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TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE APRIL 26, 2016
FROM:	WILLIAM C. COXHEAD MANAGING DIRECTOR OF PARKS & RECREATION & LYNNE LIVINGSTONE MANAGING DIRECTOR OF NEIGHBOURHOOD, CHILDREN, & FIRE SERVICES
SUBJECT:	RFP15-50 NAMING RIGHTS, SPONSORSHIP, AND ADVERTISING FOR CITY OF LONDON RECREATION FACILITIES

RECOMMENDATION

That, on the recommendation of the Managing Director of Parks and Recreation and the Managing Director of Neighbourhood, Children, and Fire Services, the following actions be taken with respect to the implementation of a Naming Rights, Sponsorship, and Advertising Program for City of London recreation facilities:

- a) the proposal submitted by LK Promotions and Advertising and Global Spectrum Facility Management L.P. (hereinafter collectively known as LK Promotions and Advertising), 99 Dundas Street, London, Ontario, to implement a Naming Rights, Sponsorship, and Advertising Program for City of London Recreation Facilities **BE ACCEPTED**; it being noted that the proposal submitted by LK Promotions and Advertising scored the highest overall during the evaluation and their proposal was the most competitive of the three proposals received;
- b) the attached proposed by-law **BE INTRODUCED** at the Municipal Council meeting to be held on May 3, 2016 to:
 - i) authorize and approve an Agreement between the City of London and LK Promotions and Advertising for the implementation of a Naming Rights, Sponsorship, and Advertising Program for City of London Recreation Facilities, attached as Schedule 1 to the by-law;
 - ii) authorize the Mayor and the City Clerk to execute the Agreement authorized and approved in b)i), above; and
- c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

March 30, 2016 Community and Protective Services: Corporate Sponsorship and Advertising Policy.

BACKGROUND

The City is finalizing the next step in the development of a program to maximize the revenue opportunities and naming rights in existing recreation facilities and expand opportunities for sponsorship of programs and capital improvements of these same facilities.

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This proposal builds on three of the Council’s strategic priorities:

- 1) Strengthening our Community - amazing arts and culture experiences can be enhanced through investment in parks and recreation facilities and pursuing innovative program and service delivery;
- 2) Building a Sustainable City – play spaces and parks can be enhanced through investment in parks and recreation facilities and amenities;
- 3) Leading in Public Service – expanding naming rights, sponsorship, and advertising opportunities can create new revenue streams of non-tax support revenue to invest as noted above.

Purpose

In keeping with strategic areas of focus noted above, Civic Administration has been collecting data, evaluating opportunities and developing a program to capitalize on the City’s investment in recreation facilities through naming rights. At the same time there has been an exploration of a growing desire of the private sector to sponsor programs, services and capital improvements and how the City could maximize these opportunities.

This report discusses work completed to date and recommends the engagement of an external service provider that has the staff resources, the business connections, and the expertise to make this program a success.

Origin of Program & Program Development

The City of London has benefited over the years from various types of sponsorship arrangements, advertising, and donations; however there has been limited interest in naming rights opportunities. Only recently has there been greater general public acceptance of utilizing **naming rights** to reduce capital or operating expenses. Naming rights may include buildings, rooms, features, or other physical assets. Some examples include: rooms and facilities at Stoney Creek Community Centre, YMCA, and Library; Budweiser Gardens; and the ice pads at Western Fair.

There has also been interest from private businesses to sponsor events, programs, or improvements at community facilities. **Sponsorship** examples include the Lowe’s arena renovation at Oakridge Arena, Tim Horton’s sponsored skates and swims at community facilities, the supply and installation of new features for the village at Storybook Gardens, and the Siskind playground in Piccadilly Park. Sponsorships usually result in the cost of the program or capital enhancement being paid for by the sponsor resulting in lower cost/no cost opportunities for citizens or enhancements to facilities or programs where there is otherwise no public funding available.

In 2013, Civic Administration engaged a consultant to provide a full recreation asset valuation and identify the additional steps the City needed to undertake to implement a naming rights, sponsorship, and advertising program. This work, in addition to the development of the administrative processes required to launch the program was completed in late 2014. Note: the City already has an active rink board **advertising** contract for arenas with LK Promotions and Advertising that generated \$55,000.00 in 2015. This program would expand advertising options to all recreation assets.

The next step in this program development was to retain a service provider with the requisite experience and expertise to engage the business community in the exploration of naming, sponsorship and advertising opportunities. A service provider was recommended due to resource constraints and the specific skill set required to perform these tasks.

It should be noted that this program is supplementary to the many philanthropic activities of service clubs and others in the capital construction of amenities like skate parks, playgrounds, etc. within the community.

Selection of Service Provider to offer the program

On September 9, 2015 a Request for Proposal was issued, RFP15-50, for a Naming Rights, Sponsorship, and Advertising for City of London recreation facilities. The RFP was to gauge interest and seek an external agency to implement, monitor, recommend, and report on a Naming Rights, Sponsorship, and Advertising program on the City’s behalf.

