



Staff Report

Date: June 27, 2023

To: City Council

From: Valerie J. Barone, City Manager

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Subject: **Considering approval of Third Amendment to Management Agreement with Live Nation Worldwide, Inc., which includes approval of the commercial name of the Concord Pavilion as the “Toyota Pavilion at Concord” for the period July 1, 2023 – October 31, 2027, with payment to the City in the approximate amount of \$613,895, with a potential extension and additional monies, and authorizing the City Manager to execute the amendment in a form acceptable to the City Attorney.**

CEQA: Not a project/exempt pursuant to Public Resources Code Section 21065, CEQA Guidelines Sections 15060(c), 15061(b)(3), 15378, 15301, 15302, and/or 15323.

Report in Brief

Live Nation is proposing a multi-year facility naming rights program for the Concord Pavilion in partnership with the Northern California Toyota Dealers Association. The proposed name is “**Toyota Pavilion at Concord;**” and the agreement covers a nearly 4½ year term as outlined in the overview document (Exhibit A to Attachment 1) and a Third Amendment (Attachment 1) to the current Concord Pavilion Management Agreement.

Recommended Action

Approve the Third Amendment to Management Agreement with Live Nation Worldwide, Inc., which includes approval of the commercial name of the Concord Pavilion as the “Toyota Pavilion at Concord” for the period July 1, 2023 – October 31, 2027, with payment to the City in the approximate amount of \$613,895, with a potential extension and additional monies, authorize the City Manager to execute the amendment in a form

acceptable to the City Attorney, and make the CEQA determinations as provided in this staff report.

Background

A name and title sponsorship is a type of sponsorship in which a company pays to have its name or brand associated with an event, team, or property. The company's name or brand is prominently displayed in marketing and promotional materials including highly visible signage. Examples of other high profile performance venues located in the San Francisco Bay Area with naming sponsorships include Chase Center, Levi Stadium and SAP Center. The benefits of these arrangements for sponsors include increased brand awareness, positive publicity and lead or sales generation. Placement of a new logo, tagline and identifying signage are normal components of naming sponsorships.

The Concord Pavilion has participated in naming programs on two other occasions, from approximately 2000 – 2006 as the Chronicle Pavilion and 2006 – 2013 as the Sleep Train Pavilion.

When entering into the latest Management Agreement with Live Nation in 2013, the City Council foresaw the value and brand equity associated with the Concord Pavilion and incorporated a way to allow Live Nation to propose a future naming partnership with the identity of the sponsor subject to City approval. The agreement clearly states that the approval rights may not be unreasonably withheld and shall only be permitted within the term of the current agreement with Live Nation through December 31, 2028. The following excerpt is from Section 6.04 of the Management Agreement:

City shall have approval rights as to the identity of the sponsor (with approval not to be unreasonably withheld), and Manager shall keep City informed as to the negotiation of any agreement for naming of the Pavilion. Any such agreement with the Facility Title Sponsor ("Facility Title Sponsor Agreement") shall be made available by Manager to City in its entirety for inspection as part of the Records. City shall receive twenty-five percent (25%) of the gross revenue derived from any Facility Title Sponsor naming rights, less signage expenses, during the entire Term and Extended Term (if applicable) of this Management Agreement. The term of any Facility Title Sponsor Agreement shall not extend beyond the Term and/or Extended Term (if applicable) of the Management Agreement, and such Facility Title Sponsor Agreement shall be drafted such that it has no legal force or effect if this Management Agreement is terminated for any reason.

Analysis

Live Nation's proposed multi-year naming rights program include the following key components:

- The proposed name is "**Toyota Pavilion at Concord**". This name retains pride of place by keeping Concord in the name while leveraging the awareness of a popular performance venue. Sample logo and branding information are shown in Exhibit B to Attachment 1.
- The timeframe of the proposed naming rights program is almost 4½ years from July 1, 2023 – October 31, 2027. The sponsor has an option to opt-out of the naming program after the third year, at the end of the 2025 concert season. An opportunity for the City Manager to negotiate and sign an extension of the approved naming program no further than the completion of the current Management Agreement with Live Nation on December 31, 2028, is also included in the attached Third Amendment.
- The anticipated sponsorship fee arrangement is defined in the City's existing Management Agreement with Live Nation for the Pavilion facility. In that agreement, the Council required that the City of Concord receive 25% of the total revenue from the naming rights, minus certain costs of transitioning to the new signage. The costs deducted from the revenue prior to the City receiving its 25% are the costs to replace Concord Pavilion venue signage and road signs located throughout the community with the new name and logo. This cost is estimated at \$250,000. These expenses will be paid from the naming rights revenue collected during the first year.
- Anticipated revenue is identified under the "Financial Impact" section below, and in the proposal at Exhibit A to Attachment 1. The amounts collected will be placed in the Concord Pavilion fund. Council will decide upon allocation of these funds at a future date, after they are collected, as is Council's practice (i.e., not expending new revenues until they are received and amounts are certain).
- Live Nation will oversee the replacement of signage in cooperation with the City of Concord Public Works Department. Roadway signage changes will be coordinated to have minimal traffic impacts.
- The City has the ability to inspect the sponsorship agreement between Live Nation and the Northern California Toyota Dealers Association but the agreement is not a part of the public record. Prior to any new signage being installed, City staff will confirm its consistency with the exemplars shown in Exhibit B to Attachment 1 of this staff report.

