

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, OCTOBER 28, 2013
AT APPROXIMATELY 10:00 A.M.
IMMEDIATELY FOLLOWING THE SPECIAL MEETING AT 8:30 A.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

- 1. Avalon Theatre Naming Rights:** This item is a review of and request for approval for the marketing of the naming opportunities for the Avalon Theatre. The Avalon Theatre Naming Rights Committee includes Debbie Kovalik, Stuart Taylor, Bennett Boeschstein, Jay Valentine, Robin Brown, John Halvorson, Karen Hildebrandt and Kathy Hall. Establishing naming opportunities now will make it possible for campaign committee members to attempt to generate additional private contributions for the Avalon Theatre renovation project. After presenting initial recommendations to the City Council, the Committee has developed further recommendations to better define sponsorship opportunities.
[Attach R-1](#)
- 2. Addition of City Property to the DDA District:** The City and DDA Staff are recommending the annexation of a number of City-owned parcels into the DDA district.
[Attach R-2](#)
- 3. Budget Workshop**
- 4. Other Business**



CITY COUNCIL STAFF REPORT READINESS SESSION

Attach R-1

Date: October 24, 2013

Author: Debbie Kovalik

Title/ Phone Ext: ECVS Director; Ext. 4052

Proposed Meeting Date:

October 28, 2013

Topic: Avalon Theatre Naming Rights
Staff (Name & Title): Debbie Kovalik, ECVS Director

Summary:

This item is a review of and request for approval for the marketing of the naming opportunities for the Avalon Theatre.

The Avalon Theatre Naming Rights Committee includes Debbie Kovalik, Stuart Taylor, Bennett Boeschstein, Jay Valentine, Robin Brown, John Halvorson, Karen Hildebrandt and Kathy Hall. Establishing naming opportunities now will make it possible for campaign committee members to attempt to generate additional private contributions for the Avalon Theatre renovation project.

After presenting initial recommendations to the City Council, the Committee has developed further recommendations to better define sponsorship opportunities.

Background, Analysis and Options:

The Avalon Theatre Naming Rights Committee met on September 16, 2013 to review the list of existing donors (both paid in full and pledged) and develop a list of possible naming rights/opportunities. The Committee believes that by offering an opportunity to name sections of the Theatre additional private capital may be brought to the project.

At its October 14th meeting, the City Council raised a number of questions and requested additional information. The following should address those concerns:

Council wanted to know what additional information could be provided to back up the recommended levels of naming/sponsorship. Specifically, the additional information to be provided would be in addition to the previous Committee research, which was based on individual experiences and discussions with local contacts.

The Committee is pleased to report that CMU prepared a study for purposes of exploring naming rights at the University. The University has graciously shared that study with the Committee.

The CMU study defines the levels of sponsorships that CMU currently receives as well as, the feasibility for potential giving and methodology(ies) to determine the values for naming rights at different levels. Members of the Committee also reached out for additional information from St. Mary's Hospital, Hope West (fka Hospice) of Western Colorado, Western Colorado Community Foundation, and Community Hospital

Foundation. In all cases the Committee recommended dollar amounts are supported by the research. CMU's 2013 study shows an average donation in the \$200,000 range.

The Council also questioned the number of possible naming opportunities and if or how multiple names for a single component will be addressed.

In response to the Council's concern the Committee has refined the spaces and other naming opportunities and closely defined the number available. The new list is limited based on the layout of the building. The Committee concluded that too many possibilities would water down the value in participating and allowing for the few larger spaces is preferred. The Committee has now established what will be named and the maximum amount of names for the particular location.

The Committee has changed the previously suggested amount for the overall naming of the building and has broken it into two pieces. It was felt that this approach is more appropriately suited to assist with full build out that Requests for Proposals (RFP) would be a better approach. If Council agrees, an RFP could be drafted and presented with a more defined outcome. With the focus on the current phase the remaining opportunities will allow the committee to focus its efforts on this phase.

Concerns were raised by Council about having ranges rather than just a single amount for the item selected. This led to concerns that donors may automatically select lower limits of sponsorships. The Committee recommended a methodology that addresses this concern by limiting the number of years a sponsor's name will appear in or outside of the building. The committee recommends 10 – 25 year increments. The lower level contribution will apply to fewer years of naming rights. By introducing flexibility with a minimum and a maximum attached to the number of years, it will allow for a negotiated option that could be presented to the Council for approval.

