

TO: GENERAL COMMITTEE


SUBJECT: OUTSOURCING IMPLEMENTATION OF CORPORATE SPONSORSHIP STRATEGY

WARD: ALL

PREPARED BY AND KEY CONTACT: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE, EXT #5417

SUBMITTED BY: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE 

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Sponsorship Pilot Program as outlined in Staff Report INV001-16, be approved.
2. That the City of Barrie's Sponsorship Policy, appended as Appendix "C" to Staff Report INV001-16, be approved.
3. That staff in Invest Barrie report to the Finance and Corporate Services Committee to initiate the Sponsorship Pilot Program, and for updates and approvals regarding the Sponsorship Pilot Program.
4. That staff in Invest Barrie initiate a "Request for Information" process, in order to assess and promote interest in the Naming Rights for the Mady Centre for the Performing Arts.

PURPOSE & BACKGROUND

Report Overview

5. The purpose of this staff report is to provide a recommendation for how to implement a sponsorship pilot program focused on an outsourced resource.

History

6. In November 2015 the consultant retained by the City to develop a Sponsorship Strategy, Mr. Bernie Colterman, appeared before Council to present information regarding the Corporate Sponsorship Strategy and Action Plan. At the presentation, Council had several questions for Mr. Colterman, including questions about the costs and benefits associated with the strategy's recommendation to have an internal contracted resource be responsible for implementing the strategy. Council also asked whether outsourcing the resource based on a commission structure would be a viable option.
7. Following the presentation, staff had further discussions to assess the question of internal vs external resources, and to evaluate the viability of implementing the strategy with external consultants on a commission-driven structure. Based on input from Mr. Colterman, and data from

- the “2015 Municipal Benchmarking Survey on Sponsorship and Naming Rights”, it was recognized that outsourcing is a viable option for securing certain types of sponsorship. However, it was also recognized that the act of recruiting sponsors is only one part of a comprehensive and sustainable strategy, and that an internal resource would still be recommended in order to implement the broader strategy that extends beyond large assets or the “low hanging fruit”, and to perform the various functions, including execution of sponsorships agreements, that ensure the strategy can continue showing results over time.
8. Council approved the City of Barrie Sponsorship Strategy and Action Plan on January 4, 2016, which was presented in Staff Report DOC 001-16. One of the recommendations of the Sponsorship Strategy and Action Plan was that “1.5 FTE’s be allocated to coordinate the City’s sponsorship, naming rights and advertising efforts”.
 9. During the 2016 Business Planning deliberations, Council deferred the budget item related to the positions recommended in the Sponsorship Strategy and Action Plan, and asked that staff look at other options for implementing the Sponsorship Strategy.
 10. Staff began investigating alternative options for implementing the strategy, focusing primarily on outsourcing options. Staff spoke with a number firms and individuals in order to understand the variety of options that exist for outsourcing, and the cons/pros associated with each of those options. The types of firms and individuals that staff spoke with include:
 - a) Specialized naming rights firms – These are firms that have deep domain expertise and processes for targeting potential sponsors, matching assets to sponsors, maximizing “activation value”, and negotiating contracts that result in a mutual benefit for the sponsor and the City. Staff spoke with firms that have both national and North American scope.
 - b) Local Fundraisers – Individuals who have expertise with fundraising for charitable purposes. Even though fundraising is different from sponsorship in that sponsorship relies on an exchange of value and is usually limited to a few sponsorships whereas fundraising is based on gifting has no limit of donors, staff wanted to assess all the available models.
 - c) Local Firms with facility and brand advertising and small sponsorship experience – A local firm with experience in advertising and sponsorship for their own assets, as well as some experience with 3rd party advertising and sponsorship experience.
 - d) Advertising Sales Firms – These are firms that have large networks of advertisers that are looking for brand recognition and numbers of “views” or “impressions” on a particular asset (such as a screen or a physical brochure). The value and sales process for advertising is typically different from that of sponsorship, but some firms that specialize in advertising are expanding into sponsorship.
 - e) Local individuals with sales experience and established community network – These are individuals that have experience with sales, as well as have established community networks. However, these individuals do not necessarily have experience with sponsorship or naming rights processes.
 11. Based on the research into outsourcing options, staff felt that focusing on an outsourcing recommendation specifically on the Mady Centre for the Performing Arts would be good place to start. The reason that staff selected the Mady Centre focus was as follows:
 - a) The current sponsorship of the Mady Centre for the Performing Arts will expire as of December 31st 2016.

