Minutes – Executive Policy Committee – October 11, 2017

REPORTS

Item No. 2 Sponsor Winnipeg Program – Business Case

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and received as information the Business Case for the Sponsor Winnipeg Program (the Program), as outlined in Attachment 1.

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

COUNCIL DECISION:

On April 27 2016, Council directed the Winnipeg Public Service to conduct a comprehensive review of The City of Winnipeg Sponsorship Policy and report back to Executive Policy Committee.

ADMINISTRATIVE REPORT

Title: Sponsor Winnipeg Program Business Case

Critical Path: Standing Policy Committee on Protection, Community Services, and Parks - Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
Janet Thomas Maureen Purdy	Michael Jack	n/a	D. McNeil

EXECUTIVE SUMMARY

The Sponsor Winnipeg Business Case, presented in Attachment 1 fulfills Council's directive and the intent of the Winnipeg Sponsorship Policy; to generate additional revenue to support the delivery of public services. The Business Case identifies optimal sponsorship opportunities to be marketed over a five year period and the anticipated best-case financial benefits to be achieved; the proposed staffing and budgetary requirements; and the streamlining of the sponsorship approval process for a more timely completion of naming rights sponsorships.

RECOMMENDATIONS

That the Business Case for the Sponsor Winnipeg Program (the Program) be received as information, as outlined in Attachment 1.

REASON FOR THE REPORT

At its April 11, 2016 meeting, the Standing Policy Committee on Protection, Community Services and Parks (SPC PCSP) requested that the Winnipeg Public Service provide a written report with:

1. The breakdowns requested for the last 7 years in terms of costs and sales of sponsorships.
2. All pertinent information that has been handed out to the public as sponsorship packages.
3. A plan of execution for updating the website.
4. A multi-year business plan in terms of going forward with sponsorships.

This report is due at SPC PCSP December 2, 2016. The attached Business Case fulfills Standing Policy Committee's direction.

Also, at its April 27, 2016 meeting, Council concurred in the recommendation of the Executive Policy Committee (EPC) and adopted that the Winnipeg Public Service be directed to conduct a comprehensive review of The City of Winnipeg Sponsorship Policy and report back to Executive Policy Committee. This report and the attached Business Case fulfill EPC's direction.

IMPLICATIONS OF THE RECOMMENDATIONS

The Business Case projects best-case revenues to be achieved over a five year period (2018 – 2022). These revenue projections are based on the Program operating with the staffing and budgetary requirements identified as necessary to support a sustainable sponsorship program that will generate a long-term revenue stream (see Attachment 1, Section B.6 of the Business Case).

In 2017, the existing part-time Program staff will pilot utilizing part-time assistance provided by the Customer Service and Communications Division to set the stage to market opportunities and achieve the best-case revenue projections outlined in the Business Case. Depending upon the results achieved in 2017, the public service may return to EPC proposing dedication of an additional FTE and budget to be referred to the 2018 budget process.

Without the expertise of an external contractor to valuate new or changing corporate assets, asset valuation will continue to be a challenge and cause delays in responding to requests from sponsors. The Business Case suggests that the public service engages an external consultant to valuate new and changing assets. No funding source has been identified to cover the expense of an external consultant. The public service will work to identify funds in year or may return to EPC proposing funding be referred to the next year's budget process.

HISTORY/DISCUSSION

In 2007, City Council approved the Winnipeg Sponsorship Policy that represented a new policy direction to generate additional revenue to support the delivery of public services. In 2009 an external consultant was hired and the Program commenced. Following the expiration of the consultant contract in July of 2012, a decision was made to move the Sponsor Winnipeg Program to the Community Services Department and to add that function to an already full time position. The Department agreed to dedicate 10% of a full time FTE position to provide support to the Program in the form of managing existing sponsorships, and responding to organizations contacting the City for sponsorship opportunities. Active prospecting was not included in this arrangement.

Since the Program's inception, The Sponsor Winnipeg Policy has guided the Public Service in the administration of the Program. The Program has realized some success generating just over $3.9 million in sponsorship revenue to date.

