

ATTACHMENT B



RCRS Secondary:	GOV-02	Effective Date:	
Policy Number:		Amendment Date/s:	
Title:	Sponsorship, Advertising and Naming Rights	Repeal Date:	
Department:	Insert Department Responsible	Approval Date:	

POLICY STATEMENT:

The City of Nanaimo is committed to providing high quality programs and services for residents. To enrich the lives of residents by enhancing projects, programs and services the City welcomes sponsorship, naming rights and advertising from qualified businesses and organizations whose support aligns to the City's mission, values and priorities.

PURPOSE:

The purpose of the sponsorship, advertising and naming rights policy is to create an authorized environment and city-wide protocol for sponsorship, advertising and naming rights that establishes the principles and conditions under which the City will pursue and accept sponsorship and advertising agreements and that:

- safeguard the City's image, values, priorities, assets and interests;
- protect the City from any risk;
- align with City Council strategic plan
- align with City projects, programs and services;
- provide City employees with guidelines based on industry recognized best practices;
- provide guidelines and procedures, which facilitate opportunities for sustainable revenue generation.

DEFINITIONS:

Acceptable Commercial Coverage (ACQ)	ACQ is the level of advertising and or sponsorship presence that is acceptable with any one asset. The ACQ will vary significantly according to an individual asset and is influenced by various measurement variables such as, but not limited to the user group demographic and psychographic profile associated with an individual asset.
Advertising	<p>Advertising is the sale or lease of City owned property and space and is universally accepted as a commodity transaction rather than a partnership. Unlike sponsorship, there are no associative values and the commercial use and or lease of City space is based on predetermined industry standard rates of cost per thousand (CPM).</p> <p>Advertising does not imply a reciprocal relationship between the advertiser and the property owner and as such, the advertiser is not entitled to additional benefits beyond the space being purchased.</p>

Asset	A sponsorship asset, also referred to as a 'property' or 'benefit' has a broad application which includes but is not limited to real property (buildings/facilities/green space), events (i.e. Canada Day, Healthamoungus), communications (i.e. leisure guide, web site and social media) programs and services, special projects (i.e. volunteer program), features (i.e. rooms, ice pads, playgrounds) and other relevant properties
Category Exclusivity	Gives a sponsor the rights to be the only company within its business category (product or service) associated with a property being sponsored. A property can have more than area of exclusivity and a business may be required to have more than one category of exclusivity such as Rogers-internet; cellular; cable, TV etc. to cover all their lines of business.
Commercial Naming Rights	A type and level of sponsorship whereby a company or organization purchases the exclusive rights to name a physical structure such as a facility or event with a commercial name typically for a defined period of time under specific contractual terms. In short, this is when a sponsor's name is incorporated into the name of the sponsored property (e.g., Lions Free Skates / Lions Free Swims and Port Theatre).
Sponsorship	<p>Sponsorship is a mutually beneficial business relationship where a corporation or organization provides a rights fee in cash or in a value in kind arrangement for the right to leverage the commercial potential associated with an asset (property) owned by the City.</p> <p>Sponsorship is a marketing-based activity and unlike philanthropic programs (donations), there is a commercial expectation on the part of the buyer (sponsor).</p>
Title Sponsorship	Title sponsorship is the highest level of sponsorship designation in a property such as an event or program. The level is typically the largest contributor in a property and includes rights to name the property.
Values-Centric Assessment / Ethical Scan	<p>A values-centric assessment is a City customized tool that will qualify sponsorship and advertising against pre set values criteria while an ethical scan will vet the potential sponsor or advertiser's overall business.</p> <p>The process provides a guideline that fairly and equitably determine; the acceptable and unacceptable areas of involvement, if a sponsor or advertiser meets the requirements defined by the City's sponsorship and advertising policy or is otherwise affected by the restrictions section of the policy.</p>
Value In-Kind Sponsorship	Payment (full or partial) of a sponsorship rights fee in goods or services equal to a cash amount and provided in lieu of cash. Other terms: In kind, VIK, Contra, barter

SCOPE:

- 4.1. This policy applies to all City business units, departments and divisions.
- 4.2. The policy will apply to all City-owned and managed assets including but not limited to built and natural infrastructure, transportation, facilities, events, communications, programs and services, special projects, features (i.e. rooms, ice pads, playgrounds) and other relevant properties.