The Committee feels that allowing for some flexibility to negotiate will improve the opportunity to meet the donor's needs. A single choice of an amount and a year may create a reason for those not to participate.

According to CMU's study "A corporate donor will consider the return on its investment (ROI) differently than a typical philanthropic individual or foundation donor. Often these donors are making investments they anticipate will result in significant good-will benefits to their company and its long-term reputation. These donors are as eager as the institution to marry their corporate brands to a well-respected institutional brand." The 10 – 25 year range will provide for the long term approach and a strong ROI.

Based on the additional information provided within this staff report, the Committee is confident that this proposed recommendation will allow for the maximum success.

While looking for local participation, it was agreed that it was important to approach future donors as well as possible additional donations from existing donors.

With the limited amount of opportunities cash contributors will get first right.

In addition to the sale of naming and sponsorship rights current donors will receive recognition on the donor wall in the Main lobby.

The Committee recommends the City Council include the requirement that “Avalon” or “the Avalon” be included in the building in perpetuity.

As the Council is aware from the prior discussion all offers to buy/proposals to sell naming or sponsorship rights will require final decision by City Council and a legally binding contract specific to the transaction will be developed.

Board or Committee Recommendation:

The committee recommends the following list of levels for naming rights:

Four Major Building Components

Avalon Performing Arts Complex	Possible RFP
Historical Theatre Building	Possible RFP
The Multi-Purpose Room	\$600,000 to \$1 Million
The Rooftop Terrace	\$500,000 to \$750,000

Other Naming Opportunities

Lobby – Main Floor	\$200,000 to \$500,000
Lobby – Mezzanine	\$100,000 to \$200,000
Orchestra – Main Floor – 3 naming levels	\$100,000 to \$250,000
Mezzanine – Level One and Level Two	\$100,000 to \$250,000
Balcony – One Level	\$100,000 to \$250,000
Elevator	\$50,000 to \$75,000
Hearing Loop	\$30,000 to \$50,000
Concessions – 4 possibilities	\$50,000 to \$100,000
Seats – Recognition will be on Donor Wall	\$1,000 to \$2,500

Financial Impact/Budget: The Naming Rights Program allows additional opportunities for additional private donations.

Legal issues: Contractual terms including how the donor is recognized, the length and payment of the agreement will be negotiated/drafted per specific arrangement.

Other issues: Tax-deductible status and duration of naming rights.

Previously presented or discussed: This was discussed previously at a pre-meeting and at the October 14, 2013 Readiness Council meeting.

Attachments: 2013 Colorado Mesa University “What’s In A Name”? naming assets study; pages 8, 11, and 12.

What's In A Name?

Historic Western Colorado Giving

An important element of evaluating how CMU should approach valuing its naming opportunities includes an assessment of historical giving for the institution as well as historical and current giving for other Grand Junction and Western Colorado organizations competing in the same donor pool. Page | 8

For the purposes of this report, organizations contacted include:

- St. Mary's Hospital Foundation -- \$2 million annual gifts.
- Community Hospital Foundation -- \$300,000 annual gifts.
- Western Colorado Community Foundation -- \$30 million foundation, \$2.9 million annual gifts.

The largest gift to any of these organizations historically was a \$6 million endowed scholarship gift to Western Colorado Community Foundation. Historically, however, the majority of gifts to all three entities are significantly lower.

Average donor gifts range from a \$100 to \$5,000. However, gift size rises when an organization conducts a capital campaign. Gifts in the \$25,000-\$50,000 range are far more common than gifts in the \$1 million and above range (only three reported) among the donor pool.

Only St. Mary's has an actual naming policy that it adheres to, although the policy is based on construction cost. A named donation requires the individual to contribute 50 percent of the cost of the project being named.

All of the foundations indicated that cash donations are not always the rule of thumb and some non-liquid donations – in particular land donations – have been more valuable than cash donations. One foundation has a gold mine interest that while not liquid has significantly increased in value as gold's value has increased.

