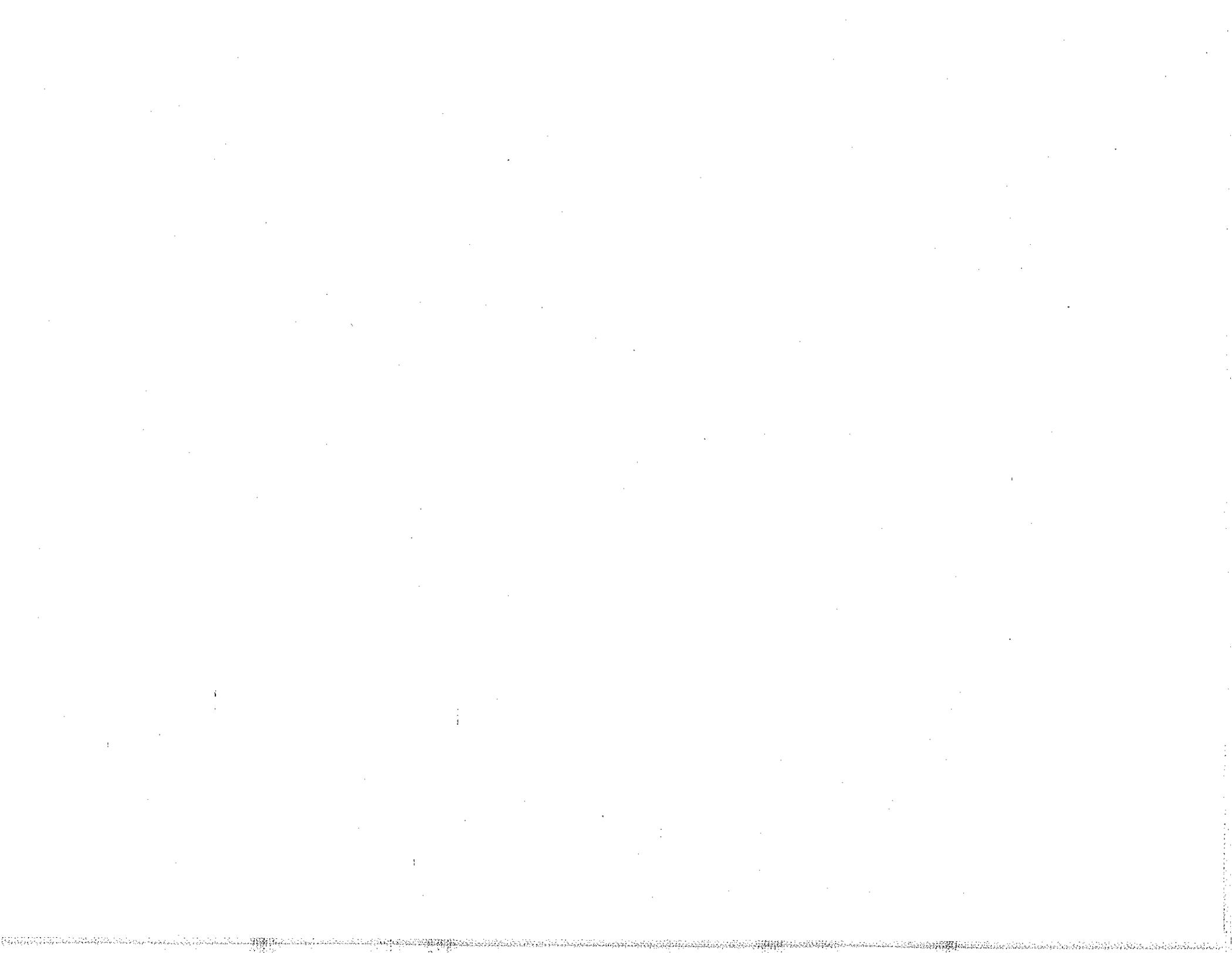
*Ed. Glavin*

CHAIRPERSON

*Julia*

SUPERVISOR OF COUNCIL SERVICES

NOTIFICATION :				
Name	Address	Email Address	Telephone	FAX
Keith Chinnery		<a href="mailto:keith.chinnery@bellmedia.ca">keith.chinnery@bellmedia.ca</a>		



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Social Development, Health and Culture Standing Committee-**  
**Administrative Report**

