

Report to Finance and Corporate Services Committee

TO: FINANCE AND CORPORATE SERVICES COMMITTEE

PREPARED BY AND KEY CONTACT: NORA GAVARRE, INVESTMENT COORDINATOR, INVEST BARRIE

SUBMITTED BY: NORA GAVARRE, INVESTMENT COORDINATOR, INVEST BARRIE

GENERAL MANAGER APPROVAL: REBECCA JAMES-REID, EXECUTIVE DIRECTOR, ACCESS BARRIE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: CARLA LADD, ACTING CHIEF ADMINISTRATIVE OFFICER

DATE: March 29, 2017

SUBJECT: OUTSOURING IMPLEMENTATION OF CORPORATE SPONSORSHIP STRATEGY

RECOMMENDED MOTION

1. That the criteria for a consultant listed in Appendix "A" to the report to the Finance and Corporate Services Committee concerning the outsourcing the implementation of the Sponsorship Pilot Program be approved.
2. That the list of city assets identified in Appendix "B" to the Finance and Corporate Services Committee be approved as potential sponsorship naming opportunities in the Sponsorship Pilot Program.
3. That a Request for Proposal be issued to engage a consultant for the Sponsorship Pilot Program based on the criteria and assets identified in Appendices "A" and "B" to the Finance and Corporate Services Committee.
4. That staff report back to General Committee regarding all opportunities involving the direct naming/renaming of City property, buildings and structures.

PURPOSE & BACKGROUND

5. Motion 16-G-273 approved the Sponsorship Pilot Program as outlined in Staff Report INV001-16. The motion also directed Invest Barrie staff to report to the Finance and Corporate Services Committee to initiate the Sponsorship Pilot Program, and for any updates and approvals needed.
6. The purpose of this staff report is to provide Finance and Corporate Services Committee the next steps required to initiate the Sponsorship Pilot Program. As part of this pilot program city staff will need to attain a service provider with the experience and expertise to engage the business community in the exploration of naming and sponsorship opportunities on a pilot basis with specific pre-approved city assets. It should be noted that this program is supplementary to the many philanthropic activities of service clubs and others within the community.

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7. In 2016 Council approved in principal the Sponsorship Pilot Program as outlined in staff report INV001-16. The purpose of the pilot program is to mitigate risk and assess the feasibility of implementing a broad sponsorship program using an external resource. The outsourced sponsorship pilot would be used to track results and report back to council on the findings and whether or not it is viable to roll out the broader strategy with an outsourced model.
8. Council approved the City of Barrie's Sponsorship Policy on December 5th, 2016 which will be used to support and guide the overall implementation of the Pilot Sponsorship Program. The sponsorship policy outlines the levels in which city staff is authorized to enter into sponsorship and advertising agreements. City council approval is required for any sponsorship and advertising contracts that do not satisfy the provision of the policy and for all opportunities involving the naming/renaming of city property, buildings and structures.

ANALYSIS

9. The Sponsorship Pilot Program will allow city staff to track and monitor the effectiveness of the City's sponsorship policy. Through the pilot program city staff will be able to determine the success of entering into sponsorship agreements that align with the City of Barrie's missions, values, and policies.
10. The Sponsorship Pilot Program will be for the duration of 18 months or until all pilot assets have been sponsored. This will allow for sufficient time to provide a comprehensive report back to council. The following aspects of the sponsorship pilot program will be tracked and included in the final report:
 - a) Length of time required to recruit sponsors, as well as negotiate and finalize each sponsorship agreement.
 - b) Cost of outsourcing.
 - c) Ability to maximize value relative to pre-determined asset valuation (Appendix D).
 - d) Capture the level of engagement required from internal staff in order to support the external resource, and what gaps existed in the process.
 - e) Overall effectiveness of the City's Sponsorship Policy.
 - f) Community feedback regarding the sponsorship pilot program.
11. In hiring an outsourced consultant, staff will work with procurement and use a Best and Final Offer RFP process (also known as a BAFO). A BAFO is a procurement strategy where a short-list of top-ranked proponents are invited to enter into concurrent negotiations. This means that separate negotiations are held with each of the short-listed proponents during the same period of time. These short-listed proponents would be provided detailed questions related to their proposals, or informed of those parts of their proposals that are deficient. They are then given an opportunity to improve their offering and to eliminate unacceptable conditions contained in their original proposal. The amended sections are then re-evaluated and re-scored according to the evaluation process defined in the RFP. There are many different types of consultants capable of selling sponsorship and naming rights for the City of Barrie. All of them have different methodologies, price ranges, experience and expertise. By using a Best and Final Offer RFP the City can negotiate elements of the proposal while still ensuring the city gets the best value.
12. In Appendix A, all recommended required criteria to be included in the RFP of an outsourced consultant have been listed. This list was created through discussions with the purchasing department and based on best practices through discussions and research from experience by other municipalities. All criteria recommended for the RFP process would allow for any outsourcing option to submit a bid in this process.