- b) The Mady Centre for the Performing Arts would allow the various outsourcing models, which vary significantly in expertise, cost, and process, to be compared side-by-side in terms of the effectiveness of the model for a certain class of asset.
 - c) Implementing a single asset via sponsorship, and particularly an asset such as the Performing Arts Centre that would require close collaboration between the external service provider and City staff in order to complete the end-to-end sponsorship process, would allow staff to both validate the net benefit of outsourcing and to assess the extent of the information flow between staff and the external resource.
12. While staff were in the process of pursuing this option, it became apparent that the Mady Centre might not be a good candidate for outsourcing, since the City had received proactive and unsolicited inquiries from a number of businesses that had shown an interest in the naming rights of the Performing Arts Centre and as such, the cost associated with outsourcing was not seen to be justified.
 13. Rather than outsource the sponsorship for the naming rights of the Mady Centre, staff had prepared a non-binding RFI (Request for Information) through the City's procurement process, in order to solicit submissions from potential sponsors. Since the RFI was non-binding, it meant that the purpose of the process was to determine the level of interest in the naming rights for the Centre, and to create a public process that fair and open. That is, while unsolicited interest had already been received for the naming rights of the Performing Arts Centre, the RFI was designed to allow any other individuals or businesses to also put forward their interest so as to ensure equal access. While the use of an RFI is not always an effective tool for sponsorship promotion since the RFI does not allow for proactive marketing of the asset (which is typically required to build interest in a naming rights asset), in this case, given the visibility of the Performing Arts Centre, and the unsolicited interest that had already been received, staff expected that this method could help expedite the process of securing new naming rights prior to the expiration of existing naming rights. In addition, staff expected that if there had been a significant number of responses to the RFI, staff would have proceeded to a subsequent RFP (request for proposal) stage in order to secure new naming rights, which would have removed the commissions and search fee costs that are often associated with outsourcing.
 14. On June 20th 2016, staff prepared a memo for Council, providing information regarding the RFI for the naming rights of the Centre for the Performing Arts. At that time, Council directed staff not to proceed with an RFI for the Mady Centre, but rather directed staff to assess outsourcing options for the whole inventory of City assets. On June 27th 2016, City Council adopted motion 16-G-179 and asked that city staff look into the different outsourcing options available for the implementation of the Sponsorship Strategy & Action Plan and have an analysis presented back.
 15. On November 7th, 2016, staff presented the findings of the analysis to the Finance and Corporate Services Committee, which identified several risks and gaps associated with outsourcing sponsorship. To mitigate the risk, and assess the feasibility of a broad implementation using an external resource, staff recommended a focused sponsorship outsourcing pilot that would track results and report back to Council. Finance and Corporate Services Committee adopted motion 16-G-259, which directed staff in Invest Barrie to prepare an implementation plan for a Sponsorship Pilot Project based on a performance-based contract for an individual contractor and report back to General Committee, as soon as possible.
 16. During the presentation to Finance and Corporate Services Committee, staff discussed the outcome of a peer municipal review of sponsorship outsourcing activities. None of the municipalities discussed with the Committee currently outsource sponsorship activities, and as a result the Committee requested that staff broaden the search and look for municipalities that outsource sponsorship activities. Staff reached out to several networks to try and identify municipalities that outsource sponsorship, and was only able to find 1 municipality that currently

outsources. The outcome of the analysis (including all municipalities that were part of the research, both before and after the presentation to Finance and Corporate Services Committee), have been included. The findings are presented in Appendix "A".

ANALYSIS

Sponsorship Outsourcing - Pilot Program Implementation Plan

17. The goals of the sponsorship pilot program should be as follows:
 - a. Validate the effectiveness of outsourcing – Track the following for each asset:
 - i. Length of time required to recruit sponsors, as well as negotiate and finalize each sponsorship agreement.
 - ii. Cost effectiveness of outsourcing.
 - iii. Ability to maximize value relative to asset valuation
 - b. Capture the level of engagement required from internal staff in order to support the external resource, and what gaps existed in the process.
 - c. Determine whether the anticipated risks/gaps associated with outsourcing only (i.e. outsourcing without a dedicated internal resource supporting the external resource) can be managed and/or mitigated. Risks and gaps that were identified during the research have been included as Appendix "B".
 - d. Assess the effectiveness of the City's Sponsorship Policy. The pilot program will allow the effectiveness of the policy to be tracked, including ensuring that sponsorships reflect the values of the City as outlined in the policy. One of the questions raised by the Finance and Corporate Services Committee was whether the sponsorship policy could be upheld, particularly in regards to ensuring alignment with the City's values when selecting a sponsor, while still maintaining fairness and equal access to sponsorship opportunities. The City's sponsorship policy clearly states the exclusions under which sponsorship will not be approved, and none of those are considered grounds for discrimination under the Canadian Human Rights Code. Appendix "C" shows an updated draft sponsorship Policy.
 - e. For larger and more visible assets, assess the extent to which agreement limitations or enhancements will impact the value of the sponsorship. Agreement limitations/enhancements examples include:
 - i. Limitation - Opt-out clauses for the City (e.g. for brands that suddenly have a negative association/perception).
 - ii. Enhancement – Addition of visual advertising (e.g. bus advertising) or references to the sponsored asset on social media.
18. The sponsorship outsourcing pilot should proceed as follows:
 - a) Staff at Invest Barrie report to Finance and Corporate Services Committee to establish the specifics of the pilot. These include:

- i) Inventory of Assets for the Pilot - A mix of assets should be selected that will be supported by members of Finance and Corporate Services Committee, and which will be sufficiently diversified in order to allow the goals of the pilot to be met for a variety of asset categories.
 - ii) External Resources for the Pilot – Staff to present criteria to be used in a “Request for Proposal” (RFP) that will allow the City to select one or more external providers to participate in the pilot. Since staff found that there are a wide variety of options and differing models when selecting an external provider, with each having very different cons and pros, identifying the selection criteria is a key step in selecting the outsourced provider.
- b) Staff will work with procurement and other departments to implement the pilot program as directed by Finance and Corporate Services Committee.
 - c) As sponsors are identified, the resulting sponsorship agreements will be authorized in accordance with the sponsorship policy. All naming rights of a City facility/building will be brought to Council for approval.
 - d) The pilot will last up to 18 months. Once all of the pilot assets have been sponsored, Invest Barrie will report back to Council with a description of the outcomes, lessons learned through the pilot, and a recommendation for transitioning the program to full implementation based on the lessons of the pilot and any other relevant information that may emerge during the process. Should there be a situation where one or more of the pilot assets cannot secure sponsorship within 18 months after the outsourced service provider has initiated the search, staff will report to Council with a recommendation on whether to end or extend the pilot. Should all of the assets be sponsored prior to the end of the pilot, staff will terminate the pilot and will initiate the report back.

Mady Centre for the Performing Arts – Request For Information

- 19. In addition to validating the effectiveness and viability of outsourcing, staff also recommend testing an alternative approach to securing sponsorship by using a procurement process known as Request for Information (RFI).
- 20. A Request for Information is non-binding process that provides interested parties an opportunity to submit an indication of interest for the naming rights of a facility. The RFI does not include any marketing of an asset or proactive engagement with prospective sponsors. Depending on the type and number of responses, a subsequent step may involve a more formal request for submissions of proposals for the naming right that would be used to select a sponsor.
- 21. While the use of an RFI is not always an effective tool for sponsorship promotion due to the fact that the RFI does not include proactive engagement with prospective sponsors or marketing of the asset (which is typically required to build interest in a naming rights asset), it has been used successfully for highly visible and recognizable assets.
- 22. Staff recommend attempting the RFI approach in order to secure new naming rights for the Mady Centre for the Performing Arts. Attempting the RFI for the Centre for the Performing Arts is being recommended for the following reasons :
 - a) The Performing Arts Centre is a highly visible and desirable asset. This makes it a viable asset for the RFI test.

- b) The RFI can move forward more quickly than the outsourcing pilot, since no external service provider is required. The current naming rights for the Mady Centre expire on Dec 31, 2016, and pursuing the approach may expedite the renaming. However, should the RFI process prove to be unsuccessful, this information will be known relatively quickly and the Performing Arts Centre can then potentially be added to the inventory of assets for the outsourcing pilot.
- c) There has been unsolicited interest regarding these naming rights for the Performing Arts Centre from several organizations since it became known that the current naming rights would become available at the end of the year. Since outsourcing has a cost associated with it, attempting an RFI (along with a subsequent, more formal process to select a sponsor) may increase net sponsorship revenue for the Centre.

ENVIRONMENTAL MATTERS

23. There are no environmental matters related to the recommendation.

ALTERNATIVES

24. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose to not deploy a pilot program, and instead move forward with outsourcing the full inventory of sponsorship and naming rights assets.

This alternative is not recommended as this would not provide an opportunity to assess and validate the effectiveness, risks and gaps associated with outsourcing.

FINANCIAL

25. All sponsorship proceeds received by the City during the sponsorship pilot program will be allocated to the City's Corporate Advertising Revenue account unless specified in the sponsorship agreement that proceeds received are to be used for a specific purpose or otherwise directed by council.
26. Depending on the model of outsourcing that is selected, the costs may be limited to marketing and other promotional costs, which staff will manage within the existing budget. Alternatively, since many external providers make use of a mix of fixed and performance-based fee structures, the pilot implementation costs may result in additional cost, in which case staff will report back to Council.

LINKAGE TO 2014-2018 STRATEGIC PLAN

27. The recommendation(s) included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:
- Vibrant Business Environment
 - Responsible Spending

APPENDIX "A"

Municipal Analysis

The 2015 Municipal Benchmarking Survey on Sponsorship and Naming Rights, conducted by the Centre of Excellence for Public Sector Marketing (CEPSM) in June/July 2015, found the following:

- 65% of municipalities are involved in sponsorship activities.
- Almost all municipalities over 100,000 in population are engaged in some sort of sponsorship activity.
- 69% of municipalities over 100,000 in population have full-time staff to manage sponsorship activities.
- 62% of municipalities between 50,000 and 100,000 in population have staff to manage sponsorship activities.
- 55% of those actively involved manage their sponsorship program through a central office, while 45% leave it to individual departments.

