

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 19, 2013

Item 1, Report No. 51, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on November 19, 2013.

1 STRATEGY TO IMPLEMENT A MUNICIPAL SPONSORSHIP PROGRAM

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendations contained in the following report of the Executive Director, dated November 12, 2013, be approved, subject to the following:

That Recommendations 2 and 3 be amended to read as follows:

2. THAT Staff form a working group comprised of key representatives from various departments to further identify the actions, policy and costs necessary for the successful implementation of a proposed Marketing Partnership Strategy and Implementation Plan, taking into account the comments raised by Committee; and
 3. THAT Staff report to Council no later than June 2014, with the staff working group findings and highlight all financial requirements to implement a Marketing Partnership Strategy and Implementation Plan, to be considered during the annual budget process;
- 2) That the report include a review of the non-property tax funds that are currently raised by the City, including through grants and sponsorships, including how a marketing strategy as suggested will impact on current sources of funds;
 - 3) That the report include a review of the issues relating to the responsibility of a Civic entity to define itself within the public realm as opposed to the for-profit, commercial realm; and
 - 4) That Communication C1, presentation material entitled, "*City of Vaughan: Marketing Partnerships: Strategy and Implementation Plan*", be received.

Recommendation

The Executive Director, in consultation with the Interim City Manager, recommends that;

1. THAT the presentation titled, "*City of Vaughan Marketing Partnership Strategy and Implementation Plan*" prepared by the Centre of Excellence for Public Sector Marketing be received;
2. THAT Staff form a working group comprised of key representatives from various departments to further identify the actions, policy and costs necessary for the successful implementation of the proposed Marketing Partnership Strategy and Implementation Plan, and;
3. THAT Staff report to Council no later than June 2014, with the staff working group findings and highlight all financial requirements to implement the Marketing Partnership Strategy and Implementation Plan, to be considered during the annual budget process.

Contribution to Sustainability

Green Directions Vaughan embraces a *Sustainability First* principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, to be sustainable as a City we must look for and be open to alternative revenue sources.

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Economic Impact

All costs associated with the preparation of the Marketing Partnership Strategy and Implementation Plan (MPS&IP) were approved through the 2012 budget process.

Through the work completed in the MPS&IP it is anticipated that if implemented, sponsorship revenue over the first five years will build each year to accumulate approximately \$3.4 Million GROSS (\$1.4 Million NET) revenue by the end of year five. The first five years are considered as building/foundational years. Expenses considered in calculating the NET revenue include; sales, servicing of agreements, full-time staffing, operating costs, and program service enhancements.

Beginning in year six the strategy indicates that with a solid foundation built in year one through five, the program should be able to continue to generate approximately \$1 - \$1.5 Million GROSS (\$300-\$500,000 NET) on an annual basis.

Communications Plan

The "*City of Vaughan Marketing Partnership Strategy and Implementation Plan*" and presentation will be available in hard copy format and distributed to Mayor, Members of Council and Senior Management. Additional "hard" copies will be available upon request.

An electronic copy in a PDF format will be posted to the City's website.

Purpose

The purpose of this report is to provide Mayor and Members of Council with a working copy of the *City of Vaughan Marketing Partnership Strategy and Implementation Plan* (Attachment 1) that will be used as the guiding document for a Staff Working Group to implement a corporate-wide Marketing Partnership Strategy.

Background - Analysis and Options

The Vaughan Vision 20|20 Strategic Plan sets out a vision and direction for the City over the next decade and beyond. A major initiative identified in the Strategic Plan is Management Excellence with the specific goal to Ensure Financial Sustainability.

Continuing to plan for the future puts the City in a better position to deal with the many challenges confronting the municipal sector. Availability and quality of municipal services and programs, the environment, traffic congestion, infrastructure and community safety are matters that will need to be addressed as the City grows. Meeting public needs and expectations will require prudent financial planning to control expenditures and the optimizing of potential revenue sources.

Traditionally, municipalities in Canada have relied on taxation to fund the majority of their programs and services. The funding of the City's 2013 operating budget is funded 66.6 percent from taxation and the 2014 operating budget is anticipated to require 66 percent from taxation. As the City moves forward and particularly in these current economic times, municipalities must increasingly seek out other sources of revenue.

There is a diverse set of revenue-generating opportunities that could be considered. These opportunities include naming rights, signage, product placement, advertising on vehicular assets, website, co-branding, exclusivity agreements, supplier agreements, loyalty programs, and event sponsorship. These opportunities need to be fully explored as potential revenue opportunities for the City.

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About Centre of Excellence for Public Sector Marketing (CEPSM)

Established in 1996, the Centre of Excellence for Public Sector Marketing is dedicated to the advancement of marketing in the public and not-for-profit sectors, specializing in the development of tools, strategies and programs that contribute positively to an organization's bottom line, whether it be financial or performance-driven. With more than fifteen years of experience managing high profile sales and marketing campaigns, sponsorship programs and corporate events, CEPSM helps clients choose the most effective marketing vehicles to promote their product(s) and assists them in leveraging these mediums to achieve the greatest return on investment for marketing dollars. CEPSM provides nationally recognized expertise in the development of sponsorship and corporate partnership assessments and strategies for clients ranging from federal, provincial, municipal and not-for profit organizations to the consumer retail and technology sectors. The company specializes in the assessment of sponsorship or corporate community investment opportunities and helps organizations take a professional and strategic approach towards generating revenue through these initiatives.

For the past 10 years, CEPSM has performed professional sponsorship valuation services for more than 900 individual properties including a wide range of festivals and events, NHL, CFL and major national / international sporting venues and events, a diverse portfolio of national associations and non-profits and numerous public sector organizations (including municipal operations). The company's strength is in its approach toward determining the value of various properties and the innovative sponsorship strategies it develops to create value for the sponsor, the property and most importantly, the audience.

CEPSM also has significant experience in working with municipal operations and other forms of multipurpose facilities in assessing the value of these properties and recommending strategies to maximize revenues through sponsorships and other types of corporate investments. For 10 years, the company's principal, Bernie Colterman, worked in a municipal setting and spearheaded the City of Ottawa's first efforts in sponsorship development. Following this term, he worked as a senior manager at Lansdowne Park (Ottawa) where he generated over \$500,000 per year in sponsorship revenue for this multi-purpose facility. CEPSM has also assisted a range of municipalities/multi-purpose facilities in assessing their sponsorship revenue potential including the Cities of Burlington, Kitchener, London, Newmarket, Ottawa and the Township of King. In total, CEPSM staff have raised more than \$25 million dollars in sponsorship revenue for various public sector, not-for-profit and private sector clients.

Highlights of the Marketing Partnership Strategy

GUIDING PRINCIPLES

At a strategic level, there are several Guiding Principles that need to be considered as key foundations for the City's Sponsorship Program:

- Sponsorship revenue should not be used to replace core funding for programs and services. Sponsorship and advertising revenue is subject to the constantly changing economic environment as well as evolving corporate priorities. Unless long-term agreements are secured (3-5 years), core programs and services could be at risk if they relied for the most part on these revenues to operate.
- Sponsorships need to include a "value-add" to the citizens of Vaughan or individual participants involved in the sponsored program. If the direct participant or Vaughan citizens overall, benefit in some way from the sponsorship, they will be more likely to view the sponsorship as a benefit rather than as an intrusion. This is viewed as a critical element in ensuring that the City's program is positively received by the citizens of Vaughan.

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- Sponsorship collaborations need to focus on “audience fit”. The City’s strongest selling point is that it has the ability to reach large numbers of audiences with specific needs and interests. By matching company products / services with audience needs / interests, the City will likely have a higher success rate with potential sponsors as well as a higher level of interest and acceptability from the audiences participating in these programs.
- Sponsor visibility needs to be thoughtfully integrated as to not jeopardize the delivery of content or negatively impact the audience experience. To ensure a rich and meaningful experience for participants, interruptive messaging and aggressive promotion of sponsor products will not be permitted.
- The sponsorship program needs to be positioned as a positive collaboration between the City and its corporate partners to enhance the quality of life in Vaughan and benefit citizens that participate in City programs and services. To be successful, the program cannot be positioned solely as a “budget reducing exercise”, but rather as an initiative to involve the corporate community in building a better Vaughan. This messaging will need to be sustained and consistent to ensure continued buy-in from all stakeholders.
- The contributions of companies need to be acknowledged in a public manner. Further to the above, by constantly reinforcing the value that the corporate partnership program has brought to the City’s programs, services or operations, the more positively the public, the City and the corporate partner will view these collaborative arrangements.

ENVIRONMENTAL SCAN

Sponsorship spending continues to grow in North America as companies look for new ways to connect with audiences and differentiate themselves from their competitors. Some of the key industry-wide trends include:

- Corporations are taking a more strategic approach towards sponsorship spending by aligning sponsorships more closely with business objectives and increased emphasis on measuring the performance of their investments;
- Growth of cause-related sponsorships as a means of associating a brand with a worthwhile cause that is viewed as important by the customer;
- Increased emphasis on “activating” sponsorships to leverage opportunities and increase audience impact;
- Increased integration between sponsorship and social media channels as a means of engaging audiences.

Despite shifts in today’s economy, corporations are still willing to invest in sponsorship, but there is clearly a shift from the traditional “signs and banners” to a more comprehensive approach that includes adding value to the customer experience so that they are ultimately more receptive to sponsor messaging.

In a recent survey conducted by the Centre of Excellence for Public Sector Marketing (CEPSM) of municipal sponsorship activities nation-wide, it was found that 81 percent of municipalities are involved in some form of sponsorship engagement, whether it’s seeking naming rights for facilities or other community assets or generating financial and in-kind support for programs, events and other community initiatives.

SPONSORSHIP AND ADVERTISING FRAMEWORK

To provide a starting point for identifying and organizing the City’s potential assets, a high-level Framework was established as a means of creating a structure for all opportunities.

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This Framework outlined eight (8) core categories under which the City's assets could be organized. They include:

- 1) Naming Rights – Opportunities where a sponsor name can be added as a prefix to the facility name i.e. TD Recreation Complex and receive a wide range of supporting visibility opportunities over an extended term.
- 2) Facility Sponsorships – Opportunities where a sponsor name cannot be added as a prefix due to previous facility commemorations i.e. Al Palladini Community Centre, but can still enjoy a wide range of visibility opportunities over an extended term.
- 3) City-Wide Programs and Services – Opportunities for sponsorship of a City-wide program or service that is offered to citizens under a centralized or common delivery system i.e. Outdoor Skating Rink Program
- 4) City-Wide Initiatives – Opportunities for sponsorship of multiple programs under a common cause-related theme i.e. "Active Together, Green Directions Vaughan, Volunteer Recognition Program".
- 5) Audience Bundled Programs – Opportunities for sponsorship of multiple programs delivered through various facilities that cater to similar (homogenous) audiences i.e. All Adult Fitness classes.
- 6) Special Events – Opportunities for sponsorship of Annual or One-Off Special Events presented by the City i.e. Canada Day, Concerts in the Park, Mayor's Gala and Golf event, etc.
- 7) Advertising – Commercial advertising opportunities such as the Recreation Guide, where there is no implied associative element or relationship between the City and the advertiser.
- 8) Other Unique Opportunities – Other opportunities for sponsorship, advertising or other types of cooperative marketing relationships that are not necessarily related to any of the above categories i.e. Employee Benefits Program, Vending Machine Pouring Rights, Official Suppliers to the City.

OPPORTUNITY AND CONSTRAINT ANALYSIS (S.W.O.T.)

It is important to note that while the framework establishes the overall scope of opportunities that are available, it will continue to be a "work in progress" as new opportunities are added and others removed because they are not viewed as practical from an appeal / implementation perspective, or are no longer being offered due to policies or administrative (budget) process.

As part of the preliminary research, the consultant also examined the City's ability to achieve partnership and advertising revenues and the Strengths, Weaknesses, Opportunities, and Threats that will need to be addressed in order to meet the stated goals.

Each of the noted S.W.O.T. has been further defined in more detail in the attached Strategy report beginning on page 14.

For example, Partnership Policy, listed in the quadrant under Weakness is further defined on page 17 with the following; Without an approved Partnership Policy, the City of Vaughan corporate partner program will be open to interpretation in many areas (i.e. interpretation of endorsement) and this may have an impact on the types of agreements and/or benefits offered.

Solution(s):

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- The City needs to be transparent by adopting a Partnership Policy that strikes a balance between managing risk and allowing staff to be flexible in the types of arrangements it can negotiate.

STRENGTHS	WEAKNESSES
Well known and Respected Institution Financial Resources and Capability Diversified Audience Reach Quality of Programs / Staff Trusted Provider of Programs and Services Economic Environment Current Sponsors / Advertisers Internal Expertise	Internal Culture for Sponsorships such as: Entrepreneurial Approach, Procurement Policy, Partnership Policy, Financial Policy / Systems, Revenue Allocation, Rules of Business Engagement, Senior Management Support, Approval Processes Level of Expertise Size of Organization Current City Contracts for Advertising Concession Operations Political Environment Revenue Allocation Media Scrutiny
OPPORTUNITIES	THREATS
Growth of Sponsorships and Partnerships Diversity of Audience / Size of Audience Opportunity to Deliver Timely Messages Uniqueness of City Sponsorship and Advertising Opportunities Goods In-Kind Vending Machines Potential Sales Force	The Economy Competition for Dollars Sponsorship Policy Impact of Increases / Decreases in Sponsorship Revenue Integrating Existing Sponsorships Corporate Expectations Political Perception of Commercialization Perception of Competition Competing Interests

REVENUE ANALYSIS

Initial estimates would indicate that there is an opportunity to generate a cumulated total of \$3.4 million (GROSS) in new sponsorship revenue over the first five-year period using a phased approach. It is important to note that the first five years need to be viewed as building blocks to a sustainable sponsorship program and that the estimate is based on a conservative revenue approach as the City builds its “sponsorship brand” and internal capacity.

After year five, the City should be able to sustain a minimum \$1 – 1.5 Million (GROSS) annual target for new revenue. When coupled with the estimated \$1 Million in current sponsorship revenue, the program is anticipated to accumulate a total of \$2 - \$2.5 Million (GROSS) in combined revenue annually.

ROLE OF THE WORKING GROUP

The staff working group comprised of key members of the corporation will use the strategy as the guiding document to:

- Develop the base communications and positioning of the sponsorship program that encourages involvement and publicly supports companies that contribute to the quality of life in Vaughan and/or enriches the experience of citizens participating in City programs or services.
- Propose where a Central Sponsorship Office could be established in the City's organizational structure to best coordinate the City's sponsorship and advertising efforts and ensure a high-level of professionalism and integrity in the delivery of the program.

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- Articulate the resources required in creating a central sponsorship office.
- Form revenue sharing guidelines that are achieved through sponsorships.
- Prepare a Policy that supports the development of corporate partnerships.
- Identify a training/education component for staff to increase their capacity to identify opportunities and engage the corporate sector.

All of the above noted will be brought to a future Committee of the Whole Working Session for further discussion and approval by Council.

ASSIGNING VALUES

One of the biggest challenges in implementing any sponsorship program is how to determine the “fair market value” that a sponsor or advertiser receives in return for their investment. Once the City’s potential sponsorship and advertising assets were identified through the preparation of the MPS&IP, the consultant conducted an analysis to determine the potential value of these assets using a proprietary formula that has been used to value hundreds of sponsorship properties.

ISSUES AND RISKS

The investigation of additional opportunities also highlighted some shortfalls in the City’s ability to expand from the current level of sponsorship and advertising to increase revenues, such as:

- A lack of a coordinated approach to soliciting potential sponsor and advertisers,
- That there is no city-wide strategy to maximize revenues,
- A lack of a centralized database to systematically record, track, analyze and report on sponsorship and advertising activities - consequently there may be donor fatigue due to multiple departments contacting the same sponsors,
- Missed revenue on some of the significant opportunities,
- A lack of a comprehensive asset inventory to market opportunities,
- A lack of consistent valuations of similar sponsorship from one program to another, and
- Little, if any, sharing of information on successes and lessons learned across departments.

The establishment and reliance on revenue from an enhanced sponsorship and advertising program is not without its issues and risks.

1. One of the major risks is whether there will be uptake on the opportunities being presented by the City. In order to get a better sense on the degree of potential participation by local and national companies of these opportunities, some selected market testing of the program should be contemplated. The purpose of the market testing is to gather industry feedback on the overall program as well as specific opportunities. The results of the business intelligence will allow the City to:
 - Gauge overall potential response to the program;
 - Determine what types of opportunities and benefits will carry the most weight with potential sponsors and advertisers;
 - Gather industry intelligence as it relates to competitive factors as well as other barriers to take-up;
 - Provide City staff with business intelligence that supports the overall project (due diligence).

While the overall reaction is expected to be positive, it is anticipated that the feedback received will provide the City with useful information to fine-tune the program prior to launching the full initiative.

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2. The revenue projections are based on the programs and services currently being provided by the City. If there are program changes (new or cancelled programs), print publication volumes change or there is a change in the method of communicating to the targets audiences, or assets no longer available, revenues will be affected. If, for example, community facilities are no longer available for naming rights because they have been selected for a commemorative naming or there is no community and Council support for a proposed naming rights agreement, the ability to achieve the revenue targets from this valuable type of opportunity is lost.
3. In the event that sponsorship or advertising revenues cease for a specific program, there will be an impact on budgets if the program is to continue.

These issues and risks as identified in the Partnership Strategy will be further evaluated and discussed in the staff working group.

Relationship to Vaughan Vision 2020/Strategic Plan

In consideration of the strategic priorities related to Vaughan Vision 20|20, the report will provide:

STRATEGIC GOALS:

Service Excellence – Providing service excellence to citizens.

Management Excellence

STRATEGIC OBJECTIVES:

Plan and Manage Growth & Economic Vitality.

Regional Implications

NA

Conclusion

The work completed by the Centre for Excellence in Public Sector Marketing in the preparation of the Vaughan Marketing Partnership Strategy and Implementation Plan makes a very strong argument that the City needs to take a strategic, coordinated approach toward its sponsorship and advertising efforts from both recruitment and servicing perspectives.

In addition, the MPS&IP identifies that if the City is to present a professionally operated and branded program, it will be necessary to put the processes and tools in place that ensure consistency in how the program is implemented. A centralized corporate office will be required to oversee the City's overall efforts in this area. A review of best practices of municipalities with a sponsorship program strongly suggest that the success of the program is enhanced when there is a centralized point of contact for enquiries, coordination, consistency in valuations and on-going support and liaison with existing sponsors to maintain and build on the existing partnerships.

Industry-wide research also indicates that the public is supportive of corporate sponsorships that contribute to an activity or cause that they deem worthwhile.

The global PR firm Edelman recently released its Canadian 2012 Good Purpose survey.

- 62 percent of those surveyed are buying brands that support good causes at least yearly, with 45 percent saying they do so at least monthly.
- 53 percent of Canadians are personally involved in supporting a good cause, compared to 60 percent of respondents globally.

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- 67 percent of Canadians trust a company that actively supports a societal issue, while only 19 percent trust a company that does not.
- 84 percent would be more likely to give their business to a company that supports good causes and has fair prices than a company that simply offers discounts.
- 89 percent believe that business needs to place at least equal weight on society's interests as on business' interests.
- 49 percent said businesses should create new products or services that help address a societal issue.

The study also noted that there is a breadth of opportunities for brands to find ways to give back to society and how that would fit in the brand and what resonates with Canadians. The positive aspect is 80 percent of Canadians say it is okay for brands or companies to make money, as long as they're giving back.

This and other studies show an appetite for sponsorships in both the part of consumers and corporations, provided that there is a strong association between the investment and the sponsored activity. Despite the recent economic turmoil, corporations are still willing to invest in sponsorship, but there is clearly a shift from the traditional "signs and banners" to a more comprehensive approach that includes adding value to the customer experience so that they are ultimately more receptive to sponsor messaging. This shift will have an impact on the way the City approaches sponsorships in order for the City to be successful.

