



CITY OF
FORT SASKATCHEWAN

June 20, 2017

SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING STRATEGY



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INTRODUCTION AND METHODOLOGY

SECTION ONE

INTRODUCTION

The City of Fort Saskatchewan is constantly growing and evolving. As the community matures, so too does its' administrative protocols, procedures and structure need to adapt to new demands and market conditions.

The City is currently responsible for a number of municipal services that meet the needs of both residents and visitors. These services include things like water and wastewater infrastructure, fire and protective services, roads, recreation and parks, transit, and others. These services are funded by both internal and external sources through a combination of commercial, residential, and industrial taxes as well as user fees, government grants, sponsorships, naming rights, and advertising.

Over time, as provincial and federal funding models evolve, municipalities are becoming increasingly sophisticated and diverse in how they approach funding outside of traditional streams such as taxes and fees. External funding sources, such as grants from other levels of government and sponsorships, naming rights, and advertising, help leverage tax revenues and ultimately provide enhanced levels of service to residents and visitors than could be achieved through the local tax base alone.

The purpose of this strategy is to look at the current processes, protocols, and successes associated with one aspect of external funding: sponsorship, naming rights, and advertising. Through an inventory and review of the current situation related to these activities, this study answers three key questions:

1. What are the **current successes** of the City (as a whole) regarding sponsorship, naming rights, and advertising?
2. What, if anything, is the City's current management of sponsorship, naming rights, and advertising **"leaving on the table"**?
3. Is there a **business case for a more robust, sustainable, and well-managed revenue stream** for the City based on sponsorship, naming rights, and advertising?

As these three questions are answered, this strategy also outlines key actions and adjustments that are recommended to best position the City to align with a refreshed related policy and optimize efforts related to sponsorship, naming rights, and advertising

METHODOLOGY

In order to develop this strategy, a number of tasks were administered. A thorough review and inventory of existing efforts related to sponsorship, naming rights, and advertising were created by the project team. A review of pertinent policy, existing agreements in place, and industry publications were also conducted to understand the current internal and market context for future strategic thinking.

Once inventories were better understood, a valuation tool was used by the consulting team to identify current successes and opportunities related to sponsorship, naming rights, and advertising. The valuation tool, which is proprietary to the consulting team, considers opportunity characteristics such as expected traffic and utilization, exposure, asset value, and brand association benefits and calculates defensible and expected return rates for the different assets within the City's inventory.

These return rates and opportunities, as well as the internal and external market context for sponsorship, naming rights, and advertising, are meant to set potential expectations for and justify a sustainable sponsorship, naming rights, and advertising business unit for the City that produces a predictable return on investment.

THE CURRENT STATE OF SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING IN THE CITY OF FORT SASKATCHEWAN

SECTION TWO

The City of Fort Saskatchewan currently approaches sponsorship, naming rights, and advertising on a department-by-department basis. There is no single, consolidated point of contact with the City which can lead to duplication of efforts and an element of confusion in the market. Businesses are often approached by multiple staff from different departments with different programs to consider. Currently, departments with a sponsorship, naming rights, and advertising function (either as identified in job descriptions or not) are as follows:

1. Corporate Communications
2. Culture
3. Dow Centennial Centre
4. Family and Community Support Services
5. Harbour Pool
6. Parks
7. Recreation
8. Transit (advertising)

These different departments offer a wide array of sponsorship, naming rights, and advertising opportunities. The array of opportunities are each presented independently, although the City's branding guidelines are followed for all print material, and have been evaluated independently. There is currently not a consistent approach to valuating and presenting opportunities for sponsorship, naming rights, and advertising to the potential partner marketplace.

Current efforts of the different departments have resulted in the following successes:

Current Performance	
Department	Current Annual Revenue
1. Recreation	\$4,480
2. Dow Centennial Centre	\$—
3. NWMP Fort	\$22,480
4. Culture	\$64,600
5. Other	\$11,000
Total	\$102,560

It is also important to note that current City efforts related to sponsorship, naming rights, and advertising also result in “in kind” donations made to the City. Although the value of these “in kind” items is hard to quantify, it is significant and includes things such as professional services (marketing assistance), products (hotel room nights, printing, etc.), time, and materials.

The historical approach to sponsorship, naming rights, and advertising in the City has been project based. In the case of the Dow Centennial Centre, a successful fund raising campaign raised over \$2.5 million in sponsorships and donations (excluding government grants). More recently, The North West Mounted Police Fort raised \$408,000. Most of these agreements were agreed to in perpetuity which, at the time, was a common practice. One of the challenges this approach presents is that the revenue stream is short term while the sponsorship attributes of the asset continue to appreciate in value. When amortized over time, these agreements significantly reduce the sponsorship value of the asset. For example, assuming the life span (perpetuity) of the Dow Centennial Centre is 40 years, the \$75,000 raised for the fitness centre becomes an annual contribution of under \$2,000 per year. In addition, the sponsor loses value in their brand name as their signage and activation becomes aged over time.