**MISSION STATEMENT:**

*"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together."*

<b>LiveLink REPORT #: 17739 SR2015</b>	<b>Report Date: April 13, 2015</b>
<b>Author's Name: Ray Mensour</b>	<b>Date to Standing Committee: July 8, 2015</b>
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**To: Social Development, Health and Culture Standing Committee**

**Subject: WFCU Centre Community Rink Naming Rights with AM 800 CKLW**

**1. RECOMMENDATION:** City Wide: \_\_\_\_\_ Ward(s): 6

**THAT** the request from AM800 CKLW, a division of Bell Media (formerly a division of CTV Limited), to renegotiate the payment terms of their license agreement for the naming rights of WFCU Centre Community Rink #4 **BE APPROVED** under the following amended terms and conditions:

- That the balance of sponsorship for 2014 in the amount of \$8,500 plus H.S.T. be paid to the City upon signing of the amended agreement;
- That annual payments for the balance of the term be paid in the amount of \$8,500 plus H.S.T.;
- That annual credits for the balance of the term be provided in the amount of \$8,500 plus H.S.T. by way of an annual credit memo to the City;
- All other terms and conditions remain the same;

And further,

**THAT** the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to execute and sign the revised agreement, satisfactory in technical content to the Executive Director of Recreation and Culture, in financial content to the Chief Financial Officer and City Treasurer, and in form to the City Solicitor.



## EXECUTIVE SUMMARY:

N/A

### 2. BACKGROUND:

In 2008, the City of Windsor was completing the construction of the WFCU Centre and wanted to raise additional revenue to help fund the construction of the facility. As a result, the City sought naming rights within the facility including but not limited to the community ice rinks. Council Resolution #172/2010 supported this initiative:

*"That the sponsorship of facilities within the WFCU Centre for Naming Rights over a ten year period effective January 1, 2009 until December 31, 2018 by the following companies/organizations:*

- *AM800 CKLW*
- *The Windsor Star*
- *Green Shield Canada*
- *Optimist Clubs of Windsor*
- *The Collavino Group*
- *Jamieson Laboratories*
- *Festival Tent and Party Rentals*

*BE APPROVED, and further, that the Chief Administrator and City Clerk BE AUTHORIZED to sign the agreements subject to approval as to the form by the City Solicitor and as to content by the Executive Director of Recreation and Culture and the City Treasurer, and further, that the authorization for the execution and signing agreements for additional future Naming Rights of facilities at the WFCU Centre BE DELEGATED to the Chief Administrative Officer for those sponsorships with a value of \$150,000 or less."*

The term of the agreement with AM800 began on September 1, 2008 and will terminate on August 31, 2018. The naming rights fee for Community Ice Rink #4 to AM800 is \$170,000 to the City over a ten year period. The current agreement states the fee is payable in equal yearly instalments of \$17,000 on August 1<sup>st</sup> of every year. The first payment was due August 1, 2009 and the final payment is due on August 1, 2018.

### 3. DISCUSSION:

In November of 2014, Mr. Keith Chinnery, the Program Director for AM 800 CKLW contacted the Executive Director of Recreation and Culture to initiate a discussion regarding AM800's sponsorship of the Community Rink at the WFCU Centre. These discussions led to numerous emails as well as in person meetings which included staff from the Finance, Legal, Communications and Recreation and Culture departments.

Mr. Chinnery expressed that many things have changed since the sponsorship began in 2009 including new corporate ownership, reduced marketing budgets due to a weak local economy and increased competition in the media business.

A combination of these factors is making it increasingly harder for his company to justify their \$17,000 annual payment to the WFCU Centre. Notwithstanding these challenges, Mr. Chinnery indicated that AM 800 continues to see the value in maintaining this sponsorship and continuing to be an integral component within the WFCU Centre. As a result, Mr. Chinnery is proposing a change in the annual payment structure beginning with the current year.

The new fee structure would result in a payment of \$8,500+HST annually for the balance of the term and an \$8,500+HST advertising credit would be applied to the City of Windsor's account. Radio advertisements could be placed on any of their four radio stations (AM800, AM580, 93.9 The River and 89X) within each of the agreement's remaining five calendar years.

In 2014, the City spent over \$45,000 in advertising with AM 800 and in 2013 the City spent over \$39,000. At time of writing, the City has spent just over \$7,900 in advertising payable to Bell Media. The advertising expenditure has increased over the years with the opening of the Adventure Bay Family Water Park presented by the Windsor Family Credit Union. A number of City departments including the Recreation and Culture Department include funds in the operating budget for marketing. Should City Council approve the change in payment structure, Bell Media would issue an annual credit note to the City which would be applied to any future payments for advertising with any of the company's four radio stations.