To assess the use of external/outsourced resources for sponsorship activities amongst other Cities and towns, staff reached out to a number of municipalities. Since most of the municipalities that staff engaged with do not make use of external resources, staff broadened the search in order to try and identify Cities and towns that could be used as a comparator for assessing external resources. The outreach to identify municipalities included the following efforts:

- Reached out to recognized sponsorship consultants to ask which municipalities outsource. Staff were successful with finding 2 municipalities that previously outsourced sponsorship.
- Initiated a callout through the Creative City Network of Canada, asking municipalities to identify themselves if they outsource sponsorship. Staff identified 1 municipality that previously outsourced sponsorship.
- Pursued recommendations from other municipalities. Staff contacted and spoke to those municipalities and identified 1 that used to outsource.
- Staff reached out to panelists from the Municipal Forum on Sponsorship, and were unable to find additional cities that outsource sponsorship activities.

To present the outcomes of the research, the collected information has been divided into 3 tables shown below. Since the information provided by these municipalities was very detailed and transparent, particularly in regards to their experience with outsourcing, the names of municipalities have been removed in order to allow the information to be provided in this report. The 3 tables are:

- Table 1 - Municipalities that currently use outsourcing for sponsorship services. Staff were able to communicate with 1 municipality that currently outsources sponsorship.
- Table 2: Municipalities that had used external resources in the past, but which no longer outsource sponsorship activity. Staff were able to identify 4 municipalities that had used outsourcing in the past, but which no longer outsource their sponsorship activities and instead use dedicated internal resources.

- Table 3: Municipalities that have no experience with outsourcing and instead use either an internal dedicated resource(s) for sponsorship, or non-dedicated departmental staff for decentralized sponsorship effort.

Table 1: Municipalities that currently use outsourcing for sponsorship services.

Municipality	Current Model	Previous Model	Experience with Outsourcing
Municipality A	<p>Outsourced Resources Currently the municipality uses an outsourced model that is commission only with no upfront costs. The type and scale of commission payments differ depending on the type and size of asset being promoted.</p>	<p>Outsourced Resources The municipality has been involved in sponsorship for a very short time and had decided to pursue outsourcing as there was no operating budget allocated for an internal resource.</p>	<p>City staff must be involved in the negotiations; consultants that are motivated by commission won't typically see deals through a municipal lens. It won't be as obvious to a consultant the type of consideration that potentially surface as a problem.</p> <p>The City needs to provide all of the legal documents and contract agreements. The consultant will look for prospective sponsors and leads, and will promote the sponsorship assets, but the agreements are between the sponsor and the City.</p> <p>A sponsorship committee is a useful approach to vetting sponsorship opportunities coming forward and to flag any potential issues.</p> <p>Outsourced resources may often secure sponsorships that make use of in-kind/non-cash contributions (e.g. installing a children's gymnasium at no cost in a facility in return for naming rights to the gymnasium). Should the City decided to approve these types of sponsorships, the City should be aware that it will still need to compensate the performance based contract as if it were a cash sponsorship.</p> <p>Naming existing facilities within the City is very challenging. Newer facilities are a bit easier, but still take a lot of effort.</p> <p>Sponsorship funds need to go back into the facility/asset directly. If the public can't see direct beneficial results of a sponsorship, companies will be reluctant to make the investment. Companies insist that their sponsorship investment show direct benefits to the public.</p>

Table 2: Municipalities that had used external resources in the past, but which no longer outsource sponsorship activity.

Municipality	Current Model	Previous Model	Experience with Outsourcing
Municipality B	<p>Internal Resource One part time, internal, dedicated resource.</p>	<p>Previously Outsourced Used an outsourcing model. The City procured a local firm to handle all their sponsorship.</p> <p>The city was unhappy with the service. Council's decision was to move the sponsorship activity internally.</p>	<p>The contact noted that even if all sponsorship is outsourced, there still needs to be someone in the City that is in charge of overseeing the consultants. This City had many issues arise with outsourcing sponsorship. Examples of issues:</p> <p>Perpetual sponsorships that were secured by the external resource, which the City must honour into perpetuity.</p> <p>External resource may be more likely to focus majority of effort on deals that are "low hanging fruit", rather than spend the necessary time to develop new opportunities (that do not start off as high probability opportunities).</p> <p>Consultants often don't know enough about the local assets or local bylaws, which impact the sponsorship opportunity. This can cause unexpected expenses.</p>
Municipality C	<p>Internal Resource One full time dedicated position</p> <p>This position is cost neutral.</p>	<p>Previously Outsourced Prior to bringing this position in-house, an external, performance-based resource was used.</p>	<p>The city found that by using an outsourced model they did not build confidence amongst their clients. They were not able to show a commitment to the program without an employee dedicated to servicing their clients. This caused doubt in the community in regards to the validity of the program.</p>