In comparison, the Colorado Mesa Foundation has 16 recent contributions between \$100,000 and \$499,000. Another four donations at \$500,000 and a \$1 million donation show the institution's donations are above the ranges reported by the other local foundations. The average CMU donation comes in at the \$200,000 range today. Non-liquid donations and construction donations are included in valuing the CMU donations, although historically the majority of donations are cash.

The community foundation directors indicated that giving capacity in Western Colorado is likely higher than historic donations might indicate. However, historic giving is relevant in developing both naming ranges and capital policies for CMU. It is difficult to increase historic giving patterns, although not impossible.

What's In A Name?

Naming Policy

Naming is a somewhat arbitrary philanthropic effort across the country. It has grown in popularity as government entities – at all levels – have sought to generate revenue for specific projects – in particular sports arenas and similar facilities.

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The introduction of corporate naming in the sports arena has created a different marketing approach for philanthropic donors based on more “tangible” benefits. Research indicates corporate entities do receive potential marketing benefits connected with naming rights that can impact a company’s bottom line. However, that does not always prove true.

Historically, naming benefits for institutions have been viewed from a reputation or legacy perspective. Most institutional donors are not calculating a specific economic gain in their decision to gift an institution in return for naming a building, classroom, school or program.

For that reason, the most common approach to naming policies in higher education has been based on a percentage range of the facility’s construction cost. Institutional policies vary from requiring 25 to 50% of a facility’s construction costs for a naming right. Many institutions have written policies that outline general requirements, while others have no written policies and base decisions on a case-by-case basis.

Policies reviewed for this report include McGill University’s Naming of University Assets policy, Illinois College’s donor naming policy, State University of New York (SUNY) “Naming Opportunities on State University Campuses” policy, Loyola University’s Naming Policy, University of California’s “Policy on Naming University Properties, Academic and Non-Academic Programs and Facilities,” Carleton University’s Philanthropic Naming Policy, Indiana University’s Institutional Naming policy, and the University of Washington’s Board of Regents Facilities and Spaces Naming Policy.

As CMU establishes a comprehensive strategy for planned donor giving some policy statements should be adopted to protect the institution’s brand. Minimal policy elements should include:

- A written, legally enforceable, gift agreement between the donor and the institution that specifies the terms of the donation and the naming exchange amount;
- The term of the naming agreement – most institutional agreements are for the life of the facility and/or program bearing the donor’s name; however, some institutions limit corporate naming to between 10 and 25 years;
- How the donor’s gift will be recognized (both the physical recognition approach of signage and/or plaques and the incorporation of the naming in CMU printed and digital collateral);
- A requirement that the donation be paid in full over a specific period of time (policies range from five years for smaller donations to 10 years for larger bequests);
- A statement of CMU’s recourse and action in the event payment commitments are not fulfilled (usually removing the name from the building or reducing the term of the naming right), and,

What's In A Name?

- A clear statement that any change in donor circumstance that might negatively impact the CMU brand – bankruptcy, criminal actions, discovery of malfeasance or other reputation issues – gives the institution the option of removing the donor name.

Similarly, most institutions have some written requirements pertaining to honorary naming policies that do not include financial donations (CMU does have an honorary naming policy, but may want to update the policy). Policy elements usually include a process for the institution's foundation and/or board of trustees to conduct due diligence to ensure that honorary naming decisions similarly protect the institution's brand. Page | 12

All policies reviewed require final naming decision sign-off by the institution's president, although board approval is not required by all policies reviewed for this project. Many simply require that the president's actions be consistent with the board's current policy requirements.

Several institutions require that honorary naming opportunities be reserved for individuals who have made significant contributions of some type to the institution and/or its education objectives and many do not allow honorary naming decisions until the individual being honored is deceased, a reputation-protection factor that larger institutions favor. Again, a due-diligence process generally is in place on most campuses to evaluate honorary naming proposals.

Several of the institution policies reviewed do not seek – or permit by policy – naming of any academic facility for a corporate entity. Other institutions do seek corporate donations, but have a more rigorous due diligence requirement before approving a corporate naming versus commemoration of an individual who is viewed as having promoted and enhance the institution(s).