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The City was seeking a provider to perform the following key duties:

- become familiar with the previous research and studies completed by Parks and Recreation and from that identify priorities for marketing recreation assets,
- develop a marketing and sales campaign within six (6) months and identify and develop the required marketing materials necessary to support the campaign,
- establish positive working relationships with City management (as required) and recreation staff to achieve the objectives of the naming rights and sponsorship program,
- initiate sales contacts and negotiate naming rights and sponsorship contracts consistent with the Recreation Service Area / City sponsorship procedures and administrative policy,
- adapt the business plan when and where required to ensure that the revenue targets are achieved, and identify to recreation staff on any changes required in existing policies, procedures or processes to advance the achievement of the targets,
- identify new revenue opportunities within the recreation services area, and make recommendations,
- establish and implement bi-monthly reporting mechanism on the status of the marketing and sales activities including but not limited to:
 - Contacts made during the period and planned activities for the next period;
 - Potential agreements;
 - Information on offers rejected or deferred for consideration at another time; and
 - Completed agreements; and,
- provide input to recreation administration in the development of reports on the status of the naming rights, sponsorship, and advertising sales activities.
- develop competitive advertising rates based on market experience and manage all aspects of the advertising sales business.

Three (3) proposal were submitted on Monday, October 5, 2015: from LK Promotions and Advertising, Creative Display Technologies, and Sponsorship Canada.

The three (3) proposals were evaluated based on the predetermined evaluation criteria outlined in the RFP. At a high level the criteria for the selection of a vendor were:

- A complete financial proposal including professional fees and expenses and projected revenue.
- A description of the Proponent's knowledge of, and experience with, marketing and sales strategies for naming rights, sponsorship and advertising opportunities in the public sector;
- A company profile and company history that describes the relevant experience in three (3) marketing and sales campaigns of similar scope and magnitude completed in the last three (3) years;

LK Promotions and Advertising provided a proposal that best met the evaluation criteria and submission deliverables, and is a compliant proposal.

It is important to note that although LK Promotions and Advertising will be contracted by the City to perform the duties associated with the Naming Rights, Sponsorship, and Advertising Program a Steering Committee will be created comprised of City administrative staff to review and approve all potential agreements and this program will conform with the Corporate Sponsorship Program Policy, the Naming/Re-naming or Dedicating of Municipal Property, Buildings and Park Elements Policy, and the Procurement of Goods and Services Policy. The City retains the right to deny any naming rights, sponsorship, or advertising opportunity at its sole discretion.

Financial Impact

The proposed program has no direct operating costs to the City. A minimum of seventy five thousand (\$75,000.00) is guaranteed each year of the five (5) year term of the contract. The contractor will receive a percentage of the revenue based on the type of transaction (see Schedule 1, Section 4.)

It is anticipated that, as the program grows, the revenue associated with this program should exceed this minimum threshold projection.

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Conclusion

LK Promotions and Advertising met the requirements of the RFP, delivers the best overall value to the Corporation, and has the capability to implement the program successfully in partnership with the City. Civic Administration therefore recommends award of RFP15-50 to LK Promotions and Advertising.

SUBMITTED & PREPARED BY:	RECOMMENDED BY:
L. SCOTT OLDHAM MANAGER, BUSINESS SOLUTIONS AND CUSTOMER SERVICE PARKS AND RECREATION	ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	RECOMMENDED BY:
LYNNE LIVINGSTONE MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN & FIRE SERVICES	WILLIAM C. COXHEAD MANAGING DIRECTOR PARKS & RECREATION

cc: John Freeman, Manager of Purchasing and Supply
 Geoff Smith, Procurement Officer
 James P. Barber, Legal and Corporate Services

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APPENDIX A

Bill No.
2016

By-law No.

A By-law to authorize and approve an Agreement between LK Promotions and Advertising and Global Spectrum Facility Management L.P. and The Corporation of the City of London.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 10 of the *Municipal Act, 2001* provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule "1" to this by-law between LK Promotions and Advertising and Global Spectrum Facility Management L.P. and The Corporation of the City of London is authorized and approved.
2. The City Manager, and his or her written designates, and the Managing Director of Parks and Recreation and the Managing Director of Neighbourhood, Children, and Fire Services, and his or her written designates, are severally delegated the authority to authorize and approve such further other documents, including agreements that may be required in furtherance of the agreement and are:
 - i) consistent with the requirements contained in the Agreement authorized and approved in 1 above;
 - ii) that do not require additional funding or are provided for in the City's current budget; and,
 - iii) that do not increase the indebtedness or liabilities of The Corporation of the City of London.
4. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law and any other documents approved under section 2 of this by-law.
5. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2016

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading -
Second Reading -
Third Reading -

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SCHEDULE 1