Municipality	Current Model	Previous Model	Experience with Outsourcing
Municipality D	<p>Internal Resource An internal staff member that dedicates part of their time to sponsorship</p>	<p>Previously Outsourced Previously an external resource was used.</p> <p>The municipality had a poor experience with outsourcing and was not satisfied with the progress.</p>	<p>Revenue collected through outsourcing did not cover the compensation of the external resource, which included performance and non-performance based components.</p> <p>The organization that was successful in the RFP to provide outsourced sponsorship services was from outside of the community. Members of the community had concerns about this approach, and it was perceived as an approach that lacked the necessary community connection.</p> <p>Even though sponsors need focused attention and service, consultants often refer the sponsors to the City for service.</p>
Municipality E	<p>Internal Resource The municipality makes use of 2 full time internal resources, as well as 1 part time employee to handle all City sponsorship activities.</p>	<p>Previously Outsourced Previously sponsorship had been outsourced. However, several poor experiences resulted in a move away from external resourcing.</p>	<p>Performance based consultants may make verbal commitments in order to secure a sponsorship, which may not be included in the sponsorship agreement. These commitments are then expected to be fulfilled by the sponsor, even though the municipality may not have known or may not have agreed to the commitments. This could result in unmet commitments, which can lead to unsatisfied sponsors, poor word of mouth, loss of repeat sponsorships, etc.</p> <p>Sponsorship contracts revenues have tripled since the activities were put under internal resources.</p>

Table 3: Municipalities that have no experience with outsourcing and instead use either an internal dedicated resource(s) for sponsorship, or non-dedicated departmental staff for decentralized sponsorship effort.

Municipality	Current Model	Previous Model	Experience with Outsourcing
Municipality F	<p>Internal Resource Current Model is a completely self-sufficient department dedicated to sponsorship. They focus on high value deals and mid-size local deals. Both are responsible for stewarding sponsors, ensuring deliverables are met and working with other departments to identify and secure sponsors.</p>	<p>Internal Resource Initially there was little support for an FTE position. However, following a review of the costs associated with outsourcing, the erosion of the net value was deemed to be significant. Therefore another model was introduced, which aimed to create a self-sufficient department that would seek to maximize the value of sponsorship packages. The group was budgeted for 2 FTEs for the first year and then moved to a self-funded model.</p>	<p>With external contractors, there are no long term relationships being built and the vision with outsourcing tends to be short sited.</p> <p>Prior to the creation of a dedicated resource, the City had challenges with:</p> <ul style="list-style-type: none"> • Non-payment of previous sponsorship contracts that were not pursued. • Departments cannibalized each other's opportunities. <p>The department has the flexibility to negotiate contracts and build relationships. Relationships take years to nurture and grow. With the creation of this department, it was recognized that to properly implement a true sponsorship program they need to take a long term approach.</p>

Municipality	Current Model	Previous Model	Experience with Outsourcing
Municipality G	<p>Internal Resource One full time, dedicated resource.</p>	<p>Non-dedicated Internal Staff Previously they had individual departments handling sponsorship. Approval processes were cumbersome and each department tried to achieve their own budget objectives without a focus on overall corporate sponsorship objectives. In order to provide a more streamlined program, they have moved to a centralized resource to oversee sponsorship.</p>	<p>Since the City put one person in charge of sponsorship, they are now able to centralize reporting.</p> <p>The City set-up a specialized sponsorship committee which has been highly effective in accelerating projects.</p> <p>All engagement with prospective sponsors in the private sector are centralized. This removes the possibility of multiple “asks” coming from the City.</p> <p>A dedicated resource has helped build strong community partnerships and improved sponsor customer service.</p> <p>A dedicated resource has enabled overall revenues to increase.</p>
Municipality H	<p>Internal Resource Two full time dedicated staff members.</p>	<p>Dedicated Internal Staff The town originally started with a part-time staff person. In 2014 the town passed a sponsorship program authorizing 2 dedicated staff. Sponsorship has grown by a factor of 6 times compared to the previous results.</p>	<p>Their experience was that revenue is not always generated immediately, and the best method for a municipality to engage with businesses is by bringing the best value to them. This helps the city grow the program over the long term.</p>

APPENDIX "B"

Potential risks and gaps associated with outsourcing the City of Barrie's Sponsorship Strategy Implementation

Staff selected several sponsorship "Success Practices", both based on the original City of Barrie Sponsorship Strategy and Action Plan, as well as on best practice findings through research, which were identified as important criteria to ensure that the sponsorship function at the City can deliver sustainable benefits over time. That is, to ensure that the sponsorship program at the City can be successful over the long-term, beyond the initial sponsorship of highly visible assets (low hanging fruit), while also minimizing cost and risks to the City.