POLICY

In regards to policy associated with sponsorship, naming rights, and advertising, the City has recently developed a Sponsorship, Naming Rights, and Advertising Council Policy (GOV-013-C). The Policy outlines roles and responsibilities related to these two activities within the corporation. The following graphic summarizes.



TRENDS AND MARKET CONTEXT

SECTION THREE

Increasing demand and pressure for quality, diversified municipal service delivery, especially in communities where growth is occurring, has forced many Alberta municipalities to explore new avenues of funding. Grants are available for municipal infrastructure and initiatives, many of which are focused on topics of the day such as green infrastructure, social inclusion, and infrastructure renewal, yet grants alone are not enough in leveraging local tax dollars to meet resident and visitor demand. That being said, municipalities have begun to market “saleable sponsorship assets” to external partners.

The increasing presence of multipurpose recreation facilities and major park sites that draw a significant number of daily users has created a critical mass and brand association sought by many private sector firms within and beyond the health and wellness industry. Communities with transit systems have realized the exposure that buses and transit infrastructure offer to prospective partners and have begun to value and sell opportunities.

Corporations are becoming more interested in funding community initiatives and projects and have intentions, and associated budgets, for investing in the communities they and their employees are a part of. Corporations are wanting to invest in community and associate their brands with health and wellness and other positive attributes that can easily be tied to municipal facilities and assets.

More specific to the City of Fort Saskatchewan, being part of the Industrial Heartland and in the centre of substantial and ongoing economic activity, the City's ability to draw significant corporate investment is promising. Recent successes portray a corporate

A review of similar sized Alberta municipalities was conducted to understand the state of organizational effort and organization related to sponsorship, naming rights, and advertising. Camrose, Cochrane, Leduc and Spruce Grove were analyzed.

- 2 of the 4 had a “Sponsorship Policy” in place.
- 1 of the 4 had dedicated staff responsible for sponsorship efforts (part time).
- 2 of the 4 had a single department/business unit responsible for the coordination of sponsorship.

It is estimated that 66% of municipalities in Canada (up from 45% in 2013) are involved in some sort of sponsorship engagement and of those who aren't, 90% are planning to be in the near future. Assets most commonly marketed include naming rights, events, programs and community initiatives. As it relates to naming rights, the most common terms are 5 – 10 years (45%) and 3 – 5 years (23%) in contrast to “in perpetuity” terms used in the past.

In regards to the legitimacy of “sponsorship” as a municipal function, 55% of those municipalities engaged in these activities have a central office for sponsorship while the other 45% leave it to individual departments to handle. Further to this, 68% use internal staff to manage sponsorships with 35% compensating staff between \$80,000 – \$100,000. The majority of municipalities that pay external contractors to conduct the sponsorship function do so through commissions which typically range from 10% – 25%. In regards to policy and protocol, 82% of municipalities have a Sponsorship Policy in place while 66% have a Naming Rights Policy and 43% have an Advertising Policy.