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13. The City of Barrie's approved Sponsorship Strategy was presented in staff report DOC001-16 dated January 4th, 2016. This report includes a categorized list of City assets along with their potential sponsorship and advertising value (Appendix "D"). As part of the motion 16-G-273, Invest Barrie staff are to initiate the Sponsorship Pilot Program. Included in this initiation staff are to report back to Finance and Corporate Services Committee to establish the inventory of assets to be used for the pilot program.
14. Appendix B lists the assets that are to be included in the sponsorship pilot program. This list includes a diversified mix that will allow a variety of asset categories to be tracked and reported back to council on. The mix includes assets from many areas around the City of Barrie; it also includes a variety of naming right opportunities and smaller less visible sponsorship opportunities. Diversification of the asset list is an important part of the Sponsorship Pilot Program as it will allow city staff to track and analyse how different asset types are treated by an outsourced consultant. For example; while outsourcing is a viable option for securing sponsors for large assets, it may or may not be economical for an external resource to try and secure prospective sponsors for smaller assets.

ENVIRONMENTAL MATTERS

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

ALTERNATIVES

16. There is one alternative available for consideration by Finance and Corporate Services Committee:

Alternative #1

Finance Committee could choose to remove or add additional assets to the existing outlined sponsorship pilot program.

This alternative is an option; however consideration should be made to the following aspects of the Sponsorship Pilot Program: Location of the assets, size of the assets, types of assets. A well-diversified asset list is crucial to ensure an effective pilot program.

FINANCIAL

17. 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.
18. Staff will attempt to manage all fees within the already approved budget.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

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

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Appendix "A"

Criteria to be used in the procurement process for engaging a consultant to implement the Sponsorship Pilot Program.

Proponent Criteria:

1. Company Information
 - Provide a company profile
 - Provide relevant company history
2. Describe previous relevant experience marketing and activating sponsorship contracts with similar scope and magnitude. Proponent is to provide 3 examples including the following information:
 - Project title
 - Client name and location
 - Project overview
 - Proponent's role
 - Duration of the contract
 - Methodology
 - Value of the contract (CAD)
 - Key team members
 - List one key challenge in the project and how it was overcome
 - Reference Information, Name and Contact Details
(City reserves the right to check all references)
3. Identify the prime sales lead and all key team members that will work on the project. Resumes should be included.
4. Proponent to describe their understanding of the project and how to achieve this via an 18 month work plan. Please indicate all resources assumed from the city to accomplish this work plan.
5. Proponent to provide a description of their ability to market and broker sponsorship agreements. The description should include their connections to national, regional and local companies. Their ability to develop and produce marketing collateral to support sales activities and their ability to negotiate agreements that provides maximum value for the client. Any other information that supports the proponent's capacity to market and broker sponsorship agreements should be included here.
6. Describe how legal and sponsorship contracts will be developed and executed to the City's satisfaction.
7. Proponent must be able to negotiate sponsorship and naming rights contracts consistent with the City Sponsorship and Naming Rights Policy.

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APPENDIX “B”

Recommended assets to be included in the Sponsorship Pilot Program:

1. Holly Recreation Centre
 - Main Building
 - Arena A
 - Arena B
 - Fitness Centre
 - Aquatic Centre
 - Multi-Purpose Room
 - Youth Centre
2. Southshore Centre
 - Main Building
3. Lampman Lane Splashpad
4. Dog Off-Leash Recreation Area (adjacent to the Barrie Molson Centre)
5. Skateboard Park (Queen’s Park)
6. Public Swims & Public Skates at any City Recreation Centre
7. Events
 - Presenting Sponsor-Celebrate Barrie
 - Presenting Sponsor-Winterfest

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APPENDIX “C”

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;

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- 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

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Sponsorship shall not be solicited from businesses, organizations, or individuals who, in the sole discretion of the City Manager, 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:

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a) Manager Approval

Managers 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 than \$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 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

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- 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.

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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.

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Appendix "D"

Asset Valuation

Facility	Naming Rights Opportunity	Estimated <u>Annual</u> Potential Gross Revenue (based on average price range)
Holly Recreation Centre	<ol style="list-style-type: none"> 1. Main Building 2. Arena A 3. Arena B 4. Fitness Centre 5. Aquatic Centre 6. Multi-Purpose Room 7. Youth Centre 	<ol style="list-style-type: none"> 1. \$80,000.00 2. \$32,500.00 3. \$32,500.00 4. \$12,500.00 5. \$42,500.00 6. \$6750.00 7. \$6750.00
Southshore Centre	<ol style="list-style-type: none"> 1. Main Building 	<ol style="list-style-type: none"> 1. \$22,500.00
Lampman Lane	<ol style="list-style-type: none"> 1. Splashpad 	<ol style="list-style-type: none"> 1. no established value
Dog Park (adjacent to the Barrie Molson Centre)	<ol style="list-style-type: none"> 1. Dog Off-Leash Recreation Area 	<ol style="list-style-type: none"> 1. no established value
Skateboard Park (Queen's Park)	<ol style="list-style-type: none"> 1. Skateboard Park 	<ol style="list-style-type: none"> 1. \$5,000.00
Any Recreation Centre-Public Swims & Public Skates	<ol style="list-style-type: none"> 1. Public Swims 2. Public Skates 	<ol style="list-style-type: none"> 1. \$20,000.00 2. \$20,000.00
Events	<ol style="list-style-type: none"> 1. Presenting Sponsor Celebrate Barrie 2. Presenting Sponsor Winterfest 	<ol style="list-style-type: none"> 1. \$30,000.00 2. \$40,000.00