In 2010 revenues from sponsorship totaled $137,843 and were comprised of a few smaller sponsorships and a large sponsorship from Progressive Waste Solutions (formerly BFI). It is one of the larger sponsorships and it continues today to support enhanced programming opportunities at the North Centennial Recreation & Leisure Centre Complex.

In 2011 and 2012, sponsorship revenues increased from the initial $137,843 to $452,000 and $451,231 respectively. In July of 2012, the consultant contract with Chess Communications expired. Revenues for 2013 were $401,200.

As Winnipeg has had a sponsorship policy in place since 2007, Winnipeg has been viewed by many other Canadian municipalities as a leader in municipal sponsorship. Winnipeg has joined other Canadian Cities as a member of the Municipal Networking on Sponsorships and Naming Rights to share resources, best practices and lessons learned. Other Canadian Cities that are members of this networking group include the City of Ottawa, the City of Toronto, the City of Edmonton, the City of Calgary, the City of Regina, the City of Saskatoon and the City of Kelowna. One of the lessons Winnipeg has learned is that there is a direct link between the resources allocated to the program and the sponsor revenues generated.

In 2014 and 2015 sponsor revenues declined to $253,200 and $172,200 respectively. This decline in revenues is a direct correlation to the program resources.

Most recently, the Program has been criticized for the length of time it takes to negotiate and complete a sponsor agreement as well as the impact the program may have on community groups and community centres. In response to this criticism, in April 2016, Council directed the Public Service to conduct a comprehensive review of the Winnipeg Sponsorship Policy. The Business Case fulfills Council's directive and the intent of the Winnipeg Sponsorship Policy; to generate additional revenues to support the delivery of public services.

The Business Case identifies sponsorship opportunities to be marketed over a five year period and the anticipated financial benefits to be achieved; the staffing and budgetary requirements to support a sustainable sponsorship program that will generate a long-term revenue stream; and the streamlining of the sponsorship approval process for a more timely completion of naming rights sponsorships.

The revenue projections are based on adding additional funds to the Customer Service & Communications Division for one full-time equivalent position and funding for an external contractor to valuate corporate assets. Any other option other than the staffing model presented in the Business Case could result in significantly different revenue projections.

However, in 2017, the existing part-time Program staff will pilot utilizing part-time assistance provided by the Customer Service and Communications Division to set the stage to market opportunities and achieve the best-case revenue projections outlined in the Business Case. Depending upon the results achieved in 2017, the public service may return to EPC proposing dedication of an additional FTE and budget to be referred to the 2018 budget process.

Without the expertise of an external contractor to valuate new or changing corporate assets, asset valuation will continue to be a challenge and cause delays in responding to requests from sponsors. The Business Case suggests that the public service engages an external consultant to valuate new and changing assets. No funding source has been identified to cover the expense of an external consultant. The public service will work to identify funds in year or may return to EPC proposing funding be referred to the next year's budget process.

Enhancing the CAO's delegated authority to approve naming right sponsorships up to the amount of $200,000 would mean that approvals for sponsorships occur in a timelier manner. The CAO will have the discretion to forward a naming rights sponsorship for Council approval should the CAO decide that Council approval is desirable. This proposed amendment will require an administrative report to Council. The Public Service will report back to Council with this proposed amendment to the Winnipeg Sponsorship Policy and other minor amendments as deemed necessary.

FINANCIAL IMPACT

Financial Impact Statement **Date: November 14, 2016**

Project Name: Sponsor Winnipeg Program Business Case

COMMENTS:

This report is received as information only and has no financial impact.

(Original signed by R. Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

Customer Service and Communications Division, Office of the CAO
Corporate Finance (Campus Division)

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Maureen Purdy and Janet Thomas, Office of the CAO

November 2016



Business Case November 2016.docx



Appendix I Sponsor Winnipeg Policy.pdf



Appendix II Sponsor Winnipeg Revenues ar



Appendix III Municipal Networking on Sponsc



Appendix IV Summary of Results C



Appendix V List of Sponsorships.docx



Appendix VI Feature Sheet.pdf