Attachments

Attachment 1 - City of Vaughan Marketing Partnership Strategy and Implementation Plan

Report prepared by:

Tim Simmonds, Executive Director, Office of the City Manager

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

City of Vaughan: Marketing Partnerships: Strategy and Implementation Plan

Presentation to:
Committee of the Whole
Working Session
November 12, 2013



C1 - CW(ws) November 12/13
Item 1

Revenue Summary

- Estimated NEW **Gross Revenue** (cumulated) over the first five (5) years:
 - **\$3.5 million**
 - (\$1.5 million NET | \$300,000 avg. per year)**
- Total NEW **Gross Annual Revenue** per year after five years:
 - **\$1 million to \$1.5 million**
 - (\$300 - \$500,000 NET avg. per year)**

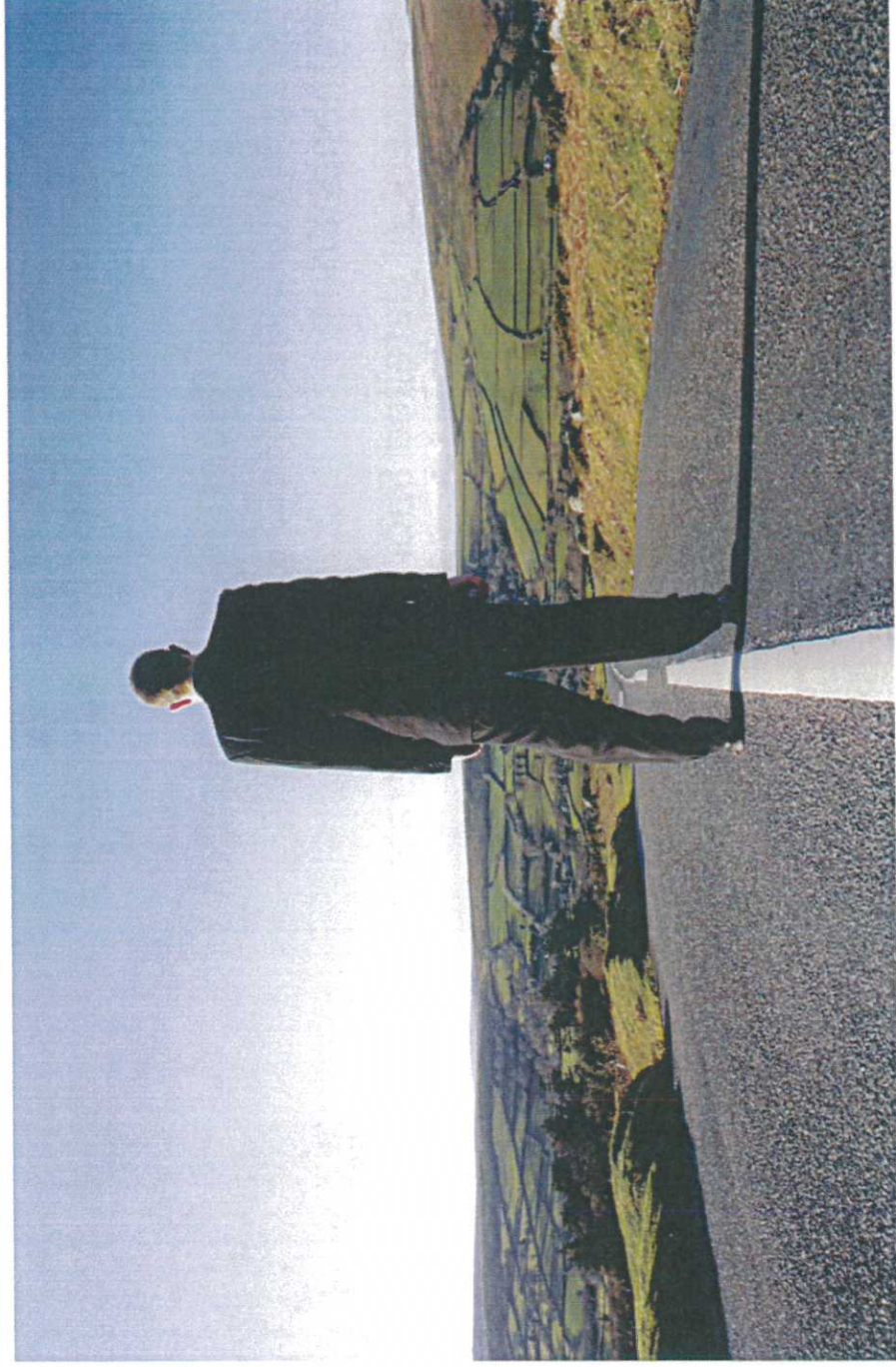
How We Got Here Today

1. Consultations with City staff;
2. Tour of key facilities;
3. Review of best practices from the municipal / other sectors;
4. Preliminary Findings Report including Master Inventory of potential assets and Strategic Recommendations;
5. Development of detailed Sponsorship Strategy including:
 - Opportunity / Constraint Analysis
 - Guiding Principles / Policy Recommendations
 - Revenue Projections
 - Operational / Implementation Recommendations
 - Marketing Recommendations

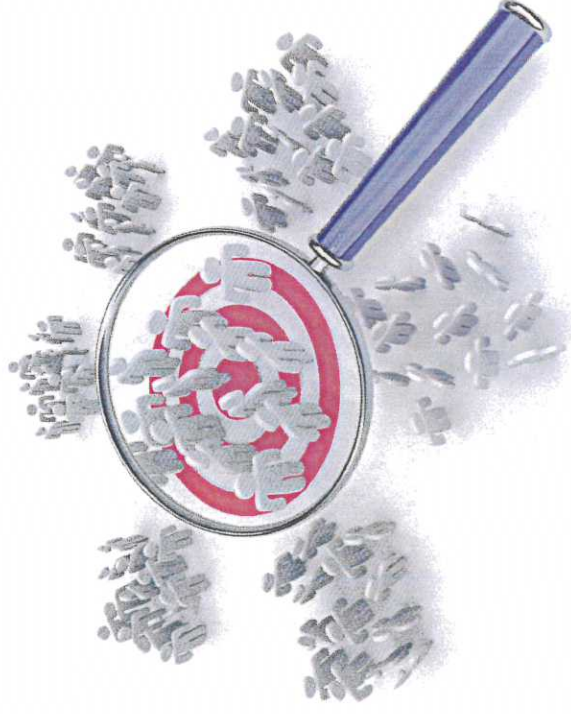


The Big Picture

Sponsorship is at a Major Crossroad



The Way Companies Market is Changing...

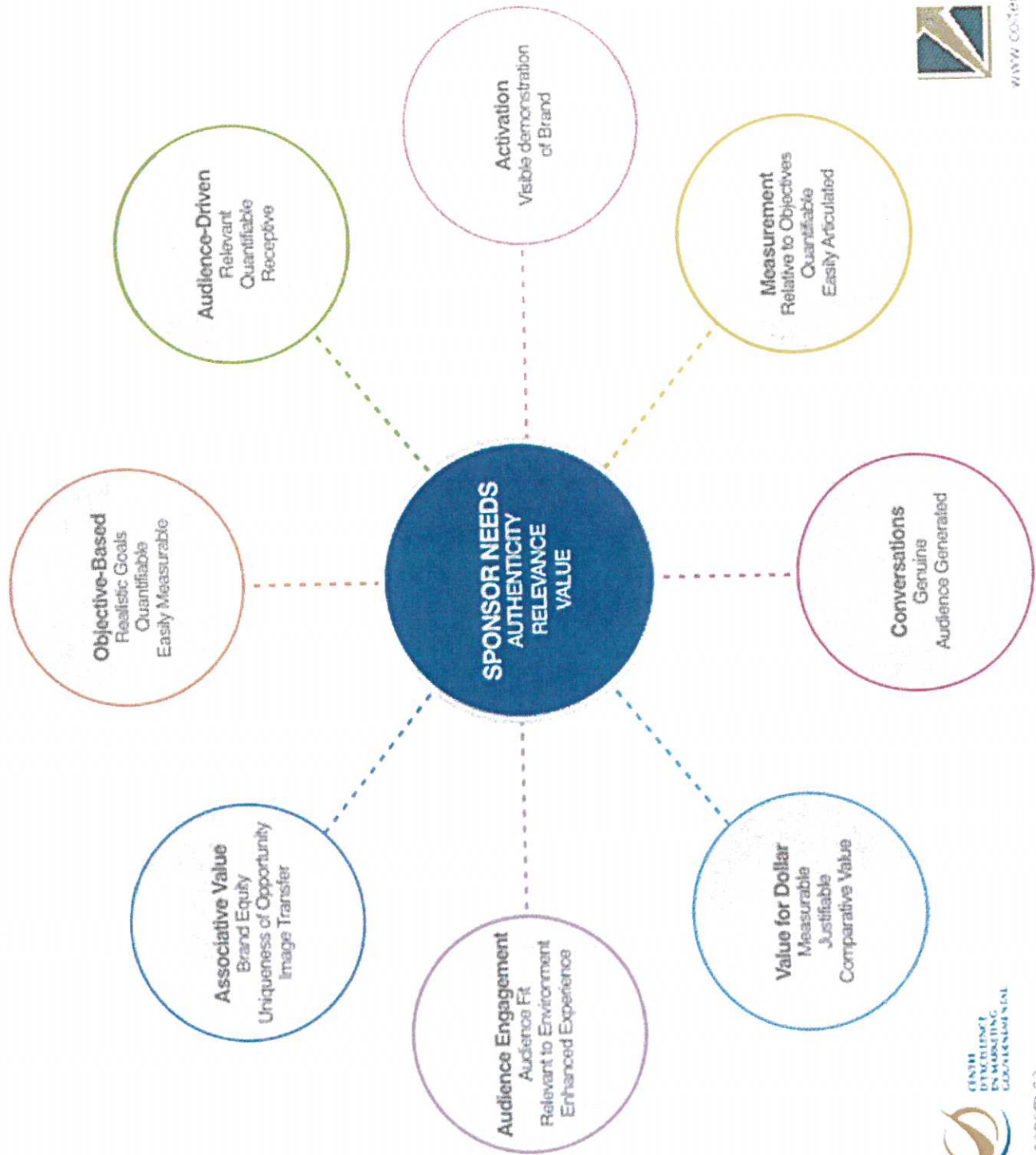


- Getting through the Advertising “clutter”
- Increased focus on core business and core audiences
- Customer retention / share of “wallet”
- Focus on the “brand experience”
- Adoption of online technologies
- Realization that the customer has the power
- Need to demonstrate authenticity

Sponsorships have evolved from this...

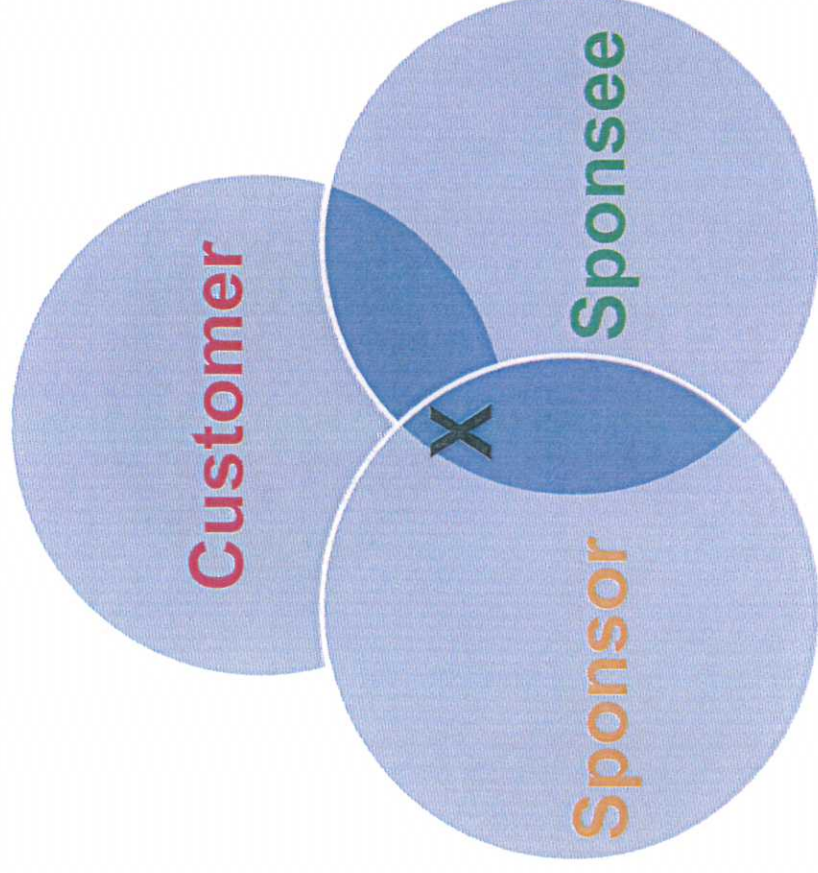


STRATEGIC COOPERATIVE MARKETING MODEL



In the new sponsorship environment,
everyone wins

The Strategic “Sweet” Spot



Key Sponsorship Trends

- Sponsorship spending is *growing*; allocation is now roughly 20% of marketing budgets.
- *Steady emphasis* on sports (pro and amateur) sponsorships; *increased focus* on festivals, fairs, annual events and education; *causes tailing off*.
- *Connecting with communities* is an important part of sponsorship in Canada. (over 70% of sponsorships have a community focus).
- *Increased focus* on women as a target market.
- *Blurring of lines* between sponsorships and donations.
- Increased focus on *Sponsorship activation* as a means of leveraging sponsorship agreements.
- Greater emphasis on *value for dollar*, alignment with brand / values, less “clutter”, increased brand recognition and loyalty.

Implications for Municipalities

Bad News

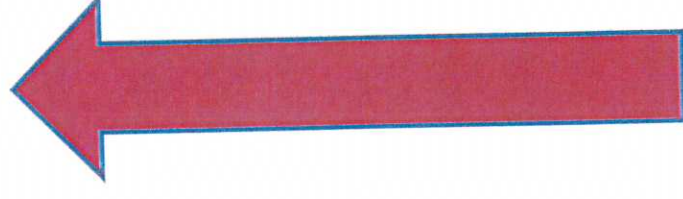
- You can't rely on signs, banners and other soft benefits to carry you.
- It will likely take longer than you think.
- You need to be “nimble” to meet the needs of sponsor prospects.

Good News

- With increased focus on enhancing the customer experience, there is less of a need for overt commercialism and interruptive messaging.

Municipal Trending

- 81% involved in sponsorship;
- 27% actively recruit corporate sponsors;
- 63% offer naming rights for their facilities;
- 24% offer advertising or sponsorships for assets outside of major facilities;
- 47% sell advertising in their arenas;
- 29% sell advertising in their municipal publications.



National Snapshot

- Burlington
 - Naming of the Haber Recreation Complex
- Edmonton
 - Laugh 'N' Learn Toy Shop announced as Official Sponsor of Organized Birthday Parties
- Ottawa
 - Naming of 3 facilities in the past year
 - Family Physio announced as sponsor of 4 Senior's Centres
- Red Deer
 - Blue Sod Farms Ltd. to sponsor new downtown spray park
- St. Catharines
 - Meridian Credit Union to pay \$200,000 per year for 15 years for new multi-purpose complex
- **On the Flip Side...**
 - Amherstburg
 - Halifax
 - Province of British Columbia

Key Municipal Challenges

- Large number of stakeholders to educate and please;
- Public and media scrutiny;
- Restrictive internal policies;
- Risk adverse internal culture;
- Skeptical corporate community;
- May not have the internal expertise.

On the Good Side...

Vaughan:

- has the ability to reach more people in the community than anyone else;
- is rich in “unique assets” that can be leveraged with potential sponsors;
- has recognizable and powerful brands;
- has a positive impact on people’s lives;
- has the resources to deliver on agreements.

Strategic Issues for Municipalities

- What do we want to achieve through the program?
- What do we have to market potential sponsors?
- What is the “fair market” value of our assets?
- How do we package and sell our opportunities?
- How do we get council and community buy-in?
- Who will manage the program, recruit sponsors and deliver on agreements?
- How will we develop an internal culture that supports the program?
- How do we get corporations to look at us as a legitimate opportunity?

How do we manage risk and expectations?

Reality Check

**Companies aren't lined
up to give you
money.....**

**It's not about you – it's
about them....**



Vaughan is off to a Good Start...

- Vaughan Celebrates: \$134,100 (2012)
- Mayor's Gala: \$570,000 (2012)
- Mayor's Golf Day: \$135,000 (2012)
- Sponsorship of Swims, Skates, March Break: \$25,000
- Publication and Signage Advertising: \$140,000 (2012)

Total Current Annual

\$1,004,000



Vaughan Strategy

Strategic Directions

1. That the City adopt a series of Guiding Principles that will be considered as foundations of the Corporate Partnership Program.
2. That a centralized “Corporate Partnership Office” be established to oversee the City’s overall efforts in this area.
3. That the program be phased in over five (5) years, starting in 2015.
4. That the Strategic Areas of Focus and Recommended Sponsorship and Advertising Inventory/Baseline Benefits be approved for Phase 1.
5. That a portion of the revenue generated through sponsorship be allocated towards improving the sponsored program, service or facility.
6. That a formal Vaughan Partnership Policy be adopted to govern activities in the sponsorship area.
7. That a formal approval process be adopted for sponsorship and naming rights agreements.
8. That the Financial Projections and Revenue Targets in the Strategy be approved.

Vaughan Strategy

Strategic Direction #1

That the City adopt a series of Guiding Principles that will be considered as foundations of the

Corporate Partnership Program.

Guiding Principles

1. Partnership revenue should not replace core funding;
2. Citizens of Vaughan need to see the benefits of increased partnership;
3. The better the corporate fit, the higher the level of acceptance;
4. Partner visibility cannot detract from the audience experience;
5. Partnerships need to be positioned as a positive collaboration and not a “necessary evil”;
6. Contributions need to be acknowledged in a public manner.

Vaughan Strategy

Strategic Direction #2

That a centralized “Corporate Partnership Office” be established to oversee the City’s overall efforts in this area.

Infrastructure Considerations

- Who will sell?
- Who will service agreements?
- Where will the functions reside?
- Who will manage internal / external communications?
- How will we coordinate recruitment efforts?
- What will be the governance structure?



Program Coordination

- Centralized function to coordinate City-wide efforts, ensure consistency and assist staff (at corporate level);
- Other City functions involved in sponsorship to report through Central Office;
- Supported by a Steering Committee of senior managers who will provide strategic guidance;
- Use of external contractors when expertise not in-house.

Vaughan Strategy

Strategic Direction #3

That the program be phased in over

Five (5) years, starting in 2015.

Roll-Out Strategy

Activity	Timeline (Tentative)
Council Approval	Q4 / 2013
Planning, Preparation and Market Testing	Q1, Q2, Q3 / 2014
Soft Launch	Q4 / 2014
Full Launch – Year 1	Q1 / 2015

Year 1 Focus

- Launch of Phase 1 Inventory;
- Build internal capacity and infrastructure;
- Create awareness for the overall program;
- Gather industry feedback on Phase 1 Inventory;
- Secure a few “early wins” to build momentum;
- Implement City-wide Vending Machine agreement and “pouring rights” sponsorship;
- Research potential Concession “pouring rights” opportunity;
- Collect / compile program statistics (i.e. participation rates);
- Build program staff capacity to identify potential sponsorship opportunities and service sponsors.

Implementation Strategies

- Have a Policy, Approval Process and Template Agreements in place
- Develop consistent communication lines
- Confirm role of Mayor / Council
- Focus on “low hanging fruit”
- Create a sponsorship “pipeline”
- Allow for customization
- Focus on early success
- Issue of Exclusivity



Communications

Effective positioning is critical for gaining public acceptance

- The City is committed to providing value for the taxpayer dollar;
- Program is aimed at reducing or minimizing costs while improving the level of programs and services to the public;
- Revenues received through corporate partnerships will be used to enhance the experience of Vaughan citizens;
- Corporations see this as an opportunity to make a meaningful contribution to the community where their employees and/or customers work, live and play.



Corporate Partnership Program

Partnership Program Marketing

- Consistent Branding;
 - Web Site;
 - Flexible collateral;
 - Client-driven approach;
 - Maintaining a prospect database;
 - Testimonials;
 - Business Association endorsement;
 - Actively acknowledging sponsors;
 - Demonstrating value for dollar.
- Sales Strategies**
- Focus on businesses that cater to specific audiences;
 - Adopt a consultative selling approach;
 - Provide a range of “price points”;
 - Encourage 3-year agreements (or longer for naming rights).

Providing Equal Opportunity to Business



- City Web Site (ongoing profile for the program and sponsors)
- Ad Campaign (2 times per year)
- MERX (call for expressions of interest and/or RFP's for selected opportunities)
- Partnership Prospectus (available for year-round distribution)
- Direct Mail / speaking at Chamber of Commerce
- News Releases / Media Events for major announcements
- Council recognition ceremonies

Vaughan Strategy

Strategic Direction #4

That the Strategic Areas of Focus and Recommended Sponsorship and Advertising Inventory/Baseline Benefits be approved for Phase 1.

