



Report to: General Committee

Report Authored: March 26, 2012

SUBJECT:	Flato Developments - Naming Right for Markham Theatre
PREPARED BY:	Eric Lariviere, Theatre Manager

RECOMMENDATION:

- 1) THAT the report titled Flato Developments Naming Right for Markham Theatre be received;
- 2) AND THAT the Town of Markham agrees to name the Markham Theatre: **"FLATO MARKHAM THEATRE"**, the new name to be branded and utilized in all promotional, administrative, and legal functions, operations and communications associated with Markham Theatre;
- 3) AND THAT the Flato Developments VIP Lounge naming right will be extended for the same term as the Naming Rights to the Markham Theatre for Performing Arts;
- 4) AND THAT the proposed Terms for a Naming Right Agreement for Markham Theatre of \$75,000 per annum, provided by Flato Developments, for a ten year period subject to an increase each year during the term of this agreement to reflect the change in the Consumer Price index (Toronto All items September – September) with such increases effective January 1st rounded off to the nearest dollar, be approved;
- 5) AND THAT Flato Developments provide \$30,000, a one time contribution to cover the costs to change the name, signage and other material for the Theatre, and to be paid at time of execution of the agreement;
- 6) AND THAT the remaining Naming Rights terms as outlined in the report be approved;
- 7) AND THAT the Mayor and Clerk be authorized to execute an agreement with Flato Developments, for naming rights for the Markham Theatre, on the terms set out in this report, in a form satisfactory to the Commissioner of Community and Fire Services and the Town Solicitor;
- 8) AND THAT the proceeds for the naming agreement be deposited into account 890 890 9254 (General Sponsorship);
- 9) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval from Council for the Naming Rights to the Markham Theatre through a sponsorship contribution by Flato Developments for the terms outlined in the report and to seek authority to execute a legal agreement based on the proposed terms.

BACKGROUND:

In 2009, Council directed staff to pursue sponsorship opportunities and awarded a mandate to the firm Wakeman & Associates Marketing Inc. This included valuation of identified Town's facilities, assets and events, and established the process for undertaking naming opportunities. At that time, Wakeham & Associates Marketing Inc. pursued solicitations towards the business community over a course of one year. Further to their efforts Town staff continued similar efforts to achieve sponsorships through naming opportunities.

The following proposal is a result of Town efforts aligned with the principles and intentions outlined in the 2009 report. See Appendixes A, B, C, and D.

Flato Developments Inc., is a recognized developer and builder of residential communities of high quality as well as being a construction management company for over a quarter of a million square feet of prime retail and commercial space. Flato Developments Inc. is operating from offices based in Markham.

Flato Developments has been the presenting sponsor of the Professional Entertainment Season of Markham Theatre for the 2009-2010 Season (\$25,000), and for the 2010-11 Season (\$40,000). In 2011, Flato expressed its interest in finding an opportunity to consolidate its community engagement efforts for multiple years through naming rights with Markham Theatre.

OPTIONS/ DISCUSSION:

This report presents the proposed terms in order to develop a naming right agreement for 10 years. This would include an annual cash sponsorship of \$75,000 per year (subject to indexing as noted in the Financial Consideration section of the report), as well as a one time contribution of \$30,000 to cover the costs to change the name, signage and other material for the Theatre.

In addition, Flato Developments would commit to sponsor/underwrite all the artistic cost of bringing, once a year, one major South Asian celebrity for a performance in Markham. Bringing Bollywood/South Asian shows/event would be on a best efforts basis and any revenues generated by these events will cover the cost of the event and the remaining monies/profits will be shared between the Markham Theatre and Flato.

TERMS OF AGREEMENT FOR NAMING THE MARKHAM THEATRE

1. Naming right:

The Town of Markham agrees to name the Markham Theatre: “FLATO MARKHAM THEATRE”

2. Utilization of new name:

New name to be branded and utilized in all promotional, administrative, and legal functions, operations and communications associated with Markham Theatre.

3. Flato Lounge:

Flato Developments VIP Lounge naming right will be extended for the same term as the Naming Rights to the Markham Theatre for Performing Arts.

