

**Transportation Report to
Executive Committee
2022 July 20**

**ISC: UNRESTRICTED
EC2022-0879
Page 1 of 4**

Naming Opportunity

RECOMMENDATION(S):

That the Executive Committee recommend that Council:

1. Approve the naming rights transaction for the Free Fare Zone located at 7 Avenue S between Downtown West/Kerby and City Hall stations and approve the zone name as "TD Free Zone";
2. Direct that the Report be held confidential pursuant to Section 16 (1) (Disclosure harmful to business interests of a third party) of the *Freedom of Information and Protection of Privacy Act* until the public announcement of the new name is made, to be reviewed on October 1, 2022;
3. Direct that the Attachment 1 and 2 be held confidential pursuant to Section 16 (1) (Disclosure harmful to business interests of a third party) of the *Freedom of Information and Protection of Privacy Act*; and
4. Direct this report be forwarded to the 2022 July 26 Combined Meeting of Council.

RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE, 2022 JULY 20:

That Council:

1. Approve the naming rights transaction for the Free Fare Zone located at 7 Avenue S between Downtown West/Kerby and City Hall stations and approve the zone name as "TD Free Zone";
2. Direct that the Report be held confidential pursuant to Section 16 (1) (Disclosure harmful to business interests of a third party) of the *Freedom of Information and Protection of Privacy Act* until the public announcement of the new name is made, to be reviewed on October 1, 2022; and
3. Direct that the Attachment 1 and 2 be held confidential pursuant to Section 16 (1) (Disclosure harmful to business interests of a third party) of the *Freedom of Information and Protection of Privacy Act*.

HIGHLIGHTS

- Calgary Transit issued a Request for Information for the Naming Rights of the 7 Avenue Free Fare Zone in 2021 March-May.
- TD Canada offered a verbal commitment in 2022 June to be the official naming sponsor of the Free Fare Zone for a five-year term starting in 2022 September.
- **What does this mean to Calgarians?** The Free Fare Zone would be referred to as the TD Free Zone. This is an innovative strategy to enhance transit and customer experience through the generation of new streams of non-fare revenue. Customers would see activations at stations periodically and refreshed signage and materials at 7 Avenue S stations. Transit maps and online material will refer to the TD Free Zone. Calgary would be promoted across Canada through TD's announcement and cross-promotion with other sponsorship, such as the Canadian Country Music Awards.

Naming Opportunity

- **Why does it matter?** The naming rights agreement will be announced by TD Canada nation-wide, promoting Calgary. The new revenue will help Transit expand service and improve reliability by mitigating the increasing costs of service delivery which would otherwise be addressed through fares/fees and taxes. Activation and refreshed promotion of the Free Fare Zone will improve the customer experience for CTrain users and will draw attention to Downtown Calgary.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

DISCUSSION

Calgary Transit service is funded in part by operating revenues from a variety of sources including fares, parking fees, advertising, fines, and a Government of Alberta grant for the low-income transit pass. When combined with municipal tax support, these revenues address the annual operating expenses associated with public transit service delivery.

Calgary Transit seeks opportunities to increase revenues from non-fare sources such as advertising to mitigate the need for significant increases to fares and/or tax support.

The offering of naming rights for a public transit asset is a new revenue stream for The City of Calgary.

TD Canada has over 40,000 employees and millions of customers across Canada. TD Canada's business consists of:

- personal banking, credit cards and auto finance;
- small business, commercial banking, merchant solutions and equipment finance;
- direct investing, advice-based wealth, and asset management; and,
- property, casualty, life and health insurance

The steps that led to this opportunity include:

- In 2019, Calgary Transit engaged a Naming Rights broker, Arts & Communication Counselors, Inc. (A&C) to conduct a valuation of Calgary Transit assets suitable for naming rights. The 7 Avenue Free Fare Zone, between Downtown West/Kerby Station and City Hall Station, was identified as an ideal candidate for this initiative.
- In 2021 March, a Request for Information (RFI) was released to market, and A&C reached out to proponents who expressed interest. TD Canada offered a verbal commitment on 2022 June 23 for a five-year term based on the valuation of certain benefits provided by The City.
- A summary of information exchanged to date is included in the Attachment 1.

If approved by Council, next steps include:

- The City and TD Canada will enter into an agreement for the annual rights
- The City would begin work to facilitate elements of the agreement that require adjustments to Calgary Transit's normal operation (e.g. production of maps that identify the TD Free Zone, preparing on-board CTrain announcements that refer to the TD Free Zone), a process that will take several months and extend into 2023.
- TD Canada and The City would announce the agreement in time for promotion of the TD Free Zone as part of the Canadian Country Music Awards Country Music Week in Calgary 2022 September 8-11.

Naming Opportunity

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☐ Public Communication or Engagement was not required
- ☒ Public/Stakeholders were informed
- ☐ Stakeholder or customer dialogue/relations were undertaken

The Policy requires an eight-week public advertisement period. The Naming Rights RFI was released to market between 2021 March 04 and 2021 May 03, and it included public media reporting.

IMPLICATIONS

Social

Taking transit is more than just going from point a to b. Transit plays an important role in connecting customers with the people and places that they care about. New revenue sources will offset growing costs to ensure transit service continues to be available for customers who depend on it and help keep fares affordable for low-income Calgarians.

Environmental

Public transit is a sustainable transportation mode for a variety of reasons: it helps Calgarians shift from single-occupant vehicles; it carries travelers in a space-efficient and resource-efficient manner; and it makes it possible to introduce sustainable forms of land use by offering a relief valve for congestion. New revenue sources will help Calgary Transit continue to improve the environmental performance of its fleet and facilities and help grow the quantity and quality of transit service as required by the Climate Strategy and Municipal Development Plan.

Economic

Public transit supports a strong local economy by providing workforce mobility, reducing household costs, enabling efficient land use development, and reducing the need for expanded road infrastructure. The benefits of this naming rights initiative include refreshed signage, new promotions that highlight Downtown Calgary, and nation-wide announcements that promote Calgary as a great place to live.

Service and Financial Implications

No anticipated financial impact

There is no new funding request as a result of this agreement. Any implementation costs associated with the naming rights agreement will be paid by the naming rights fees.

RISK

There is reputational risk to The City if naming rights are not approved. The City may appear indifferent to the interests of TD Canada after the company has responded to the 2021 RFI and has put significant effort into a feasible proposal. Council's adoption of Administration's

Transportation Report to
Executive Committee
2022 July 20

ISC: UNRESTRICTED
EC2022-0879
Page 4 of 4

Naming Opportunity

recommendation to approve the naming rights transaction in accordance with the Policy will mitigate this risk.

ATTACHMENT(S)

1. Terms and Conditions of Naming Rights Agreement (Confidential)
2. Naming Opportunity for Presentation (Confidential)

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Doug Morgan	Transportation	Approve
Thom Mahler	Downtown Strategy	Consult
Kara Wolfe	Transportation Planning	Consult