Strategic Areas of Focus – Phase 1

- **Naming Rights** for non-commemorative facilities including complexes, arenas, pools, multi-purpose halls.
- **City-wide Programs** such as Public Swims / Skates, Cycling Program, Special Events.
- **Selected Registration-based Programs** for Adults and Seniors such as Fitness and Aquafit.
- **City-wide Initiatives** such as Active Together, Green Directions, Arts-Friendly.
- **Exclusive Pouring Rights** opportunities such as Vending Machines.
- **Advertising** opportunities including existing and expanded facility advertising/billboards
- **Employee Benefits Program** such as Home/Auto Insurance

Sponsorship / Advertising Inventory

Master Inventory

Naming Rights	Facility Sponsors	City-Wide Programs	City-Wide Initiatives	Bundled Programs	Special Events	Advertising
Co. name as pre-fix to name	No title name rights	Coordinated program delivery	Multiple programs under theme	City-wide registrations	One-off or annual	Publications. Signage and distribution networks
Multi-purpose complexes Arenas Pools Parks Sports / Art Facilities	Same as Naming Rights	Public Swim / Skates Water Parks / Pads Pet Licensing Business Start-Up Learn-to-Swim March Break	Active Together Green Directions Safety Pet Friendly Arts Friendly Volunteer Program	Children Youth Adult Seniors Fitness AquaFit Summer Camps	Canada Day Concerts in the Park Winterfest Doors Open Vaughan Mayor's Gala / Golf Art Exhibits	Web Print Parking Lots Distribution Networks Facility Ad Signage

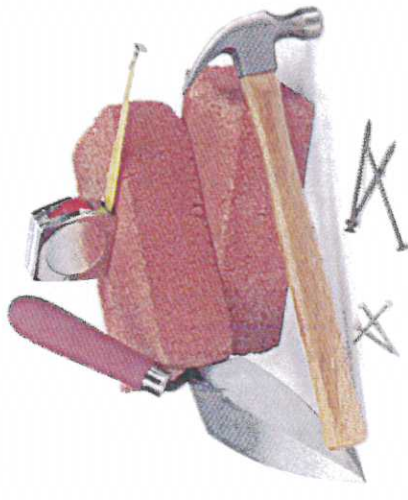
Inventory (Product) Development

- Need to develop sponsorship products that appeal to businesses of all sizes and business objectives;
- Consider packaging by audience / season / activity / value alignment
- Naming Rights:
 - Focus on “fit”
 - Ideally 8-10 year agreements
 - Consider incentives for upfront payment

Baseline Sponsorship Benefits

Baseline benefits for any sponsorship opportunity

- Visibility on Web Site
- Visibility in Print / Electronic Publications
- Direct Messaging Opportunity
- Distribution / Demo / Sampling Opportunity
- Complimentary or Discount Admissions
- On site signage
- Use of facilities for functions
- Activation Opportunity



Assigning Values to City Assets

Tangible Value

- Quantitative measurement of exposures / impressions
- i.e. 100,000 unique visits at \$0.005 = \$500.00

Intangible or Associative Value

- Qualitative elements that add value to the opportunity
- i.e. uniqueness of the opportunity, level of exclusivity

Valuation Example – Naming Rights

- Total Tangible Value: \$30,000
- Total Intangible Value: \$25,500 (85%)
- **Total Value of the Opportunity: \$55,500**
- Provide \$1.50 in value for every \$1.00 invested
- **Net Asking Price: \$37,000**

Benefits of the Valuation Model

- Provides a consistent method for determining the value of assets and sponsorship packages;
- Ensures that the City is receiving “fair market value” for its assets;
- Allows for easy mixing and matching of benefits to suit the needs of potential sponsors.



Vaughan Strategy

Strategic Direction #5

That a portion of the revenue generated through sponsorship be allocated towards improving the sponsored program, service or facility.

Allocation of Revenue

Cost Consideration	% of Revenue
Sales (internal or external)	15% - 20%
Servicing Agreements (City portion of deliverables)	5% - 10%
Operation of Central Office (equip, staff resources)	15% - 20%
Program / Service Enhancements (value-add)	15% - 25%
Total Allocation	50% - 75%
Potential for General Revenue Account	25% - 50%

Notes:

- Amount to General Revenue can fluctuate (25% to 50%), depending on the types of agreements and efficiencies achieved in carrying out the various functions.
- Naming Rights likely have the best revenue potential because of the long-term nature of the agreements.

Vaughan Strategy

Strategic Direction #6

That a formal Vaughan Partnership Policy
be adopted to govern activities in the
sponsorship area.

Sponsorship Policy

Key Policy Elements:

- Overall Policy Statement/Purpose
- Application of the Policy (to whom it applies, what types of opportunities)
- Not implying endorsement
- Safeguarding citizen interests
- Exclusions
- Application to federal, provincial, municipal laws and other advertising or ethical standards
- Administrative requirements and authorities (i.e. direct solicitation by City staff, unsolicited proposals)
- Delegation of Authority / Approvals
- References to other City policies

Vaughan Strategy

Strategic Direction #7

That a formal approval process be adopted for sponsorship and naming rights agreements.

Approval Processes

Naming Rights

- Initial Letter of Intent signed by the potential Naming Rights sponsor and Commission / Department Head that outlines the proposed Term, Payment Schedule and Benefits;
- Approval by City Manager who may consult with Councilors to gain their concurrence ;
- Formal approval of the Naming Right Sponsor (and Terms) at City Council.

Program Sponsorships

- Up to \$10,000 and Under 3 Years – *Manager*
- Between \$10,000 - \$50,000 and Up to 3 Years – *Director*
- Between \$50,000 - \$100,000 and Up to 5 Years – *Commissioner*
- Over \$100,000 or 5 Years – *City Manager*

Vaughan Strategy

Strategic Direction #8

That the Financial Projections and Revenue Targets in the Strategy be approved.

Strategy – Financial Goals

Year 1	Year 2	Year 3	Year 4	Year 5	Total
\$288,000	\$596,000	\$745,000	\$874,000	\$1,003,000	\$3,506,000

- First five (5) years are building years with a projected \$3.5 million in gross new revenue.
- Goal after 5 years would be to sustain a minimum of \$1 million in gross annual revenue.
- Combined new and existing revenue (after 5 years) should be in the range of **\$2 million to \$2.5 million** in annually.

Revenue Mix and Projections

Revenue Source	Annual Revenue Range
Naming rights	\$280,000 to \$350,000
Program Sponsorships	\$175,000 to \$245,000
Event Sponsorships	\$70,000 to \$105,000
Themed Community Initiatives	\$140,000 to \$210,000
Web Site Ads	\$10,500 to \$17,500
Interior Signage Ads	\$35,000 to \$70,000
Exterior Signage - Billboards	\$50,000 to \$100,000
Publication Ads	\$52,500 to \$70,000
Facility Sponsorship	\$35,000 to \$70,000
Employee Benefits Program	\$35,000 to \$70,000
Pouring Rights	\$50,000 to \$100,000
Unsolicited Proposals	\$70,000 to \$175,000
TOTAL	\$1,003,000 to \$1,582,500

Cost / Benefit Analysis

Year	2013	2014	2015	2016	2017	2018	Total
Annual Gross Projected Revenue (using low estimates)		\$288	\$596	\$745	\$874	\$1,003	\$3,506
Annual Staff Costs		\$220	\$220	\$220	\$220	\$220	\$1,100
Annual Operating Costs / Overhead		\$119	\$119	\$119	\$119	\$119	\$595
Start-Up Costs	\$50	\$50					\$100
Servicing (5% of projected revenue)		\$19	\$39	\$48	\$58	\$66	\$230
Net Benefits	(\$50)	(\$120)	\$218	\$358	\$477	\$598	\$1,481

questions?



COMMITTEE OF THE WHOLE WORKING SESSION – NOVEMBER 12, 2013

STRATEGY TO IMPLEMENT A MUNICIPAL SPONSORSHIP PROGRAM

Recommendation

The Executive Director, in consultation with the Interim City Manager, recommends that;

1. THAT the presentation titled, "*City of Vaughan Marketing Partnership Strategy and Implementation Plan*" prepared by the Centre of Excellence for Public Sector Marketing be received;
2. THAT Staff form a working group comprised of key representatives from various departments to further identify the actions, policy and costs necessary for the successful implementation of the proposed Marketing Partnership Strategy and Implementation Plan, and;
3. THAT Staff report to Council no later than June 2014, with the staff working group findings and highlight all financial requirements to implement the Marketing Partnership Strategy and Implementation Plan, to be considered during the annual budget process.

Contribution to Sustainability

Green Directions Vaughan embraces a *Sustainability First* principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. Under this definition, to be sustainable as a City we must look for and be open to alternative revenue sources.

Economic Impact

All costs associated with the preparation of the Marketing Partnership Strategy and Implementation Plan (MPS&IP) were approved through the 2012 budget process.

Through the work completed in the MPS&IP it is anticipated that if implemented, sponsorship revenue over the first five years will build each year to accumulate approximately \$3.4 Million GROSS (\$1.4 Million NET) revenue by the end of year five. The first five years are considered as building/foundational years. Expenses considered in calculating the NET revenue include; sales, servicing of agreements, full-time staffing, operating costs, and program service enhancements.

Beginning in year six the strategy indicates that with a solid foundation built in year one through five, the program should be able to continue to generate approximately \$1 - \$1.5 Million GROSS (\$300-\$500,000 NET) on an annual basis.

Communications Plan

The "*City of Vaughan Marketing Partnership Strategy and Implementation Plan*" and presentation will be available in hard copy format and distributed to Mayor, Members of Council and Senior Management. Additional "hard" copies will be available upon request.

An electronic copy in a PDF format will be posted to the City's website.

Purpose

The purpose of this report is to provide Mayor and Members of Council with a working copy of the *City of Vaughan Marketing Partnership Strategy and Implementation Plan* (Attachment 1) that will

be used as the guiding document for a Staff Working Group to implement a corporate-wide Marketing Partnership Strategy.

Background - Analysis and Options

The Vaughan Vision 20|20 Strategic Plan sets out a vision and direction for the City over the next decade and beyond. A major initiative identified in the Strategic Plan is Management Excellence with the specific goal to Ensure Financial Sustainability.

Continuing to plan for the future puts the City in a better position to deal with the many challenges confronting the municipal sector. Availability and quality of municipal services and programs, the environment, traffic congestion, infrastructure and community safety are matters that will need to be addressed as the City grows. Meeting public needs and expectations will require prudent financial planning to control expenditures and the optimizing of potential revenue sources.

Traditionally, municipalities in Canada have relied on taxation to fund the majority of their programs and services. The funding of the City's 2013 operating budget is funded 66.6 percent from taxation and the 2014 operating budget is anticipated to require 66 percent from taxation. As the City moves forward and particularly in these current economic times, municipalities must increasingly seek out other sources of revenue.

There is a diverse set of revenue-generating opportunities that could be considered. These opportunities include naming rights, signage, product placement, advertising on vehicular assets, website, co-branding, exclusivity agreements, supplier agreements, loyalty programs, and event sponsorship. These opportunities need to be fully explored as potential revenue opportunities for the City.

About Centre of Excellence for Public Sector Marketing (CEPSM)

Established in 1996, the Centre of Excellence for Public Sector Marketing is dedicated to the advancement of marketing in the public and not-for-profit sectors, specializing in the development of tools, strategies and programs that contribute positively to an organization's bottom line, whether it be financial or performance-driven. With more than fifteen years of experience managing high profile sales and marketing campaigns, sponsorship programs and corporate events, CEPSM helps clients choose the most effective marketing vehicles to promote their product(s) and assists them in leveraging these mediums to achieve the greatest return on investment for marketing dollars. CEPSM provides nationally recognized expertise in the development of sponsorship and corporate partnership assessments and strategies for clients ranging from federal, provincial, municipal and not-for profit organizations to the consumer retail and technology sectors. The company specializes in the assessment of sponsorship or corporate community investment opportunities and helps organizations take a professional and strategic approach towards generating revenue through these initiatives.

For the past 10 years, CEPSM has performed professional sponsorship valuation services for more than 900 individual properties including a wide range of festivals and events, NHL, CFL and major national / international sporting venues and events, a diverse portfolio of national associations and non-profits and numerous public sector organizations (including municipal operations). The company's strength is in its approach toward determining the value of various properties and the innovative sponsorship strategies it develops to create value for the sponsor, the property and most importantly, the audience.

CEPSM also has significant experience in working with municipal operations and other forms of multipurpose facilities in assessing the value of these properties and recommending strategies to maximize revenues through sponsorships and other types of corporate investments. For 10 years, the company's principal, Bernie Colterman, worked in a municipal setting and spearheaded the City of Ottawa's first efforts in sponsorship development. Following this term, he worked as a senior manager at Lansdowne Park (Ottawa) where he generated over \$500,000 per

year in sponsorship revenue for this multi-purpose facility. CEPSM has also assisted a range of municipalities/multi-purpose facilities in assessing their sponsorship revenue potential including the Cities of Burlington, Kitchener, London, Newmarket, Ottawa and the Township of King. In total, CEPSM staff have raised more than \$25 million dollars in sponsorship revenue for various public sector, not-for-profit and private sector clients.

Highlights of the Marketing Partnership Strategy

GUIDING PRINCIPLES

At a strategic level, there are several Guiding Principles that need to be considered as key foundations for the City's Sponsorship Program:

- Sponsorship revenue should not be used to replace core funding for programs and services. Sponsorship and advertising revenue is subject to the constantly changing economic environment as well as evolving corporate priorities. Unless long-term agreements are secured (3-5 years), core programs and services could be at risk if they relied for the most part on these revenues to operate.
- Sponsorships need to include a "value-add" to the citizens of Vaughan or individual participants involved in the sponsored program. If the direct participant or Vaughan citizens overall, benefit in some way from the sponsorship, they will be more likely to view the sponsorship as a benefit rather than as an intrusion. This is viewed as a critical element in ensuring that the City's program is positively received by the citizens of Vaughan.
- Sponsorship collaborations need to focus on "audience fit". The City's strongest selling point is that it has the ability to reach large numbers of audiences with specific needs and interests. By matching company products / services with audience needs / interests, the City will likely have a higher success rate with potential sponsors as well as a higher level of interest and acceptability from the audiences participating in these programs.
- Sponsor visibility needs to be thoughtfully integrated as to not jeopardize the delivery of content or negatively impact the audience experience. To ensure a rich and meaningful experience for participants, interruptive messaging and aggressive promotion of sponsor products will not be permitted.
- The sponsorship program needs to be positioned as a positive collaboration between the City and its corporate partners to enhance the quality of life in Vaughan and benefit citizens that participate in City programs and services. To be successful, the program cannot be positioned solely as a "budget reducing exercise", but rather as an initiative to involve the corporate community in building a better Vaughan. This messaging will need to be sustained and consistent to ensure continued buy-in from all stakeholders.
- The contributions of companies need to be acknowledged in a public manner. Further to the above, by constantly reinforcing the value that the corporate partnership program has brought to the City's programs, services or operations, the more positively the public, the City and the corporate partner will view these collaborative arrangements.

ENVIRONMENTAL SCAN

Sponsorship spending continues to grow in North America as companies look for new ways to connect with audiences and differentiate themselves from their competitors. Some of the key industry-wide trends include:

- Corporations are taking a more strategic approach towards sponsorship spending by aligning sponsorships more closely with business objectives and increased emphasis on measuring the performance of their investments;
- Growth of cause-related sponsorships as a means of associating a brand with a worthwhile cause that is viewed as important by the customer;
- Increased emphasis on “activating” sponsorships to leverage opportunities and increase audience impact;
- Increased integration between sponsorship and social media channels as a means of engaging audiences.

Despite shifts in today’s economy, corporations are still willing to invest in sponsorship, but there is clearly a shift from the traditional “signs and banners” to a more comprehensive approach that includes adding value to the customer experience so that they are ultimately more receptive to sponsor messaging.

In a recent survey conducted by the Centre of Excellence for Public Sector Marketing (CEPSM) of municipal sponsorship activities nation-wide, it was found that 81 percent of municipalities are involved in some form of sponsorship engagement, whether it’s seeking naming rights for facilities or other community assets or generating financial and in-kind support for programs, events and other community initiatives.

SPONSORSHIP AND ADVERTISING FRAMEWORK

To provide a starting point for identifying and organizing the City’s potential assets, a high-level Framework was established as a means of creating a structure for all opportunities.

This Framework outlined eight (8) core categories under which the City’s assets could be organized. They include:

- 1) Naming Rights – Opportunities where a sponsor name can be added as a prefix to the facility name i.e. TD Recreation Complex and receive a wide range of supporting visibility opportunities over an extended term.
- 2) Facility Sponsorships – Opportunities where a sponsor name cannot be added as a prefix due to previous facility commemorations i.e. Al Palladini Community Centre, but can still enjoy a wide range of visibility opportunities over an extended term.
- 3) City-Wide Programs and Services – Opportunities for sponsorship of a City-wide program or service that is offered to citizens under a centralized or common delivery system i.e. Outdoor Skating Rink Program
- 4) City-Wide Initiatives – Opportunities for sponsorship of multiple programs under a common cause-related theme i.e. “Active Together, Green Directions Vaughan, Volunteer Recognition Program”.
- 5) Audience Bundled Programs – Opportunities for sponsorship of multiple programs delivered through various facilities that cater to similar (homogenous) audiences i.e. All Adult Fitness classes.
- 6) Special Events – Opportunities for sponsorship of Annual or One-Off Special Events presented by the City i.e. Canada Day, Concerts in the Park, Mayor’s Gala and Golf event, etc.
- 7) Advertising – Commercial advertising opportunities such as the Recreation Guide, where there is no implied associative element or relationship between the City and the advertiser.

- 8) Other Unique Opportunities – Other opportunities for sponsorship, advertising or other types of cooperative marketing relationships that are not necessarily related to any of the above categories i.e. Employee Benefits Program, Vending Machine Pouring Rights, Official Suppliers to the City.

OPPORTUNITY AND CONSTRAINT ANALYSIS (S.W.O.T.)

It is important to note that while the framework establishes the overall scope of opportunities that are available, it will continue to be a “work in progress” as new opportunities are added and others removed because they are not viewed as practical from an appeal / implementation perspective, or are no longer being offered due to policies or administrative (budget) process.

As part of the preliminary research, the consultant also examined the City's ability to achieve partnership and advertising revenues and the Strengths, Weaknesses, Opportunities, and Threats that will need to be addressed in order to meet the stated goals.

Each of the noted S.W.O.T. has been further defined in more detail in the attached Strategy report beginning on page 14.

For example, Partnership Policy, listed in the quadrant under Weakness is further defined on page 17 with the following; Without an approved Partnership Policy, the City of Vaughan corporate partner program will be open to interpretation in many areas (i.e. interpretation of endorsement) and this may have an impact on the types of agreements and/or benefits offered. Solution(s):

- The City needs to be transparent by adopting a Partnership Policy that strikes a balance between managing risk and allowing staff to be flexible in the types of arrangements it can negotiate.

STRENGTHS	WEAKNESSES
Well known and Respected Institution	Internal Culture for Sponsorships such as: Entrepreneurial Approach, Procurement Policy, Partnership Policy, Financial Policy / Systems, Revenue Allocation, Rules of Business Engagement, Senior Management Support, Approval Processes
Financial Resources and Capability	Level of Expertise
Diversified Audience Reach	Size of Organization
Quality of Programs / Staff	Current City Contracts for Advertising
Trusted Provider of Programs and Services	Concession Operations
Economic Environment	Political Environment
Current Sponsors / Advertisers	Revenue Allocation
Internal Expertise	Media Scrutiny
OPPORTUNITIES	THREATS
Growth of Sponsorships and Partnerships	The Economy
Diversity of Audience / Size of Audience	Competition for Dollars
Opportunity to Deliver Timely Messages	Sponsorship Policy
Uniqueness of City Sponsorship and Advertising Opportunities	Impact of Increases / Decreases in Sponsorship Revenue
Goods In-Kind	Integrating Existing Sponsorships
Vending Machines	Corporate Expectations
Potential Sales Force	Political
	Perception of Commercialization
	Perception of Competition
	Competing Interests

REVENUE ANALYSIS

Initial estimates would indicate that there is an opportunity to generate a cumulated total of \$3.4 million (GROSS) in new sponsorship revenue over the first five-year period using a phased approach. It is important to note that the first five years need to be viewed as building blocks to a sustainable sponsorship program and that the estimate is based on a conservative revenue approach as the City builds its “sponsorship brand” and internal capacity.

After year five, the City should be able to sustain a minimum \$1 – 1.5 Million (GROSS) annual target for new revenue. When coupled with the estimated \$1 Million in current sponsorship revenue, the program is anticipated to accumulate a total of \$2 - \$2.5 Million (GROSS) in combined revenue annually.

ROLE OF THE WORKING GROUP

The staff working group comprised of key members of the corporation will use the strategy as the guiding document to:

- Develop the base communications and positioning of the sponsorship program that encourages involvement and publicly supports companies that contribute to the quality of life in Vaughan and/or enriches the experience of citizens participating in City programs or services.
- Propose where a Central Sponsorship Office could be established in the City's organizational structure to best coordinate the City's sponsorship and advertising efforts and ensure a high-level of professionalism and integrity in the delivery of the program.
- Articulate the resources required in creating a central sponsorship office.
- Form revenue sharing guidelines that are achieved through sponsorships.
- Prepare a Policy that supports the development of corporate partnerships.
- Identify a training/education component for staff to increase their capacity to identify opportunities and engage the corporate sector.

All of the above noted will be brought to a future Committee of the Whole Working Session for further discussion and/approval by Council.

ASSIGNING VALUES

One of the biggest challenges in implementing any sponsorship program is how to determine the “fair market value” that a sponsor or advertiser receives in return for their investment. Once the City's potential sponsorship and advertising assets were identified through the preparation of the MPS&IP, the consultant conducted an analysis to determine the potential value of these assets using a proprietary formula that has been used to value hundreds of sponsorship properties.

