

FINANCE AND ADMINISTRATION COMMITTEE – JUNE 20, 2011

PRESENTATION ON NON TAXATION REVENUE

RECOMMENDATION

The Director of Economic Development, in consultation with the City Manager, recommend:

1. That the staff report and presentation be received for input and discussion.

Contribution to Sustainability

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

To be sustainable as a City we must look for and be open to alternative revenue sources.

Economic Impact

The costs associated with the presentation have been budgeted from the Economic Development Budget.

Communications Plan

N/A

Purpose

The purpose of this presentation is to provide Council with an overview on Non Taxation Revenue that was requested at Finance and Administration Committee, January 17, 2011, Report Number 1, Item 2, "Non Taxation Revenue".

Background - Analysis and Options

The Vaughan Vision 20|20 Strategic Plan sets out a vision and direction for the City over the next decade and beyond. A major initiative identified in the Strategic Plan is Management Excellence with the specific goal to Ensure Financial Sustainability.

Continuing to plan for the future puts the City in a better position to deal with the many challenges confronting the municipal sector. Availability and quality of municipal services and programs, the environment, traffic congestion, infrastructure and community safety are matters that will need to be addressed as the City grows. Meeting public needs and expectations will require prudent financial planning to control expenditures and the optimizing of potential revenue sources.

Traditionally, municipalities in Canada have relied on taxation to fund the majority of their programs and services. The funding of the City's 2011 operating budget is funded 64 percent from taxation. As the City moves forward and particularly in these current economic times, municipalities must increasingly seek out other sources of revenue.

There is a diverse set of revenue-generating opportunities that could be considered. These opportunities include naming rights, signage, product placement, advertising on vehicular assets, website, co-branding, exclusivity agreements, supplier agreements, loyalty programs, and event sponsorship. These opportunities need to fully explored as potential revenue opportunities for the City.

About IMI

IMI International is a full-service marketing consultancy - leveraging consumer marketing research - specializing in the optimization of brand activations.

Established in 1971, IMI International is globally recognized for its work in the pre- and post-evaluation of consumer marketing efforts and has developed proprietary consumer research methodologies and success thresholds that serve to improve a clients' return on marketing investment. IMI has offices in Toronto; Phoenix, Arizona; Melbourne, Australia and London, United Kingdom.

IMI International has amassed a proprietary database of over 10,000 marketing measurements and optimizations, including more than 3,500 regarding sponsorship, with many focused on Canadian properties and their valuations.

About the Team

Don Mayo: Global Managing Partner, the leader of the presentation, is highly sought-after internationally to share his unique perspective on sponsorships and other marketing activations. Don started with IMI International in 1985 and developed and implemented a ROI optimization system around the world. Don has been involved with the evaluation and optimization of marketing activations in 80 categories in 15 countries. He has experience surrounding the largest worldwide marketing and sponsorship campaigns, including the 2010 Vancouver Olympics, to grassroots marketing in towns with fewer than 1,000 people.

Duane Hargreaves: Client Service Director, brings extensive strategic insights to bear through his experience at IMI International and via his Consumer Psychology PhD from Flinders University in South Australia and having completed his post-doctoral work at the University of Toronto. Duane's advanced knowledge of statistical techniques ensures the appropriate study designs are implemented for clients and partners. Duane's proficiency with statistical analysis has found counter-intuitive sponsorship insights, providing clients with a competitive advantage as they plan for the future.

Victor Kok: Victor Kok, Client Services Director, brings over 15 years of strategic marketing consulting and research experience, working with Fortune 1000 companies around the world to help them evaluate and optimize their marketing efforts. His experience ranges from consulting on integrated marketing campaigns, to evaluating sponsorships ranging from single day events to the 2010 Vancouver Olympics.

The Presentation

The presentation will provide an overview of how to achieve the following;

1. **Discovering How Cooperative Marketing Opportunities Drive Mutually Beneficial ROI:**
A thorough demonstration of IMI International's extensive insights, best practices and global case studies amassed over the last 27 years in the Canadian sponsorship business. Council will understand how and why driving sponsorship awareness and planning for experiential activation of any sponsorship are paramount.
2. **Demonstrate How Cooperative Marketing Opportunities Alignment and Fit Ensures Success:**
Learn how IMI International has brought its extensive experience to bear for leading national and international corporations, properties and organizations to quantifiably select sponsors for properties. Council will learn how and why strategic sponsorship selection, according to consumer-validated alignment and fit, between the property and brand drives both favourability and impact for both partners.
3. **Discuss How to Value City-Owned Properties to Maximize Revenue:**
Plan to optimally leverage Public-Private Partnerships for the City so it may increase Non-Taxation Revenue to offset undoubtedly increasing costs and service delivery

expectations by ratepayers. Council will learn how and why quantifiable, third party valuation of sponsorship properties ensures rational, fact-based pricing and increases the potential for sponsorship sales and optimized pricing for new, co-branded City assets.

Relationship to Vaughan Vision 2020/Strategic Plan

In consideration of the strategic priorities related to Vaughan Vision 20|20, the report will provide:

STRATEGIC GOALS:

Service Excellence – Providing service excellence to citizens.
Management Excellence

STRATEGIC OBJECTIVES:

Plan and Manage Growth & Economic Vitality.

Regional Implications

None

Conclusion

Non taxation revenue has the potential to represent a significant source of additional revenue for the City of Vaughan. The City has a large amount of building infrastructure, parkland, and other assets that could be of interest to the private sector and in turn generate revenue for the City. Consideration must be given to the extent and appropriateness of the arrangements entered into with the private sector. Revenue generating opportunities would be a prudent and a proactive approach to ensure that the City's tax base is enhanced beyond the traditional balance between residential and business property tax. This will aid in the preparation of the City's annual budgeting and forecasting systems and better improve the financial health of the corporation.

Attachments

Not applicable

Report prepared by:

Tim Simmonds, Director, Economic Development

Respectfully submitted,

Tim Simmonds
Director of Economic Development