



Naming Schools and Facilities Procedures 6970P

Naming Schools and Facilities

The naming of a school and/or district facilities will take place in the following manner:

- A. The superintendent or designee will select a committee whose purpose it will be to submit to the board a list of not less than three, nor more than five, names for the new school. The list will briefly state, along with each name, why the committee nominated each name. The committee may solicit nominations from students and the community;
- B. The committee will, whenever possible, follow these guidelines:
 1. Each name will be known to, and significant to, the people of the district;
 2. The names submitted will not conflict with the names of other schools in the district or surrounding districts; and
 3. The use of names of living persons will be avoided unless the circumstances warrant an exception.
 4. For sponsorship naming issues/options, the board shall approve the recommendation from the administration, along with any necessary conditions associated with a sponsorship option. Prior to pursuing sponsorship naming rights, attention is directed to Addendum A, which consists of a February 6, 2023 memo to the board laying out some of the pros and cons and logistics still to develop.
- C. The superintendent or designee will review the names presented by the committee and will cross reference each name with the policy requirements prior to submitting names for consideration to the board.
- D. The board will select the name of the new facility from the list. In recognition of the efforts of those involved in the project, a plaque containing the following information will be attached to a new building:
 1. School and/or facilities name;
 2. Board-approved construction date;
 3. Completion or dedication date;
 4. Name of board members as of the board-approved construction date in the following order:
 - a. Chair/President;
 - b. Vice Chair/President; and
 - c. Members (alphabetically)
 5. Superintendent as of board-approved construction date; and
 6. Architect and contractor names.

Formal dedication of the facility will take place on a date and time specified by the board



Addendum A

DATE: February 6, 2023
TO: Sumner-Bonney Lake Board of Directors
FROM: Laurie Dent, Ph.D., Superintendent
RE: Naming Rights for District Facilities

The purpose of this memo is to provide the board with information requested at the October 2022 board meeting. A small committee consisting of the Superintendent, Deputy Superintendent, Chief Financial Officer, General Counsel, Director of Athletics, and Capital Facilities Manager gathered information regarding the naming right of district facilities.

As requested, this memo contains

- 1) Information outlining the pros and cons of selling the naming rights of district facilities
- 2) A list of current facilities that have the highest potential to generate revenue for the 23-24 school year

Pros and cons of allowing individuals or businesses to purchase naming rights of

facilities: PROS:

Additional source of revenue:

There is a possibility that allowing for the purchase of naming rights will generate additional revenue. Facilities that could be allowed for maximum revenue include:

- Outdoor Stadiums
- Fields
- Gymnasiums
- Large common areas (i.e., a cafeteria or multi-use room)
- Libraries
- Pool
- PACs
- Building - Central Office, M/O, Transportation
- School Building: Lifetime purchase (once a mascot and colors, are established it would be difficult to change)

In order to determine the cost associated with each facility, the district would use current market value, length of time purchased, cost of signage, size of the facility. To provide perspective, our current agreement with Sunset Stadium is \$3000/month.

Defray Operating Costs:

If assigned to the correct budget code, additional revenue could help defray, but not fully cover, the costs of extracurricular activities and/or maintenance of the facility. There is a risk with the



public thinking that costs associated with the maintenance of a facility are covered by the naming rights.

Honor local community contributors and business owners:

Allowing for the purchasing of naming rights honors local businesses and community contributors.

CONS:

1) IRS Implications:

In a Private Letter Ruling (PLR) the Internal Revenue Service (IRS) determined that it is possible that naming rights could cause state or local bonds to become private activity bonds making interest on the bond taxable.¹ School districts frequently allow companies and individuals to purchase naming rights to school buildings and facilities. These buildings are often financed by state and local bonds, which provide tax-free interest to investors. However, one instance in which the interest of state and local bonds may become taxable is if bonds become private activity bonds. The PLR indicates that if naming rights constitute more than 10 percent of bond proceeds, bonds are considered private activity bonds. (Inquiry and Analysis February 2005 edition. Priv. Ltr. Rul. 200323006 [June 6, 2003], available at <http://www.irs.gov/pub/irs-wd/0323006.pdf>)

2) Change in policy/procedure:

Current policies and procedures do not allow for the purchasing of naming rights. A change in policy would need to:

1. Define what criteria must be met to deem it appropriate for sponsorship and determine the process, including establishing the purpose of the sponsorship and its benefit to the district, what the sponsor is allowed to include in the signage or recognition, terms of the agreement, what the district's responsibilities are relating to signage and replacement of signage, We would have to clearly define other special circumstances relating to the sponsorship such as define termination of sponsorship for cause, and so forth.
2. Define what circumstances warrant an exception to the naming for a person living (alive or deceased)
3. Form a district committee to oversee the naming rights process
4. Ensure a consistent process that is not determined on a case-by-case basis

3) Community Conflict:

The potential for conflict to erupt exists if there is a conflict between the donor and school district mission (cannabis store, Casino, etc.) A perception of bias will be applied by the community when some businesses or donors are allowed to purchase naming rights and others aren't.

4) Hidden operation and transaction costs:

In addition to procedural changes, there are serious operation and transaction costs embedded within the process such as:



1. Cost of changing and maintaining signage
2. Cost of tracking, billing, and collecting rental fees
3. Cost of reporting and tracking for compliance with IRS rules and regulations
4. Revenue may not cover all the costs associated with the rental transactions

5) **Continuous facility name changes:**

The continuous name changes from year to year could cause confusion in the community upon transitioning from the old name to the new name. This can create frustration with community members when trying to figure out where events are being held.

If the board determines that it wants to move forward with a process to sell naming rights to facilities, staff will initiate steps 3-7 as listed below.

Action items 1 and 2 will start the review process – STARTED November 2022

- Form a small internal committee that includes legal counsel and a representative from business and finance
- Review current policy 6970 Naming Schools and Facilities
- Identify gaps or missing information required
- Research other school district policies and the WSSDA model policy
- Present the board with the pros and cons of selling naming rights
- Present the board with a list of possible facilities that would generate the highest amount of revenue
- Present the board with an “idea” of the cost associated with purchasing the rights to a

facility Present to the board at an open meeting - COMPLETED January 2023

If the board decides to move forward with this process, we will initiate steps 3-7.

3. Go to the policy committee to discuss policy revision
4. Assuming the revised policy will occur, concurrently discuss a strategy of approach to community members or businesses and a communication plan announcing the opportunity
5. Devise policy if necessary and present for first reading
6. Adoption of the revised policy for Board Action
7. Formally reach out to individuals/businesses [depending upon the strategy formulated]