ISSUES AND RISKS

The investigation of additional opportunities also highlighted some shortfalls in the City's ability to expand from the current level of sponsorship and advertising to increase revenues, such as:

- A lack of a coordinated approach to soliciting potential sponsor and advertisers,
- That there is no city-wide strategy to maximize revenues,
- A lack of a centralized database to systematically record, track, analyze and report on sponsorship and advertising activities - consequently there may be donor fatigue due to multiple departments contacting the same sponsors,
- Missed revenue on some of the significant opportunities,
- A lack of a comprehensive asset inventory to market opportunities,
- A lack of consistent valuations of similar sponsorship from one program to another, and

- Little, if any, sharing of information on successes and lessons learned across departments.

The establishment and reliance on revenue from an enhanced sponsorship and advertising program is not without its issues and risks.

1. One of the major risks is whether there will be uptake on the opportunities being presented by the City. In order to get a better sense on the degree of potential participation by local and national companies of these opportunities, some selected market testing of the program should be contemplated. The purpose of the market testing is to gather industry feedback on the overall program as well as specific opportunities. The results of the business intelligence will allow the City to:
 - Gauge overall potential response to the program;
 - Determine what types of opportunities and benefits will carry the most weight with potential sponsors and advertisers;
 - Gather industry intelligence as it relates to competitive factors as well as other barriers to take-up;
 - Provide City staff with business intelligence that supports the overall project (due diligence).

While the overall reaction is expected to be positive, it is anticipated that the feedback received will provide the City with useful information to fine-tune the program prior to launching the full initiative.

2. The revenue projections are based on the programs and services currently being provided by the City. If there are program changes (new or cancelled programs), print publication volumes change or there is a change in the method of communicating to the targets audiences, or assets no longer available, revenues will be affected. If, for example, community facilities are no longer available for naming rights because they have been selected for a commemorative naming or there is no community and Council support for a proposed naming rights agreement, the ability to achieve the revenue targets from this valuable type of opportunity is lost.
3. In the event that sponsorship or advertising revenues cease for a specific program, there will be an impact on budgets if the program is to continue.

These issues and risks as identified in the Partnership Strategy will be further evaluated and discussed in the staff working group.

Relationship to Vaughan Vision 2020/Strategic Plan

In consideration of the strategic priorities related to Vaughan Vision 20|20, the report will provide:

STRATEGIC GOALS:

Service Excellence – Providing service excellence to citizens.
Management Excellence

STRATEGIC OBJECTIVES:

Plan and Manage Growth & Economic Vitality.

Regional Implications

NA

Conclusion

The work completed by the Centre for Excellence in Public Sector Marketing in the preparation of the Vaughan Marketing Partnership Strategy and Implementation Plan makes a very strong argument that the City needs to take a strategic, coordinated approach toward its sponsorship and advertising efforts from both recruitment and servicing perspectives.

In addition, the MPS&IP identifies that if the City is to present a professionally operated and branded program, it will be necessary to put the processes and tools in place that ensure consistency in how the program is implemented. A centralized corporate office will be required to oversee the City's overall efforts in this area. A review of best practices of municipalities with a sponsorship program strongly suggest that the success of the program is enhanced when there is a centralized point of contact for enquiries, coordination, consistency in valuations and on-going support and liaison with existing sponsors to maintain and build on the existing partnerships.

Industry-wide research also indicates that the public is supportive of corporate sponsorships that contribute to an activity or cause that they deem worthwhile.

The global PR firm Edelman recently released its Canadian 2012 Good Purpose survey.

- 62 percent of those surveyed are buying brands that support good causes at least yearly, with 45 percent saying they do so at least monthly.
- 53 percent of Canadians are personally involved in supporting a good cause, compared to 60 percent of respondents globally.
- 67 percent of Canadians trust a company that actively supports a societal issue, while only 19 percent trust a company that does not.
- 84 percent would be more likely to give their business to a company that supports good causes and has fair prices than a company that simply offers discounts.
- 89 percent believe that business needs to place at least equal weight on society's interests as on business' interests.
- 49 percent said businesses should create new products or services that help address a societal issue.

The study also noted that there is a breadth of opportunities for brands to find ways to give back to society and how that would fit in the brand and what resonates with Canadians. The positive aspect is 80 percent of Canadians say it is okay for brands or companies to make money, as long as they're giving back.

This and other studies show an appetite for sponsorships in both the part of consumers and corporations, provided that there is a strong association between the investment and the sponsored activity. Despite the recent economic turmoil, corporations are still willing to invest in sponsorship, but there is clearly a shift from the traditional "signs and banners" to a more comprehensive approach that includes adding value to the customer experience so that they are ultimately more receptive to sponsor messaging. This shift will have an impact on the way the City approaches sponsorships in order for the City to be successful.

Attachments

Attachment 1 - City of Vaughan Marketing Partnership Strategy and Implementation Plan

Report prepared by:

Tim Simmonds, Executive Director, Office of the City Manager

Respectfully submitted,

Tim Simmonds
Executive Director, Office of the City Manager



CITY OF
VAUGHAN

MARKETING PARTNERSHIPS: STRATEGY AND IMPLEMENTATION PLAN

NOVEMBER 12, 2013

CENTRE OF
EXCELLENCE FOR
PUBLIC SECTOR
MARKETING



CENTRE
D'EXCELLENCE
EN MARKETING
GOUVERNEMENTAL

MARKETING



COOPÉRATION

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Executive Summary

Municipalities across Canada are increasingly turning to collaborative arrangements with the private sector as a means of generating alternative sources of non-tax revenue and improving civic facilities and services. These opportunities include naming rights on civic facilities, signage and advertising in or around city assets, program and event sponsorships, exclusive supplier arrangements and a wide range of private sector driven initiatives to improve the lives of their employees and/or customers where they live, work or play.

At the same time, with the current shift from traditional marketing mediums such as newspaper advertising, partnership spending continues to grow in Canada and North America as companies look for new ways to connect with audiences and differentiate themselves from their competition. Despite the uncertain economic environment, corporations are still willing to invest in community partnerships, but there is clearly a shift from traditional branding and visibility to a more comprehensive approach that includes adding value to the customer experience so that these audiences are ultimately more receptive to corporate messaging. This shift bodes well for municipalities because it means that “old school” interruptive messaging is being replaced with a more thoughtful involvement and engagement.

Vaughan is well-positioned to capitalize on the growth of private sector partnerships. As one of the fastest growing municipalities in Canada, the entrepreneurial spirit that prevails in Vaughan lends itself to a wide range of collaborative opportunities as companies establish their roots in the city and look for ways to build business and/or visibility demonstrate their commitment to the community. In addition, major “game changing” projects such as the Vaughan Metropolitan Centre and subway line to downtown Toronto will attract more businesses who will want to build visibility or ultimately give back to the community that has been so good to them.

In order to capitalize on these opportunities, Vaughan must embrace a culture that encourages businesses of all sizes to participate in civic-oriented activities by taking a “client-driven” approach towards establishing partnerships that support existing facilities, programs, services or events. It also includes encouraging the private sector to come forward with their own ideas on how they can contribute to community life in Vaughan such as building legacy facilities, improving the environment and parklands and supporting cultural or economic development initiatives. Of critical importance will be positioning corporate partners as valuable “community champions”.

In developing a sustainable culture for private sector partnerships, Vaughan needs to be mindful of its priorities and responsibilities to its citizens as well as the need for effective governance as it relates to establishing these collaborative arrangements. Key elements of the City’s strategy must include:

- Adopting a Policy and Guiding Principles that set the conditions and parameters by which the City will recruit and conduct business with potential corporate partners;
- Ensuring that all businesses have the opportunity to participate in the program;
- Taking a coordinated (centralized) approach towards marketing opportunities, developing partnership agreements and servicing partners;
- Streamlined processes for negotiating and approving partnership opportunities;
- Ensuring that citizens participating in sponsored programs benefit in some way from the partnership;
- Active acknowledgement of corporate partners by City Hall; and,
- Ongoing communications with the public that articulates how these collaborative arrangements are benefiting the citizens of Vaughan.

Estimated new gross revenue that could be generated through the program once in full operation, ranges from \$1,000,000 to \$1,500,000 annually, with an initial ramp-up five-year cumulative gross revenue total of \$3,406,000 to \$5,360,000. This range is largely dependent on the City’s ability to market its opportunities and demonstrate flexibility in negotiating win/win collaborative arrangements with the private sector.

Background

The Vaughan Vision 20|20 Strategic Plan sets out a vision and direction for the City over the next decade and beyond. A major initiative identified in the Strategic Plan is Management Excellence with the specific goal to Ensure Financial Sustainability.

Continuing to plan for the future puts the City in a better position to deal with the many challenges confronting the municipal sector. Availability and quality of municipal services and programs, the environment, traffic congestion, infrastructure and community safety are matters that will need to be addressed as the City grows. Meeting public needs and expectations will require prudent financial planning to control expenditures and the optimizing of potential revenue sources.

Traditionally, municipalities in Canada have relied on taxation to fund the majority of their programs and services. The funding of the City's 2011 operating budget is funded 64 percent from taxation. As the City moves forward and particularly in these current economic times, municipalities must increasingly seek out other sources of revenue.

There is a diverse set of revenue-generating opportunities that could be considered. These opportunities include naming rights, signage, product placement, advertising on vehicular assets, website, co-branding, exclusivity agreements, supplier agreements, loyalty programs, event sponsorship and a range of opportunities that companies will bring forward if they feel the climate is open for new ideas. These opportunities need to be fully explored as potential revenue opportunities for the City.

The purpose of this document is to provide a detailed strategy to implement the City's Corporate Partnership and Advertising Program. The recommendations outlined in this report support the research conducted in the Opportunity and Analysis Phase (see Preliminary Findings Report) and set a strategic direction for the next 3-5 years.

Environmental Scan

Corporate Partnership Environment

Even with the current shift to online marketing away from traditional mediums such as newspaper advertising, sponsorship spending continues to grow in North America as companies look for new ways to connect with audiences and differentiate themselves from their competitors. Some of the key industry-wide trends include:

- Corporations are taking a more strategic approach towards sponsorship/partnership spending by aligning these collaborative arrangements more closely with business objectives and increased emphasis on measuring the performance of their investments;
- Growth of cause-related partnerships as a means of associating a brand with a worthwhile cause that is viewed as important by the customer;
- Increased emphasis on "activating" partnerships to leverage opportunities and increase audience impact;
- Increased integration between partnerships and social media channels as a means of engaging audiences.

Despite the recent economic turmoil, corporations are still willing to invest in community partnerships, but there is clearly a shift from the traditional "signs and banners" to a more comprehensive approach that includes adding value to the customer experience so that they are ultimately more receptive to corporate messaging. This shift will have an impact on the way that the City of Vaughan must approach corporate partnerships in order to be successful in this area.

Vaughan is not alone in pursuing this opportunity. In a recent survey conducted by the Centre of Excellence for Public Sector Marketing (CEPSM) of municipal sponsorship/partnership activities nation-wide, it was found that 81% of municipalities are involved in some form of partnership engagement, whether it's seeking naming rights for facilities or other community assets or generating financial and in-kind support for programs, events and other community initiatives. The survey also indicated varying levels of corporate engagement at the municipal level, with some municipalities such as Burlington, Calgary, Mississauga and Winnipeg taking a very active role in recruiting corporate partners, while others took a more passive approach.

Current corporate revenue practices in municipalities include:

- 27% actively recruit corporate partners;
- 45% offer naming rights for their facilities;
- 24% offer advertising or sponsorships for assets outside of major facilities;
- 47% sell advertising in their arenas;
- 29% sell advertising in their municipal publications.

For example:

The *City of Calgary's* Adopt-A-Park Program educates volunteers and users about appropriate park use and recognizes corporate partners on their web site, newsletter, park bulletin boards, community meetings, sponsored projects and media coverage.

The *City of Chicago* offers a wide range of sponsorships for its special event program through the Mayor's Office of Special Events.

The *City of Denver* offers a wide range of opportunities including event sponsorship, project sponsorship, program sponsorship, site sponsorship; community sports teams, cultural institutions, concessionaires and associated park conservancies.

The *City of Ottawa* has adopted one of the most comprehensive sponsorship programs in North America; seeking partnerships for Naming Rights, program, service and event sponsorships and City-wide initiatives around municipal priorities i.e. Environment, Active Living, Pet Friendly, etc.

The *City of San Diego's* Corporate Partnership Program promotes mutually beneficial business arrangements between the City and organizations which generate non-tax revenue or new resources for the City and provides marketing benefits to the partners. The City states that it will work closely with partners to develop a package of benefits that fits the specific marketing needs of its partners. It also encourages Goods and Services Partnerships through an established RFP process.

The *City of Toronto* offers a wide range of partnership opportunities including its Trees Across Toronto environmental initiative, Doors Open Toronto and other special events.

The *City of Whitby* has a wide range of advertising, sponsorship and naming rights opportunities. Sponsorship revenue directly benefits the community by enhancing sport and recreation facilities, supporting festivals and events, and by keeping rates and fees affordable.

The *City of Winnipeg* has one of the most pro-active sponsorship programs in the country. Branded "Sponsor Winnipeg", opportunities include sponsorship/naming rights for greenspace/parks/environment; high traffic infrastructure and city marketing-related assets; health, wellness and safety; recreation facilities; transportation; sports facilities and programs; social/community services; animal services; and literacy.

Industry Research

Industry-wide research also indicates that the public is supportive of corporate partnerships that contribute to an activity or cause that they deem worthwhile. According to Profit magazine (March, 2009), 68% of Canadians said they would remain loyal to a brand through a recession if it supports a good cause, even if lower prices were available. This and other studies clearly show an appetite for sponsorships on both the part of consumers and corporations, provided that there is a strong association between the investment and the sponsored activity. For example, the recently published Edelman Good Purpose Study (2012) illustrated the impact between corporate social responsibility and consumer attitudes towards companies who support activities that are important to the community:

- 70% of Canadians are more likely to recommend a brand that supports a good cause than one that doesn't (18% increase over 2007);
- 69% of respondents would help brands promote their products or services if there are good causes behind them (a 23% jump since 2007);
- 67% of Canadians trust a company that actively supports a societal issue;
- 84% would be more likely to give their business to a company that supports good causes and has fair prices than a company that simply offers discounts;
- 80% of Canadians say it is okay for brands or companies to make money, as long as they're giving back.

This research would indicate that there is a high level of consumer acceptability for corporate partnerships that support worthwhile community activities. This will be an important consideration for how the City of Vaughan positions its corporate partnership program and recognizes companies that contribute to municipal programs and services.

Another barometer of the current sponsorship environment is the *Canadian Sponsorship Landscape Study* which provides the most comprehensive information on the scope, scale and trends of Canada's sponsorship industry, including industry size, spending by sector, activation trends, evaluation practices, strategic priorities and future outlook. Key findings from the 2012 study include:

- The size of the Canadian sponsorship industry has grown yearly since the Study was first completed in 2007; reaching approximately \$1.5 billion in 2010.
- An average of 22.3% of marketing communications budgets is being allocated to sponsorship marketing and the majority of sponsors expect their budgets to remain the same or slightly increase over the next year;
- In terms of sponsorship activation, the five most popular areas of leveraging and activation were advertising, hosting/hospitality, public relations, branded content/events and internal marketing. The biggest increase was in branded content which is reflective of the increased interest in "experiential marketing".
- Significant increase in the diversity of sponsorships being pursued and the integration of sponsorships with social media;
- The biggest challenges sponsors are facing include measuring price justification and ROI on sponsorships, activating sponsorships to leverage each opportunity and how to integrate new media / social media;
- Biggest growth areas include digital marketing, social media, cause marketing and experiential marketing.

So, while the timing is right for municipalities to explore revenue opportunities from the corporate sector to help fund facilities and community programs, the City will need to be mindful that whether corporate funds come from marketing (sponsorship) or community investment (philanthropic) dollars, there must be a strong value proposition attached to the opportunity for companies to invest in these initiatives. To this end, municipalities must balance good policy and governance with the ultimate goal of leveraging these collaborative arrangements to provide citizens with cost-effective, high quality programs and services.

The City also needs to be cognizant of the fact that Vaughan will need to be seen as a “client-driven” organization that is flexible in its approach by working with each prospect to develop corporate partnership packages that meet their specific needs.

To ensure the success of the City’s expanded partnership program, it will be important to develop an integrated plan that effectively positions the opportunities to corporate partners and at the same time, instills confidence among all stakeholders that the City is taking a responsible, professional attitude towards corporate engagement.

The Vaughan Advantage

Vaughan was the fastest-growing municipality in Canada between 1996–2006, achieving a population growth rate of 80.2% according to Statistics Canada, having nearly doubled in population since 1991. According to Statistics Canada, the population grew 37.3 percent in a four-year period (more than 9.3% annually), and also has a younger age profile than the Canadian average as 22.3 percent is under the age of 14, while those over 65 constitute 8.15%, one of the lowest in Ontario and resulting in an average age of 34.1.

In addition, the development of the new Vaughan Metropolitan Centre and subway line to downtown will add to the explosive growth of the City and the over 9,900 businesses that already operate in Vaughan.

This young population, supported by record growth, creates a unique entrepreneurial environment that is ideal for partnerships as companies look to establish their identity, capitalize on new markets and give back to the City where their customers and/or employees live, work or play.

Current Partnership and Advertising Activities

The City of Vaughan currently enjoys success with a number of corporate partnership initiatives, among them:

- “Vaughan Celebrates” which includes Concerts in the Park, Winterfest and Canada Day; generating approximately \$176,000 in sponsorship in 2012;
- Mayor’s Gala which raised \$662,500 in sponsorship from the corporate community in 2012 to the benefit of the non-profit community;
- Mayor’s Golf Day which raised \$157,000 in 2012;
- Tim Horton’s partnership which raises approximately \$17,500 per year to support Holiday Skates and Recreation Swims; and,
- A variety of in-kind and media partnerships to support various programs and services.

Vaughan’s success in these areas demonstrates that there is corporate interest in supporting community-based programming and events as well as a certain level of internal expertise as it relates to recruiting and servicing corporate partners. It also means that there would likely be a certain level of tolerance from the public for increased private sector involvement, provided that these partnerships are thoughtfully integrated and positioned in the public domain.

Vaughan also enjoys considerable success in its efforts to generate revenue through publication and facility advertising; generating approximately \$150,000 per year through these sources. In addition, the Vending Machine contract generates roughly \$50,000 per year in revenue.

Partnership and Advertising Framework

The first step in creating an expanded structure for a City-wide Sponsorship and Advertising Program involved the development of a *Master Inventory* of all potential properties and assets that could be leveraged with corporate partners; either as stand-alone opportunities (i.e. Naming Rights, sponsor of City Adult Fitness Programs) or bundled packages (i.e. Naming Rights, Animal Services, Green Directions, Learn-to-Swim). This Master Inventory was compiled by examining the wide range of programs and services offered by the City with a view to identifying those areas where corporate involvement could be leveraged to the benefit of the City, the company and program participants.

To provide a starting point for identifying and organizing the City's potential assets through this Master Inventory, a high-level Framework was established as a means of creating a structure for all opportunities. This Framework outlined eight (8) core categories under which the City's assets could be organized. They include:

Naming Rights – Opportunities where a sponsor name can be added as a prefix to the facility name i.e. TD Recreation Complex and receive a wide range of supporting visibility opportunities over an extended term.

Facility Partnerships – Opportunities where a company name cannot be added as a prefix due to previous facility commemorations i.e. Al Palladini, but can still enjoy a wide range of visibility opportunities over an extended term.

City-Wide Programs and Services – Opportunities to support City-wide programs or services that are offered to citizens under a centralized or common delivery system i.e. Outdoor Rink Program

City-Wide Initiatives – Opportunities to support multiple programs under a common cause-related theme i.e. "Active Together, Green Directions Vaughan, Volunteer Recognition Program".

Audience Bundled Programs – Opportunities to support multiple programs delivered through various facilities that cater to similar (homogenous) audiences i.e. All Adult Fitness classes.

Special Events – Opportunities to support Annual or One-Off Special Events presented by the City i.e. Canada Day, Concerts in the Park, Mayor's Gala and Golf event, etc.

Advertising – Commercial advertising opportunities such as the Recreation Guide, where there is no implied associative element or relationship between the City and the advertiser.

Other Unique Opportunities – Other opportunities for partnerships that are not necessarily related to any of the above categories i.e. Funding of Community Facilities, Employee Benefits Program, Vending Machine Pouring Rights, Official Suppliers to the City.

It is important to note that while the framework establishes the overall scope of opportunities that are available, it will continue to be a "work in progress" as new opportunities are added and others removed because they are not viewed as practical from an appeal / implementation perspective, or are no longer being offered due to policies or administrative (budget) process.