Success Practices, as well as the associated risks and gaps of not implementing them, are shown in the table below. The table also includes potential misalignments between the implementation of the Success Practices and the outsourcing of sponsorship activities. When pursuing an outsourcing model, these risks and gaps will need to be managed by staff as part of the pilot program and tracked in order to assess level of incremental effort.

Success Practices	Potential Risk/Gap associated with not implementing success practices	Potential misalignment between outsourcing and implementation of the success practices.
<p>Recruit many sponsors for a range of small, medium and large opportunities.</p>	<p>Long-term sponsorship sustainability will not be based on a couple of "big wins",</p> <p>Recruiting sponsors for the smaller assets can serve as a "feeder system" for gradual increased investment over the long-term.</p> <p>In addition, focusing on a diverse and large group of sponsors reduces risk associated with over-reliance on a small group of large sponsors rather than a large group of sponsors of all size of investment.</p>	<p>Outsourced service providers, particularly those that are compensated on a performance basis (commission), may potentially focus on recruiting large sponsors for large assets rather than seeking sponsors for small and medium sized opportunities.</p> <p>Seeking to build a large and diverse list of prospective sponsors is a long-term proposition based on building the property brand as well as relationships over a sustained period of time. This level of investment is not well aligned with a performance based compensation system that does not reward relationship building.</p>
<p>Maximizing Value for the sponsor increases the potential for future repeat sponsorships and positive word of mouth</p>	<p>If the goal is not set to consistently maximize value for the prospective sponsor, then a sponsor may be matched with the wrong asset (if, for example, the goal is to maximize the transaction amount rather than value for the sponsors).</p>	<p>Outsourced service providers, particularly those that are compensated on a performance basis (commission), may potentially focus on transaction amounts rather than long-term value and long-term outcomes for the sponsor, as well as the brand of the sponsorship program.</p>

Success Practices	Potential Risk/Gap associated with not implementing success practices	Potential misalignment between outsourcing and implementation of the success practices.
<p>Leverage internal staff for sponsors recruitment of certain assets</p>	<p>Since staff are often the closest interface to potential sponsors (e.g. recreation programs, cultural events, etc), and because sponsors often want to establish relationships with those people who "own the program", leveraging various departments for sponsor recruitment for various classes of assets is important. Without this, the sponsor may not feel that there is a strong level of buy-in from the municipality itself.</p>	<p>External resources do not have the same level of knowledge about certain assets that departmental staff have (e.g. supervisors, event staff, etc) or the relationships with prospective sponsors in the community.</p>
<p>Non-marketing, centralized support functions are required</p>	<p>Each sponsorship contract may result in commitments on behalf of the City. A resource is required to ensure that the City meets its obligations under each sponsorship agreement in order to avoid unsatisfied sponsors.</p> <p>Managing Sponsorship Inventory to ensure that the inventory is correct and up to date to avoid missed opportunities</p> <p>Compiling Facility and Program Attendance Statistical Information in order to maximize the value proposition associated with assets.</p>	<p>These support functions do not result in new prospects or revenue generation. Therefore they are unlikely to be performed by an external resource and will likely require an internal support function.</p> <p>As written in the sponsorship strategy, "Sponsor acquisition is just the beginning of the corporate / property relationship. To be successful over the long-term, just as much emphasis needs to be placed on executing these agreements, ensuring processes within the municipality are followed, maintaining communication with partners and providing fulfillment reports at the end of each agreement" These activities typically require a centralized support function.</p>

Success Practices	Potential Risk/Gap associated with not implementing success practices	Potential misalignment between outsourcing and implementation of the success practices.
<p>The brand of the sponsorship program, and of the City, should be protected as a primary consideration.</p>	<p>As noted in the City's sponsorship strategy, "The City needs to protect the interests of the corporation as well as the citizens of Barrie. This may involve strategic decisions not to pursue certain opportunities because they do not support the City's values and ethics or foregoing opportunities in order to ensure fair and equitable access by regional businesses".</p> <p>Without this filter, sponsorship agreements may not seek to place the interests of the corporation and the community above other priorities.</p>	<p>As was heard in the feedback from other communities that have attempted outsourcing, outsourced service providers, particularly those that are compensated on a performance basis (commission), may potentially focus on transaction amounts rather than long-term interests of the program and the community.</p>

APPENDIX "C"

Draft Sponsorship Policy

1. Policy Statement:

The City of Barrie encourages businesses of all types to support the provision of City programs, services, facilities and projects through mutually beneficial sponsorships. All sponsorships shall be consistent with the City of Barrie's vision and shall not compromise or contradict any City by-law or policy, or reflect negatively on the City's public image. All sponsorship agreements shall be established in a manner that ensures access and fairness, and results in the optimal balance of benefits to the City and its community.

