



# SPONSORSHIP AND ADVERTISING

Program Guidelines



## PROGRAM PURPOSE

- ▶ Increase revenue
- ▶ Create consistency
- ▶ Increase efficiencies
- ▶ Reduce City's existing risk

Street Banners



## ADDITIONAL OPPORTUNITIES

- ▶ Ensure alignment
- ▶ Build relationships
- ▶ Build on City brand
- ▶ Assist community

Water parks



## DEFINITION

- ▶ Advertising
  - ▶ Sale of space
  - ▶ No additional benefits
  - ▶ Pre-determined industry rates



Airport Advertising

## DEFINITION

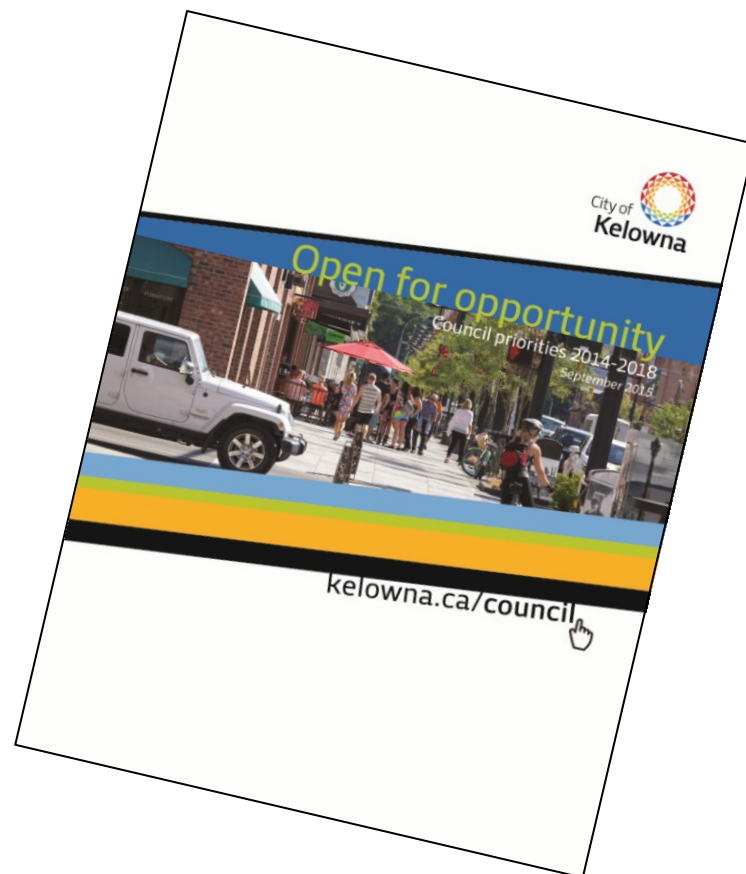
- ▶ Sponsorship
  - ▶ Mutually beneficial business relationship
  - ▶ Receive recognition or other promo benefits
  - ▶ Activation is key
  - ▶ Not philanthropy



Play area

## BACKGROUND

- ▶ Council Priorities
  - ▶ Strong financial management - explore revenue generation opportunities
  - ▶ Fair but firm - consistent policy on how we do business





## WORK COMPLETED TO DATE

- ▶ Inventory and valuation
- ▶ Net revenue forecast
- ▶ Policy and program guidelines
  - ▶ Internal Team
- ▶ Community engagement
- ▶ Legal review

Transit Exchanges, Shelters and Benches



## PROGRAM HIGHLIGHTS

- ▶ \$800,000 new net annually
- ▶ Self-sustaining program
- ▶ Policy
- ▶ Centralized sales model
- ▶ Community support