4.3 This policy will also apply to:

- Commercial naming rights within the City owned facilities unless allocated such as to major tenants or partners/non-profit operating organization.
- Paid advertising on City property, at City events and in City publications

4.4 The policy does not apply to:

- Pouring rights
- Private-public partnerships (P3s)
- Partnered facilities until such time as an existing agreement between the City and an operating organization expires (Such as SHAW Auditorium / Port Theatre)
- Philanthropic contributions, gifts or donations
- Naming Policy – Parks, Trails and Recreation Facilities (non-commercial naming)
- The City's Heritage Naming Program
- Outgoing grants or sponsorships given by the City
- Streets

POLICY:

Principals and Conditions:

5.1 Guiding Principles

- 5.1.1 Sponsorship and advertising presence with a City asset must reflect the target audience and user group demographic and psychographic profile associated with the asset.
- 5.1.2 Sponsorship and advertising with a City asset must be mindful and respectful of the community associated with the asset so as not to disrupt or interfere with the experience of the asset. As such, the City will determine and manage an acceptable level of commercial presence (ACQ) with each City asset.
- 5.1.3 Sponsorships are associative in nature and therefore alignment to predetermined City values is necessary.
- 5.1.4 As a collaborative arrangement, in return for cash or value in kind consideration, a sponsor shall receive benefits commensurate with the assessed fair marketing value of an asset being sponsored.

5.2 Requirements

- 5.2.1 The City does not endorse the products, services or ideas of any sponsor or advertiser.
- 5.2.2 As sponsorship and advertising is a revenue generation activity it is intended to only supplement City funding for the purpose of enhancing City programs and services. Sponsorship or advertising can not displace or be seen to displace City funding, nor be perceived solely as a budget advantage.
- 5.2.3 In order to expedite the sponsorship process, a formal competitive process is not required. However, in the event of a competitive situation between two or more companies with rights fees being equal, the City will defer to the company which aligns best to the values and priorities of the City.

- 5.2.4 Sponsorships shall take into consideration City capacity implications on staffing and financial resources.
- 5.2.5 Sponsorship and advertising must comply with the City's visual identity guidelines / signage by-laws in all relevant situations.
- 5.2.6 All political advertising must indicate this it is paid by a party or candidate, so as to avoid any impression that the City is supporting any particular party or candidate.
- 5.2.7 Advertisement must not communicate the City's endorsement of product or service over another.
- 5.2.8 The City reserves the right to accept advertising and sponsorship from companies that do not violate this policy.

5.3 Sponsorship / Advertising Criteria

- 5.3.1 Sponsorships and advertising must conform to all applicable federal and provincial statutes and all applicable City bylaws, policies and practices.
- 5.3.2 Sponsorships and advertising must conform to the standards set out by the Canadian Advertising Standards Council as amended from time to time.
- 5.3.3 The sponsorship must not unduly detract from the character, integrity, aesthetic quality or safety of a City asset or unreasonably interfere with its enjoyment or use.
- 5.3.4 The City will consider all sponsorship proposals but retains the discretion not to accept sponsorship from any entity at its sole discretion.
- 5.3.5 The sponsorship must not confer a personal benefit, directly or indirectly, to any particular City employee or elected official.
- 5.3.6 The City shall retain ownership and control over all City-owned and managed assets
- 5.3.7 Benefits provided to the sponsor by the City are limited to those stated in the sponsorship agreement.
- 5.3.8 The category exclusivity rights clause provides exclusivity rights to the asset being sponsored and does imply exclusivity privileges with the City itself.