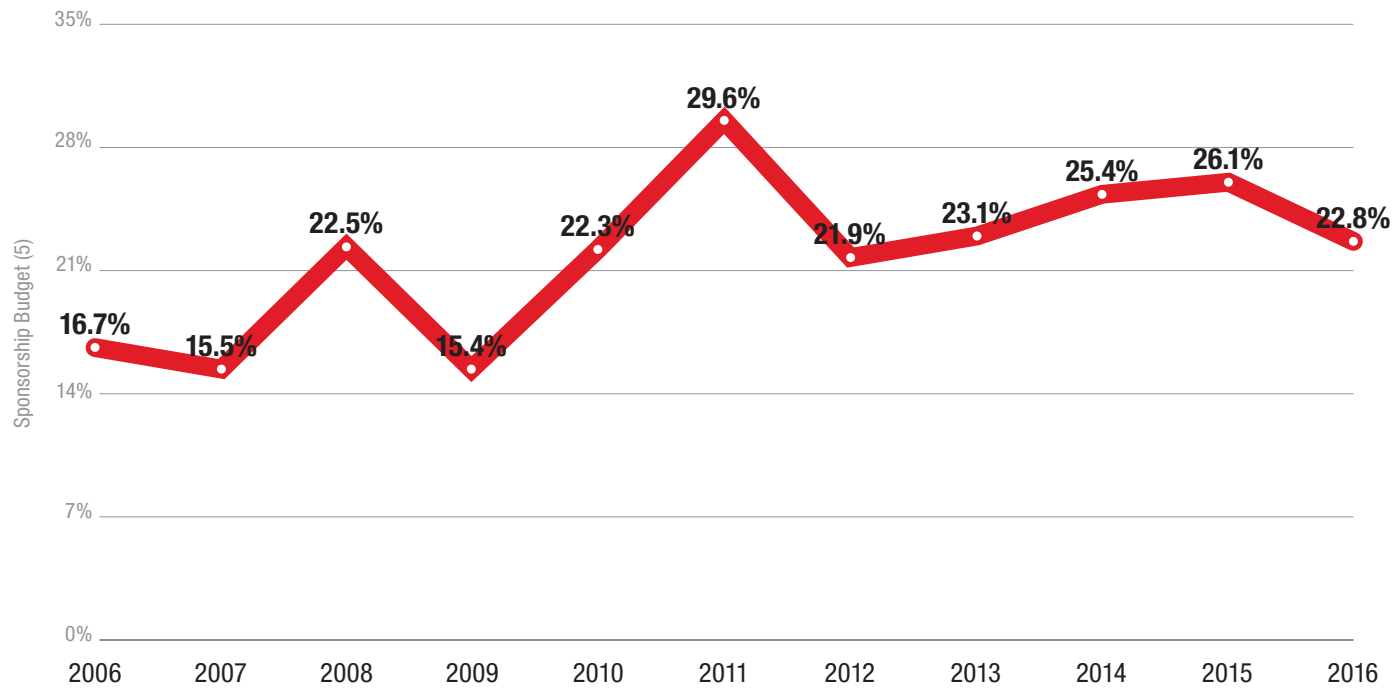
Excerpts taken from the Canadian Municipal Benchmarking Survey on Sponsorship and Naming Rights (2015): Centre of Excellence for Public Sector Marketing (CEPSEM).

willingness and eagerness for sponsorship, naming rights, and advertising and expected future investment in the Heartland in the billions (<http://industrialheartland.com/resources/project-status/>) suggest that this attitude and investment will continue.

The graph below is taken from the 2017 Sponsorship Landscape Study and shows the average percentage that companies are spending of their marketing budgets on sponsorship. This clearly indicates that companies are recognizing the value of connecting in a more meaningful way with their customers than simply advertising. This works in favour of organizations that have valuable assets that can align with sponsorship and marketing objectives.

MARKETING COMMUNICATIONS BUDGET

The 11-year average annual spend of marcom budget on sponsorship was 21.9%.



SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING OPPORTUNITIES

SECTION FOUR

The City of Fort Saskatchewan has been successful in attaining significant sponsorship, naming rights, and advertising investment in the past and has a number of agreements in place carrying on into the future. Some of these arrangements were structured and secured under perpetual time frames and under other terms and conditions that might be approached differently today due to the evolution of the municipal sponsorship, naming rights, and advertising marketplace (including evolving corporate interests, the changing nature of municipal sponsorship approaches, and the City's new policy framework). The following table outlines existing arrangements, the annual return they are providing and the potential return if the arrangements were to be renegotiated or marketed in today's environment.

Asset	Sponsorship Valuation (annual)	Current Annual Revenue	Added Value Valuation (annual)	Missed Opportunity from Perpetuity Agreements	New Revenue Potential (annual)
Recreation	\$203,000	\$4,480	\$276,000	\$—	\$474,520
DCC	\$313,750	\$—	\$227,000	\$313,750	\$227,000
NWMP Fort	\$118,000	\$22,480	\$95,520	\$94,400	\$96,640
Culture	\$134,775	\$64,600	\$79,775	\$75,000	\$74,950
"Other" Potential*	\$303,200	\$11,000	\$303,200	\$—	\$595,400
Totals	\$1,072,725	\$102,560	\$981,495	\$483,150	\$1,468,510

* "Other" includes transit advertising, LCD screens, programs, and events.

Note: Please refer to appendix C for a more detailed explanation of how the valuation was completed.

Assuming that existing assets could be renegotiated and re-marketed under current market conditions, the City is currently losing out on at least \$483,150 annually for assets that are under contract to corporate and/or non-profit partners.

In addition to the lost opportunities with existing assets, the last column outlines new potential opportunities/assets that have been identified through this strategic process. As can be seen, another \$1,468,510 could be available should the City have the resources to pursue additional sponsorship, naming rights, and advertising arrangements. This does not include any future major projects (i.e. new facilities or parks, buses, etc.) that will also create opportunity.

During the course of marketing the sponsorship, naming rights and advertising properties, it can be assumed that there would be a discount program for larger agreements as well as a ‘vacancy rate’ for unsold inventory. Based on experience, the typical discount rate is approximately 10% while the vacancy rate can vary from 10 – 20%. In the current situation at the City of Fort Saskatchewan, this would render realistic revenue potential of \$1,027,957 annually.