# REVENUE FORECAST

## City of Kelowna - Sponsorship Program 5 Year Projections for Operating Costs



	Year 1 - 2017	Year 2 - 2018	Year 3 - 2019	Year 4 - 2020	Year 5 - 2021	TOTALS
Existing Net Revenue - Pre Sponsorship Program*	\$ 750,000.00	\$ 733,875.00	\$ 718,096.69	\$ 702,657.61	\$ 687,550.47	\$ 3,592,179.77
Projected Revenue from new sponsorship program**	\$ -	\$ 150,000.00	\$ 500,000.00	\$ 785,000.00	\$ 1,225,000.00	\$ 2,660,000.00
<b>Total Gross New Revenue</b>	<b>\$ -</b>	<b>\$ 150,000.00</b>	<b>\$ 500,000.00</b>	<b>\$ 785,000.00</b>	<b>\$ 1,225,000.00</b>	<b>\$ 2,660,000.00</b>
Staffing Costs - New Program***	\$ 90,000.00	\$ 155,000.00	\$ 210,000.00	\$ 220,500.00	\$ 231,525.00	\$ 907,025.00
Fulfilment Hard Costs - New Program****	\$ -	\$ 12,000.00	\$ 40,000.00	\$ 62,800.00	\$ 98,000.00	\$ 212,800.00
Operating Costs - New Program*****	\$ 5,000.00	\$ 7,500.00	\$ 8,000.00	\$ 8,000.00	\$ 8,500.00	\$ 37,000.00
Consulting Fees*****	\$ 7,500.00	\$ 20,000.00	\$ 20,000.00	\$ 7,500.00	\$ 5,000.00	\$ 60,000.00
<b>Total Gross Costs</b>	<b>\$ 102,500.00</b>	<b>\$ 194,500.00</b>	<b>\$ 278,000.00</b>	<b>\$ 298,800.00</b>	<b>\$ 343,025.00</b>	<b>\$ 1,216,825.00</b>
<b>Net New Revenue / Loss</b>	<b>-\$ 102,500.00</b>	<b>-\$ 44,500.00</b>	<b>\$ 222,000.00</b>	<b>\$ 486,200.00</b>	<b>\$ 881,975.00</b>	<b>\$ 1,443,175.00</b>
<p>* Over the five year term this initial net \$750,000 of existing revenue has a projected attrition rate of 5% and revenue increase of 3%</p> <p>** Revenue is based on new business development as per the timeline with an 80% renewal rate / 20% attrition rate and 5% increase in revenue</p> <p>*** Payroll costs are based on the high end of the pay scales and no labor consideration for the existing revenue channel. A 5% increase in pay in years 4 &amp; 5</p> <p>**** Fulfilment costs traditionally are about 8% for a municipality.</p> <p>***** These costs include such elements as hosting and hospitality, travel expenses and any sales production costs</p> <p>***** These are costs for sponsorship workshops and training as well as the City Department educational updates and seminars as well as appropriate mentoring</p>						

## PROGRAM

- ▶ Based on best practices
  - ▶ City-wide
  - ▶ Tiering and bundling

Social Media Mentions



City of Toronto @TorontoComms · May 24

Thanks @TimHortons for supporting #TONewcomerDay & for serving up Canadian treats @npstoronto today

