

# TOWN OF PALM BEACH

## Information for Town Council Meeting on November 8, 2022

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TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

FROM: Carolyn S. Stone, Deputy Town Manager

RE: Donor Recognition and Naming Rights

DATE: November 4, 2022

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### **STAFF RECOMMENDATION**

Staff recommends Town Council consider establishing donor recognition and naming rights policies and provide direction to staff on key elements to be included in said policies.

### **GENERAL INFORMATION**

To date, each donor recognition/naming right has been determined by the Town Council on an individual project basis in the absence of policies that would more broadly apply. The Preservation Foundation of Palm Beach has requested guidance on naming rights and donor recognition opportunities in connection with its fundraising efforts with the proposed renovation of Phipps Ocean Park; the conceptual plans for this project were presented to Council at the June 14, 2022, meeting. While the Preservation Foundation and Staff recognize that any specific donor recognition or naming commitment will be subject to the Town Council's approval, we are respectfully requesting general direction from the Town Council. Likewise, we recognize that any policy or general direction will not be binding on future Town Councils.

### **KEY POLICY FACTORS**

Staff has conducted research on donor recognition and naming rights policies from other communities. These policies reflect the unique needs of each community and although there is no standard format for these policies, there are central criteria in them that Staff recommends the Council consider in the development of the Town's policies. These include the following:

1. Length of the naming right – key factors:
  - A. Useful life of the improvement funded by the donor; buildings are generally 30-40 years, while significant land donations, like Phipps Ocean Park, are of a non-depreciable asset and therefore without a fixed term.
  - B. Liability for the costs of replacement:
    - (1) The naming rights and donor recognition would expire when the asset funded by the donation has reached the end of its useful life or has been damaged in a manner that requires material restoration costs,

- (2) The donor, however, would be given a right of first refusal to replace the improvement and maintain its naming rights.
    - (3) Naming rights for the cycle of repair and replacement would not exceed the initial useful life of the improvement.
    - (4) Naming rights would cease absent a donor contribution for material repair or replacement. The Town would use its normal budget and procurement process in considering whether and how to replace the asset.
  - C. The duration of the naming right would not be affected by an agreed upon modification of the recognized donor name occurring, for example, by the inclusion or exclusion of a spouse or family members.
  - D. The duration of an organization's recognition would be separately determined if the organization is responsible for a fundraising campaign that also results in individual recognition of its donors.
2. Donation thresholds for naming rights eligibility – key factors would be the amount of the donation or the percentage of its contribution to the item being named. For example:
- A. The donation is more than 50% of the acquisition or construction costs of the amenity being named,
  - B. The donation is 50% or more of the cost of the acquisition, development, maintenance or continuing operation of a park, park feature, public facility, or public facility feature.
  - C. The donation is for one hundred percent (100%) of the total cost of construction and maintenance of a project that the Town would not undertake or would undertake in a different or more economical manner, absent such donation.
3. Remittance of the Gift - key factors to consider:
- A. Is the gift a one-time lump sum payment;
  - B. Is the gift made by periodic payments on terms agreed upon by the Town and the donor and, if so, is the Town sufficiently comfortable that the commitment will be collected to make a commitment of taxpayer dollars before the funds are in hand?
  - C. Is the payment on otherwise agreed upon terms such as by a combination of cash and a promissory note, letter of credit or line of credit?
4. Companion funding – key factors to consider:
- A. Will a financial contribution by the Town be required to supplement the donor's contribution?
  - B. Is a tri-party or multiple party agreement required?

- C. If companion funding by the Town is required, is the asset one that the Town would undertake absent the donation?
- 5. Signage, plaques and other visible forms of recognition and their location – key factors to consider:
  - A. Is the proposed signage consistent with other signage in the specific facility?
  - B. Has definitive language, size and design been agreed upon in the specific donor agreement?
- 6. Termination of the Agreement – key factors to consider:
  - A. Its pre-agreed upon expiration as discussed in 1 above;
  - B. Defaults on gift payments;
  - C. Recognition of the donor would cast disrepute on the Town or circumstances have changed such that the naming right requested by the donor would adversely impact the reputation, image, mission or integrity of the Town.
- 7. Meritorious Service Naming - key factors to consider are the quality, duration, and impact of service to the community, and not a financial contribution. Meritorious Service naming are not normally linked to donations but rather in honor of service to the community.

FUNDING/FISCAL IMPACT.

The Preservation Foundation of Palm Beach will raise the estimated \$20 million projected project cost and establish an endowment fund of \$5 million. Actual project costs and maintenance expenses are in development.

cc: Bob Miracle, Deputy Town Manager for Finance and Administration  
H. Paul Brazil, Director of Public Works  
Jane LeClainche, Finance Director  
Mark Bresnahan, Recreation Director  
Darrell Donatto, Fire-Rescue Chief  
Wayne Bergman, Planning, Zoning and Building Director  
Janis K. Cheezem, Attorney, Partner, Akerman LLP  
John ‘Skip’ Randolph, Town Attorney  
Amanda Skier, Executive Director of Preservation Foundation