

Report to General Committee

Amendment and Extension of Naming Rights Agreement for FLATO Markham Theatre

November 28, 2016

Purpose

To obtain approval from Markham Council for the Amendment and Extension of Naming Rights to the FLATO Markham Theatre by FLATO Developments for the terms outlined in the report and to seek authority to execute a legal agreement on the proposed terms.

Background

- In 2009 Markham Council directed staff to pursue sponsorship opportunities for a number of facilities including the Markham Theatre.
- April 3, 2012 - Markham Council approved Naming Rights Agreement with FLATO Developments for the Markham Theatre.
- Ten - year agreement beginning 2012 through to 2021 with Annual Payments beginning at \$75,000 plus annual escalation based on CPI.

Background

- Included \$30,000 fee for illuminated sign replacement
- With annual CPI increases over 5 years the 2016 payment was \$80,340.02
- Current agreement provides first right of refusal to FLATO to renegotiate (with mutual party consent) prior to 2021
- FLATO expressed interest in a long-term sustained agreement

Sponsorship Experience

- Sponsorship of several Theatre Shows:
 - Sharya Ghosal - \$25,000
 - TAJ - \$5,000
 - Jim Witter - \$6,000
- 6 Theatre Tickets for all ArtHouse Condo owners - \$40,000
- Varley Art Gallery memberships for 173 ArtHouse condo owners - \$25,000
- Sponsor of Professional Entertainment seasons— 2009 / 2010 - \$65,000

Proposed New Agreement Terms

- 20 year term beginning January 1, 2017.
- Payment schedule begins at \$95,000.
- Payment schedule subject to a 2% increase annually.

Proposed Sponsorship Terms

- Total Twenty-year contribution \$2,308,250.00.
- Same benefits extended as with existing agreement.
- Activating new agreement in 2017 will provide approx. \$72,000 in additional revenue by 2021 above the current contract.
- FLATO Developments committed to raising \$100,000 for the Theatre's Take Your Seat campaign by December 2018.

Benefits for Markham

- Increases current contract value over the next five years.
- 2% annual increase ensures a competitive fee schedule.
- Provides Markham sustained and consistent revenue stream.
- Minimizes risk and cost of Theatre re-branding over long-term.
- Naming Rights are not automatically transferable if a new theatre is established.

Recommendations

- City of Markham agrees to Amendment and Extension of Naming Rights for FLATO Markham Theatre for twenty years;
- FLATO Developments VIP lounge is extended for the same term;
- Approve the proposed terms of the new agreement:
 - Twenty year agreement
 - Annual payment beginning at \$95,000 with a 2% annual escalation and total twenty year payment of \$2,308,250;
- Remaining rights in the report be approved;
- Mayor and Clerk be authorized to execute the agreement;
- Proceeds of the Sponsorship be deposited into General Sponsorship account

Proposed Agreement for Amendment and Extension of Naming Rights of the FLATO Markham Theatre

Comparison of Benefits Between Existing and Proposed Agreement

Existing Agreement		Proposed Amendment and Extension of Naming Rights	
Theatre Naming Right	X	Theatre Naming Right	X
VIP Lounge Naming Right	X	VIP Lounge Naming Right	X
General Exposure (advertising, brochures, TV monitors, Web, live mentions, e-marketing, phone lines, live mentions, letterhead)	X	General Exposure (advertising, brochures, TV monitors, Web, live mentions, e-marketing, phone lines, live mentions, letterhead)	X
Signage (Hwy, 7, public road signs, exterior marquee, exterior, VIP lounge, Exterior back wall)	X	Signage (Hwy, 7, public road signs, exterior marquee, exterior, VIP lounge, Exterior back wall)	X
Exposure (event advertising, Theatre Season Guide/House programs, corporate publications, tickets, website, live screen)	X	Exposure (event advertising, Theatre Season Guide/House programs, corporate publications, tickets, website, live screen)	X
Mentions (performance recognition, live mentions at Professional Entertainment series)	X	Mentions (performance recognition, live mentions at Professional Entertainment series)	X
Corporate Promotion (FLATO promotional material distribution in Markham Community Centres, electronic information boards, Markham Life - full page ad, Theatre House Programs – full page ad, Theatre Season Guide – full page ad)	X	Corporate Promotion (FLATO promotional material distribution in Markham Community Centres, electronic information boards, Markham Life - full page ad, Theatre House Programs – full page ad, Theatre Season Guide – full page ad)	X
Theatre Tickets (four annual VIP tickets, Tickets to season performances (8 per show – 50 tickets annually), discounted tickets at subscriber rate)	X	Theatre Tickets (four annual VIP tickets, Tickets to season performances (8 per show – 50 tickets annually), discounted tickets at subscriber rate)	X
Promotion, Networking Hospitality (Access to VIP Lounge for pre and post performance receptions, meet and greet photos with guest artists)	X	Promotion, Networking Hospitality (Access to VIP Lounge for pre and post performance receptions, meet and greet photos with guest artists)	X
Usage of Theatre (4 times per year, rental fee waived) Production, staff costs and hospitality will be charged to FLATO.	X	Usage of Theatre (4 times per year, rental fee waived) Production, staff costs and hospitality will be charged to FLATO <i>(Includes qualification regarding advance scheduling acceptable to the FLATO Markham Theatre)</i>	X
Theatre Lobby Display (production costs extra)	X	Theatre Lobby Display (production costs extra)	X
Official Recognition (City of Markham to officially recognize FLATO at a City function)	X	Official Recognition (City of Markham to officially recognize FLATO at a City function)	X
First right of Refusal to Renew	X	First right of Refusal to Renew	X
NEW AGREEMENT AMENDMENTS and BENEFITS			
		FLATO Developments commits to raising \$100,000 for <i>Take Your Seat</i> Campaign by December 2018	X
		Special Termination Clause: No penalty if Theatre ceases to operate and Naming Rights not automatically extended to a new theatre if established at a new location	X