5.4 Restrictions

- 5.4.1 The City will not solicit or accept sponsorship or advertising from companies or organizations whose business contradict any by law or policy of the City in any way.
- 5.4.2 The City will not solicit or accept sponsorship or advertising from companies or organizations that will compromise the reputation of the City's public image.
- 5.4.3 The City will not solicit or accept sponsorship or advertising from companies or organizations;
 - whose business is derived from the sale or production of tobacco;
 - whose business is derived from the sale or production of cannabis;
 - whose business is derived from pornography or sexual services;

- who promote or sell alcohol or potentially other addictive substances at venues geared primarily to children and youth;
- whose business is derived from armaments and weapons manufacturing or other unsafe products or sale of such weapons excluding recreational firearms;
- who are not in good standing with the City (i.e. currently in violation of a by law or under litigation);
- discriminate by way of race, religion or sex in employment, marketing or advertising practices.

PROCEDURES:

Responsibilities

Parties involved in sponsorship/advertising decisions undertake the following specific responsibilities:

6.1 City Council review and authorization required on:

- any sponsorship which involves any contract over \$40,000 per year or any sponsorship which involves the naming or renaming of a City asset in excess of an annual investment over \$40,000
- any proposal which exceeds the preauthorized limits
- provisions of the policy not be satisfied
- Sponsorship, naming and advertising policy amendments if necessary.

6.2 The Corporation of the City of Nanaimo:

- managing the City's sponsorship and advertising program
- planning and development
- evaluation and assessment
- providing program guidance and assistance to support the City's divisions and business units
- providing program information to the general public
- communications guideline continuity
- management of city-wide agreements
- annual policy review

6.3 Delegation of Authority

City staff are authorized to enter into sponsorship and advertising agreements within the following pre-authorized limits provided they satisfy all provisions of the policy are:

- Council –Any contract over \$40,000 per year or any sponsorship which involves the naming or renaming of a City asset.
- CAO up to \$25,000 to \$40,000 per year
- GM Parks Recreation and Culture or Director Corporate and Business Development (Depending on where this program is housed) \$10,000 to \$25,000 per year
- Sponsorship Sales Manager, Coordinator or 3rd Party Sales Agency - \$3,500 to \$10,000 per year

6.4 Financials

- Funds received through the sponsorship and advertising policy will be allocated to the Sponsorship and Advertising Reserve.
- Funds will not be allocated to the specific area or naming right of a building as sponsorship agreements will include assets from multiple touch points across the City.
- Each year that this policy is in place, staff will consider available funding in the Sponsorship and Advertising Reserve in the development of the annual project and operating budgets.
- Funding of the capital and operating budgets from the Sponsorship and Advertising Reserve can only occur once funds are received (rather than the point of revenue recognition).

Eligible projects to be funded from the Sponsorship and Advertising Reserve include:

Operating Budget

Asset maintenance such as:

- Building repairs, facility improvements and tree maintenance
- Special Events

Capital Budget

Asset renewal such as:

- Roads, sidewalks, walkways and trail renewals
- Renewal of City facilities and park amenities

6.5 Documentation

All sponsorships must be documented and arranged in a fixed term. A legally binding agreement must be entered into for each sponsorship arrangement consistent with the size, complexity and scope of the sponsorship and in accordance with the City's protocol of procedures and delegations associated with agreements.

Sponsorships over \$ 3,500 per year will require a contract. In these cases, the City shall consult with the legal services to ensure appropriate terms and conditions are being identified.

6.6 Evaluation

Sponsorship and advertising opportunities will be evaluated to determine fit and alignment to the City's image, values and brand and to assess that all provisions in the policy are satisfied.

Ethical scans will be conducted on all sponsorships \$3,500 or more in value.

6.7 Review

The sponsorship and advertising policy shall be reviewed on an annual basis in the first two years of the program start up.

RELATED DOCUMENTS:

- City of Nanaimo Signage By-Law
- Naming Policy – Parks, Trails and Recreation Facilities (non-commercial naming)
- City of Nanaimo Memorial Bench and Tree Program Policy
- City of Nanaimo Street Naming Policy
- City of Nanaimo Donation Policy
- Canadian Code of Advertising Standards

REPEAL or AMENDMENT:

N/A

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