

## **COMMITTEE OF THE WHOLE – JUNE 5, 2012**

### **STRATEGY TO IMPLEMENT A MUNICIPAL SPONSORSHIP PROGRAM**

#### **Recommendation**

The Director of Economic Development, in consultation with the City Manager, recommends that this report be received for information.

#### **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. Under this definition, to be sustainable as a City we must look for and be open to alternative revenue sources.

#### **Economic Impact**

All costs associated with the preparation of a Strategy to Implement a Municipal Sponsorship Program were approved through the 2012 budget process.

#### **Communications Plan**

The communication process that the Purchasing Department used for the RFP Strategy to Implement A Municipal Sponsorship Program was advertised through Biddingo, Ontario Public Buyers Association (OPBA) and City Page. The final report and strategy will be presented to Council at a future Committee meeting in 2012 and distributed in hard copy format. In addition, an electronic copy in pdf format will be available on the City's website.

#### **Purpose**

To provide an update on the Strategy to Implement a Municipal Sponsorship Program RFP and process.

#### **Background - Analysis and Options**

##### **An Economic Need**

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.

### RFP Process

The Purchasing Department guided and facilitated all aspects of the process for RFP 12- 110 Strategy to implement a Municipal Sponsorship Program. At the close of the RFP submission date, three submissions were received. The evaluation committee, which was comprised of staff from Budgeting and Financial Planning, Recreation and Culture, Corporate Communications and Economic Development evaluated the three submissions based on the RFP criteria listed in the RFP document. The proposals were evaluated on the basis of the following: Consultant Profile and Consultant Resources: 40 percent, Proposed Approach and Methodology: 30 percent, Work Schedule: 20 percent, Financial: percent. The highest score was achieved by the Centre of Excellence for Public Sector Marketing (CEPSM).

### Strategy Timeline

- **Week of June 11-15, 2012 (Phase One)**  
Project Start-Up Meeting / Tour of City Facilities  
Conduct Consultations with key City Managers
- **June – July, 2012**  
Internal/External Stakeholder Consultations - Develop Master Inventory of Sponsor Assets, Prepare Draft Valuation and Preliminary Findings Report, Conduct Planning Session to review Draft Report and determine Strategic Direction for Phase 2
- **August – September, 2012 (Phase Two)**  
Draft and review Sponsorship Strategy & Action Plan with Senior Management
- **October, 2012**  
Presentation and Report of Sponsorship Strategy & Action Plan report to Council

### Components of the Strategy

#### Phase One | Opportunity Assessment and Valuation Phase

In this phase, the consultant will examine the City's operation to identify all of the opportunities identified related to achieving sponsorship revenue objectives and calculate the potential value of these assets. This phase includes:

- Initial review of the City's objectives, core activities, target audiences and primary delivery mechanisms to reach target audiences (e.g. facilities, events, programs, publications, etc.);
- High-level analysis of any existing sponsorship initiatives including the process currently used to recruit sponsors and the value received through these arrangements;
- Identification of potential new sponsorship / advertising opportunities;
- Consultations with key City staff to explore issues and opportunities. This may include one-on-one consultations, group discussions or a combination of the two;
- Development of a Master Inventory of Sponsorship Assets (or benefits) that can be leveraged with potential sponsors, including civic-wide and facility / program-specific benefits;
- Assign Tangible Values for all identified benefits based on fair market / industry values;
- Identification of the City's unique selling proposition (USP) and how this can be used to determine the "associative" or intangible value of City sponsorship assets and position the City's opportunities in a competitive environment;
- Overall recommendations on how the sponsorship program could be structured (Sponsorship Framework) including high-level revenue estimates.

The consultant will prepare a Valuation Statement and Preliminary Findings Report that sets a strategic direction for the program.