Corporate naming opportunities are legitimate naming options for campuses. However, CMU may wish to limit where those corporate opportunities are made available. From the potential corporate donor(s) perspective, the greatest and most consistent visibility opportunities will be more attractive. A corporate donor will consider the return on its investment (ROI) differently than a typical philanthropic individual or foundation donor. Often these donors are making investments they anticipate will result in significant good-will benefits to their company and its long-term reputation. These donors are as eager as the institution to marry their corporate brands to a well-respected institutional brand.

A key element of CMU's policy development should be on-going documentation of historical naming – both honorary and gift-based. Records going forward should include the amount of the donation, the terms of the donation and its recognition (how the institution will "name" the facility and how it will be referenced) and the term – if not in perpetuity – of the naming.

CITY COUNCIL STAFF REPORT READINESS SESSION

Attach R-2

Topic: Addition of City Property to the DDA District

Staff (Name & Title): John Shaver, City Attorney
Harry Weiss, DDA, Executive Director

Summary:

The City and DDA Staff are recommending the annexation of a number of City-owned parcels into the DDA district.

Background, Analysis and Options:

In the course of the City Legal Department's preparation to replat the multiple parcels upon which the Public Safety Complex sits into a single parcel, the County Assessor noted that two of the eight existing parcels are included in the DDA district. Similarly, the City-owned gravel parking lot on the east side of 7th Street across from the Public Safety campus is made up of two lots, only one of which is in the DDA district. The Assessor will not allow for only a portion of a parcel to be included in a taxing district. To remedy the situation, the new single parcels should be either included or excluded from the district. Staff recommends inclusion.

City Attorney Shaver requested that the DDA Director review the matter and make recommendations for other boundary adjustments concurrent with the clean-up of the Public Safety site. The DDA identified a number of odd parcels in the vicinity of Las Colonias Park and the Botanical Gardens for inclusion in the district. DDA also suggested that Emerson Park be added to the district as it serves as the eastern anchor of the blocks including Whitman Park and the Public Safety complex.

Board or Committee Recommendation:

The DDA reviewed and endorsed the inclusion of the identified City-owned parcels at its October 10, 2013, meeting.

Financial Impact/Budget:

None. These City-owned properties are tax-exempt and generate no tax revenues; nor will they have any effect on the DDA's TIF.

Legal issues:

Inclusion of property in the DDA district is by voluntary petition of the property owner. There is no authority to annex property unilaterally.

Other issues:

None.

Previously presented or discussed:

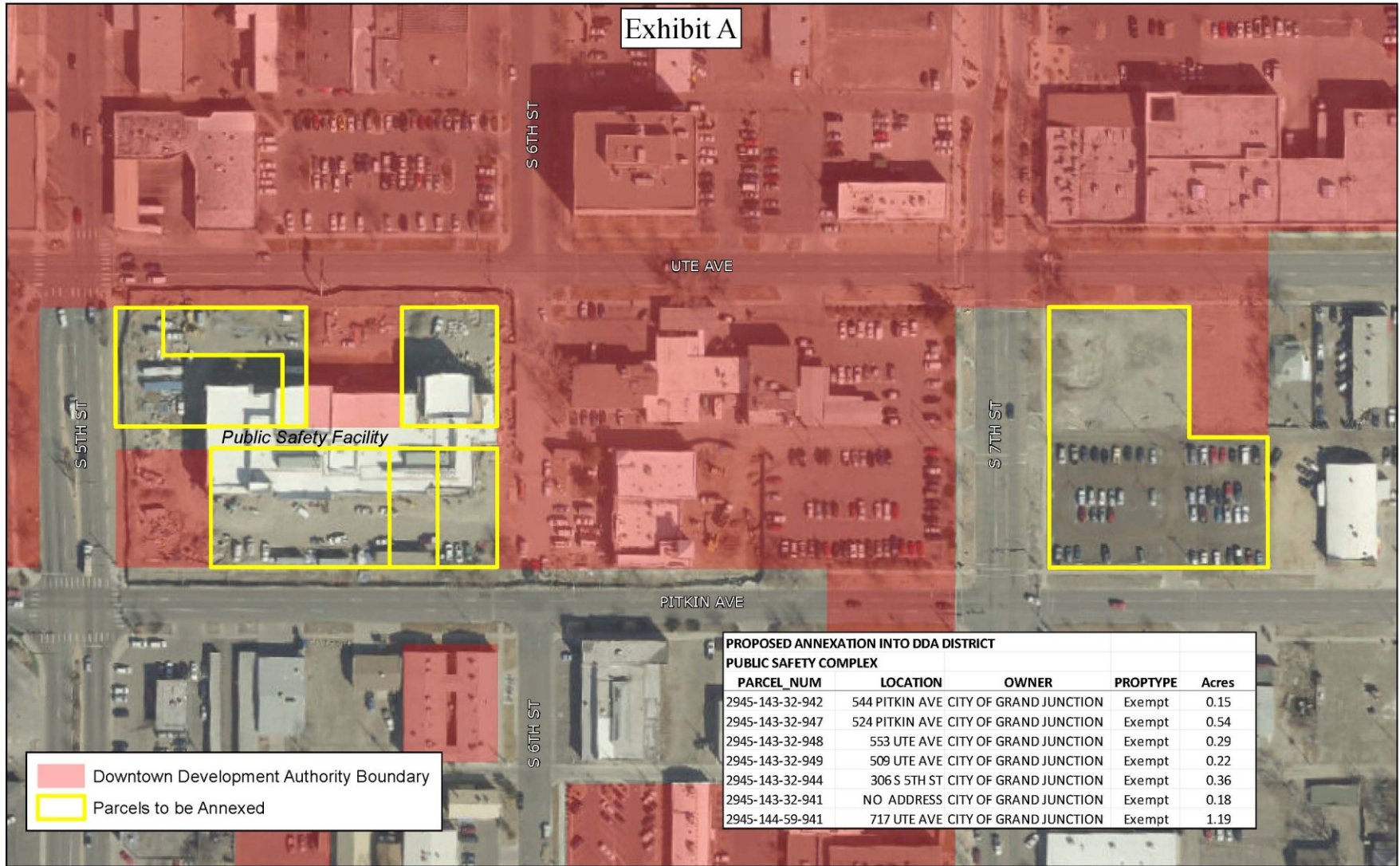
NA.

Attachments:

Exhibits A & B (GIS maps depicting the parcels)