As the City has a signed agreement with AM 800's parent company Bell Media, the City could require that the original terms of the agreement are continued. Administration has identified two options for City Council's consideration.

#### **OPTION #1 - DO NOT MODIFY EXISTING AGREEMENT (STATUS QUO)**

With this option the City budget doesn't need to be modified as the existing revenues and expenses will not change. However, the concern of Bell Media is not addressed in this option. Also, should this request not be accommodated, Bell Media may be reluctant to enter into a new agreement at the conclusion of this current agreement.

#### **OPTION #2 - MODIFY AGREEMENT AS PROPOSED BY BELL MEDIA**

With Option #2, Bell Media has provided a proposal, to begin in 2015, whereby the first \$8,500+HST would be paid in cash as the annual sponsorship fee and the remaining \$8,500+HST would be provided by way of credit note to the City annually for future advertising needs. With this option there would be no impact on the current City budget as the City would still recognize \$17,000 in annual sponsorship revenue from Bell Media to be applied to the WFCU Centre project. This option demonstrates the City's willingness to work with key partners which will hopefully lead to a new agreement at the end of this term.

Administration is recommending Option #2. There are examples where alternate arrangements have been made with sponsors that are mutually beneficial for the sponsor and the Corporation. For example, Jamieson Laboratories sponsored the seniors' area at the WFCU Centre. Although the other sponsorship and Naming Rights agreements were for 10 year periods, Jamieson requested a five year agreement with accelerated payments. There have also been situations where, for various reasons, a sponsor is no longer able to meet their commitments, resulting in reduced revenue.

Examples of this situation include the Windsor Star and Optimist Clubs of Windsor, as reported to the Social Development, Health and Culture Standing Committee in March 2014. Working with the sponsor and developing an alternate payment plan provides for the continuation of a mutually beneficial partnership. As is detailed in the Financial Matters section, the WFCU Centre Capital Project is not impacted by the proposed new terms.

#### **4. RISK ANALYSIS:**

The risk arising as a result of renegotiating this agreement is that it could set a precedent and other partners may seek the same type of treatment. The likelihood of this occurring is low to medium as there are a limited amount of suppliers that advertise with the City.

#### **5. FINANCIAL MATTERS:**

Should Council choose to amend the agreement in accordance to the requests made by Bell Media, Bell Media will issue a credit note to the City annually for \$8,500 in addition to the \$8,500 payment towards the annual sponsorship fee of \$17,000. The credit note will be applied to the WFCU capital project so that the \$17,000 budget is met. City departments will continue to pay invoices to Bell Media with the credit note offsetting any future payments for advertising until the full value of the \$8,500 credit is utilized. This will ensure the WFCU Centre Capital project revenue is realized annually in accordance to the budget. City departments will continue processing advertising invoices to Bell Media as they normally would.

#### **6. CONSULTATIONS:**

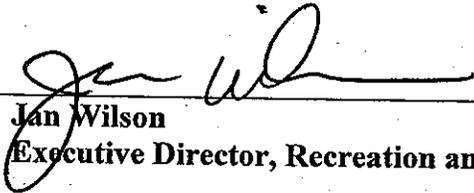
Keith Chinnery - AM800 CKLW Program Director  
Finance  
Legal  
Communications

**7. CONCLUSION:**

Due to the long standing relationship between the City and AM800, Administration believes it is reasonable to alter the payment terms as there is no financial impact to the City.



**Ray Mensour**  
Manager of WFCU Centre and Recreation  
Facilities



**Jan Wilson**  
Executive Director, Recreation and Culture



**Shelby Askin-Hager**  
City Solicitor and Corporate Leader  
Economic Development and Public Safety



**Jason Moore**  
Senior Manager, Communications and  
Customer Service



**for Onorio Colucci**  
Chief Financial Officer and City  
Treasurer/Corporate Leader Finance and  
Technology



**Jelena Payne**  
Community Development and Health  
Commissioner



**for Helga Reidel**  
Chief Administrative Officer

JW:hg

**APPENDICES:**

**DEPARTMENTS/OTHERS CONSULTED:**  
Name:  
Phone #: 519 ext.

**NOTIFICATION :**

Name	Address	Email Address	Telephone	FAX