HOW VALUE CAN BE ADDED TO AN EXISTING AGREEMENT

DCC Fitness centre.

Paid \$75,000 in perpetuity.

Final payment made in 2008.

Current valuation \$30,000 per year.

Opportunity: Work with Sponsor to refresh the marketing presence (signage, programming, etc.) in the fitness centre creating \$25,000 in annual value.

REALISTIC REVENUE POTENTIAL CALCULATION

Total Potential Revenue: \$1,468,510

Discount Rate: \$146,851 (10%)

Vacancy Rate: \$293,702 (20%)

Net Revenue Opportunity: \$1,027,957

SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING THREATS

SECTION FIVE

Upon assessing the current state of sponsorship, naming rights, and advertising at the City and after identifying lost and potential opportunities associated with City assets, there are a number of key threats that need to be addressed in order to maximize sponsorship, naming rights, and advertising efforts.

TERMS OF EXISTING AGREEMENTS

Many of the existing agreements the City has in place are in perpetuity. This means that the original contribution made has to be spread out over the entire life of the asset. Although perpetual terms were once common, the market has evolved to fixed terms such as 5 – 10 year contracts. This approach provides more value to the municipality and also fits into annual corporate budgets. The threat associated with perpetual terms is not only attached to the contract already in place; the corporate sponsorship, naming rights, and advertising market in Fort Saskatchewan may be accustomed to and expect perpetual terms. This expectation (if it exists) will have to be overcome for future agreements and in the cases where attempts to recover lost opportunities are made. The perpetual nature of existing agreements also suggest that little

partnership development and nurturing is required as the agreements will never have to be renegotiated. That said, once fixed term agreements become the norm, a new way of doing business, with more ongoing partnership relationship development will also be required; a function that is not currently and/or sufficiently resourced by the City. Additionally, sponsors who have shown interest and support in the past tend to continue to see value in supporting City programs and initiatives so the long term relationships formed are important to the continued success of the program.

LACK OF COORDINATION

As there are eight+ departments currently seeking sponsorship, naming rights, and advertising from the local market in Fort Saskatchewan, there is sufficient risk in potential partners being targeted more than once by the City. There is also limited ability to find the right “fit” for potential partners and opportunities as no holistic, global perspective is held. In some cases, packaged opportunities may bring larger sums to the overall organization. Currently, the lack of coordination is a threat.

LACK OF APPROACH

The City's current approach to sponsorship, naming rights, and advertising, via each independent department, is not consistent nor coordinated. The individuals tasked with connecting with potential and current partners are only, in some cases, trained as specialists in the area and most have had little to no experience in sponsorship, naming rights, and advertising prior to this posting. Fund resourcing, and sales in general, is considered by some to be an art and training and professional development for staff responsible for sponsorship, naming rights, and advertising is key to maximizing efforts.

ALIGNMENT WITH COUNCIL OBJECTIVES

As is the case with any municipality, priorities change with elected officials from term to term and within each. Sponsorship, naming rights, and advertising efforts for municipalities are rooted in political will to enable corporations to associate with the local municipality. The types and terms of agreement, the nature of desirable/allowed partners, and the overall reliance on sponsorship, naming rights, and advertising will change as the City evolves and as elected officials change. So too will the City's approach to these activities and thus constant and consistent interaction and reporting to Council needs to be part of future strategy intended to maximize returns.

COSTS OF DOING BUSINESS

It is important to note that investment in sponsorships, naming rights, and advertising is imperative to maximizing returns and optimizing efforts. A general rule of thumb for these types of activities in a municipal setting is that a budget of 7% – 10% of net proceeds should be invested in the function (staff, supplies and materials, contracted services, business development and client relationship efforts, etc.) in order to be successful.

SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING STRATEGY

SECTION SIX

In consideration to an assessment of the current situation, market research, and valuation of assets the following strategy has been developed to help the City maximize sponsorship, naming rights, and advertising efforts.

From an overall strategic perspective, three main themes have emerged and are the basis for future recommended action. The City should strive to **MAXIMIZE** the return on its sponsorship, naming rights, and advertising assets. This will entail revisiting existing agreements in place as well and pursuing new opportunities as resources permit. It also means making sure that the term of agreements and actual returns are appropriate for the value offered to partners. The City also needs to **CONSOLIDATE AND ALIGN** its current and future efforts related to sponsorship, naming rights, and advertising. With 8+ departments working hard to secure investment from partners, there is potential for redundancy and perceived lack of coordination and professionalism from the marketplace. Consolidating effort will improve perception and enhance the City's ability to match opportunities with partners in a more effective and polished fashion. The City will also be able to package opportunities in more attractive ways potentially garnering more investment than from the current independent department approach. Finally the City must **NURTURE** the relationships it currently has with partners and the ones it intends to enter into in the future. Sponsorship, naming rights, and advertising are based on a relationship between the City and the sponsors and/or donor. If the relationship is healthy, it can grow and strengthen enhancing existing agreements and also opening the door to new opportunities. If the relationship is not healthy, it does not only impact existing arrangements but it can also impact potential new markets through word of mouth and perception. Nurturing relationships will be key to a thriving and sustained sponsorship, naming rights, and advertising program for the City.