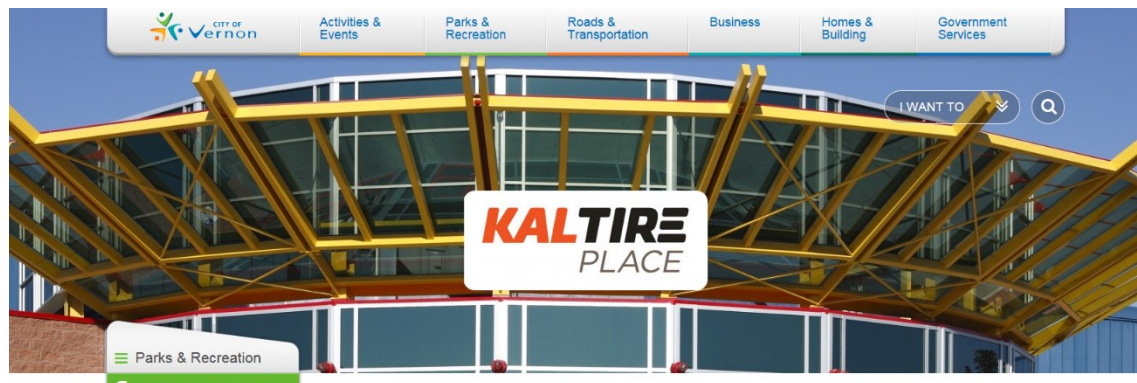


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## TIERING AND BUNDLING

- ▶ Asset tiers
- ▶ Bundled packages
- ▶ Incremental revenue

Facility Naming



# PROGRAM

- ▶ 5-year pilot
- ▶ City owned and operated
- ▶ Balance
  - ▶ Corporate/dept./community
  - ▶ Slow transition
  - ▶ Existing contracts remain
  - ▶ Interdepartmental team
  - ▶ Grandfathering revenue
  - ▶ Sponsorship and advertising reserve



Bike Maintenance Station at Bike to Work Week

## PROGRAM

- ▶ Centralized sales model
  - ▶ Inventory and valuation
  - ▶ Prospect clearance
  - ▶ Interdepartmental team
- ▶ Community support



Events

## FUND ALLOCATION

- ▶ Grandfathering
- ▶ Named facilities
- ▶ Operating costs
- ▶ Reserve
  - ▶ New capital projects and capital upgrades
  - ▶ New and expanded programs
  - ▶ Special projects



## RESPONSIBILITIES

- ▶ Council
- ▶ Communications Dept.
- ▶ Sponsorship  
Manager



Activation Activities

## MEASUREMENTS AND REPORTING

- ▶ Revenue targets
- ▶ Annual Council reporting

Civic Awards



## TRANSITION

- ▶ City departments
  - ▶ Manager responsible for program
  - ▶ Interdepartmental team
  - ▶ Advertising contracts remain
  - ▶ Sponsorship in Year 1 or 2

## TRANSITION

- ▶ Partners
  - ▶ Evaluate contracts upon renewal
  - ▶ Overarching naming
- ▶ User Groups
  - ▶ Events and short term same
  - ▶ Continue by agreement



Ice rinks

## POLICY

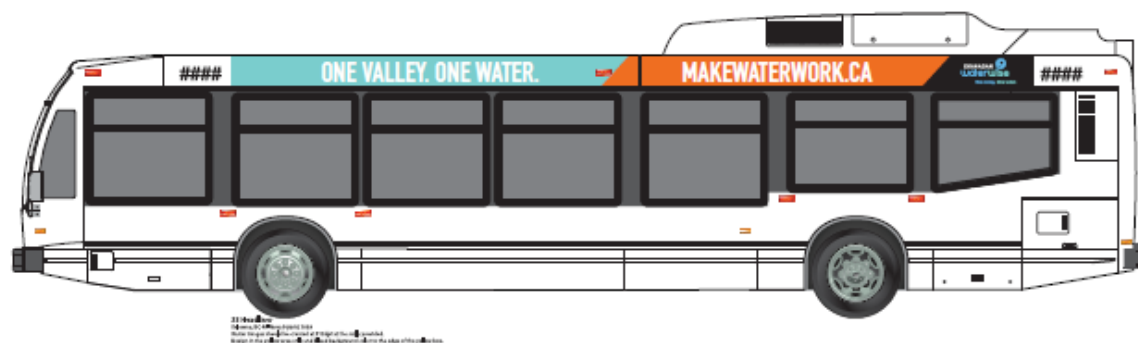
- ▶ Finalize in 2017
- ▶ Highlights
  - ▶ Responsibilities
  - ▶ Criteria
  - ▶ Restrictions
  - ▶ Fund allocation



Programs

## NEXT STEPS

- ▶ If approved...
  - ▶ 2017 budget submission
  - ▶ Hire manager
  - ▶ Policy forward for consideration
  - ▶ Implementation



Transit Advertising



# DISCUSSION?



Park and  
Play Program