

DATE OF MEETING 2023-MAY-17

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**SUBJECT SPONSORSHIP POLICY, INVENTORY DEVELOPMENT AND
VALUATION FOR THE CITY OF NANAIMO**

OVERVIEW

Purpose of Report:

To present to Council with a draft Sponsorship, Advertising and Naming Rights Policy, the Inventory Development and Valuation Report, and the proposed Advertising and Naming Rights Strategy for City of Nanaimo

BACKGROUND

The City is interested in finding alternative revenue sources to help fund City infrastructure as well as offset costs or enhance its programs, services, and events. Sponsorship is a potential new revenue source for the City which remains uncharted with practical indications that the City could enjoy reasonable success in this area.

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.

At the 2019-NOV-13 Special Finance and Audit Committee meeting, the Committee received a presentation from Mr. Brent Barootes of the Partnership Group - Sponsorship Specialists® (PGSS), relating to sponsorship and options to consider moving forward.

At the Finance and Audit Committee meeting 2020-FEB-19, the Committee approved Staff proceeding with an RFP to secure a firm to undertake a three (3) phase approach to creating a sponsorship policy and strategic plan. With the pandemic proceeding right after this was approved, the project was delayed until the following year when an RFP was advertised to establish the following work:

1) Comprehensive Sponsorship Asset Inventory and Valuation

An itemized inventory that identifies all sponsorship assets and provides the fair market value of those assets.

- a) Identification of tangible and intangible benefits, (both naming and non-naming) available to the sponsors;

- b) Suggested list of targeted sponsors with the highest potential for asset sponsorship; and,
- c) Identification of challenges that may impede maximizing revenue potential and opportunities that may accelerate maximizing revenue potential.

2) Implementation and Sustaining Strategies

Based on the inventory and asset valuation, the Consultant will develop both an out-sourced and an internal (City-resourced) strategy for City consideration to implement and sustain the resulting sponsorship program.

3) Draft Sponsorship Policy for Council Consideration.

The RFP was awarded in late spring 2021 to Partnership Group Sponsorship Specialists® and work began later that year.

DISCUSSION

Mr. Barootes will be providing Council a detailed presentation of the work to date. Attached as Attachment A is an Executive Summary of work completed.

As per the terms of reference and scope of work, the consultants have developed and achieved the following in developing a comprehensive Sponsorship program:

- 1) Development of a draft Municipal Sponsorship and Advertising and Naming Rights Policy for Council's consideration. A key step in moving forward with a sponsorship program is the adoption of a policy to guide the work. Attached as Attachment B is a draft Policy for Council's consideration.
- 2) Inventory Asset Valuation (IAV) including the IAV Report for the entire City of Nanaimo, based on the scope of the agreement and selected facilities, programs, features and events, to determine what the City has available for sale and the associated marketing values of those assets from a marketing perspective. This would be worthwhile for a sponsor / business to purchase, to market themselves better and more effectively than traditional marketing channels. From this the PGSS was responsible for determining the potential overall revenue that can be achieved on an annual basis for the City, for revenue purposes beyond taxation and user fees. The comprehensive Inventory of City of Nanaimo Assets is attached as Attachment C.
- 3) Delivery of a detailed strategy for monetization of the IAV including proposed sales approach, associated job descriptions, implementation plan, 5-year revenue forecasts, and expenses and success / progress measurement benchmarking indicators measuring activity and financial benchmarks. Attachment D provides an option for moving forward with potential revenues if program is fully executed.

Next Steps:

As there is a substantial amount of information for the Committee to review on a sponsorship program (as well a need to review the program with key stakeholders), Staff will return to the June Finance and Audit Committee meeting with options that will include:

1. Presenting a Sponsorship, Advertising and Naming Rights Policy as developed by Partnership Group into a formal Council policy for Council's consideration and endorsement.
2. Recommendations for adoption of the Inventory Development and Valuation Report, as well as the Advertising and Naming Rights Revenue Strategy and Five-year Revenue Projections Reports, as guiding documents; and
3. Financial and phasing options for consideration during the 2024-2028 budgeting process.

SUMMARY POINTS

- Create sponsorship opportunities as a potential new revenue source for the City of Nanaimo based on the draft Municipal Sponsorship and Advertising and Naming Rights policy presented for Council's approval.
- Sponsorships create a return on investment to sponsors; it is a business-to-business relationship based on a marketing strategy via name and brand recognition.
- Staff will return to the June Finance and Audit Committee with recommendations for moving forward with a Sponsorship policy and adoption of the Sponsorship strategy.

ATTACHMENTS:

- Attachment A: Executive Summary – City of Nanaimo Inventory Development & Valuation Report.
- Attachment B: Draft City of Nanaimo Sponsorship, Advertising and Naming Rights Policy
- Attachment C: City of Nanaimo Sponsorship Strategy Report
- Attachment D: City of Nanaimo 5-Year Sponsorship Revenue Projections – External Sales Strategy

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