Master Inventory and Framework Analysis

Once the Master Inventory was assembled under the Framework, the consultants undertook an analysis to determine the synergies between various assets and identified potential “low hanging fruit” from an implementation and revenue perspective. The following is a summary of this analysis:

- Research indicates that the City has a tremendous number of properties and assets that can be leveraged with the private sector, ranging from naming rights and city-wide campaigns to licensing services and seasonal programs. In its broadest sense, the City has opportunities for almost any business operating in the Vaughan region, depending on the audience they want to reach through program partnerships or advertising. With literally, hundreds of potential assets, the challenge will be how to position and market the wide range of opportunities to Vaughan companies and national brands and this will be discussed in the Implementation section of this report.
- Further to the above, the City has the ability to appeal to a wide range of corporate objectives from branding and image-building (i.e. Naming Rights), marketing specific products and services (i.e. Fitness products) and cause marketing (Green Directions) to creating community legacies by supporting the construction of new facilities. This is viewed as a major strength in the City’s ability to respond to the specific marketing and communications needs of companies and a major point of differentiation in the market.
- **While the Framework (and Master Inventory) outlines the full scope of sponsorship and advertising opportunities, many areas will need to be further explored and refined before they can be presented as opportunities to the corporate sector.** For example, while exclusive pouring rights for the City’s concessions are viewed as a significant potential revenue generator, the current system of operation (i.e. concessions delivered by community groups) does not make it feasible to present this opportunity until further analysis and consultations are conducted.
- In addition to the above, for many of the opportunities identified in the Inventory, there are a large number of assets for which potential audience reach or exposure numbers are not available, simply because there has never been a mandate to collect the type of information that is required to market these assets to the corporate sector.
- Given the evolving nature of the City’s programs and services, the Master Inventory needs to be considered as a “work in progress” as new opportunities continually come on stream and others are removed from the inventory for administrative, operational or policy reasons. In addition, the function of the Inventory will evolve as the city increases the level of sophistication of its sponsorship coordination efforts. For example, ultimately the Master Inventory should also be used to identify sponsor contacts and/or agreements so that the City always has an up-to-date record of previous and current corporate involvement.
- Given the exhaustive range of potential partnership and advertising opportunities, the recommended approach will be to implement the program in Phases which will be discussed in the Implementation section of this report.
- Over the long-term, the Master Inventory of Partnership and Advertising assets will prove to be the City’s most important planning tool. By identifying and cataloguing assets, staff will easily be able to see the scope of approved opportunities available, mix and match benefits (where required) that respond to specific prospect needs and determine the value of these packaged benefits.

Assigning Values to City Partnership and Advertising Assets

One of the biggest challenges in implementing any corporate partnership program is how to determine the “fair market value” that a company receives in return for their investment. Once the City’s potential partnership and advertising assets were identified, the consultant conducted an analysis to determine the potential value of these assets using a formula that has been used to value hundreds of other properties.

As a result of this valuation exercise, the City of Vaughan will be more confident that it is receiving fair value for its assets, more easily able to rationalize its partnership and advertising pricing and apply a consistent formula to pricing strategies. To determine the value of the City’s assets, the following factors were considered:

Value of Tangible Asset

Tangible benefits refer to quantitative elements that may be measured (e.g. media / print circulation) as well as non-measured elements (impressions). These include such elements as logo ID impressions, media advertising and sampling opportunities.

In calculating tangible values, the number of impressions (transactions) received through any benefit is multiplied by a pre-determined dollar value to arrive at a total tangible value. For example, if a logo and link on a web site is exposed to 100,000 “unique visits” during a defined period, it would be multiplied by an assigned value (e.g. \$.005) to arrive at a tangible benefit value of \$500.00. The same principle applies to all other benefits that can be counted such as the number of people exposed to a banner, ad or logo, the number of samples or coupons distributed, logo placement on print ads and so on.

In cases where the Potential Reach is insufficient to warrant Per Exposure Pricing (i.e. low numbers), Flat Values are assigned to sponsor benefits, depending on the potential impact of the benefit. These numbers are determined on a case-by-case basis depending on the sponsorship opportunity.

It should be noted that Tangible benefits, without the associative or “relationship” element inherent in sponsorships, are similar to other forms of advertising or promotion. If the sponsorship opportunity doesn’t present a strong link between the corporate partner and the audience and/or their “experience”, the City’s prospects will likely compare its offering against other traditional advertising options.

The chart outlined in Appendix A provides a summary of the types of benefits that could be considered as “standard inventory” for any City sponsorship or advertising property. Additional information can be found in the *Preliminary Findings Report* that was completed in the first phase of the project. This report is available upon request.

Value of Intangible Assets

In addition to assigning Tangible Values to benefits, there is also a strong Intangible Value that can be attributed to a corporate partner’s association with an organization or specific property. Intangible values are those associative or qualitative benefits that add value to a benefits package and the tangible value rating. Key elements considered in the Intangible assessment include the uniqueness of the opportunity, quality of the audience, reputation of the organization that can be leveraged by the corporate partner, the experience the partner can deliver to the audience, amount of partner “clutter” and the potential for leveraging the associative elements to the benefit of the partner.

Upon completion of the Tangible Asset Valuation using established benchmark values, the City was further assessed for its Intangible attributes and awarded additional value based on the qualitative or associative value of the property(s). The following is a general Intangible Ranking that may be applied to all Tangible Values to arrive

at a Total Value for each partnership opportunity associated with the City. While this will provide a baseline intangible value for most sponsorship properties, the values may increase or decrease and the city could add other intangible factors, depending on the specific opportunity.

Intangible Asset Rating Factor	Considerations City of Vaughan	Assigned Value
Uniqueness of Opportunity	The city offers a number of unique opportunities to reach various target audiences that cannot be easily replicated.	20%
Audience Desirability	Through its activities, the City provides opportunities to interact directly with large number of audiences with specific interests and lifestyles city-wide or within defined geographic regions.	20%
Prestige / Recognition / Reputation	The City is a well-known and trusted organization. Organizations that partner with the City believe that they are working with a credible, respected partner.	20%
Industry Exclusivity / Degree of “Clutter” *	The City has full control over its locations and activities creating an environment rich in exclusive opportunities for companies that want to differentiate from their competitors.	25%
Total Intangible Value		85%

* **Industry Exclusivity is a unique benefit** and is defined as giving one partner exclusive rights to a specific property or category inside a partnering arrangement. It is viewed as a significant benefit and is offered to minimize the exposure of other similar organizations.

Assigning Total Value to City of Vaughan Partnership Opportunities

To determine the Total Value for any City partnership opportunity, the consultant combined the **Tangible Values** with the assigned **Intangible Values** to arrive at the **Total Value**.

For example, if a value of \$10,000 was placed on a Tangible benefits package, the following formula would be applied to determine the total Intangible and subsequently, Total Value of the partnering arrangement.

Uniqueness of the Opportunity	\$2,000 (20% of \$10,000)
Audience Desirability	\$2,000 (20% of \$10,000)
Prestige / Recognition / Reputation	\$2,000 (20% of \$10,000)
Industry Exclusivity / Degree of “Clutter”	\$2,500 (25% of \$10,000)
Total Estimated Intangible Value	\$8,500

To arrive at a Total Value of the Benefits Package, the total **Tangible** and **Intangible** values would be combined as follows:

Total Estimated Tangible Value:	\$10,000
Total Estimated Intangible Value	\$ 8,500
Total Estimated Value of Partnering Arrangement	\$18,500

By following the above formula, the City of Vaughan will have a defined method for ensuring that they are assessing the true market value of any particular partnering opportunity as well as presenting opportunities of value to the corporate sector.

Other Principles Applied to the Valuation and Pricing Process

In determining value for each City sponsorship or advertising asset, the following factors were also considered:

Uniqueness of each Property – There is no one proven formula for assigning a value to a sponsorship property. Each property is unique with its own set of individual circumstances and attributes that can be affected by elements such as timing, supply and demand, economic and political factors, etc.

Baseline Value of a Property – The assessment of Tangible Assets establishes a baseline value for any partnering opportunity based on quantitative measurement. The most common tangible assets include partner visibility in media, promotional collateral and signage, as well as “hard” benefits such as passes, use of facilities and activation elements e.g. sampling, demonstrations, etc. However, a sponsorship property’s valuation is almost never just based on tangible assets.

Variances to Tangible Assets – Every Tangible Asset can have a variable asset rating, depending on the unique delivery of the benefit. For example, a logo ID among many others in a publication will have significantly less value than a stand-alone logo ID on the cover of the same publication.

Intangible Value of a Property – Assigning an intangible value to a sponsorship can be highly subjective, depending on the unique characteristics of the property and its value to the partner in achieving marketing objectives. Therefore, the value range of intangible assets will fluctuate between 15% - 100% of the tangible asset value of the property to allow for variances (and flexibility) in this area.

Ability to Impact Audience – Generally speaking, the more targeted the audience or the greater the ability of the benefit to impact the audience (e.g. generate sales opportunities), the greater the value from both a Tangible and Intangible perspective.

Passive vs. Interactive – The more interactive the benefit, the more value it holds from a Tangible and Intangible perspective. For example, a passive benefit such as logo ID on a sign will have significantly less value than a hands-on demonstration of a sponsor’s product.

Consumer vs. Business Valuations – Given the broad reach of most consumer-oriented sponsorship programs, the general value of tangible (impressions) and intangible assets are usually lower than more targeted business-to-business or trade sponsorships.

Extended Family of Benefits – While most of the benefits may be focused on specific facilities and venues, it is also possible to leverage the value of a partnering opportunity significantly by identifying peripheral opportunities for profile and reach such as year-round web sites, visibility in complementary publications, educational resources, etc.

Media Measurement – The most accurate method to measure media is to apply a percentage of the total rate card media value towards sponsor visibility. For the purpose of this valuation 5% of media value has been applied for placement of a logo ID (among multiple logos) in an ad, 10% for stand-alone or presenting sponsor logo placement.

Value for Dollars Invested – For every dollar spent on sponsorship rights fees, the sponsor should receive between \$1.50 and \$2.00 in benefit value.

Exclusivity Values – Exclusive rights by industry or product/service category can increase the value of a sponsorship property by as much as 50%.

Business Case Considerations – The ability of the sponsorship to address a company's business objectives will ultimately impact the amount of money a company is willing to pay for the sponsorship. The most common baseline questions a company asks is "How will this sponsorship uniquely impact our relationship with this audience?" and "How much would this cost if I chose to do this on my own?"

Opportunity and Constraint Analysis

As part of the preliminary research, the consultant also examined the City's ability to achieve partnership and advertising revenues and some of the barriers that will need to be addressed in order to meet stated goals.

Opportunity Analysis

The following factors are viewed as forces that will positively impact the City's corporate partnership and advertising program.

Strengths (internal)

The Vaughan Advantage

Vaughan is one of the fastest-growing municipalities in Canada. The development of the new Vaughan Metropolitan Centre and subway line to downtown will add to the explosive growth of the City and the over 9,900 businesses that already operate in Vaughan. This record growth creates a unique entrepreneurial environment that is ideal for partnerships as companies look to establish their identity, capitalize on new markets and give back to the City where their customers and/or employees live, work or play.

Well known and Respected Institution

The City of Vaughan is a well-known and respected organization with a high profile in the Vaughan region. Any company considering participating in the City's partnership or advertising program can feel confident that they are dealing with a reputable organization.

Financial Resources and Capability

The City has the resources and capability to deliver on programs and services as well as the deliverables outlined in any partnership or advertising agreement.

Diversified Audience Reach

The City has the ability to reach a wide range (and large number) of audiences with specific needs and interests. This provides the City with significant flexibility in being able to respond to the individual needs of companies.

Quality of Programs / Staff

The City has a highly trained employee base that delivers quality programs and services. This is important to companies that want to ensure that their brand is protected.

Trusted Provider of Programs and Services

The citizens of Vaughan trust that the City is acting in the best interests of the public and can feel secure that their individual and/or family needs are being met with a high degree of integrity.

Economic Environment

By all accounts, Vaughan is a prosperous city. More than 9,600 businesses are located in Vaughan, employing more than 160,000 people. Manufacturing, construction and wholesale are the largest economic sectors and there are several major corporations headquartered in the area. Between 2001 and 2006, Vaughan enjoyed a growth rate of 22.2%, which is the highest of any city in Canada. Further, the median family income of the City of Vaughan is almost 30% above the national average, and 42% higher than the Toronto average. 90% of Vaughan's total population is made up of homeowners, and married couples with children – a most desirable purchasing target market. This prosperity makes Vaughan an attractive market and should translate into partnership growth for the City.

Current Sponsors / Advertisers

The City of Vaughan has an existing number of corporate partners (i.e. Concerts in the Park, Mayor's Gala) and advertisers (i.e. Recreation Guide) that support municipal activities. Since these commercial elements have already been integrated into the culture and the public eye, it will be easier to expand the program because there is likely to be a certain level of acceptability for corporate involvement.

Internal Expertise

Related to the above, since there are a number of existing staff already involved in partnership and advertising sales, there is a certain level of in-house expertise that can be leveraged with a broader corporate revenue program.

Opportunities (external)

Growth of Sponsorships and Partnerships

Companies are demonstrating increased interest in community partnerships as a core business model. In addition, the growth of cause marketing (See Definitions) as part of a company's social responsibility strategy will create opportunities for new partnership revenue for the City.

Diversity of Audience / Size of Audience

The City has a tremendous number of assets that can be leveraged with potential corporate partners. The sheer diversity of audiences, coupled with the significant numbers of audiences served will create an environment rich in corporate partnership opportunities.

Opportunity to Deliver Timely Messages

Further to the above, the City has tremendous potential in its ability to deliver messages to audiences when they are most receptive to receiving these messages (i.e. receiving a message from CCM about hockey skates when entering the arena). By capitalizing on these audience "touch points", the City will own a unique position in the Vaughan market.

Uniqueness of City Sponsorship and Advertising Opportunities

Many of the partnership and advertising opportunities presented by the City will be offered for the first time; increasing the appeal of these opportunities to potential corporate partners.

Goods In-Kind

Another area that could see significant benefit for the City would be in the area of sponsored in-kind goods or services; either for 100% of the product/service or a portion thereof. The challenge in this area will be to identify

those areas that would be suitable for in-kind arrangements and negotiating agreements that comply with procurement policies.

Vending Machines

Parks and Recreation facilities appear to have the greatest number vending operations and generate considerable revenue through a supplier arrangement. One area that could be incorporated into the bidding process would be for exclusive product rights in addition to normal commission on vending machine sales. In return for “exclusive pouring rights” through these machines, the City would be paid an annual “rights fee” from a major supplier of product (i.e. Pepsi, Coca Cola).

Potential Sales Force

In order for the Corporate Partnership and Advertising program to be sustainable over the long-term, City staff could be leveraged as a potential “sales force” for the program. By providing staff with an orientation to the program, they will be better equipped at identifying potential opportunities and corporate partners.

Constraint Analysis

The following factors need to be considered as potential barriers to the City achieving its partnership and advertising revenue objectives.

Weaknesses (internal)

Internal Culture for Corporate Partnerships

Entrepreneurial Approach

While municipalities are gradually shifting towards it, many have still not achieved the type of entrepreneurial environment that is often required to be successful at generating corporate sponsorship revenues, for the most part because there hasn't been a strong client-oriented mandate nor processes put in place to encourage corporate revenue development. This is likely to impact the short-term degree to which staff consider partnership and advertising in the planning process, identify and capitalize on opportunities and deliver on agreements.

Solution(s):

- Program and managerial staff that can play a possible role in partnership and advertising development need to be trained on the primary skills that are required to effectively identify and capitalize on opportunities.
- To reinforce the City's commitment to generating partnership and advertising revenue, performance appraisals (where applicable) should include revenue objectives.
- Departments / staff that contribute positively to the program should be recognized for their efforts.

Procurement Policy

The City's procurement policies, like most government operations, will have an impact on the entrepreneurial approach that is often used in partnership development such as negotiating exclusive supplier arrangements outside the RFP process.

Solution(s):

- To satisfy the City's requirement to offer fair and equitable access to partnership and advertising opportunities, the City should conduct an “Expression of Interest” advertising campaign at a minimum one (1) time per year, post the opportunities on Merx (Open Bidding System) and include a year-round Opportunity Prospectus on its web site.

Partnership Policy

Without an approved Partnership Policy, the City of Vaughan corporate partner program will be open to interpretation in many areas (i.e. interpretation of endorsement) and this may have an impact on the types of agreements and/or benefits offered.

Solution(s):

- The City needs to be transparent by adopting a Partnership Policy that strikes a balance between managing risk and allowing staff to be flexible in the types of arrangements it can negotiate.

Financial Policy / Systems

Critical to gaining City-wide staff support, will be alleviating staff fears that corporate revenues will result in a reduction to their operating budgets. This fear is understandable, given the inconsistent nature of corporate partnerships, in-so-much as corporate funding is never guaranteed and any drop-off in company revenue will impact program delivery. It will also be important to recognize that with increased partnership, comes increased budgets and/or expenses to support activation and servicing costs.

Solution(s):

- Partnership revenue should not be used to replace core funding for programs and services.
- Partnership revenue should be reported in Gross as well as Net Revenue amounts to reflect the cost of servicing each agreement.

Revenue Allocation

Based on the consultant's experience with other municipalities, if a portion or all of the partnership revenues generated do not stay with the Commission, Department or Program, there may be reluctance on the part of City staff to actively embrace and/or support partnership and advertising initiatives; thereby diminishing the ultimate impact of the effort.

Solution(s):

- Where partnerships are generated for a specific program or service, revenue generated through these arrangements should remain with the program and/or the Department for the purpose of off-setting costs or making improvements within the Department;
- For facility naming rights, revenue from these arrangements should be allocated to facility repairs and/or improvements that benefit all users. Consideration should also be given to establishing Specified Purpose Accounts to allow for carry-over of funds to the following year;
- For revenue generating areas that do not fall under a specific program, service or facility (e.g. outdoor billboards, web site advertising), revenue should be directed to the Corporation's General Revenue Account.

Rules of Business Engagement

Notwithstanding City ethics policies, there needs to be an overall recognition that in order to generate corporate revenue, relationships need to be established and that the process of business engagement (i.e. attending corporate events, lunch meetings, etc.) may be necessary to explore or secure the partnership.

Solution(s):

- Finance department policies may need to be adjusted to reflect the inherent nature of partnership engagement and negotiation i.e. travel to business offices outside of Vaughan, incidental hospitality expenses, leveraging of assets such as complimentary admissions to sponsor clients / staff, etc.

Senior Management / Council Support

Critical to City staff playing an active role in identifying and capitalizing on partnership and advertising opportunities, will be the support and encouragement they receive from senior management for their efforts. Therefore, it will be important that senior management buy-in to the overall initiative and actively support efforts in these areas.

Solution(s):

- Inclusion of partnership and advertising revenue objectives in Departmental work plans.
- Senior management recognition of staff that contribute to partnership and advertising revenue objectives.

Approval Processes

Approval processes will need to be streamlined to ensure that the momentum gained in any partnership negotiation process is maintained throughout the various discussion stages, otherwise companies will become frustrated with the process and/or lose interest in pursuing the opportunity.

Solution(s)

- Baseline sponsor benefits packages approved before being marketed to the private sector.
- Delegation of authority for various levels of partnership.
- Management team established within each Department to approve unsolicited or new benefit requests.
- Use of template proposals and agreements that provide a standard format for these recruitment tools.

Level of Expertise

While there is some internal expertise through the events team and marketing department, most staff are not trained in key disciplines related to soliciting corporate partners and advertisers as well as servicing these agreements.

Solution(s):

- To implement a sustainable program, core staff will need to be oriented to the program and trained on basic elements that will contribute to a successful City-wide outcome such as compiling audience attendance statistics and analysis, identifying potential partners and partner servicing techniques.

Size of Organization

The size of the City, coupled with the cross-jurisdictional nature of many of the partnership opportunities (i.e. bundled programs) will mean that many people are likely to be involved in decisions related to the solicitation and/or delivery of partnership and advertising benefits programs.

Solution(s):

- Similar to the Approval Processes, Departmental committees will need to be established that allow for the timely discussion of new opportunities.

Current City Contracts for Advertising

Under the current format, the City's existing advertising contractors (i.e. Arena advertising, etc.) are likely to view the expanded program as "competition" to their efforts and the City in essence, will be competing "against itself".

Solution(s):

- Short-Term – Clearly differentiate between partnership and advertising programs so that the private sector has a clear idea of the value proposition associated with each medium.

- Long-Term – All advertising and partnership activities should be coordinated through a “central office” that can set clear parameters for each revenue generating opportunity.
- Long-Term – Set “sunset” dates that align all current contracted arrangements and investigate combining complementary advertising opportunities into bundled contracts, rather than several independent contracts.

Concession Operations

Exclusive pouring rights are one of the most common methods of generating partnership revenue; however, under the current City environment, concessions have been contracted to a wide range of community organizations that rely on this revenue for their operations.

Solution(s):

- Explore options for consolidating all contracted concessions to leverage the buying opportunity. The first step will be to compile information related to the actual sales generated through existing operations to determine if there is sufficient opportunity to proceed with a more integrated approach towards “pouring rights”.
- To coincide with the above, a “sunset” date should be established for all concession leases (12-18 months) so that any new arrangements related to coordinated “pouring rights” can be implemented on a City-wide basis.