FLATO DEVELOPMENTS OBLIGATIONS:

4. Naming Right value and payments:

The total cost of the naming right is \$75,000 per year for 10 years, to be paid in 10 installments, as of January 1st of each year and the first payment to be made after executing the agreement. The contribution of \$75,000 will be subject to an increase each year during the term of this agreement to reflect the change in the Consumer Price index (Toronto all items September – September) with such increases effective January 1st rounded off to the nearest dollar.

5. Cost of signage:

The one time cost of changing all signage and communications material is \$30,000 and to be paid at time of execution of the agreement.

NAME “FLATO MARKHAM THEATRE” EXPOSURE

New name to be branded and utilized in all promotional, administrative, and legal communications, operations and functions associated with Markham Theatre, Town of Markham assets and material, including:

6. General Exposure:

- Events advertising and presence – Traditional media – Markham Theatre and rental clients;
- Town and Theatre brochures, flyers, posters, sales kits, house programs, rental clients promotional material and programs, and any other printed promotional collateral;
- Town of Markham and Theatre Interior TV Monitors;
- Theatre tickets and ticket envelopes;
- Website, web links, web advertisement and e-marketing;
- Phone communication – lines, messages;

- Live mentions – Theatre events and Theatre and Town of Markham public functions;
- Print mentions – Press releases, programs, listings, etc.;
- Letterheads/envelops/business cards and other promotional and business documents.

7. Signage:

- Highway 7 electronic marquee;
- Public road signs – includes Highway 7, Highway 404, Warden Avenue, etc.;
- Exterior – Marquee Entrance;
- Exterior – Back Wall;
- VIP Lounge – “Flato Developments Lounge”.

CORPORATE EXPOSURE:

Flato Developments corporate signature exposure – use of Flato logo on some of Markham Theatre assets and materials when exclusively related to the professional entertainment season - may include the following, and maybe subject to change, according to the marketing plans of Markham Theatre:

8. Exposure

- Events advertising and presence – Traditional media; i.e. if:
 - Print advertisement is at least ½ page;
 - Print advertisement inserts;
- Markham Theatre Season Guide, Single ticket brochure(s), and house programs – sponsor section;
- Other corporate publications to be determined;
- Markham Theatre tickets (back) and envelopes;
- Markham Theatre website, web links, web advertisement and e-marketing;
- Live screen in the auditorium, before selected performances.

9. Mentions and listings

- Recognition at performances, public relation and press events related to Markham Theatre;
- Live Mentions before each performance related to the professional entertainment presented by Markham Theatre during the season.

CORPORATE PROMOTION

10. Product promotion: Advertising of Flato Developments products:

- Flato Developments printed promotional material to be distributed in all Town of Markham Community Centres. The promotional material will be distributed through the existing network (size and details of material to be confirmed with Corporate Communications);

- Flato Developments advertisement on the Town's Electronic Indoor Boards: details to be confirmed;
- Markham Life: One page included in each issue. Placement at the Town of Markham's discretion;
- Full page corporate advertising in Markham Theatre House Programs;
- Full page corporate advertising in Markham Theatre Season Guide.

BENEFITS, NETWORKING AND PROMOTIONAL OPPORTUNITIES

11. Theatre Tickets

- Four (4) VIP tickets to Flato Developments at the annual Gala – dates and specific artists TBA each year;
- Tickets to Flato Developments; choice of performances part of the season: subject to ticket availability, from September to May of each year - up to a maximum of 8 tickets per show; and 50 tickets annually;
- Additional discounted tickets to Markham Theatre Season (subscriber rate).

12. Promotion, networking and hospitality

- Access to the *Flato Developments VIP Lounge* for pre or post performance receptions, subject to availability.
- Meet and Greet, Photos with guest artists (subject to artists availability);

13. Usage of Theatre, 4 times per year

Rental fee will be waived: Production, hospitality, and staff costs will be charged to Flato Developments.

14. Permanent Flato Development display in Theatre Lobby:

Details and space allocated to be determined by Markham Theatre. Production costs to be paid by Flato Developments.

15. Official Recognition: The Town of Markham to officially recognize Flato Development's Naming Rights at a specific Town function. Format and date to be determined.

DURATION OF AGREEMENT AND OTHER CONSIDERATIONS

The duration of the Contract shall be as specified in the naming right agreement; this agreement will comprise 10 years and maybe otherwise extended or amended by mutual written agreement of the Town of Markham (based on Council approval) and Flato Developments Inc.

