

City of Melfort Policy Manual

<i>POLICY TITLE:</i> Sponsorship Policy	<i>POLICY NUMBER:</i> <div style="text-align: center; font-size: 2em; font-weight: bold;">7.2.95</div>	<i>EFFECTIVE DATE:</i> April 11, 2016
<i>ORIGIN:</i> Community Services Committee	<i>ADOPTED BY COUNCIL ON:</i> April 11, 2016	<i>DATE:</i>

1. PURPOSE

To provide policy guidelines which facilitate and support opportunities for entering into sponsorship agreements and naming rights agreements for City-owned and civic partner controlled assets for the purpose of enhance financial sustainability.

2. DEFINITIONS

- 2.1. Sponsorship – a mutually beneficial business arrangement or partnership between the City of Melfort and an external party (individual, company, organization, or enterprise) where in the external party contributes funds, goods, or services to a civic facility, public park, open space, program, event, or activity in return for recognition, acknowledgement, or other promotional consideration.
- 2.2. Naming Rights – a type of sponsorship where a sponsor purchases the exclusive right to name an asset (e.g. event, facility). Naming rights are considered a commercial opportunity whereby the naming right is sold for significant cash or other revenue support. This arrangement is documented in an agreement signed by the interested parties and has a specified end date to the contractual obligation.
- 2.3. Civic Partner – an arms-length, not-for-profit organization that has a formal and legal relationship to provide services, programs and/or manage and care for City assets in conjunction with, or on behalf, of the City of Melfort.
- 2.4. Value Assessment – a determination of the value that a sponsor will receive as a purchaser of specific naming rights and may include tangible and intangible benefits.
- 2.5. Asset Analysis – a comprehensive review of an asset's overall value as it relates to sponsorship or naming opportunities.
- 2.6. Naming Rights Agreement – the sale of the right to name or re-name City-owned facilities or land is documented in a written contract that contains terms acceptable to the City.

- 2.7. Sponsor – a corporation or organization that enters into a sponsorship agreement and pays cash or value-in-kind in return for access to exploitable commercial potential associated with the asset.
- 2.8. Value-in-kind – a sponsorship received in the form of goods and/or services rather than cash.
- 2.9. Letter of Intent – a non-binding commitment from a potential prospect to undertake a sponsorship for a proposed term, at a proposed fee, in exchange for a defined list of rights and privileges.

3. POLICY

3.1. General principles

- a) An external party may contribute, in whole or in part, funds, goods, or services to an approved City facility, public park, open space program, event, or activity where such sponsorship is mutually beneficial to both parties and in a manner consistent with existing guidelines and policies set by the City.
- b) The sponsorship arrangement must support goals, objectives, policies, and bylaws of the City of Melfort and be compatible with, complementary to, and reflect the City's values and mandate.
- c) The City will select the most appropriate sponsors using the following criteria:
- i) Quality and timeliness of product and service delivery;
 - ii) Value of product, service, cash provided to the City;
 - iii) Cost to the City to service the agreement;
 - iv) Compatibility of products and services with City policies and standards;
 - v) Marketplace reputation of the sponsor; and
 - vi) Record of sponsor's involvement in community projects and events.
- d) Recognition provided to sponsors is subject to negotiation (i.e. advertising, signage, product sampling, brand name) and must meet the following criteria:
- i) Be an acceptable standard and in good taste;
 - ii) Not present demeaning or derogatory portrayals of individuals or groups; and
 - iii) Not contain anything which, in light of generally prevailing community standards, is likely to cause deep or widespread offence.
- e) A specific type of sponsorship arrangement called naming rights may occur when an external party may become the namesake of a future or existing

municipal facility in recognition for its financial support where such support is mutually beneficial to the City, external party, and the community. If the name is intended for an existing facility name, the City should take into consideration the history and legacy of the current facility name. Concept approval will be received from City Council for these sponsorship arrangements.

- f) The sponsorship arrangement must be limited in scope and application to the City or project under consideration, and shall not involve any form or risk-sharing venture.
- g) The role of the City as owner and operator of its assets shall be ensured throughout the sponsorship arrangement.
- h) The City reserves the right to customize or decline any sponsorship arrangement.

3.2. Application

- a) This policy applies to all City owned facilities, land, equipment, services and programs.
- b) This policy does not apply to:
 - i) Gifts and memorials which are covered under a separate policy.
 - ii) Sale of advertising or signage on City-owned facilities and printed materials, which involves only the straight purchase of advertising space sold at marketplace rates, and does not imply any reciprocal partnership arrangement.
 - iii) With the exception of naming rights, this policy shall not apply to Boards.
 - iv) Gifts or unsolicited donation to the City of Melfort.
 - v) Third parties who lease City property or hold permits with the City of Melfort for activities or events (Community Associations).

4. THE SPONSORSHIP ARRANGEMENT

- 4.1. Requests for sponsorship arrangement and any subsequent arrangements shall be made in writing detailing the rights and benefits offered and, at a minimum, shall include the following:
 - a) The value of all funds, goods, and services to be provided and the recognition to be provided in return by the City.
 - b) A fixed term of up to a maximum of 10 years, unless otherwise authorized by City Council.

- c) The disposition and ownership of any assets resulting from the sponsorship arrangement.
 - d) Maintenance of assets, ongoing capital, and taxes.
 - e) The responsibility for insurance, license/permits, safety, security, and public health.
- 4.2. Revisions to the sponsorship arrangements are subject to the same approval as the original sponsorship arrangement.
- 4.3. Long-standing sponsorship arrangements that pre-date this policy may continue upon the review and approval of the appropriate Director.
- 4.4. Procedure for Naming Rights Agreement for City-owned, City-operated assets:
- a) A written report to City Council for concept approval will include:
 - i) The list of assets for sale, value of the asset in the marketplace;
 - ii) Length of the term of the sponsorship (up to a maximum of 10 years)
 - iii) List of potential sponsors; and
 - iv) Benefits the sponsor will receive for their purchase.

City Council approval is required prior to sponsors being approached.

- b) Once Council approval is received, Administration will seek out sponsors. When successful, a Letter of Intent from the potential sponsor, which includes the proposed term, proposed fee, defined list of rights and privileges, will be reported to City Council for approval prior to proceeding with negotiation of an agreement.
- c) Administration will then enter into negotiations, and return to City Council for approval of the final agreement.

5. BUDGET

All costs and revenues pertaining to a sponsorship arrangement will be included in the approved department budget.

6. RESPONSIBILITIES

6.1. City Council

- a) Approve this policy and all amendments.
- b) Approve all sponsorship arrangements that are of a sensitive nature or with a total value in excess of \$100,000.
- c) Approval all naming rights arrangements.
- d) Council approval for all sales of naming rights before sponsors are approached or agreements made.

6.2. Senior Administration

- a) Assess all sponsorship proposals that are sensitive or of a value in excess of \$100,00 confirming:
 - i) Date of duration of the sponsorship arrangement;
 - ii) Sponsor contribution to the project;
 - iii) Market Value estimate of the contribution; and
 - iv) Form of recognition the City is making available to the sponsor.
- b) Compare proposals and ensure there is consistency between sponsor arrangements.
- c) Recommend for City Council approval those projects with a value of revenue to the City of over \$100,000.
- d) Seek concept approval from City Council prior to initiating negotiations with a potential sponsor for those projects that may be sensitive and all naming rights.
- e) Ensure the process for tracking and reporting all sponsorship arrangements held by City departments are documented.

6.3. Department Director – approve sponsorship arrangements with a total value of less than \$100,000.

6.4. Solicitors – provide legal advice regarding agreements arising from sponsorship arrangements.