Political Environment

With the political environment, the City is likely to receive considerable scrutiny at the political level and in order to minimize discussions at this level, partnership and advertising programs will likely need to be tempered in an effort to be pro-active in dealing with these sensitivities. This softening of the approach and opportunities available is likely to have an impact on the types of sponsorships offered as well as anticipated revenues.

Solution(s):

- Position the program so that it effectively highlights the benefits to the City and its citizens.
- To minimize complaints from the public, provide “value-add” back to the public with each partnership and communicate the benefits consistently so that the public is aware of the value of these arrangements.
- Launch the program in phases with Phase 1 focusing on non-contentious assets.

Revenue Allocation

The method by which the City allocates revenue from partnership and advertising initiatives, the impact of any new revenues on existing operating budgets and the ability to roll-over funds to the next fiscal year are all viewed as major challenges in gaining a broad level of internal support for the program.

Solution(s)

- Partnership and advertising revenues should stay within the department where they are generated;
- A portion of the funds (i.e. 10%-20% of net revenues) should be allocated directly towards improving the sponsored program and/or audience experience. This will provide line staff with an incentive to support the program as well as demonstrate to partners that their investment is being put to good use;
- Revenue should be allocated to a Specified Purpose Account that can be drawn upon by the department, with the ability to be carried forward for at least one fiscal year.

Media Scrutiny

Further to the above, the Corporate Partnership and Advertising program is likely to be scrutinized by the media.

Solution(s):

- Effectively position the overall program and its direct benefits to the citizens of Vaughan.
- Demonstrate transparency at all times.

Threats (external)

The Economy

The slowdown in the economy and the increase and impact in social networking have had an impact on the amount of funds that are available for traditional advertising campaigns and sponsorships. Companies are now looking for activation activities (those activities that can help increase sales) as opposed to just having a company name and Logo ID on signage or other “soft” benefits. A recent study showed that companies are committing almost the same amount of funds to sponsorship but expect much more impact for their investment therefore, if the City is not able to compete at this level, it will likely lose out on such opportunities.

Solution(s):

- Need to communicate the “higher-level” benefits of being associated with the City of Vaughan (see Implementation, Communication Strategies)
- Spend more time with sponsors developing activation plans that bring value to both the company and the participants involved in the program.

Competition for Dollars

Further to the above, with over 160,000 not-for-profit organizations in Canada, the competition for corporate dollars is fierce. In addition, with an increased emphasis on sponsorships as an important source of revenue for many organizations, competition for sponsorship dollars has been greatly intensified. Therefore, the City will need to articulate a clear value proposition that differentiates its partnership and advertising programs from the “competition” and offer tangible value to compete in a crowded marketplace.

Solution(s):

- Focus on “audience/sponsor fit” and the City’s ability to reach large numbers of targeted audiences.

Partnership Policy

Vaughan currently does not have a specific Partnership Policy to guide corporate partnership activities. This could lead to many areas being open to interpretation (i.e. partner fit, benefits, endorsements) and could have a negative impact on the City’s reputation.

Solution(s):

- To ensure transparency and consistency, it will be important to have an approved Council policy that sets the conditions and parameters by which the City will recruit and conduct business with potential corporate partners before implementing the program.
- The new Partnership Policy should also be integrated with other existing policies that have a potential impact on municipal partnership efforts such as the Corporate Advertising, Naming of Properties, Logos on Water Towers and Corporate Partners Program policies.

Impact of Increases / Decreases in Sponsorship Revenue

Partnership revenue is subject to many factors including economic climate, changing corporate priorities and perceived value and as such, the municipality will need to mitigate the risks associated with these variable market conditions.

Solution(s)

- Dollars generated through partnerships should not be used to replace core funding or off-set user fees, but

rather linked to “cost avoidance” or equipment purchases and/or program/service enhancements that provide additional value to participants or citizens;

- Central Office (partnership) staff should be kept to a minimum to minimize the financial risk to the corporation and taxpayers for any revenue shortfalls;
- City staff (especially Recreation) should be trained in partnership development and solicitation techniques, thereby creating a culture of “partnership innovation” throughout the City and spreading responsibility for achieving partnership revenues across the broader corporation vs. relying on the Central Office for the most part, to achieve partnership revenue targets.
- The use of outside contractors should be encouraged, in particular, for commercial advertising that involves the marketing of “real estate” that has no implied association with the corporation (e.g. facility signage, digital screens, outdoor billboards) and that leverages the contractor’s advertising network.

Integrating Existing Sponsorships

The City of Vaughan currently uses partnership contributions to support specific programs and events. These existing partners will need to be thoughtfully integrated into the overall program to encourage consistency and at the same time, allow current partners to gravitate to the new model.

Solution(s)

- Existing sponsors should be “grandfathered” into any new programs and/or given first right of refusal for new opportunities or initiatives.

Corporate Expectations

With increased focus on demonstrating value for marketing dollars, companies are now seriously scrutinizing all expenditures in this area. For organizations seeking partnerships, this means demonstrating a strong business case on how the partnership will positively impact the company in a way that directly responds to corporate marketing objectives. This also means building in measurement processes that determine effectiveness. If the City cannot compete in this environment, they will not be seriously considered.

Solution(s):

- Upfront understanding of the partner’s objectives and how success will be measured.
- Focus on providing summary reports that demonstrate the value received through the engagement.

Political

Interference from the political level may either delay or discourage companies from participating, with the fear that they are getting involved in a potentially volatile or negative environment; or are concerned they are becoming involved with something that may never come to fruition.

Solution(s):

- Consistent positioning of the partnership program and the associated opportunities.
- Pre-approval on baseline benefits packages and agreement formats.

Perception of Commercialization

The overall program will need to be effectively positioned with various publics, otherwise the City could risk its image by appearing as though they are “selling out” to the corporate sector.

Solution(s):

- Articulate the benefits of the overall program and demonstrate how the partnership is benefiting the citizens of Vaughan and/or program participants.

- Conduct a twice-annual ad campaign that thanks partners and communicates the value that the program brings to City of Vaughan residents.
- Focus on activation as a means of providing partner value instead of interruptive messaging.

Perception of Competition

The City's expanded Corporate Partnership Program could be perceived as competing against other community organizations (i.e. community associations, non-profits, festivals, etc.) as well as current advertising contractors, so the City will need to be mindful of these sensitivities in the delivery of these programs to minimize fallout and discord from these sectors.

Solution(s):

- Focus on audience fit by aligning with companies that want to reach potential customers in unique City environments and activities i.e. recreation / sporting products.
- Focus on generating corporate "marketing" dollars vs. "donation" dollars.

Competing Interests

By opening the door to corporate involvement on a wide-spread scale, it is quite conceivable that businesses that are competing with municipal programs at some level may want to take advantage of an expanded partnership and advertising portfolio to promote their products and services. This increased competition could have an impact on revenues that the City currently / or could generate through its own programs.

Solution(s):

- Overall, the Partnership Policy should reflect the limitations with respect to the types of companies that will not be allowed to participate in the City's partnership and advertising opportunities, including the City's right to refuse any advertising or partnership opportunity that is not deemed to be in the best interest of the municipality;
- Provided that they conform to City Policy, for the most part, any legal business should be allowed to purchase advertising in approved locations because advertising generally has less impact on purchasing decisions than partnership;
- Because corporate partnerships generally offer more audience engagement opportunities, the City should have the option to exercise its competitive advantage for partnerships that could directly impact a core audience (i.e. a Fitness business sponsoring a City fitness program).

City of Vaughan – Municipal Sponsorship Strategy

Overview

Initial estimates would indicate that there is an opportunity to generate at a minimum, **\$3,406,000 in new corporate partner revenue (gross)** over the first five-year period using a phased approach for annual revenue targets, broken down as follows:

Year 1 (2015)	Year 2 (2016)	Year 3 (2017)	Year 4 (2018)	Year 5 (2019)	Total
\$288,000	\$571,000	\$720,000	\$849,000	\$978,000	\$3,406,000

It is important to note that the first five years needs to be viewed as building blocks to a sustainable partnership program and that the estimates above are based on a conservative revenue approach as the City builds its “partnership brand” and internal capacity. After the first five years, the City should be able to sustain a \$1,000,000 to \$1,500,000 annual target for new gross revenue; and when coupled with the estimated \$1,000,000 in current partnership and advertising revenue, should aim to generate a total of **\$2,000,000 to \$2,500,000 in combined revenue** annually.

In order to achieve this goal, there are six (6) key strategic areas that must be planned and executed in tandem; they include:

1. Guiding Principles
2. Inventory (Product) Development
3. Communications
4. Partner Solicitation / Recruitment
5. Program Coordination
6. Internal Culture

Each of these areas is discussed at a strategic level below.

Guiding Principles

At a strategic policy level, there are several Guiding Principles that need to be considered as key foundations for the City’s Partnership Program.

1. **Partnership revenue should not be used to replace core funding for programs and services.** Partnership and advertising revenue is subject to the constantly changing economic environment as well as evolving corporate priorities. Unless long-term agreements are secured (3-5 years), core programs and services could be at risk if they relied for the most part on these revenues to operate.
2. **Corporate partnerships need to include a “value-add” to the citizens of Vaughan or individual participants involved in the sponsored program.** If the direct participant or Vaughan citizens overall, benefit in some way from the partnership, they will be more likely to view the partnership as a benefit rather than as an intrusion. This is viewed as a critical element in ensuring that the City’s program is positively received by the citizens of Vaughan.

3. **Partnership collaborations need to focus on “audience fit”.** The City’s strongest selling point is that it has the ability to reach large numbers of audiences with specific needs and interests. By matching company products / services with audience needs / interests, the City will likely have a higher success rate with potential partners as well as a higher level of interest and acceptability from the audiences participating in these programs.
4. **Partner visibility needs to be thoughtfully integrated so as to not jeopardize the delivery of content or negatively impact the audience experience.** To ensure a rich and meaningful experience for participants, interruptive messaging and aggressive promotion of partner products will not be permitted.
5. **The partnership program needs to be positioned as a positive collaboration between the City and its corporate partners to enhance the quality of life in Vaughan and benefit citizens that participate in City programs and services.** To be successful, the program cannot be positioned solely as a “budget reducing exercise”, but rather as an initiative to involve the corporate community in building a better Vaughan. This messaging will need to be sustained and consistent to ensure continued buy-in from all stakeholders.
6. **The contributions of companies need to be acknowledged in a public manner.** Further to the above, by constantly reinforcing the value that the corporate partnership program has brought to the City’s programs, services or operations, the more positively the public, the City and the corporate partner will view these collaborative arrangements. Examples include officially recognizing the contributions of partners through City ads and providing recognition at Council for major partners.

Inventory (Product) Development

In order to recruit the number of corporate partners and advertisers likely required to achieve a total of \$2 million to \$2.5 million annually (existing and new), the City will need to offer a wide range of opportunities that fit almost any budget and objective. Contrary to many beliefs, long-term sustainability will not be based on a couple of “big wins” but rather, by presenting a diversified portfolio that provides many options for companies to participate at a level they can afford; and serves as a “feeder system” for gradual increased investment over the long-term. The added value of this approach is that the City will not be dependent on a few partners to carry the load, thus reducing the risk of revenue pressures when one of the major partners discontinues their involvement.

In addition to the above, in order to be successful in a volatile market, the City will need to take a steady approach towards revenue development by working with each company to develop long-term relationships that grow in terms of investment. This includes offering an inventory of “products” that is flexible enough to respond to changing corporate priorities.

While the Partnership Framework establishes the overall direction for product development, the City will need to be mindful that there are a number of other areas that need to be considered in creating an attractive inventory of products. They include developing an inventory of products by:

- Demographic – ensuring a broad representation of products that appeal to companies that want to reach adults, senior adults, families, youth, children, parents with young children, citizens with different socio-economic backgrounds, geographic representation, etc.
- Psychographic – ensuring a broad representation of products by lifestyles or values such as the environment, fitness and health, community family safety, etc.
- Seasonal – ensuring a broad representation of products that will appeal to companies at different times of the year such as March Break, summer beach program, lead-up to the Christmas holiday season, etc.
- Product Interest – ensuring a broad representation of products that appeal to many consumer-based companies such hardware and home improvement, sports equipment, gardening and lawn supplies, automotive services, etc.

In order to be effective in the Inventory (Product) Development area, the City will need to continually re-examine its inventory with a view to expanding with new products, re-positioning existing products to maintain their appeal to the corporate marketplace or removing products that no longer have an appeal.

Impact of Changes to the Proposed Inventory of Assets

The proposed Phase 1 Inventory of marketable assets (see pg. 38) has a direct impact on projected revenue. Changes to the inventory can positively or negatively impact anticipated revenues.

For example, if Council approves a commemorative name for a Naming Rights opportunity, that facility will no longer have the revenue potential that can be achieved through a naming agreement. As a second example, the proposed inventory also includes new advertising initiatives (i.e. increased outdoor billboards) and if these opportunities are not approved, the initial revenue projections will need to be adjusted accordingly.

Naming Rights

Naming Rights is potentially, one of the most lucrative areas that the City of Vaughan can capitalize on to generate sustained revenue for the corporation. The advantage of naming rights partnerships is that they are longer-term agreements that require minimal servicing to maintain. Based on experience in other municipalities, the following are key considerations for implementing a Naming Rights revenue program:

- Having the right “fit” is viewed as a major factor in building community acceptance for a naming rights partner. In this regard, the best candidates are generally those with a strong community connection or those who can offer direct value to facility participants i.e. sports retailer offering discounts on sports equipment.
- Although the duration of naming rights agreements can range from three (3) years to perpetuity arrangements, the ideal term expressed by many municipalities is in the range of 8-10 years. This allows ample time for the corporate brand to be integrated with the facility as well as establish significant public “mindshare”. It also provides the municipality with options should major changes in service delivery or facility operations require a re-examination of naming rights conditions. For agreements that are longer than ten (10) years, an escalation clause should be considered to account for inflation values.
- To encourage longer-term agreements, the City might consider structuring agreements so that there is an “opt-out” clause (without penalty) after a certain period. This will make it easier for a partner to agree to a longer term, knowing that they have an “out” should they not be realizing sufficient value or should financial conditions change.
- A consistent formula should be used to establish the “fair market value” of each naming rights asset. The valuation process outlined in this strategy provides a useful tool for determining the value of these assets.
- The City might consider providing incentives for condensed payment terms. For example, a sponsor that pays the entire fee upfront might be provided with a discount of 20%-25%; within 3 years, 15%-20% and within 5 years, 10%-15%.

Communications

Next to product development, communications is likely the most critical element to launching a successful City of Vaughan Partnership Program. With the amount of scrutiny that the program may be subject to, coupled with the City’s desire to minimize commercial overtones, it will be extremely important to build a communications plan that positions the program in the best possible light. By creating a positive atmosphere in which partner investments are positioned as beneficial to the citizens, the City and the corporate community (in this order), companies will see themselves as contributing to the quality of life in Vaughan. Simply stated, this message will resonate much better than “helping the City reduce its costs”.

This positioning cannot be achieved by words alone. By ensuring that the community benefits in some way from every partnership and communicating these contributions in a public manner, it will be easy for staff at all levels, media, sponsors, community stakeholders and the political level to extol the virtues of the program, thus increasing its brand appeal in the marketplace. There are three (3) key elements that need to be considered from a strategic communications perspective, as outlined below:

Overall Positioning

To soften the commercial elements associated with “sponsorships”, the City should consider positioning its program as a “Corporate Partnership Program” for all public communications and as a “Marketing Partnership” for communication pieces directly aimed at corporate audiences.

Public Positioning:

Public positioning will be critical to gaining wide-spread acceptance for the City’s efforts in this area. Potential messages include:

- The City is committed to providing value for the taxpayer dollar;
- The City’s partnership / advertising program is aimed at reducing or minimizing costs while improving the level of programs and services to the public;
- Revenues received through corporate partnerships will be used to enhance the experience of Vaughan citizens participating in various programs and services offered by the City;
- Corporations know that a strong community (and quality of life) is good for business and see this as an opportunity to make a meaningful contribution to the community where their employees and/or customers work, live and play.

Corporate Positioning:

While somewhat similar to public messages, effective positioning with the corporate sector will help set the overall tone of the program and value proposition for companies that are considering participating. Potential messages include:

- The City has a proud history of delivering a diversified range of programs and services to the public;
- The City is interested in developing marketing partnerships with corporations that want to offer value to their employees and/or customers and create a strong balance between business objectives and corporate responsibility;
- Companies can choose from one of the many partnership opportunities available, or propose their own innovative ideas to make Vaughan a better place to live, work or play;
- Funds generated through the program will be used to maintain and/or improve programs and services and enhance the experience of the audience participating in City programs;
- Companies that participate will be making a positive contribution to the city where their employees and/or customers live, work and play.

In order to be effective, positioning will need to be consistent in all communications including print and electronic collateral, Council reports and media relations.

Competitive Positioning:

The City will need to focus its efforts and market positioning on those areas where it has a clear and distinct market advantage; mainly its ability to connect companies with large numbers of distinct audiences with specific interests and in unique environments where they are receptive to messages. This positioning is illustrated in the chart below.

Type of Organization	Focus (Strength)	Vaughan's Unique Position
Print, Radio, TV Advertising	<ul style="list-style-type: none"> Strong regional reach Frequency 	<ul style="list-style-type: none"> Targeted publications (i.e. Guide) Ability to deliver timely messages Unique environment and/or opportunities
Specialty Magazines and Publications Advertising	<ul style="list-style-type: none"> Targeted publications catering to specific interests 	<ul style="list-style-type: none"> Targeted publications catering to non-competitive interests
Outdoor and Out-of-Home, Transit, Other Advertising	<ul style="list-style-type: none"> Broad audience reach (outdoor) Audience specific (indoor) 	<ul style="list-style-type: none"> Unique locations Ability to deliver timely messages to specific audiences
Festivals and Events	<ul style="list-style-type: none"> Targeted audience based on nature of event 	<ul style="list-style-type: none"> Targeted audiences based on nature of program or event
Not-for-Profit Causes	<ul style="list-style-type: none"> Cause-specific audiences 	<ul style="list-style-type: none"> Bundling of programs to reach large numbers of audiences year-round

In order to be effective, positioning will need to be consistent in all communications including print and electronic collateral, Council reports and media relations.

Branding of the Sponsorship and Advertising Program

To support the above positioning, it is recommended that a specific program be created and that corporate revenue initiatives are branded under a common umbrella as follows:

City of Vaughan "Corporate Partnership Program"

By creating a brand that positions companies as "corporate partners", the City will reinforce the community goodwill that is created through these partnerships, thus adding to the associative value that comes with supporting the City's program. The following areas should be considered in the implementation of the Corporate Partnership Program:

- All collateral created for the partnership program should carry the "Corporate Partnership Program" banner and include positioning statements that support the concept of contributing to the quality of life for Vaughan residents;
- City ads (where applicable) would feature a Call-to-Action that encourages companies to become a "Corporate Partner" by investing in one of the City's partnership marketing opportunities;
- Each year, a report would be submitted to Council that outlines the enhancements that were made to City programs as a result of corporate partner investment. Corporate partners contributing over \$50,000 per year could be recognized in a special way;
- The City would conduct an annual ad campaign that lists sponsors and the specific benefit that was realized as a result of the corporate partnership;
- A page on the City's web site (Corporate Partner section) would post the benefits achieved through the program on a year-round basis.

- All Corporate Partners would receive an annual certificate thanking them for contributing to the quality of life of Vaughan residents.
- Annual Corporate Partner Breakfast with the Mayor as a way of recognizing major sponsors (over \$50,000).

Corporate Partner / Advertiser Solicitation Requirement

To ensure that the City provides fair and equitable access to City of Vaughan partnership opportunities, it is recommended that the following activities be considered:

Opportunity Awareness Ad Campaign

This campaign, consisting of ad placement in local newspapers two (2) times a year (September and March), would promote the partnership and opportunities available through the City of Vaughan and invite local businesses to learn how they can become a “Corporate Partner” or submit a proposal for consideration.

MERX (Open Bidding System)

Specific opportunities such as “pouring rights” and loyalty program partners should be posted on MERX to allow for the broadest possible range of responses. In addition, the City should consider posting an annual Expression of Interest to encourage companies to respond to the range of opportunities available or come forward with their own ideas for collaboration.

Web Site

A micro site should be developed around the partnership and advertising program that promotes the benefits of the program and opportunities available, as well as a list of Corporate Partners and the benefits received by Vaughan residents as a result of their contribution.

Annual Partnership Prospectus

Distributed through Vaughan-based business organizations, promoting partnership opportunities with the City of Vaughan.

Marketing Partnership Newsletter

Distributed through an opt-in mailing list, City suppliers and business associations, this Quarterly Electronic Newsletter would discuss activities related to the City’s program and benefits to citizens.

Program Coordination

The City needs to take a strategic, coordinated approach towards its partnership and advertising efforts from both recruitment and servicing perspectives. If the City is to present a professionally operated and branded program, it will be necessary to put the processes and tools in place that ensure consistency in how the program is implemented. There are several elements that need to be considered in this approach:

Overall Stewardship of the Partnership and Advertising Program

To oversee the roll-out and management of the program, it is recommended that a Working Group comprised of key representatives from various departments be established to monitor the program on an ongoing basis to ensure that the program aligns with corporate objectives. This committee would meet every quarter and their role would include setting a strategic direction for the program, approving assets to be marketed and overall benefits programs, overseeing the sales and servicing processes and monitoring the program to ensure that it meets the City’s ethical standards.