2. Purpose:

The purpose of this Policy is to set out Council's direction and guidelines to the Elected Officials and to the Civic Administration with respect to the corporate sponsorship of City programs, services and facilities.

3. Scope of Policy

This policy shall apply to all business relationships between the City of Barrie and its representatives, and businesses which contribute either financially or in-kind to City programs, services or facilities in return for recognition, public acknowledgement or other promotional considerations.

This Policy does not apply to:

- Philanthropic contributions, gifts, or donations in which property is voluntarily transferred by a third party to the City without expectation of return. Charitable tax receipts shall be issued only in accordance with the Income Tax Act and the policies of the Canada Revenue Agency;
- Grants obtained from other orders of government through formal grant programs;
- Independent foundations or registered charitable organizations that the City may receive benefit from;
- City sponsorship support of external projects where the City provides funds to an outside organization or where the City is one of multiple partners involved in hosting an event;
- Third parties who hold temporary permits with the City for activities or events;
- Sponsorship arrangements that pre-date this policy.

All City properties are subject to this policy. Any sponsorship which varies from the requirements of this policy shall be approved by Council.

4. General Conditions

The City supports the practice of entering into sponsorship agreements with third parties where such partnerships are mutually beneficial in a manner that is compatible with the City's missions, values, and policies. The following conditions apply when establishing sponsorship relationships:

- i. Mutual benefit is provided to the Sponsor and the City;
- ii. Sponsorship will not result in, or perceived to result in, any competitive advantage, benefit, or preferential treatment outside the sponsorship agreement;
- iii. The City does not endorse the products, services, or ideas of any sponsorship or naming rights holder and these companies are prohibited from implying that their products, services, or ideas are sanctioned by the City;
- iv. The relationship must not cause a specific City employee, Council, contractual staff/services and/or family/friends to receive any product, service or assets for personal gain or use;
- v. The City shall retain ownership and control over any sponsored property;
- vi. Sponsorship recognition must not unduly detract from the physical attributes, character, integrity, or safety of the property or unreasonably interfere with its enjoyment or use;
- vii. Any sponsorship arrangement shall respect the use of the City's name, logo and emblems.

5. Sponsor Solicitation and Agreements

- i. The City will offer sponsorship opportunities in an open, equitable and fair manner; however, it is acknowledged that the majority of sponsorships shall be the result of direct solicitation by the City staff or by a company(s) retained by the City for such purposes without the process of competitive bidding. In this regard, the City is free to solicit, accept and negotiate sponsorships, subject to this policy;
- ii. The City shall make the sole and final determination as to whether a sponsorship or advertising opportunity may be a competitive or non-competitive arrangement.
- iii. The City is not required to seek out competing bids when the sponsorship opportunity is initiated by a third party. Unsolicited sponsorship proposals received by the City will be reviewed and evaluated by the relevant program director as per the provisions of the policy. The City reserves the right to reject any unsolicited sponsorship that has been offered to the City and to refuse to enter into agreements for any sponsorship that originally may have been openly solicited by the City;
- iv. All sponsorship relationships shall be documented (i.e. letter, MOU or contract) consistent with the size, complexity and scope of the sponsorship;
- v. All sponsorship agreements must comply with federal and provincial statutes and municipal by-laws, policies and practices;

- vi. Benefits to the sponsor are limited to those expressly stated in the sponsorship agreement;
- vii. All sponsorship agreements must be arranged for a fixed term;
- viii. Sponsorship rights are non-transferable, without the written consent of the City;
- ix. All sponsorship agreements must include a provision for termination by the City in the event that the agreement is no longer deemed to be in the best interest of the City.

6. Exclusions

Sponsorship shall not be solicited from businesses, organizations, or individuals who, in the sole discretion of the CAO, are inappropriate partners of the municipality in that their products or businesses activities do not align with the City values. These arrangements will not be pursued with:

- Tobacco companies;
- Religious or political groups or factions or organizations;
- Companies that sell or promote pornography;
- Companies that involve the production, distribution, and sale of weapons and other life-threatening products;
- Companies that present imaging that is derogatory, prejudicial, harmful to or intolerant of any specific group or individual;
- Entities that are in a legal dispute and/or disqualified from doing business with the City ad/or are otherwise deemed unsatisfactory by the City Solicitor.

7. Naming Rights

The following specific guidelines shall be applied when entering into naming right agreements for City-owned property:

- i. Not all City properties are available for sponsorship naming. Council will provide advance approval of those properties which are open for commercial naming and reserve its right for commemorative or historical naming of other city assets;
- ii. The City will consider naming rights for City-owned facilities when there is a significant revenue opportunity for the City and where the proposed naming does not detract from the description or proposed use of the facility;
- iii. The cost and impact of changing existing signage and rebuilding community recognition must be considered before a property is renamed and any City costs shall be incorporated into the naming rights agreement and not the City's annual operating budget;
- iv. Any proposed re-naming of a facility requires Council approval. Naming rights agreements cannot be extended or automatically renewed without Council approval.