STRATEGIC THEMES

1. **MAXIMIZE**
2. **CONSOLIDATE AND ALIGN**
3. **NURTURE**

In order to act on these strategic themes, and enhance the City's already successful approach to sponsorship, naming rights, and advertising, a phased approach is recommended. Initial steps suggested for administration focus on improving the current situation without investment in significant additional resources. This initial phase is expected to deliver on the strategic themes and improve the current situation but will be limited to focusing on existing relationships; without allocating significant resources to these activities it is not expected that the City will be able to recapture lost opportunities or identify new ones.

The second phase of change requires more substantive organizational change. It suggests legitimizing the sponsorship, naming rights, and advertising function in the City, creating a new consolidated function that can support, and possibly replace in some cases, the current efforts of each of the 8 departments that have a sponsorship, naming rights, and advertising function. This will afford the City to focus on building relationships with existing partners, identify and pursue new opportunities and develop strategies to recapture lost opportunities. The following table explains the two phases in terms of expected functions, resource requirements, and expected return. It is important to note that the phases are progressive; Phase 2 builds upon the successes of Phase 1.

Action Items/ Requirements	Phase 1	Phase 2
Key Action Items	<ol style="list-style-type: none"> 1. Formalize an internal sponsorship, naming rights, and advertising committee with representatives from each of the eight departments to meet and discuss efforts and market dynamics on a regular basis (6 – 12 times per year). 2. Enable staff involved in sponsorship, naming rights, and advertising to participate in professional development opportunities related to these activities. 3. Consolidate the City's entire portfolio (or initially a grouping of multi-department assets) of opportunities into a single, consistent package so that existing and potential partners can explore all opportunities (or a multi-department opportunity) at once. 4. Host an annual workshop with City Council to revisit related policy and report on successes of sponsorship, naming rights, and advertising efforts. 	<ol style="list-style-type: none"> 1. Create a new City department to oversee sponsorship, naming rights, and advertising efforts. 2. Hire staff to operate department consisting of 1.0 FTE sponsorship, naming rights, and advertising professional and 0.5 FTE administrative support. 3. Invest in support infrastructure for the department to thrive (i.e. promotions and marketing budget, administrative space, printing and supplies, etc.). 4. Mandate the department to nurture and strengthen existing relationships (constant contact, partner benefits and enhanced exposure, etc.) as well as market and pursue the new opportunities outlined herein. 5. Enable the department to reengage with existing partners where lost opportunities exist to explore ways to recapture potential returns through added value programs. 6. Manage and document existing and future asset inventories, updating valuations when required.

Action Items/ Requirements	Phase 1	Phase 2
Staff Requirements/ Changes	<ul style="list-style-type: none"> • Ensure that each staff responsible for sponsorships, naming rights, and advertising has the activity outlined formally in their job description. • Formally allocate existing staff time to the activity. • No additional staff required. 	<ul style="list-style-type: none"> • 1 additional FTE specializing in sponsorships, naming rights, and advertising. • 0.5 FTE for administrative support and coordination. • Building upon, not replacing, formal allocations to existing staff from Phase 1.
Expected Costs	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • \$180,000 staff plus benefits. • \$10,000 promotions and marketing. • \$5,000 supplies and administration. • Office space. • \$195,000 total.
Expected Returns/ Key Performance Indicators	<ul style="list-style-type: none"> • 10% growth on current results. 	<ul style="list-style-type: none"> • Growth year over year towards a potential of \$1M+ in annual revenue. • Retention/renewal rates of existing contracts.

The approach outlined gives the City the option to move forward in a phased approach however both steps could be taken at once if desired. It is important to note that Phase 1 is prescribed to sustain existing efforts in a more effective way while Phase 2 is required to not only strengthen and nurture existing relationships but capture lost or potential new opportunities as outlined herein. This strategy, accompanied by the City's new Sponsorship, Naming Rights, and Advertising Council Policy (GOV-013-C) provide strategic guidance and structure for the City to enhance current efforts, maximize opportunities, consolidate and align efforts, and nurture existing and new relationships. The extent to which these action items and strategies are enacted will be directly reflected in future sponsorship, naming rights, and advertising success.

SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING POLICY

APPENDIX A

SPONSORSHIP, NAMING RIGHTS AND ADVERTISING

Date Issued: XXXXX

Mandated by: Council

Current Revision: XX.XXX.XX

Cross Reference:

- Sponsorship, Naming Rights and Advertising Procedure GOV-013-A

Next Review: XX.XXX.19

Responsibility: City Manager

PURPOSE

To establish a sponsorship, naming rights and advertising framework that enables the City to seek revenues through sponsorships, naming rights, advertising sales and donations supporting the delivery of programs, services, facility enhancements and operational budget.

POLICY

Through the ongoing process of sponsorship, the City welcomes and actively seeks sponsorships, naming rights, advertising sales and donations on a variety of assets in order to generate non-tax revenue to fund the provision of City programs, services, facility enhancements and operational budget.

DEFINITIONS

Advertising Sales – shall mean the process of selling display space in or on City assets.

City Council – shall mean the municipal Council for the City.

City Manager – shall mean the Chief Administrative Officer for the City.

Donations – shall mean contributed funds, services or gifts-in-kind without an expectation of recognition or return. All donations will comply with Canada Revenue Agency (CRA) regulations.

External Agencies – shall mean entities not part of the City such as societies, not-for-profit organizations, user groups, foundations and government partners which may have agreements with the City while not under its direct control.

Fulfilment – shall mean the terms of the agreement must be completed by the City and sponsoring party to receive recognition for the sponsorship, naming rights, advertising or donation.

In-kind – shall mean contribution sponsorship received in the form of goods and/or services rather than cash.

Municipal Assets –shall mean facilities, vehicles, equipment, programs, services, publications, websites or events, owned and operated by the City.

Naming Rights – shall mean opportunities for an external sponsor to receive the exclusive right to name a City property under specific terms.

Sponsorship – shall mean a mutually beneficial contractual agreement between the City and an external company, organization, association or individual where the City leverages a municipally owned asset to receive financial or in-kind support in exchange for recognition, exposure, activation opportunities, and/or other commercial benefits.

GUIDING PRINCIPLES

1. City Council is responsible for:
 - 1.1 Determining which assets shall be made available for naming rights opportunities.
 - 1.2 Approving agreements that are greater than \$500,000.
2. The City Manager or designate is responsible for:
 - 2.1 Negotiating and approving agreements related to sponsorships, advertising sales, naming rights and donations that fall within the level of approval for revenue contracts delegated to the City Manager.
 - 2.2 Recommending to Council the agreements with revenue exceeding \$500,000.
 - 2.3 Ensuring legal agreements are secured for all sponsorships, advertising sales, naming rights and donations related to programs, services, physical spaces and operational budget.
 - 2.4 Ensuring that applicable policies and procedures to support sponsorships, naming rights, advertising sales and donations are in place as necessary.
 - 2.5 Ensuring that all sponsorships, naming rights, advertising sales and donation agreements meet the City's legal processes and standards.
 - 2.6 Ensuring resources are allocated appropriately to support the annual sponsorships, naming rights, advertising sales and donation budget.

3. Sponsorships, naming rights, advertising sales and donation revenues and associated expenses shall be allocated to annual programs, services, facility enhancements and operational budget.
4. Sponsorships, naming rights, advertising and donation activities shall safeguard the City's assets and interests.
5. In accordance with Procurement Policy FIN-020-C, sponsorship, naming rights, advertising and donation activities shall not entitle any sponsor or donor to influence any business decisions made by the City.
6. The City will not enter into any sponsorship, naming rights, advertising and donation agreements with companies that have a conflict with the City.
7. Sponsorship, naming rights, advertising and donations will be undertaken in accordance with accepted principles of sound business, legal and financial management.
8. Sponsorship, naming rights, advertising, and donations will not cause a City employee or a member of Council to receive any product, service or assets for personal gain or use.
9. Where there are costs associated with securing funds and fulfilling contractual obligations generated through sponsorship, naming rights, advertising and donations, these costs are reflected in the operating budget and shall not exceed the revenue generated by the agreement.
10. Agreements with external agencies shall reflect this policy.
11. Sponsorship, naming rights, advertising and donations activities shall support the strategic direction and values of Council.

AUTHORITY / RESPONSIBILITY TO IMPLEMENT

1. The City Manager is responsible for the implementation and monitoring of this Policy.

SPONSORSHIP, NAMING RIGHTS, AND ADVERTISING ADMINISTRATIVE PROCEDURE

APPENDIX B

SPONSORSHIP, NAMING RIGHTS AND ADVERTISING

Date Issued: XXXXX

Responsibility: Director, Recreation Services

Current Revision: XX.XXX.XX

Cross Reference:

- Sponsorship, Naming Rights and Advertising Policy GOV-013-C
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PURPOSE

To set out the processes to enter into sponsorship, naming rights, advertising and donation agreements between the City and external organizations or individuals.

