

DATE OF MEETING February 19, 2020

AUTHORED BY [LAURA MERCER, DIRECTOR, FINANCE]

SUBJECT SPONSORSHIP POLICY AND PROGRAM DEVELOPMENT

OVERVIEW

Purpose of Report

To provide the Finance and Audit Committee with options relating to the creation of a sponsorship policy and strategic plan. |

Recommendation

That the Finance and Audit Committee recommend that Council take a three (3) phase approach to creating a sponsorship policy and strategic plan as follows:

- **Phase 1** – Issue a Request For Proposals to:
 - Conduct a feasibility study/inventory asset valuation
- **Phase 2** – Issue a Request For Proposals to:
 - Develop or update sponsorship/advertising/naming policy
 - Develop sponsorship strategic plan
- **Phase 3** – Implement sponsorship program

BACKGROUND

By definition, sponsorship is a cash and/or in-kind fee paid to a municipality in return for the associated commercial potential associated with that property. It is a business-to-business relationship.

Sponsorships provide an effective means of generating new revenue streams and alternative resources to support facilities, events and programs for all organizations. Sponsorship agreements differ from donations, grants and / or gifts for which there is no recognition or compensation expected. In a sponsorship agreement, the corporate sponsor expects a return on investment based on a marketing strategy via name and brand recognition. |

DISCUSSION

Through the budget review, Council indicated a desire to review the broader opportunities of sponsorship. At the 2019-NOV-13 Special Finance and Audit Committee meeting, the Committee received a presentation from Mr. Brent Barootes relating to Sponsorship and options to consider in moving forward.

As part of developing a sponsorship program, it was recommended under current best practices, that the following steps be taken:

- Conduct a feasibility study/inventory asset valuation;
- Develop or update sponsorship/advertising/naming policy;
- Develop a sponsorship strategic plan to move forward; and,
- Begin actively seeking sponsorship revenues.

A thoughtful and measured approach to creating this new competency to maximize sustainable long-term revenues is needed. As such, Staff recommend a phased approach to implementing a policy and strategic plan if Council wishes to move forward.

The phasing would be as follows:

Phase 1 – Issue an Request For Proposals (RFP) to:

- Conduct a feasibility study/inventory asset valuation to determine what you have to sell, what it is worth, and potential revenue projections.
 - It is critical to understand what the City has to sell, what it is worth and to be able to show value to potential partners.
- Timeline: Complete this phase by June 30, 2020

Phase 2 – Issue an RFP to:

- Develop or update sponsorship/advertising/naming policy. This will give general guidelines like who you will accept money from and who you will not. The policy would also outline:
 - Delegation of authority
 - Where does the money go
 - What role does Council have
 - Does it align with other City policies
- Develop a sponsorship strategic plan to move forward. This includes processes, procedures, sales format, procurement considerations, etc.
- Timeline: Complete this phase by November 30, 2020

Phase 3

- Implement sponsorship program

Strategic Plan Implications

Establishing a sponsorship policy and corresponding strategic plan, aligns with Councils 2019 - 2022 strategic plan under the Governance Excellence pillar.

GOVERNANCE EXCELLENCE

COUNCIL PRIORITY

"We will develop a culture of excellence around governance, management and cost-effective service delivery."

Any monies received from sponsorship revenues could elevate some pressure on future property tax increases and that would benefit all City of Nanaimo property owners. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council take a three (3) phase approach to creating a sponsorship policy and strategic plan as follows:
 - **Phase 1** – Issue a Request For Proposals to:
 - Conduct a feasibility study/inventory asset valuation
 - **Phase 2** – Issue a Request For Proposals to:
 - Develop or update sponsorship/advertising/naming policy
 - Develop sponsorship strategic plan
 - **Phase 3** – Implement sponsorship program
 - The advantages of this option: Allows for a more measured and thought out approach to creating a policy and plan. It will also allow the estimated \$95,000 cost of the project to be spread over more than one year.
 - The disadvantages of this option: The longer it takes to implement a policy and plan, the longer it will take for the City to realize any revenue gains. Preliminary estimates on sponsorship revenues range from \$350,000 - \$500,000 per year.
 - Financial Implications: A phased approach will allow the estimated \$95,000 cost to be spread over more that one year. However, with a phased approach any revenue gains would be delayed. Any future sponsorship revenues could help reduce pressure for property tax increases.
2. That the Finance and Audit Committee recommend that Council not proceed with the creation a sponsorship policy and strategic plan.
 - The advantages of this option: No additional costs would be incurred.
 - The disadvantages of this option: Any alternative revenue sources would not be realized.

- Financial Implications: No additional costs would be added to the 2020 - 2024 Financial Plan and alternatively no potential revenue sources would be realized.
3. That the Finance and Audit Committee provide alternative direction. |

SUMMARY POINTS

- Council indicated a desire to review the broader opportunities of sponsorship.
- Sponsorships provide an effective means of generating new revenue streams and alternative resources to support facilities, events and programs for all organizations.
- Staff recommend a phased approach to implementing a policy and strategic plan if Council wishes to move forward.

ATTACHMENTS:

Attachment A: November 13, 2019 Municipalities and Corporate Sponsorship presentation by Mr. Brent Barootes |

Submitted by:

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GM, Corporate Services

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