VII. STANDING COMMITTEE

B. Finance, Audit and Facilities Committee

Multi-Media Rights Agreement

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President or the President’s authorized representative be delegated authority to execute a contract with ISP Sports Inc and Learfield Communications Inc. to provide multi-media rights and services for the Department of Intercollegiate Athletics.

BACKGROUND:

The Department of Intercollegiate Athletics (ICA) provides opportunities for over 650 student athletes to compete in twenty-three sports. The department receives no state funds, other than a $1.5 million allocation for tuition for female student-athletes, or student fees, and is responsible for generating all revenue to support its programs, including revenue from broadcast rights and corporate sponsors. In previous years, separate agreements have been awarded for radio and television broadcast rights, and for scoreboard and associated sponsorship opportunities.

In assessing the rights fees it receives for these multi-media opportunities and reviewing what other schools have been receiving, ICA determined that there was potential to increase revenue if its various broadcast and sponsorship rights were consolidated in one agreement. A number of national firms successfully provide multi-media rights services for other intercollegiate athletics programs, and ICA developed an approach to invite these firms to participate in a selection process.

Seven firms were invited to participate and all seven submitted responses outlining their capabilities. The four most qualified firms were invited to present additional information during in-person presentations. The proposal from ISP Sports Inc. and Learfield Communications Inc. was determined to best meet ICA’s needs. ISP/Learfield demonstrated significant depth in experience and understanding of campus needs at comparable institutions. They have excellent media capabilities, with potential to improve UW broadcast exposure, and offered the strongest financial proposal. ISP/Learfield is positioned to generate new revenue for UW by packaging UW opportunities with properties from other universities in regional and national media and sponsorship packages, accessing markets that would not respond to placements by individual schools.

ISP/Learfield’s offer guarantees media and sponsorship revenues of over $4.5 million dollars annually, which is about $1.5 million more than UW now receives.
Additionally, the contract includes an aggressive revenue-sharing component above the initial guarantee (minimum of 50-50 triggered at various gross revenue thresholds), as well as itemized bonuses based on the performance of the football and men’s basketball teams, and finish in the Directors’ Cup. With projected growth through enhanced media and sponsorship revenue, the ten year contract guarantee total is more than fifty million dollars.

The scope of the contract includes radio broadcast rights, venue signage and sponsorship rights, event sponsorship rights and operation of the ICA website. Television rights will be included at the University’s discretion, pending the outcome of an exclusive negotiation period with its current television broadcast partner (Fox Sports Northwest). The selection of the radio flagship station, on-air talent, etc. will be subject to University approval.

The University also maintains the right to reject any sponsorships that are viewed to be in conflict with the University’s mission. New inventory, including additional venue signage, must be approved in advance by the University. All naming rights for athletic department facilities are retained by the University.

The multi-media rights agreement will be for a ten year term, starting July 2006, and include an option to extend for an additional five years. In addition, if the contract is extended at any point during the initial term, the University will receive a $1 million bonus.