

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>
To: "Direct to Mayor and Council - DL"
CC: "City Manager's Correspondence Group - DL"
Date: 4/1/2019 6:13:48 PM
Subject: sponsorship report questions and answers

Good Evening Mayor and Council,

We have received questions from several members of Council regarding the recommended sponsorship policy that is included on the agenda for your meeting tomorrow. I have attached below the list questions and our responses to each.

I hope this information is useful.

Best,
Sadhu

Q: Were Park Board, Police Board, Public Library Board and City Affiliates consulted on this?

A: Park Board staff and VPL staff were involved in the development of the policy, although the Boards of those organizations have discretion to establish their own policies.

Q: Who are "City Affiliates"?

A: The other arms-length entities that are included in the City's financial reporting, including EasyPark, Pacific National Exhibition (PNE), Vancouver Economic Commission.

Q: The financial section of the report says "There are no financial implications to approving the policy." Do potential revenues not count as "financial implications"? Have we projected estimated revenues?

A: At this time, staff have not developed a revenue estimate for the scope of sponsorship activity that is covered within the scope of the recommended policy.

Q: Have we done an analysis of expected "popular" sponsorships, and unintended consequences of naming a civic asset if relationships and corporate images change (e.g., SNC-Lavalin)?

A: The potential implications of sponsorship agreements that are associated with the brand or reputation of the sponsor were considered extensively in the development of the policy. While there is risk regarding unanticipated future developments in that regard, the policy includes a process of due diligence in the review and selection of sponsorship partners.

Q: Has there been an analysis of sponsorships of city assets to date and how they would fit into the new policy?

A: We have not undertaken an individual assessment of all past sponsorships but we are not aware of any specific arrangement that would be materially at odds with the recommended policy.

Q: How do we monetize the city's public assets? Is a competitive bid process the best way?

A: Depending on the circumstances, the optimal mechanism for development of a sponsorship agreement may vary. Accordingly, the policy contemplates three different constructs: a competitive solicitation; unsolicited proposals; and a directed approach. In the past, the City has used third-party agencies to value specific event assets and solicit sponsorship on the City's behalf. Third party agencies have specialized knowledge and expertise in monetizing assets and are able to advise on fair-market value; we would expect to continue the use of external resources for this purpose unless and until the City develops sufficient internal expertise.

Q: What is public opinion on potential corporatization / commercialization of the city's public assets?

A: The report includes a brief summary of public sentiment in relation to sponsorship of public assets (reference page 4).

Q: How much money has the City received in sponsorships in recent years?

A: Example 1 = Birthday Live 2011 - \$841,800 in VIK + Cash representing 30% of the total expenses

Example 2 = City hosted events for the 2013 FCM Tradeshow and Conference - \$315,000 Cash representing 28% of the total expenses.

Example 3 = Drum is Calling Festival 2017 - \$860,000 in VIK, Budget Enhancing + Cash representing 30% of the total expenses

Q: How much of that money has been from developers?

A: For the City hosted events at the FCM 2013 Tradeshow and Conference, the City received \$40,000 in sponsorship from 4 separate developers (Brenhill, Wall Centre Construction, Polygon, Onni Group). This is the only example we could find of developers sponsoring City events. The proposed policy would not allow the City to solicit sponsorship from developers that have an application before the City. The policy does not specifically disqualify developers, but sets out conditions that ensures the City is not entering into sponsorship agreements where there is a real or perceived conflict of interest. Given this, it is unlikely that a developer could become a City sponsor in the future.

Q: Can staff provide a few illustrative examples of what that sponsorship has looked like (what event, how much money, what the recognition looked like, how it came about), that give us a sense of what this policy will mean in practice?

A: Egg Farmers of Canada provided \$25,000 to the City hosted welcome reception for the FCM Conference and Tradeshow. In exchange, they received a number of marketing opportunities including (but not limited to) an opportunity to address all the delegates with a keynote address, a display table at the reception to promote Egg Farmers of Canada, logo placement on indoor and outdoor digital screens, opportunity to place items in the delegate bag, tickets to 3 City-hosted events at the FCM Conference.

BC Hydro provided \$20,000 in cash to the City. In exchange, they received a number of marketing opportunities, including lead sponsor for one travelling workshop where they addressed delegates on the tour and distributed information. BC Hydro also had the right to host an activation space in the conference venue to engage delegates. There were other benefits such as tickets to City-hosted events, logo on signage and website, etc.

Novo Nordisk provided \$30,000 for the Drum is Calling Festival in 2017. In exchange, they were the partnering sponsor for the cooking stage where cooking demonstrations were performed promoting healthy cooking. Novo Nordisk is a pharmaceutical company with a program called Cities Changing Diabetes, which promotes new approaches that help cities and communities understand their unique set of diabetes challenges, identify areas and populations at greatest risk and target interventions.

In all the examples above, a third party agency was hired to value the assets, reach out to, and solicit potential sponsors, + negotiate and manage the sponsorship agreements. City staff oversaw the process and worked with the agency to 1) coordinate, support and fulfill the sponsorship agreement, 2) identify real or perceived conflicts of interest prior to the agency approaching the company, and 3) ensuring sponsorship activations fit with the City's values and vision for the event.

Q: Are there clear rules about how branding and recognition are done for sponsorships? If not, why was it decided to not set clear guidelines around this? My understanding is that the VSB policy has some clear guidelines that limit corporate branding within sponsorships.

A: No, the language is broad to allow the City some flexibility to consider branding and recognition on a case-by-case basis; however, the proposed policy states that the Sponsorship Manager is responsible for ensuring that the sponsorship does not "unduly detract from the character, integrity or aesthetic quality of the City asset..." Furthermore, the proposed policy must be read and applied in conjunction with the City's Visual Standards Guide. Any branding with corporate sponsors must receive approval from Civic Engagement and Communications.

Q: Is there a gold standard around this type of policy? Are there other details that came out of the scan of municipal approaches that set a high bar in terms of limiting corporate branding and influence that we can be following?

A: The draft policy was developed based on a review and analysis of close to 20 municipal sponsorship policies from across Canada. We are not aware of a gold standard, but the proposed policy's language regarding sponsorship branding is consistent with other jurisdictions. A goal of the policy is to use sponsorship as a way to enhance residents' experience with City events, services and programs. Over commercializing/branding City events, programs and services would not achieve this goal.

Q: What does "sponsoring public spaces" look like, and how does that relate to our city asset naming policy?

A: In regards to the 2015 Consumer Sponsorship Ranking Survey, “sponsoring public spaces’ refers to the corporate naming of public facilities. The survey result was used in the Council report to demonstrate that there is general support for municipalities generating revenue via corporate sponsorship and naming rights. Staff will undertake a review of the City’s current naming rights policy and report back to Council after further research, analysis and public engagement.

Sadhu Aufochs Johnston | City Manager
Office of the City Manager | City of Vancouver
sadhu.johnston@vancouver.ca
604.873.7627



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.