DEFINITIONS

Advertising Sales – shall mean the process of selling display space in or on City assets.

City Council – shall mean the municipal Council for the City.

City Manager – shall mean the Chief Administrative Officer for the City.

Donations – shall mean to contribute funds, services or gifts-in-kind without an expectation of recognition or return. All donations will comply with Canada Revenue Agency (CRA) regulations.

External Agencies – shall mean entities not part of the City such as societies, not-for-profit organizations, user groups, foundations, private companies / entities and government partners which may have agreements with the City while not under its direct control.

Fulfilment – shall mean the terms of the agreement must be completed by the City and sponsoring party to receive recognition for the sponsorship, naming rights, advertising or donation.

In-kind – shall mean contribution sponsorship received in the form of goods and/or services rather than cash.

Municipal Assets – shall mean facilities, vehicles, equipment, programs, services, publications, websites or events, owned and operated by the City.

Naming Rights – shall mean opportunities for an external sponsor to receive the exclusive right to name a City property under specific terms.

Sponsorship – shall mean a mutually beneficial contractual agreement between the City and an external company, organization, association or individual where the City leverages a municipally owned asset to receive financial or in-kind support in exchange for recognition, exposure, activation opportunities, and/or other commercial benefits.

PROCEDURE

Principles

- Departments are responsible for soliciting, negotiating and administering their own sponsorship, advertising, naming rights and donations program and agreements, subject to Administration Policy GOV-013-A.
- Departments are responsible for working with community groups when necessary to ensure the Sponsorship, Naming Rights, Advertising, Council Policy (GOV-013-C) is used.
- Benefits to the sponsor or donor are limited to those expressly stated in the Agreement.
- The City does not endorse the products, services, or ideas of any donor or sponsor.
- All sponsorship, naming rights, advertising and donation agreements must be arranged for a fixed term (not to exceed 10 years unless directed by Council).
- The funding must not create an ongoing financial obligation for the City beyond the term of the agreement.
- Departments to consolidate sponsorship, advertising, naming rights and donation related opportunities across the organization and market via centralized effort when resources are available.
- Create a consistent, professional presence for sponsorship, naming rights, advertising and donations program throughout the organization that fits with the department or branding.

Responsibilities

The City Manager or designate shall:

1. Determine allocation of funds into programs, services, facility enhancements or operational budgets;
2. Determine allocation of sponsorship, naming rights, advertising and donations program fulfillment Expenses;
3. Approve, within signing authority, all sponsorship, naming rights, advertising and donation agreements;
4. Ensure all sponsorship, naming rights, advertising and donation assets are valued using consistent methodology;
5. Establish a process for tracking and reporting all sponsorship, naming rights, advertising and donation agreements; and

6. Ensure organizational structure supports implementation of Sponsorship, Naming Rights and Advertising, Council Policy (GOV-013-C).

Standards

1. Where there are costs associated with sponsorship, naming rights, advertising and donations, these costs are reflected in the operating budget.
2. Sponsorship, naming rights, advertising and donation agreements shall be in the form of a legal document and shall contain:
 - a) Description of the contractual relationship
 - b) Term of agreement
 - c) Renewal terms
 - d) Payment schedule
 - e) Rights and benefits
 - f) Insurance terms
 - g) Release from liability
 - h) Early termination and;
 - i) Confidentiality terms.

INVENTORY AND VALUATION PROCESS

APPENDIX C

The process used to value the City's potential inventory involves a number of different inputs, most of which were provided by the various City departments.

The valuation focuses on the larger assets while providing some insight into additional "added value" opportunities that can be added to the existing program.

A property is valued by assessing the traffic, marketing impressions (including websites, social media, local and regional media) and applying industry standard impression values to each of these numbers.

These values are not fixed amounts but target values that can fluctuate with other variables. All values indicated in the charts below are annual amounts.

SUMMARY

Asset	Sponsorship Valuation (annual)	Current Annual Revenue	Added Value Valuation (annual)	Missed Opportunity from Perpetuity Agreements	New Revenue Potential (annual)
Recreation	\$203,000	\$4,480	\$276,000	\$—	\$474,520
DCC	\$313,750	\$—	\$227,000	\$313,750	\$227,000
NWMP Fort	\$118,000	\$22,480	\$95,520	\$94,400	\$96,640
Culture	\$134,775	\$64,600	\$79,775	\$75,000	\$74,950
"Other" Potential*	\$303,200	\$11,000	\$303,200	\$—	\$595,400
Totals	\$1,072,725	\$102,560	\$981,495	\$483,150	\$1,468,510

* "Other" includes transit advertising, LCD screens, programs, and events.