Centralized Partnership / Advertising Function

A centralized “Corporate Partnership Office” should be established to oversee the City’s overall efforts in this area. In addition to providing a coordinating function among City departments, this office could also be responsible for

any/all of the following: recruiting corporate partners, establishing agreements, servicing City-wide partnership programs, managing contractor agreements, marketing the program internally and externally and reporting to the Steering Committee on the progress of the program.

The most likely home for this new function is the City Manager's Office; mainly due to the potential broad-reaching impact of the partnership program on the entire City operation. This will ensure that the broadest range of partnership and advertising opportunities are considered and that cross jurisdictional impacts of partnership proposals and agreements are effectively addressed. This is not to say that all current partnership activities need to be housed under one roof; however, other Departments (i.e. Events Team) involved in corporate partnership should be coordinating their efforts through this centralized office to ensure a consistent and coordinated approach towards partner recruitment and servicing. This can be accomplished by:

- Annual list of partnership opportunities submitted to the Central Office by field staff to examine where synergies lie between the various opportunities;
- Field staff reporting to Central Office in advance, the companies they are soliciting, to ensure that there are not duplicating or competing proposals going to the same company;
- Maintaining an up-to-date database of current partners on a City-wide basis (see below).

To support a program that generates sustainable sponsorship revenue, human resources will need to be put in place to complete the following functions:

Function	Responsibility
Promotion of Partnership and Advertising Opportunities to the corporate sector at-large	Coordinated through a Central Office
Partnership / Naming Rights Sales (Major Properties) – identifying, contacting, presenting proposals and negotiating partnership / Naming Rights agreements	City staff or a contracted service or a combination of the two that works through a Central Office
Web Site and Publications - Advertising Sales	City staff or a contracted service or a combination of the two that works through a Central Office
Community-Based Partnership Sales – identifying, contacting, presenting proposals and negotiating sponsorship agreements for community or individual program-based opportunities	Program staff trained in the skills required to implement an effective, community-based program
Signage Advertising Sales – identifying, contacting, presenting proposals and negotiating advertising agreements	Contractors who are well-versed in advertising sales
Partner / Advertising Servicing – servicing partnership / Naming Rights / Advertising agreements to ensure that the City delivers on agreed-	Coordinated through a Central Office that can ensure the completion of agreed-upon deliverables and protect the city's interests

upon benefits as well as renewing partnership / Naming Rights / advertising agreements	
Internal Communications and Coordination – promoting the benefits of the program internally and providing staff with the tools to engage the corporate sector	Central Office to implement internal communications strategy and build internal skills through training

The rationale for the recommended function allocation is as follows:

- Overall responsibility for implementing the partnership and advertising program should rest with one centralized area to ensure that efforts in all areas are coordinated, that there is a consistent approach towards recruiting corporate partners and delivering on agreed-upon benefits and ensuring that the City's best interests are maintained.
- Major partnerships / Naming Rights (i.e. more than \$25,000 per annum) require a different approach and selling technique than advertising, often requiring intimate knowledge of the City to ensure that partner and City needs are aligned. In addition, the City's web site advertising program is likely to be somewhat controversial and will need to be carefully managed. For these reasons, having these sales functions performed by City staff or a combination of City / contracted staff is the preferred approach. In addition, often times, companies considering partnerships want to engage with the person who "owns" the program and often, the decision requires senior company representatives; whereas advertising is generally viewed as less "risky" and more of a commodity and thus, can easily be represented by contracted services.
- Advertising is a very competitive area that usually requires a substantial "on the ground" force that is constantly looking for opportunities in the marketplace and is able to leverage existing contacts with agencies and company advertising personnel.

Ultimately, it is envisioned that City staff should be able to take on all partnership responsibilities, provided they have the training to be successful in this specialized area. Also, it is hoped by developing a supportive internal culture through on going communications, that City staff across all departments will adopt corporate revenue development as an everyday part of their job function. *See Cost and Benefit Analysis for details on project costing.*

Solicitation of Partnerships

Given the scope and potentially complex nature of the partnership and advertising program, it is likely that a number of sales options including internal staff and external contractors will need to be considered in order to achieve revenue targets. The following model provides a high-level structure for the program:

- Centralized City staff or external contractors (managed by the Central Office) to market the program and recruit partners for major City-wide initiatives;
- External advertising contractors to market and sell commercial advertising assets;
- Front line or program staff responsible for bringing new (major or City-wide) opportunities to the Central Office as well as recruiting partners for their specific programs (i.e. partnerships up to \$5,000 annually);
- The existing Events team who would continue to solicit partnerships for major events, but coordinate their efforts through a centralized function.

It is believed that to achieve sustainability for the program over the long-term, it will be important to develop a corporate culture that encourages staff at all levels to proactively pursue partnership and advertising opportunities as part of their day-to-day business function. To this end, front-line program staff should be encouraged to identify and pursue potential opportunities that can impact their specific areas of responsibility. To achieve this, staff will

need to be trained in partnership revenue development, provided with parameters on the types of partnerships they can pursue (and pre-approved benefits they can offer) and provided with incentives for being successful in this area.

Also important to the implementation of an effective partner recruitment program will be the coordination of “pitches” to potential partners. For example, a potential partner may be approached about a specific program initiative, but may be in fact more suited to a broader proposal involving a higher level of investment. By taking a coordinated, strategic approach, the City will a) demonstrate a more professional approach towards partner recruitment and b) create opportunities for “upselling” the level of investment.

Partnership and Advertising Database

To support the coordination of partnership sales, a central registry will need to be established that identifies current partners and active prospects as well as provides a history of a company’s previous involvement with the City. One example of a Customer Relationship Management Platform is Microsoft SalesOutlook.

This database and management system is viewed as essential for sharing information that is very important when approaching potential partners and reduces the frequency with which companies are asked to invest in specific initiatives. It will also give partners the sense that the City is coordinating efforts in this area, leading to greater confidence that the City is taking a professional and strategic approach towards its corporate partner program.

For more information on database requirements, please refer to the *Technology Requirements* section of this report.

Consolidation of All Advertising Initiatives

Further to the above, all advertising initiatives should be coordinated under the Central Office in the same manner as partnerships to a) ensure that there is an integrated approach towards marketing the City’s advertising assets and b) to accurately reflect the City’s efforts (revenue) in all areas. While the Central Office would be responsible for managing the City’s contracted advertising program as well as new, corporate-wide advertising initiatives, existing field staff should continue to market their own advertising products.

Retained Advertising Inventory

For any area where the City has contracted advertising sales, a portion of the overall inventory (i.e. 10%) should be reserved for the City’s use, either for its own messaging or be included in partnership benefits packages. This will ensure that the City has flexibility in customizing partnership benefits packages that include a commercial advertising element.

Internal Culture

The final element of the strategic areas is the development of an internal culture that creates an environment that is conducive for partnership innovation. Most sponsorship programs fail in large organizations because the culture throughout the organization does little to motivate staff to take (reasoned) risks. An internal culture that supports partnership innovation is one that:

- Provides the flexibility and tools for staff to do their job;
- Is customer-driven vs. organization-driven;
- Is supported by senior management; and,
- Recognizes staff for achieving corporate objectives.

The following are viewed as critical elements for establishing an internal culture at the City that supports the organization’s partnership and advertising objectives:

Internal Communications

An ongoing communications strategy that educates staff about the partnership / advertising program, what they can do to contribute to the program and the benefit of the program to the residents of Vaughan. This could include the distribution of a Corporate Partnership Newsletter through employee distribution networks or related articles in the employee newsletter.

Cultivating Senior-Level Buy-in

Regular reporting at senior-level management meetings by a senior executive about the progress of the partnership / advertising program and how it's contributing to corporate-wide objectives.

Supportive Middle Management

By including revenue-based performance measures in annual work plans and encouraging middle managers to recognize and reward staff who make the effort to recruit corporate partners for their individual initiatives.

Community of Sponsorship Practices

By establishing a community of practice that brings staff involved in partnership and advertising together (either in-person or online) to discuss key issues and success stories.

A Supportive Council

By providing regular status reports to Council about the progress of the campaign and results achieved through the program. Providing opportunities for elected representatives to make announcements and attend events related to corporate partner initiatives i.e. Naming Rights Ceremonies.

Recommended Partnership and Advertising Inventory – Phase 1

As mentioned in previous sections of this report, it is recommended that the inventory of partnership and advertising opportunities be phased in over a number of years as the level of sophistication develops among City staff and new opportunities emerge.

Strategic Areas of Focus – Phase 1 (Years 1 & 2 from Official Launch)

As the Partnership and Advertising Framework illustrates (see Appendix D), the City has a significant number of potential assets that can be leveraged with potential corporate partners. Based on initial research and analysis, there are several areas that represent “low hanging fruit” for potential corporate partners, that are relatively easy for the City to implement while minimizing push-back from various community stakeholders and as well as at the political level. Recommended initial areas of focus for Phase 1 (Year 1) are outlined below:

Area of Focus	Examples of Opportunities
Naming Rights for high profile facilities that are viewed as less controversial in nature because they are either new, geographically named or in a recreation category that is commonly associated with sponsors i.e. sports and entertainment	New facilities, Recreation Complexes, Individual Ice Pads, Pools and Multi-Purpose Rooms within Recreation Complexes, Maple, North, Thornhill, Woodbridge, Sports Fields, City Playhouse
City-wide programs, services and events that are delivered primarily by City staff and coordinated through a central office	Public Swims, Public Skates, Water Parks and Splash Pads, Cycling Program, Outdoor Rinks, Business Start-Up, Concerts in the Park, Canada Day, Winterfest, Family Day, Mayor’s Gala and Golf events
Selected registration-based programs (primarily adult and senior adult) where communications can be facilitated between the sponsor and the intended audience	Adult Fitness and Wellness, Fitness Memberships, Aquafit, Summer Day Camps (parents)
City-wide initiatives that contribute to a safer, healthier and sustainable community	Active Together, Green Directions Vaughan, Community Safety, Pet Friendly (Animal) Services, Volunteer Recruitment and Recognition, Arts Friendly
Opportunities where exclusive “pouring or sales rights” may be provided to one or a series of non-competing suppliers	Vending Machines, Concession Operations, Free WiFi
Advertising opportunities that offer a unique value proposition in the market	City-Wide Brochures and On line Guides, LCD Screens in selected facilities, existing Arena advertising, distribution networks, selected

	fleet advertising, outdoor billboards
Unique opportunities that do not necessarily impact the public.	Employee Benefits Program
Unsolicited Proposals that companies bring forward that present an obvious benefit to the City	Construction of a Community Sports Field

By focusing on “low hanging fruit” and corporate partnership opportunities that represent a good audience fit, the City will be positioning itself for some “quick wins” that also demonstrate how the corporate partnership and advertising program can be successfully integrated with City operations.

Baseline Partnership Benefits

The following section outlines the range of common baseline benefits that might apply to any Phase 1 partnership benefits package, with actual benefits offered subject to the specific nature of the property and the level of partner investment. These benefits are viewed as critical to developing a “value proposition” that companies see as worthwhile in investing.

Approval of the following benefits is required to proceed with the development of partnership packages. It should be noted that in cases below where variations of the specific asset are listed (i.e. web site text, logo ID and banner ad), the actual benefits package offered to a sponsor for any property may include any or all of these assets, depending on the nature of the agreement as well as the City’s ability to deliver the benefit for that specific program or initiative. In cases where partners are delivering a message, **all such scripts, messages, coupons or ads would require prior approval from the City** to ensure that these messages reflect the values of the City and intent of the sponsorship.

Potential Asset to be Leveraged	Sponsor Benefit	Specification
Web Site	Text with Name and Link	On landing page of sponsored program or service. Variations include: “xx Presents”, “Presented/sponsored by XX” or “Thanks to the following corporate partners”.
Web Site	Logo ID and Link	On landing page of sponsored program or service. Variations include: “XX Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Web Site	Text/Logo ID with call to action	On landing page of sponsored program or service. Variations include a script in the text body with a link or a stand-alone text box with approved script.

Web Site	Banner Ad or Promotional Space	Pre-determined space on landing page of sponsored Program or service. Partner to provide ad artwork using City specifications.
Web Site	Value-Added Partner Offer in on line store	Designated on line page where approved partner offers can be presented that enhance the experience of citizens or enable them to purchase products at a reduced cost. i.e. discount on running shoes, green products
Program or Facility Publication	Name	Program-specific. Variations include: “xx Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Program or Facility Publication	Logo ID	Program-specific. Variations include: “xx Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Publication	Coupon or Ad	Program-specific. Partner to provide ad artwork using City specifications.
Recreation Guide	Name	On page of sponsored program or service. Variations include: “xx Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Recreation Guide	Logo ID	On page of sponsored program or service. Variations include: “XX Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Recreation Guide	Full Page, 1/2, 1/4 or 1/8 Page Ad	On page of sponsored program or service. Partner to provide ad artwork using City specifications.
Distribution Network	Promotional Literature	Distributed by staff or partner or un-aided (for a pre-determined period of time) at the sponsored facility or program location.
Distribution Network	Promotional Item	Distributed by staff or partner or un-aided (for a

	i.e. sunscreen	pre-determined period of time) at the sponsored facility or program location.
Distribution Network	Product Sample i.e. juice	Distributed by staff or partner or un-aided (for a pre-determined period of time) at the sponsored facility or program location.
Promotional	Promotional Passes or Discounts	Offered by the partner with the purchase of a product
Facility Space	Use of space for static or manned displays	Limited duration depending on the activity
Facility Space	Use of facilities for corporate activity	Complimentary use of facilities based on availability; up to a certain dollar value
Targeted Communication	Insert in City mailing or mailing directly related to a specific program or service	Program-specific opportunity. Partner to provide insert based on City specifications.
Targeted Communication	Stand-Alone Mailing	Program-specific opportunity in print or electronic format to registered and/or opt-in participants. Mailing to be conducted through the City or a third-party mail house.
Targeted Communication	Sponsor message and/or offer	Message sent with Online Registration Confirmation or other direct correspondence delivered to registered participants by the City. Could include a timely offer such as “Congratulations on your Fitness Registration. XX is pleased to offer 25% off any fitness apparel to anyone registered in this program”
Signage	Name or Logo ID on City-produced sign	Located at sponsored venue or activity for a pre-determined period of time. Variations include: “XX Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
Signage	Partner-produced sign	Located at sponsored venue or activity for a pre-determined period of time. Size and placement mutually agreed.

City Ad	Name	Name on City-paid ad related to a specific program or activity. Variations include: “xx Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
City Ad	Logo ID	Name on City-paid ad related to a specific program or activity. Variations include: “xx Presents”, “Presented by XX” or “Thanks to the following corporate partners”.
City Ad	Acknowledgement and Logo ID	Minimum one time a year, paid by City thanking all Corporate Partners.
Verbal Recognition	By Instructor / City Representative	Program-specific, one-time acknowledgement of the corporate partner. Sample script: “On behalf of the City, I want to thank XX for their contribution to this program”

It is important to note that the baseline benefits outlined above will provide a register of common benefits and that any major partnerships will likely require customization, especially in the “activation” of the agreements. In this regard, the following types of “activation” elements should also be approved to allow for more timely approval of partner benefits packages:

Activation Opportunity	Specification
Product Demonstration	Opportunity for a partner to conduct a demonstration of a relevant product or service (at a mutually agreed time) as part of the program content i.e. new piece of fitness equipment to a fitness class.
Use of Complimentary Admissions	Opportunity for a partner to receive a pre-determined number of complimentary or significantly reduced admissions for a program or service for distribution to employees or customers through a special promotion i.e. Public Swims.
Use of Venue	Opportunity for a partner to make use of a City venue for a corporate function at no charge or on a cost-recovery basis i.e. employee or customer appreciation event
Presenter of a Special Activity	Opportunity for a partner to receive added visibility as a presenter

	of a special activity conducted through a facility or program at no charge or on a cost-recovery basis, depending on the nature of the activity i.e. Presenter of Family Skate Day
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Partnership Servicing Costs

It should be expected that Vaughan will incur direct servicing costs to facilitate its end of any partnership arrangement. This includes areas such as the preparation of partner / facility signage, official announcement events, changing names on publications, etc.

To this end, a percentage of each partnership in the range of 5% to 10% should be allocated towards partnership deliverables in the event that costs are incurred on the City's part in order to secure the partnership. This should not be automatically deducted from the gross revenue of any partnership, but rather mobilized as required in the proposal or negotiation process to secure the agreement. This does not apply to advertising, unless there are unusual expenses associated with securing a major / long-term client, beyond the normal production of documents. *Please refer to the section Allocation of Partnership Revenue for more details.*

Recommended Partnership and Advertising Assets – Phase 1 (First 2 Years)

The following are specific programs or services that are recommended inventory for Phase 1 of the program. Other opportunities may be identified by potential partners and should be brought forward for consideration. For areas where Baseline Benefits have not been provided, please refer to the previous section for parameters within which any benefits packages may be offered, depending on the specific partnership opportunity.

For each of the assets identified below, initial partnership levels have been identified; however, this can change depending on the nature of the property and the needs of the program. They include:

Exclusive Level – limited to one (1) Partner

Presenting Level – typically, limited to one (1) Presenting or Title Partner, on occasion two (2) Co-Presenting (non-competing) Partners

Major Level – typically, ranges from 1 to 6 (non-competing) Partners, depending on the property

Supporting Level – can range from 1 – 8 Partners, depending on the property

For information on how partnership levels apply to marketing and pricing packages, please refer to the section: Marketing the City's Partnership and Advertising Program, Pricing Strategies.

Property or Asset	Specifications	Recommended Baseline Benefits	Potential Sponsors
Naming Rights			
Exposure determined by location and duration of agreement	Minimum 5 year to 20-year commitment Industry exclusive opportunity by facility Initial venues include: • Al Palladini Arena 1,	<ul style="list-style-type: none"> Name as prefix on Facility Backlit Sign at Main Entrance or Lobby Name on Directional Signage Temporary Display in Lobby 	<ul style="list-style-type: none"> Companies with strong roots in Vaughan Companies that serve a certain geographical

	<p>Arena 2, Pool, Multi-Purpose Room</p> <ul style="list-style-type: none"> • Chancellor Complex, Pool, Bocci Court, Multi-Purpose Room • Dufferin Clark Complex, Pool, Bocci Court, Multi-Purpose Room • Garnett A Williams Arena, Pool, Multi-Purpose Room • Maple Complex, Arena, Pool, Bocci Court, Multi-Purpose Room • North Thornhill Complex, Pool, Multi-Purpose Room • Rosemount Complex • Uplands Golf Course • Vellore Village Complex, Pool, Gym • Woodbridge Complex, Arena, Pool, Community Hall 	<p>or at Main Entrance</p> <ul style="list-style-type: none"> • In-Ice/Floor Logo (where appropriate) • Name and/or Logo ID on all Print Publications and Web • Corporate profile on all print publications and web (where applicable) • Distribution Opportunity • Official Ceremony and News Release • Customized activation elements 	<p>area</p> <ul style="list-style-type: none"> • National consumer brands or retailers
City-Wide or Bundled Programs			
<p>By geographical area, year round or season</p> <ul style="list-style-type: none"> ▪ Adult Fitness Membership ▪ Adult Fitness and Wellness ▪ 50+ Adult Programs ▪ Aquafit ▪ Recreational Skating ▪ Skating Instruction ▪ Outdoor Rink Program ▪ Recreational Swims ▪ Learn-to-Swim ▪ Youth Active Pass 	<ul style="list-style-type: none"> • Minimum 1 season to maximum 3 year agreements • Up to Three (3) Levels of Partnership: Presenting, Major, Supporting 	<ul style="list-style-type: none"> • Logo ID on all print / online publications and ads • Logo ID in Recreation Guide • One-half / Full page ad in Recreation Guide • Logo ID / Link on Web Site • Banner ad on Web Site in sponsored section • Verbal Recognition by Staff Person / Instructor • Distribution / Sampling / Exhibit Opportunity • Direct Communication Opportunity (at registration or permission-based, through a third-party) • Customized Activation Opportunity (i.e. Complimentary passes for distribution to clients or customers (TBD)) 	<ul style="list-style-type: none"> • Retail businesses • National sporting brands • Family oriented consumer brands • Seasonal products

<ul style="list-style-type: none"> ▪ Youth Rooms ▪ After 4 Programs ▪ Water Park / Splash Pad Program ▪ Summer Camp Program ▪ March Break Program ▪ Pet License Program ▪ Cycling Program ▪ Business Licenses / Services ▪ Home Improvement / Pool Permits 			
Themed City-Wide Initiatives			
<i>“An Active Vaughan</i> City-Wide, Supporting the City’s active living initiatives	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	Bundling of activities and visibility opportunities related to: <ul style="list-style-type: none"> • Pause to Play • RECAssist • Youth Active Pass • Recreation and Parks Month • Active Together Photo Contest • Recognition Program Benefit options include: <ul style="list-style-type: none"> • Logo ID on all print / online materials and ads related to bundled programs • Ads / coupons in selected materials • Logo ID / Link on Web Site • Banner ad on Web Site in sponsored section • Verbal Recognition at activities and events • Distribution / Sampling / Exhibit Opportunities • Direct Communication 	<ul style="list-style-type: none"> • Healthy lifestyle products • Retail sports and apparel • Insurance