Potential Properties for Annexation into DDA District

Exhibit A

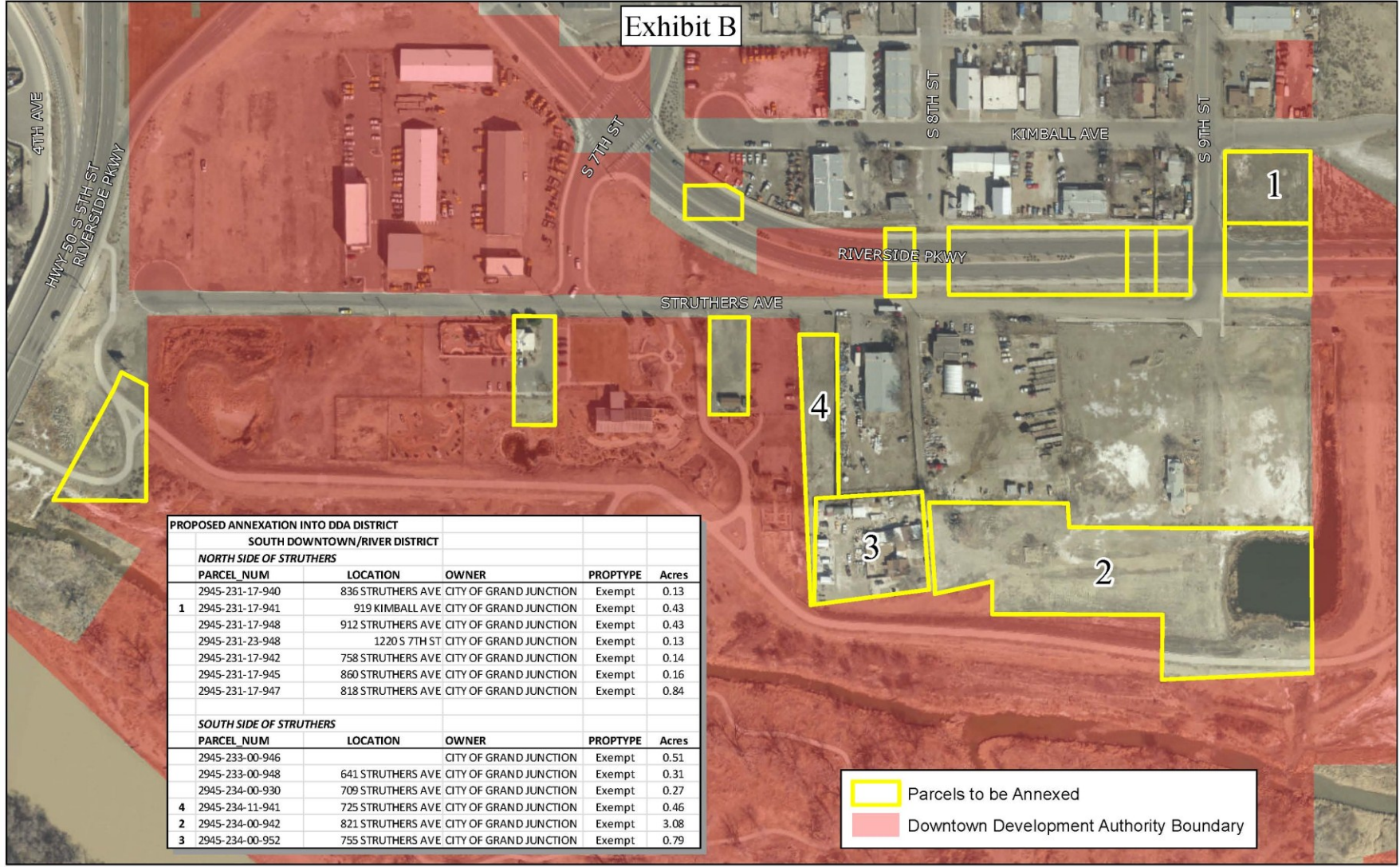


Downtown Development Authority Boundary
 Parcels to be Annexed

PROPOSED ANNEXATION INTO DDA DISTRICT				
PUBLIC SAFETY COMPLEX				
PARCEL_NUM	LOCATION	OWNER	PROPTYPE	Acres
2945-143-32-942	544 PITKIN AVE	CITY OF GRAND JUNCTION	Exempt	0.15
2945-143-32-947	524 PITKIN AVE	CITY OF GRAND JUNCTION	Exempt	0.54
2945-143-32-948	553 UTE AVE	CITY OF GRAND JUNCTION	Exempt	0.29
2945-143-32-949	509 UTE AVE	CITY OF GRAND JUNCTION	Exempt	0.22
2945-143-32-944	306 S 5TH ST	CITY OF GRAND JUNCTION	Exempt	0.36
2945-143-32-941	NO ADDRESS	CITY OF GRAND JUNCTION	Exempt	0.18
2945-144-59-941	717 UTE AVE	CITY OF GRAND JUNCTION	Exempt	1.19

Potential Properties for Annexation into DDA District

Exhibit B



PROPOSED ANNEXATION INTO DDA DISTRICT					
SOUTH DOWNTOWN/RIVER DISTRICT					
NORTH SIDE OF STRUTHERS					
PARCEL_NUM	LOCATION	OWNER	PROPTYPE	Acres	
	836 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.13	
1	2945-231-17-941	919 KIMBALL AVE	CITY OF GRAND JUNCTION	Exempt	0.43
	2945-231-17-948	912 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.43
	2945-231-23-948	1220 S 7TH ST	CITY OF GRAND JUNCTION	Exempt	0.13
	2945-231-17-942	758 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.14
	2945-231-17-945	860 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.16
	2945-231-17-947	818 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.84
SOUTH SIDE OF STRUTHERS					
PARCEL_NUM	LOCATION	OWNER	PROPTYPE	Acres	
	2945-233-00-946	CITY OF GRAND JUNCTION	Exempt	0.51	
	2945-233-00-948	641 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.31
	2945-234-00-930	709 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.27
4	2945-234-11-941	725 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.46
2	2945-234-00-942	821 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	3.08
3	2945-234-00-952	755 STRUTHERS AVE	CITY OF GRAND JUNCTION	Exempt	0.79

Parcels to be Annexed
 Downtown Development Authority Boundary