Staff have observed that the Northern California Toyota Dealers Association has also maintained marketing and sponsorship relationships with other highly visible events and recreation-oriented enterprises. One recent example appeared in television commercials featuring Toyota as the official vehicle of Palisades Tahoe ski resort. Live

Nation also owns and operates the Toyota Amphitheatre located in Yuba County, 35 miles north of Sacramento.

Through this new Naming Rights Partnership with Toyota, the City of Concord can expect a heightened amount of media exposure surrounding the name change, including press, a ribbon cutting ceremony, additional Live Nation coverage across all outlets announcing this new partnership, all with the goal of driving fans to visit the venue and the City of Concord. Additionally, the local Toyota Dealerships will run periodic promotions in local radio, digital, and social media over the length of the term that continue to spread the Concord name and drive impressions of the city, venue, and sponsorship. Aside from the increased media exposure, Live Nation believes Toyota's vision aligns well with the City of Concord's commitment to the environment, sustainability and enriching lives.

Financial Impact

Sponsorship fees shared with the City of Concord are based on the existing Council-approved agreement between the City and Live Nation for the management of the Pavilion. The City of Concord will receive 25% of the anticipated revenue from Live Nation by the end of each calendar year during the agreement term. Below is a table showing the anticipated revenue to Live Nation for the Naming Rights and Concord's share.

2023	\$300,000	City of Concord revenue share:	\$12,500 (*see note below)
2024	\$575,000	City of Concord revenue share:	\$143,750
2025	\$592,250	City of Concord revenue share:	\$148,062.50
2026	\$610,017.50	City of Concord revenue share:	\$152,504
2027	<u>\$628,317.50</u>	City of Concord revenue share:	<u>\$157,079</u>
Totals \$2,705,585		City of Concord revenue share:	\$613,895.50

*As allowed for in the existing Management Agreement between Live Nation and the City for the operations of the Pavilion, the City of Concord's revenue share of future naming rights revenues allows for the deduction of the costs for updating signage estimated at \$250,000, which reduces both City and Live Nation commensurately.

Staff anticipates receiving its annual share of the Naming Rights revenue in July of each year, except for year 1, (2023). In year 1, staff anticipates receiving its share of the revenue in October.

Council is anticipated to discuss how to invest these new monies at the mid-year review for Fiscal Year 2023-24 (which is anticipated to occur in February 2024). These new funds could be used in any manner legal for the City to invest funds, as they will be general fund revenues.

Environmental Determination

Pursuant to CEQA Guidelines Sections 15060(c), 15061(b)(3), and/or 15378, Public Resources Code Section 21065, City Council action on this item is not subject to environmental review under the California Environmental Quality Act (CEQA) of 1970, as amended, as it will not result in a direct or reasonably foreseeable indirect physical change in the environment. In the alternative, City Council action on this item is exempt under CEQA Guidelines Sections 15301 – Existing Facilities, 15302 – Replacement and Reconstruction, and/or 15323 – Normal Operations of Facilities for Public Gatherings, as it involves installing/replacing signage in connection with operation of the Pavilion. No unusual circumstances exist and none of the exceptions under CEQA Guidelines Section 15300.2 apply. This determination reflects the City’s independent judgment and analysis. Individual projects will undergo CEQA analysis as necessary.

Public Contact

The City Council Agenda was posted, and Live Nation was provided a copy of the agenda report.

Attachment

1. Third Amendment to Concord Pavilion Management Agreement, with Exhibit A: Facility Naming Rights Program Proposal Provided by Live Nation and Exhibit B: Sample Logo & Branding Information – “Toyota Pavilion at Concord”