RECREATION SUMMARY

Asset	Sponsorship Value	Current Revenue	Added Value Valuation	Total New Revenue Potential
JRC Arena	\$32,000	\$4,480	\$101,500	\$129,020
Sportsplex	\$22,000	\$—	\$64,500	\$86,500
Harbour Pool	\$32,000	\$—	\$40,000	\$72,000
West Rivers Edge Park Building	\$9,750	\$—	\$—	\$9,750
Curling Rink	\$20,000	\$—	\$15,000	\$35,000
HP Field (new)	\$30,000	\$—	\$15,000	\$45,000
Off Leash Park	\$15,000	\$—	\$15,000	\$30,000
Spray Park: Kinsmen	\$15,250	\$—	\$—	\$15,250
Outdoor rinks	\$12,000	\$—	\$—	\$12,000
West Rivers Edge Park Building	\$9,750	\$—	\$9,750	\$19,500
Totals	\$197,750	\$4,480	\$260,750	\$454,020

DOW CENTENNIAL CENTRE

Asset	Sponsorship Value	Current Revenue	Added Value Valuation	Total New Revenue Potential
DCC Naming	\$130,000	\$—	\$—	\$130,000
DCC Fitness Centre	\$30,000	\$—	\$25,000	\$55,000
DCC Arena	\$28,000	\$—	\$75,000	\$103,000
DCC Soccer Pitch	\$20,750	\$—	\$88,000	\$108,750
DCC Gym	\$20,750	\$—	\$16,000	\$36,750
DCC Leisure Zone	\$20,250	\$—	\$8,000	\$28,250
DCC Multi purpose Room	\$7,500	\$—	\$5,000	\$12,500
DCC Track	\$23,250	\$—	\$10,000	\$33,250
DCC Games Den/ Childminding	\$13,250	\$—	\$—	\$13,250
DCC Flex Hall	\$20,000	\$—	\$—	\$20,000
Totals	\$313,750	\$—	\$227,000	\$540,750

Note 1: DCC sponsorships were sold in perpetuity when the facility opened. Valuation shows current annual values of major spaces.

NWMP FORT

Asset	Sponsorship Value	Current Revenue	Added Value Valuation	Total New Revenue Potential
Program Space	\$8,000	\$1,000	\$7,000	\$14,000
Stables	\$15,000	\$800	\$14,200	\$28,400
Flag Pole	\$3,000	\$120	\$2,880	\$5,760
Walls and Bastion	\$7,000	\$2,000	\$5,000	\$10,000
Men's Quarters	\$5,000	\$1,600	\$3,400	\$6,800
Kitchen	\$5,000	\$200	\$4,800	\$9,600
Mess	\$10,000	\$600	\$9,400	\$18,800
Fireplace	\$5,000	\$260	\$4,740	\$9,480
Jr. Officers	\$5,000	\$400	\$4,600	\$9,200
Commanding Officers	\$5,000	\$400	\$4,600	\$9,200
Cannon	\$5,000	\$400	\$4,600	\$9,200
Adopt an Officer	\$30,000	\$6,000	\$24,000	\$48,000
Library	\$5,000	\$200	\$4,800	\$9,600
Programs	\$10,000	\$8,500	\$1,500	\$3,000
Totals	\$118,000	\$22,480	\$95,520	\$191,040

Note 1: Current Revenue is based on perpetuity agreements being amortized over 25 years

Note 2: Perpetuity agreements are recent and therefore the added value opportunities are limited.

CULTURE

Asset	Sponsorship Value	Current Revenue	Added Value Valuation	Total New Revenue Potential
Legacy Park Festival and Fun Run	\$14,200	\$9,200	\$34,200	\$39,200
Bandshell	\$10,000	\$—	\$—	\$10,000
Movie Under the Stars	\$4,425	\$2,000	\$4,425	\$6,850
RiverFest	\$5,000	\$—	\$5,000	\$10,000
Canada Day	\$26,400	\$26,400	\$26,400	\$26,400
Shell Theatre	\$80,000	\$27,000	\$25,000	\$78,000
Totals	\$140,025	\$64,600	\$95,025	\$170,450

OTHER SUMMARY

Asset	Current Annual Revenue	Valuation	Total New Revenue Potential
Transit Buses	\$—	\$52,200	\$52,200
Transit Shelters	\$—	\$21,000	\$21,000
Parks	\$—	\$75,000	\$75,000
Program Guide Ads	\$5,000	\$20,000	\$15,000
Programs and Events	\$3,000	\$40,000	\$37,000
Grant Programs	\$—	\$20,000	\$20,000
LCD Screens	\$3,000	\$75,000	\$72,000
Totals	\$11,000	\$303,200	\$292,200



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