Exposure and benefits may vary with scope of programs and marketing/promotion plans. Markham Theatre management will meet annually with Flato Developments to review benefits and update any marketing collateral to ensure accuracy of branding for client.

This partnership does not constitute a charitable donation under the Income Tax Act.

Exclusivity:

This exclusive naming right for the Markham Theatre does not preclude the Town of Markham (Markham Theatre) from entering into partnership/sponsorship related with other organizations/corporations for:

- Any other naming rights associated with any available spaces within Markham Theatre, including the main auditorium and rehearsal hall;
- Any other category of sponsorships for the Professional Entertainment Season, Series, Performances, Educational and Outreach Programs, Annual Gala and fundraising drive, Special Events, Endowment, and for various levels/categories such as (but not limited to) presenters, sponsors and supporters.

First Option Term 2:

Flato Developments may exercise an option to renew for a second 10 years term with notification to the Town of Markham by January 31st 2020, subject to terms agreeable to the Town of Markham.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

In order to better understand the potential revenue that could be generated through corporate sponsorship, Corporate Communications contracted Wakeham & Associates Marketing Inc. (Hugh Wakeham) in 2009 to conduct an evaluation and assessment of sponsorship opportunities and to provide recommendations on how the Town might maximize sponsorship revenue for its various facilities and assets. See report on Appendix A, Minutes Excerpt on Appendix B, and Staff Memo Appendix C.

The analysis also included a value assessment of all Town facilities from a naming rights perspective and for the Markham Theatre it identified that approximately \$140,000 in tangible and intangible benefits should generate \$85,000 in revenue per year for ten years. See complete Wakeham valuation on Appendix D.

Combining the information contained in the Wakeham report with Staff's evaluation, the equivalent tangible and intangible benefits for the Flato Developments agreement totals approximately \$148,000 and it generates \$75,000 in revenue per year for ten years. The contribution of \$75,000 will be subject to an increase each year during the term of this agreement to reflect the change in the Consumer Price index (Toronto All items September – September) with such increases effective January 1st rounded off to the nearest dollar.

Based on this benchmark, the value of the sponsorship opportunity from Flato Developments is similar to value identified by Wakeham & Associates Marketing Inc.

The proceeds for the sponsorship agreement will be deposited into account 890 890 9254 (general sponsorship).

The 2012 Theatre operating budget includes \$40,000 in sponsorship revenue from Flato Developments. Theatre staff will endeavor to find additional sponsors to replace this revenue.

HUMAN RESOURCES CONSIDERATIONS

Non applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

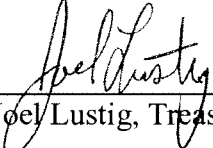
Aligns with Integrated Leisure Master Plan and Municipal Services priorities of the Building Markham's Future Together.

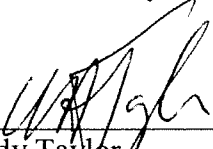
BUSINESS UNITS CONSULTED AND AFFECTED:

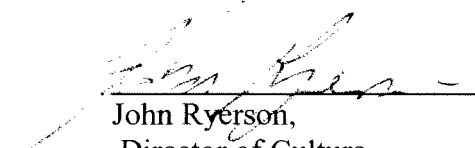
Mayor's office, CAO Office, Community and Fire Services Commission, Department of Culture, Finance.

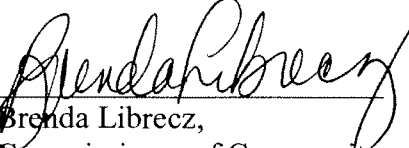
RECOMMENDED

BY:


Joel Lustig, Treasurer


Andy Taylor,
Chief Administrative Officer


John Ryerson,
Director of Culture


Brenda Librecz,
Commissioner of Community
and Fire Services

ATTACHMENTS:

Appendix A: Report titled "Sponsorship Marketing", October 16th, 2009

Appendix B: General committee minutes excerpt, November 16th, 2009

Appendix C: Memo titled "Sponsorship Marketing", November 24, 2009

Appendix D: Wakeham & Associate Valuation for Town facilities and assets