### Phase Two | Sponsorship Strategy and Action Plan

Based on feedback on the findings and overall direction presented from the Opportunity Assessment and Valuation Phase, the consultant will prepare a detailed Sponsorship Strategy & Action Plan that includes the following components:

- An overview of the environmental conditions and other key factors (strengths, weaknesses, opportunities and threats) that may influence the City's ability to achieve sponsorship revenue objectives with recommendations about how any major challenges can be addressed;
- Development of a detailed Sponsorship and Advertising Framework that sets the direction for the next 3-5 years;
- Detailed recommendations on how various assets can be leveraged to generate sponsorship revenue streams for the organization;
- Detailed recommendations on core sponsorship packages including specific benefits, estimated value and recommended value (price) for each offering;
- Specific recommendations on how existing partners (if applicable) can be integrated into the overall Sponsorship Framework;
- Identification of industry sectors and specific companies that represent the best fit for various sponsorship/advertising opportunities;
- Recommendations related to the positioning and marketing of the Sponsorship Program, Implementation Strategies, Recruitment Tactics and Sponsor Servicing including the advantages/disadvantages for managing the program in future years, either through external vendor services or by implementing an internal, centralized sponsorship office;
- Recommended technology requirements to administer the program;
- Recommended infrastructure (internal) requirements to support the program;
- Recommended promotional collateral and supporting documents;
- Action Plan including a 5-year roll-out strategy.

### **About Centre of Excellence for Public Sector Marketing (CEPSM)**

Established in 1996, the Centre of Excellence for Public Sector Marketing is dedicated to the advancement of marketing in the public and not-for-profit sectors, specializing in the development of tools, strategies and programs that contribute positively to an organization's bottom line, whether it be financial or performance-driven. With over fifteen years of experience managing high profile sales and marketing campaigns, sponsorship programs and corporate events, CEPSM helps clients choose the most effective marketing vehicles to promote their product(s) and assists them in leveraging these mediums to achieve the greatest return on investment for marketing dollars. CEPSM provides nationally recognized expertise in the development of sponsorship and corporate partnership assessments and strategies for clients ranging from federal, provincial, municipal and not-for profit organizations to the consumer retail and technology sectors. The company specializes in the assessment of sponsorship or corporate community investment opportunities and helps organizations take a professional and strategic approach towards generating revenue through these initiatives.

Over the past 10 years, CEPSM has performed professional sponsorship valuation services for more than 800 individual properties including a wide range of festivals and events, NHL, CFL and major national / international sporting venues and events, a diverse portfolio of national associations and non-profits and numerous public sector organizations (including municipal operations). The company's strength is in its approach toward determining the value of various properties and the innovative sponsorship strategies it develops to create value for the sponsor, the property and most importantly, the audience.

CEPSM also has significant experience in working with municipal operations and other forms of multipurpose facilities in assessing the value of these properties and recommending strategies to maximize revenues through sponsorships and other types of corporate investments. For 10 years, the company's principal, Bernie Colterman, worked in a municipal setting and spearheaded the City of Ottawa's first efforts in sponsorship development. Following this term, he worked as a senior manager at Lansdowne Park (Ottawa) where he generated over \$500,000 per year in sponsorship revenue for this multi-purpose facility. CMG Canada has also assisted a range of municipalities / multi-purpose facilities in assessing their sponsorship revenue potential including the City of Ottawa, Township of King and the Western Fair Entertainment Complex (London). In total, CEPSM staff have raised over \$25 million dollars in sponsorship revenue for various public sector, not-for-profit and private sector clients.

### **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**

NA

### **Conclusion**

The RFP process was initiated to identify and select an outside, independent agency to develop a strategy to support corporate sponsorship and advertising revenue growth, package potential offerings to the private sector, and to identify the staff, resources and infrastructure required to manage the program.

The Sponsorship Strategy will include the development of a comprehensive sponsorship inventory which will identify those assets that could be leveraged by the City through their sponsorship/advertising/naming rights offerings, the tangible and intangible values for those assets (and packages), strategic recommendations related to the implementation of a City-wide program and the identification of any issues /or challenges that may impede maximizing revenue potential within the current or future environments.

### **Attachments**

Not Applicable

### **Report prepared by:**

Tim Simmonds, Director, Economic Development Department

Respectfully submitted,

Tim Simmonds  
Director of Economic Development