

**Date:** 2020-09-24

**Subject:** (RM 46/2018) ROI and Costs/Benefits Analysis of the Brampton Beast Sponsorship Agreement

**Contact:** Derek Boyce, Acting Commissioner, Community Services

**Report Number:** Community Services-2020-216

**Recommendations:**

1. That the report titled: **(RM 46/2018) ROI and Costs/Benefits Analysis of the Brampton Beast Hockey Club Sponsorship Agreement**, to the City Council Meeting of October 14, 2020, be received.

**Overview:**

- On December 12, 2018, Council directed staff to hire a professional, independent, third-party expert to review the City's three (3) year sponsorship agreement with the Brampton Beast.
- In 2019, after a competitive process, MNP LLP was selected to perform the following work:
  - Determine if the contractual terms of the agreement were met
  - Determine compliance with appropriate By-Laws
  - Evaluate the impact of the agreement on the City of Brampton (if possible)
  - Quantify the results of the agreement (if possible)
  - Make further recommendations
- Following their review, in a report dated September 2019, MNP concluded that:
  - There is no formal data to confirm advertising placements were met;
  - Tracking mechanisms to quantify the economic benefits of the agreement are not available; and
  - No market analysis was performed to understand what a similar investment in a differing sponsorship opportunity could have obtained for the City.

- Staff that were involved in this review are no longer with the City, and as such, this report is based on a draft report that was to be submitted to Council in 2019.
- The report and recommendations provided by MNP will help shape, monitor and evaluate any future sponsorship opportunities to ensure potential economic benefits are tracked and reported to Council.
- Since executing the Beast agreement, the City has added an internal sponsorship unit, with the knowledge and expertise to help guide the City and protect its best interest in vetting potential future sponsorship opportunities.

### **Background:**

In 2016, City Council agreed to a three (3) year sponsorship agreement with the Brampton Beast (Beast) professional hockey team. The Beast are based in Brampton, playing their home games at the City-owned CAA Centre (formerly PowerAde Centre). The three (3) year agreement covered the hockey seasons 2016-2017, 2017-2018, and 2018-2019. The amount of the sponsorship agreement totaled \$1,500,000 (\$500,000 per season).

The agreement was intended to help the Beast remain in Brampton and help the community reap the benefits and economic spin-off of having the professional team in the City including providing brand exposure for the City. The agreement also included provisions for a refund should the Beast earn a profit during the course of the agreement. The Beast did not report a profit and as such, no refund was ever pursued.

The sponsorship agreement concluded Spring 2019 and there is no further commitment from the City to sponsor the Beast moving forward.

### **Current Situation:**

On December 12, 2018, Council passed the following resolution:

#### ***Recommendation CW337-2018 (adopted by Council Resolution C299-2018)***

*That City staff be requested to conduct a Return on Investment (ROI) and Costs/Benefits analysis of the three-year advertising and sponsorship agreement executed between the City of Brampton and 1652747 Ontario Limited (operating as "Brampton Beast Hockey Club"), as originally approved by Council Resolution C357-2016 on December 14, 2016, and report back to Council by the end of the three-year sponsorship agreement with a full analysis (end of the season).*

Following Council's direction to staff, MNP LLP was retained in 2019 to review the advertising and sponsorship agreement and attempt to determine and report on the following:

- Were the contractual terms of the agreement met
- Determine compliance with appropriate By-Laws
- Evaluate the impact of the agreement on the City of Brampton – return on investment (ROI) and cost/benefit analysis (if possible)
- Quantify the results (if possible)
- Make recommendations

A copy of the complete MNP report, dated September 2019, can be found in Appendix A. Staff that were involved in this review are no longer with the City, and as such, this report is based on a draft report that was to be submitted to Council in 2019.

From the report, it is clear that the City cannot quantify the return on this sponsorship investment. The value of having a professional sports team in Brampton is difficult to quantify, but it is safe to say that the projected success of the franchise and the full economic spin-off that was forecasted fell short.

It is also clear that the actual attendance at Brampton Beast games was difficult to verify. While the Beast claim that between 3,106 – 2,816 fans attended home games at the CAA Centre, those numbers may actually be closer to the number of tickets issued per game. Actual attendance may have been closer to 701 – 1,025, based on concession sales and observations from the Arena management team. It was clear that attendance at games has been dropping over the years, despite tremendous marketing efforts by the Beast.

Staff learned valuable lessons working with MNP, and as a result, have started to work on developing important data mechanisms to track City investments in all types of events. Staff will continue to work on strategies to implement a variety of tools to help track the economic impact on the City of future City investments, including the Canadian Sport Tourism Alliance's STEAM tool, Oxford University's Event Impact Calculator and the Provincial Government's Tourism Regional Economic Impact Model.

In addition, since executing the Beast agreement, the City has added an internal sponsorship unit. The goal of the unit is to create inbound sponsorship opportunities to generate revenue for the City, which also brings expertise to help guide the City and protect its best interest in vetting potential future outbound sponsorship opportunities and negotiating future agreements.

**Corporate Implications:**Financial Implications:

None

Other Implications:

None

**Term of Council Priorities:**

This report supports the Term of Council Priorities and the 2040 Vision.

This report demonstrates that Brampton is Well Run City through the establishment of a review and follow up of the Sponsorship Agreement with the Brampton Beast, which promotes corporate accountability, provides valuable lessons for any possible future City sponsorship agreements of any kind, and governance best practice.

**Conclusion:**

The report completed by MNP in 2019, while inconclusive on the return on investment of the Brampton Beast Sponsorship Agreement, nonetheless proved to be very helpful for staff, as additional insight and recommendations were presented that will help the City better track these types of investments in the future, better negotiate terms and conditions for similar agreements, and be able to apply these findings and recommendations to a wide array of future events and investments.

Authored and Reviewed by:

Approved and Submitted by:

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*Derek Boyce  
Acting Commissioner, Community  
Services*

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*David Barrick,  
Chief Administrative Officer*

**Attachments:**

Appendix A: MNP Report – Value for Money Audit of the Brampton Beast (September 9, 2019)