8. Fund Allocation

- i. Sponsorship funding will be used to supplement Council-approved initiatives and not used to fund core facilities, program and services.
- ii. Sponsorship proceeds received by the City will be allocated to the City's general revenue account unless specified in the sponsorship agreement that proceeds received are to be used for a specific purpose or otherwise directed by Council.

9. Signing Authority:

City staff is authorized to enter into sponsorship and advertising agreements that do not exceed the following pre-authorized limits. Dollar amounts below refer to funds received over the term of the contract:

a) Manager Approval

Manager are responsible for approving all Sponsorship and Advertisements with a value equal to or less than \$5,000 provided they satisfy all provisions of this Policy.

b) Director Approval

Directors are responsible for approving all Sponsorship and Advertisements with a value equal to or greater than \$5,001 and equal to or less than \$50,000 provided they satisfy all provisions of this Policy.

c) General Manager/Executive Director Approval

General Managers/Executive Directors are responsible for approving all Sponsorship and Advertisements with a value equal to or greater than \$50,001 and equal to or less \$100,000 provided they satisfy all provisions of this Policy.

d) CAO Approval

The CAO is responsible for approving all Sponsorship and Advertisements agreements for contracts exceeding \$100,001 provided they satisfy all provisions of this Policy.

e) City Council Approval

Council approval is required for any Sponsorship and Advertisements contracts that that do not satisfy the provisions of this Policy and for all opportunities involving the naming/renaming of City property, buildings and structures.

10. Governance and Reporting

- i. Sponsorship contributions will be in the public domain;
- ii. City staff will report to Council on an annual basis on the progress of the sponsorship program against stated outcomes.

11. Monitoring/Contraventions

Managers shall monitor the application of this Policy to ensure that all policy requirements are met. Failure to comply with this Policy may result in disciplinary action.

12. References, including and not limited to

- Municipal Naming Policy
- Employee Code of Conduct
- City of Barrie Corporate Communications Policy

13. Legislative and Administrative Authorities

- Land Use Bylaw (Signs)
- Purchasing By-law
- Ontario Human Rights Act
- Canadian Human Rights Act

DEFINITIONS:

Advertising: A commercial message directed at a specific audience, usually paid for by the advertiser and with no implied association between the advertiser and the organization offering the advertising opportunity.

Benefits / Assets are those visibility or promotional benefits that are owned by a property and are of worth to a sponsor that the property can sell in the way of a sponsor benefits package to help them achieve their goals and objectives.

Donation: A voluntary transfer of cash or property such as securities, gifts, services in-kind that is made without acceptance of any benefit of any kind accruing to the donor or any individual or organization designated by the donor. A donation is eligible for an official charitable donation receipt. Also referred to as Corporate Giving.

Exclusivity Agreement is an agreement whereby the supplier has an exclusive right to supply goods and/or services to the City for the time period of the agreement.

Facility Naming Rights Agreement is the sale of the right to name or re-name a City owned facility that is evidenced in a written contract, with a specified end date to the contractual obligations. All such agreements will be approved by City Council prior to finalization.

Fulfillment is delivery of benefits promised to the sponsor in the contract.

In-Kind: A transaction involving a good or service that is provided to a project where no money is exchanged between the two organizations. In-kind services may be in the form of a sponsorship or a donation.

Naming Rights: A physical property, event or other initiative where a sponsor's name is added as a prefix to the name of the property or activity.

Right of First Refusal is the contractual right granting a sponsor the right to match any offer the property receives during a specific period of time in the sponsor's defined product category.

Sponsorship: A marketing-oriented, contracted arrangement that involves the payment of a fee or payment in-kind by a company in return for the rights to a public association with an activity, item, person or property for mutual commercial benefit. Sponsorships can come in the form of financial assistance, non-cash goods or a contribution of skills or resources. Sponsorships are not eligible for charitable income tax receipts.

Sponsorship Property: Any physical property, event, cause or other activity for which a sponsor can be associated and receive pre-determined benefits as defined through the sponsorship.

Strategic Philanthropy (Cause Marketing): Cause marketing or cause-related marketing refers broadly to a type of marketing involving the cooperative efforts of a "for profit" business and non-profit organization for mutual benefit. Cause marketing differs from corporate giving (philanthropy) as the latter generally involves a specific donation that is tax deductible while cause marketing is a marketing relationship generally not based on a donation. Through these arrangements, the partner enhances their institutional image and benefits as a result of their strategic association with the cause. Contributions can come in the form of percentage of sales of a company product or other financial assistance, non-cash goods or a contribution of skills or resources.