		<p>Opportunity (at registration or permission-based, through a third-party)</p> <ul style="list-style-type: none"> • Photo opportunities • Customized Activation Opportunity i.e. employee engagement 	
<p><i>“An Arts Friendly Vaughan”</i> City-Wide, Supporting the City’s Arts and Cultural initiatives</p>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	<p>Bundling of activities and visibility opportunities related to:</p> <ul style="list-style-type: none"> • Arts and cultural events • Juried Exhibitions • RAVE Awards • Higher Arts Education Awards • Vaughan in Focus • Vaughan-of-a Kind Art and Craft Show • Doors Open Cultural Days <p>Benefit options – see above</p>	<ul style="list-style-type: none"> • High-end retail • Professional Services
<p><i>“A Safe Vaughan”</i> City-Wide, Supporting the City’s Emergency and Safety initiatives</p>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	<p>Bundling of activities and visibility opportunities related to:</p> <ul style="list-style-type: none"> • Active, Safe Routes to School • EP Week • Police and Fire education initiatives <p>Benefit options – see above</p>	<ul style="list-style-type: none"> • Safety-related products and services • Insurance
<p><i>“A Sustainable Vaughan”</i> City-Wide, Supporting the City’s Environmental and Beautification initiatives</p>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	<p>Bundling of activities and visibility opportunities related to:</p> <ul style="list-style-type: none"> • Greening Vaughan • 20-Minute Make-Over • Curb Appeal Program • Adopt-A-Park • Dazzle Me! • Park Ambassador Program <p>Benefit options – see above</p>	<ul style="list-style-type: none"> • Environmentally friendly products and services
<p><i>“A Healthy Vaughan”</i></p>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	<p>Bundling of activities and visibility opportunities related to:</p> <ul style="list-style-type: none"> • Health Advisories • Health Promotion initiatives 	<ul style="list-style-type: none"> • Health Retail • Insurance

		Benefit options – see above	
<i>“A Community Spirited Vaughan”</i>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	Bundling of activities and visibility opportunities related to: <ul style="list-style-type: none"> • Volunteer Recruitment Program • Volunteer Awards Benefit options – see above	<ul style="list-style-type: none"> • Financial Institutions • Community spirited businesses
<i>“A Youth-Friendly Vaughan”</i>	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	Bundling of activities and visibility opportunities related to: <ul style="list-style-type: none"> • Youth Rooms • National Youth Week • Youth Grants • March Madness Basketball Benefit options – see above	<ul style="list-style-type: none"> •
<i>“A Pet-Friendly Vaughan”</i> City-Wide, Supporting the City’s Animal Services initiatives	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Three Levels of Partnership: Presenting, Major, Supporting 	Bundling of activities and visibility opportunities related to: <ul style="list-style-type: none"> • Pet Licensing Program • Spay / Neuter Program • Animal Services • Pet Care Guide Benefit options – see above	<ul style="list-style-type: none"> • Pet-related products and services
Special Events			
Special Events <ul style="list-style-type: none"> ▪ Vaughan Celebrates (overall) ▪ Concerts in the Park ▪ Canada Day ▪ Winterfest ▪ Mayor’s Gala ▪ Mayor’s Charity Golf Classic ▪ Doors Open / Culture Days 	<ul style="list-style-type: none"> • Minimum 2 years to maximum 3 years • Partnership levels determined by event 	<ul style="list-style-type: none"> • Visibility opportunities dependent on event • Logo ID on all print / online publications and ads • Logo ID in Recreation Guide • One-half / Full Page page ad in Recreation Guide • Logo ID / Link on Web Site in sponsored event section • Rotating Banner ad on Web Site in sponsored event section • Verbal Recognition at event • High profile banner opportunity • Distribution / Sampling 	<ul style="list-style-type: none"> • Wide range of retail and consumer brands as determined by nature of event

		<ul style="list-style-type: none"> Opportunity Exhibit / Display Opportunity Customized Activation Opportunity (TBD) 	
Commercial Advertising			
Advertising – Recreation Guide (existing)	<ul style="list-style-type: none"> Minimum 1 publication to maximum 1 year 	<ul style="list-style-type: none"> Full page, half page, quarter page, web ad Guide insert 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Advertising – Other Rec. Publications Facility or Program-based (existing)	<ul style="list-style-type: none"> By publication including summer Camps, Special Needs, Aquatic Leadership 	<ul style="list-style-type: none"> Full page, half page, quarter page, coupon depending on format of publication 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Electronic Information Signage Advertising City-wide or geographical area (new)	<ul style="list-style-type: none"> Minimum 1 month to maximum 1 year agreements 	<ul style="list-style-type: none"> Shared advertising 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Facility Signage Advertising City-wide or by facility (existing)	<ul style="list-style-type: none"> Wide range of terms depending on the medium (as determined by contractor) 	<ul style="list-style-type: none"> Wide range of options depending on the medium (as determined by contractor) 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Poster Unit Advertising At selected Centres (existing)	<ul style="list-style-type: none"> Minimum 1 month to maximum 1 year agreements 	<ul style="list-style-type: none"> Pre-set ad space 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Web site Advertising Banner ads on selected web pages with targeted viewership i.e. swimming, fitness centres, City Playhouse (new)	<ul style="list-style-type: none"> Minimum 1 month to maximum 1 year agreements 	<ul style="list-style-type: none"> Shared (rotating) box ad 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Advertising - City Mailings (new)	<ul style="list-style-type: none"> By mailing 	<ul style="list-style-type: none"> Value add insert Stamp on envelope 	<ul style="list-style-type: none"> Financial institutions Real estate Home / auto insurance Home / Health products
Advertising – Billboards	<ul style="list-style-type: none"> As determined by contractor through RFP 	<ul style="list-style-type: none"> As determined by contractor through RFP 	<ul style="list-style-type: none"> Wide range of retail and

designated locations (new)			consumer brands
Advertising – Waste Collection Calendar, Public Works Newsletter City-Wide (new)	<ul style="list-style-type: none"> By annual publication 	<ul style="list-style-type: none"> Ads, coupons 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
City Parking			
Advertising –Vaughan Metropolitan Centre Exposure determined by location and duration (new)	<ul style="list-style-type: none"> Minimum 1 month to maximum 3 years 	<ul style="list-style-type: none"> Exclusive rights to contracted space 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Other Programs			
Pouring-Product Rights – Vending Machines City-Wide	<ul style="list-style-type: none"> Sales Commission plus a new Sponsorship “Rights” Fee 	<ul style="list-style-type: none"> Exclusive sales and pouring rights 	<ul style="list-style-type: none"> RFP for contracted services
Distribution Network By geographical area, type of facility or season	<ul style="list-style-type: none"> Per location 	<ul style="list-style-type: none"> Distribution of collateral in standard racks or samples by staff 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Advertising – Adopt-A -Park Signs By Park (new)	<ul style="list-style-type: none"> Minimum 5 years 	<ul style="list-style-type: none"> Name association with sponsored park sign 	<ul style="list-style-type: none"> Wide range of retail and consumer brands
Employee Benefits Program Corporate Loyalty Program for the City’s Employees (new)	<ul style="list-style-type: none"> Minimum 2 years to maximum 3 years Exclusive by Industry sector 	<ul style="list-style-type: none"> Product description and offer on Internal web site Product profile in Employee Newsletter Distribution of materials to staff Distribution of Loyalty Program brochure Opportunities for product demonstrations and other promotions 	<ul style="list-style-type: none"> Home / Auto Insurance Financial services Telecom Automotive Dealers Auto Rentals Travel Electronics Home Improvement Real Estate Home Builder / Re-location

Program Implementation

The following section provides recommendations related to the implementation of the City's Partnership and Advertising Program in the following areas:

- Five-Year Roll-Out Strategy
- Allocation of Partnership Revenue
- Partnership Policy
- Marketing the City's Partnership and Advertising Program
- Promotional Collateral
- Launch and Recruitment Strategies
- Integration of Existing Partners
- Servicing Strategies
- Technology Requirements
- Analysis of Internal Vs. External Management of the Program

Five-Year Roll-Out Strategy

To be sustainable over the long-term, the City will need to build its brand and reputation for working effectively with the private sector as well as develop its resource capacity to effectively recruit and service partners. The following is the recommended focus for each year of the Five-Year Roll-Out Strategy.

2014 (Pre-Launch / Planning Year):

- Develop the internal infrastructure to effectively manage the program (i.e. Central Office, procedures, etc.);
- Confirmation of Phase 1 Inventory that includes "low risk" partnership / advertising opportunities that are relatively easy to implement and/or represent "low hanging fruit" from an appeal perspective;
- Ensure policies are in place to support the program including Advertising Guidelines related to the management of advertising on exterior assets;
- Develop collateral (print materials and micro-site) to support marketing efforts and communications strategy to promote opportunities to the private sector.

Focus in Year 1 – Launch Year (2015)

- Launch of Phase 1 Inventory;
- Secure some "early wins" that demonstrate the positive aspects of the program and the City's ability to achieve revenue objectives;
- Building awareness for the overall program (i.e. collateral, micro site) and Corporate Partnership Program initiative as a means of recognizing partners for their contribution;
- Gain industry feedback on Phase 1 Inventory to determine those areas that have the greatest appeal for partnership and advertising;
- Implement City-wide Vending Machine agreement and "product rights" agreements;
- Research potential Concession "pouring rights" opportunity;
- Collect / compile program statistics (i.e. participation rates) that support each asset;
- Build program staff capacity to identify potential partnership opportunities.

Focus in Year 2 (2016):

- Build on Phase 1 Inventory and partner benefits packages based on industry and stakeholder feedback received in Year 1;

- Focus on increasing corporate take-up on existing Partnership and Advertising Inventory;
- Implement a fully integrated Advertising program;
- Implement a “pouring rights” element for City concession operations;
- Expand advertising capacity in facility / program-based collateral;
- Build database capability for the integration and sharing of partner / advertiser information;
- Build program staff capacity to recruit and service partners and advertisers.

Focus in Year 3 (2017):

- Build on Phase 2 Inventory and partner benefits packages based on industry and stakeholder feedback received in Year 2;
- Expand partnership program to include new opportunities for Naming Rights, Facility Partnerships, City-Wide Initiatives and Bundled Registration-based Programs;
- Implement web-based advertising program (with potential business services directory).

Focus in Year 4 (2018):

- Build on Phase 3 Inventory and partner benefits packages based on industry and stakeholder feedback received in Year 3.

Focus in Year 5 (2019):

- Build on Phase 4 Inventory and partner benefits packages based on industry and stakeholder feedback received in Year 4;
- Conduct an extensive review of the program to determine its impact on citizens, corporations and City operations.

Allocation of Partnership Revenue

The method by which the City allocates revenue from sponsorship and advertising initiatives, the impact of any new revenues on existing operating budgets and the ability to roll-over funds to the next fiscal year are all viewed as major factors in gaining a broad level of internal support for the program. To establish an internal culture that supports the program, the City should consider the following:

- A portion of the sponsorship funds generated should be allocated towards improving the sponsored program and/or audience experience. This will provide line staff with an incentive to support the program as well as demonstrate to sponsors that their investment is being put to good use;
- Revenue should be allocated to a general purpose reserve that can be drawn upon for future investments in the community as approved by City Council;
- City-wide corporate advertising revenue (i.e. online, publications, signage, facility) could be allocated to a General Purpose Reserve Account.

From a cost-benefit perspective, there are several factors that need to be considered in the allocation of revenue generated from municipal sponsorships. These include:

Potential Cost Centre	Allocation Percentage Range	Comments
Sponsorship Sales	15% – 20%	Applied internally for staff through a Centralized Office

Servicing Agreements	5% - 10%	For City commitments towards partner signage, activation costs (see below)
Operation of Central Office	15% - 20%	Internal staff to coordinate City-wide efforts, sell and service partners
Program / Service Enhancements	15% - 25%	To improve impacted City program, service or facility (see below)
Total Allocation	50% - 75%	Potential cost of “doing business” including program / service enhancements
Potential for General Purpose Reserve Account	25% - 50%	Potential percentage that could be applied to a General Purpose Reserve account

The above percentages are intended to be *general guidelines* for what it could cost to implement the program. For example, in some cases such as long-term Naming Rights agreements, the initial investment on the signage elements may require the full activation amount in the first year, but the level of investment will significantly drop off once the agreement is in place, resulting in more discretionary revenue to the City. In other cases, the partner may incur an activation cost as a means of making a greater impact with the intended audience (i.e. programming element, coupons, etc.) making it less important for the City to direct dollars back to the program.

In terms of costs for selling partnerships and operating a Central Office, the percentages above could also vary quite significantly, depending on the efficiencies that are realized through the different functions. For example, if the sales function is assumed by a City staff person vs. an outside contractor, the costs could be lower if combined with other staff functions within the Central Office.

Agreement Servicing Costs

It should be expected that Vaughan will incur direct servicing costs to facilitate its end of any partnership arrangement. This includes areas such as the preparation of partner / facility signage, official announcement events, changing names on publications, etc. This percentage (5% to 10%) should not be automatically deducted from the gross revenue of any partnership, but rather mobilized as required in the proposal or negotiation process to secure the agreement.

Program / Service / Facility Enhancements

In principle **15% - 25% should be allocated to the sponsored program, service or facility for program/service enhancements.** This will ensure program staff and participants realize a benefit from these arrangements, resulting in a higher level of buy-in from all stakeholders for the partnership program.

Partnership Policy

To effectively position and govern the City’s partnership and advertising efforts, it is recommended that a Partnership and Advertising Policy be adopted that clearly outlines the City’s vision with respect to corporate partnerships and the manner in which these arrangements will be solicited, managed and terminated.

A formal Partnership Policy should also be integrated with other existing policies that have a potential impact on municipal partnership efforts such as the Corporate Advertising, Naming of Properties, Logos on Water Towers and Corporate Partners Program policies. *For more details, please refer to the Partnership Policy Considerations in Appendix B.*

Marketing the City's Partnership and Advertising Program

A successful marketing campaign will effectively position the City's opportunities with those companies that have the most to gain through an association with the municipality. To this end, companies will need to be educated about the opportunities and feel confident that they are receiving good value for their investment. By effectively branding the program and presenting opportunities that are relevant to each company, the City will minimize the sales cycle and increase the odds of a successful, long-term relationship. The following are viewed as key elements for implementing an effective marketing campaign to support the City's sales program:

Consistent Branding of the Corporate Partnership Program

The recommended Corporate Partnership Program establishes a higher level for being associated with the City's partnership program. The notion of being connected to a broader initiative to improve the quality of life for Vaughan citizens should carry a lot of appeal with potential sponsors, particularly companies with strong local roots or those with a large local employee base. Critical to communicating the brand is demonstrating how corporate investment has been used to improve programs, services and community-building initiatives.

Client-Driven Approach

The City will need to adopt a "client-driven" approach if it is to be successful at recruiting and retaining partners over the long-term. Simply stated, companies are motivated by the marketing benefits or social capital gained through partnerships and in order to appeal to these companies, the focus needs to be placed on the "value proposition" that the City brings to the table. This includes having a clear understanding of the prospect's business objectives and recommending partnership benefits programs that respond to these objectives, actively servicing partners and providing information that supports their investment decision. This also includes being open to new ideas that companies will bring forward if they feel that the municipality is open to new ideas.

Maintaining an Up-to-Date Prospect Database

A comprehensive database will allow City staff to communicate with prospects on a regular basis (i.e. Corporate Partnership Newsletter) as well as provide background information on company business strategies, key issues and current activities in the marketplace. (see Technology Requirements)

Using Testimonials to Enhance Credibility

Core to the decision-making process for potential partner is the reputation and credibility of the opportunity. A strong testimonial program from participants, past partners and other credible spokespersons will significantly add to the credibility of the initiative.

Business Association Endorsement

Consideration should be given to approaching local business organizations to encourage their support of the program. In addition to creating distribution opportunities for city promotional collateral, strategic relationships will also enhance the overall credibility of the program with the association's membership.

Actively Acknowledging Partners

Too often, organizations are hesitant to actively acknowledge the support of corporate partners, yet there is nothing more powerful than the direct recognition of a sponsor by a credible figurehead in the organization. Many

times, this is also the most powerful motivator in generating a response from a potential partner who sees his/her competition in the limelight.

Specific acknowledgement strategies include:

- Year-round profile for sponsors on the City's Corporate Partnership web site;
- Annual ad campaign highlighting the City's Corporate Partners and the benefits to citizens as a result of these initiatives;
- Annual report to Council on the above and acknowledgement through a motion or proclamation thanking these partners;
- Ongoing profile for sponsors in the Corporate Partnership Newsletter;
- Involvement of political representatives in partner announcements and events.

Demonstrating Value-for-Dollar

Further to the above, because corporate partnerships tend to be on the "softer" or relationship-building side of the marketing mix, it will be important to demonstrate value through post-event reports and other reporting mechanisms. These reports should address the value of the benefits received through the partnership as well as the value of the partnership to Vaughan citizens and/or program participants.

Pricing Strategies

With the exception of Naming Rights which are traditionally exclusive opportunities, partnership pricing should allow for a range of companies to participate in any given activity, depending on their size, needs and financial capacity. This strategy will increase the appeal of the City's partnership program to a broader range of companies and allow these firms to "test the waters" before committing to larger investment levels.

The advantages of a multi-tiered pricing strategy to the City is that it contributes to the organization's goal of providing equitable access to business and at the same time, creates a "feeder system" that supports higher levels of investment over time.

As an overall strategy, each partnership property should have at a minimum, two (2) levels of investment and depending on the opportunity, up to three (3) pricing points. The following serves as an overall framework for the pricing of various partnership properties.

Level	Specifications	Pricing Strategy
Exclusive Partner	Properties limited to one (1) partner. Usually applied to Naming Rights	Priced at full value, based on level of exposure and benefits received
Presenting Partner	Typically, limited to one (1) company in a Presenting or Title partner role associated with a specific program, service, activity or event.	Priced at full value, based on the level of exposure and benefits received through the opportunity. i.e. Title Sponsorship: \$50,000

Major Partner	Typically, ranges from one (1) to six (6) partners, depending on the nature of the property. Usually exclusive by industry sector.	Priced at 40% to 50% of the value of the Presenting Partner package, based on a lesser level of exposure and benefits. i.e. 40% to 50% of \$50,000 = \$20,000 to \$25,000
Supporting Partner	Typically, ranges from one (1) to eight (8) partners, depending on the nature of the property.	Priced at 15% to 25% of the value of the Presenting Partner package, based on a lesser level of exposure and benefits. i.e. 15% to 25% of \$50,000 = \$7,500 to \$12,500

On occasion, the City may want to consider adding an additional price point to the above levels where the sponsored property can accommodate a wide range of “Contributors” at a lower level (2% to 5%). This level usually applies to in-kind contributions or those occasions when a local business may want to be involved in a particular activity.

Valuated Price Vs. Market Price

The value of each partnership opportunity using the above formula for levels of investment / profile should be based on the procedure outlined in the Partnership and Advertising Framework section of this report. However, there will be instances where the actual “asking price” may be higher or lower than the identified value because of market conditions or in Vaughan’s case, where current pricing (e.g. rink board advertising) is lower than the recommended value.

In cases where the current price paid is significantly lower than the valuated amount, there are a number of options that can be used to get the prices in line or leverage the situation to the benefit of Vaughan. They include:

- Gradual increases in the current price to eventually achieve parity in pricing;
- Offer a value-add (s) that makes it easier for the current sponsor / advertiser to accept the new pricing model (e.g. ad on web site to support print ad);
- Offer an incentive to keep current pricing by signing to a longer-term deal.

Specific Marketing Activities

In order to increase take-up on the City’s partnership and advertising opportunities, it will be important to implement a structured campaign that supports the typical decision-making process.

Awareness

The first challenge in marketing the City’s program will be in making businesses aware that the City is open to partnerships as well as increasing their knowledge of the various opportunities available. Commonly, prospects need to see something 4-5 times before it’s on their “radar”, so frequency of communications and in a variety of formats is crucial to getting their attention. This will be achieved through:

- The development of a City micro-site that features ongoing opportunities;
- Ad campaign in local newspapers;

- Corporate Partnership Newsletter;
- Collateral distribution through local business groups.

Attitude

After becoming aware of opportunities, prospects need to see elements that add to the believability and credibility of the opportunity. If a prospect does not believe that the “product” is credible, they will not take the opportunity seriously. Gaining credibility for the City’s program will be achieved through:

- Consistent branding of the Corporate Partnership Program;
- Positive Media coverage of sponsorship activities;
- Use of client and participant testimonials in collateral;
- Endorsements from business associations;
- Use of photos to enhance the emotional experience;
- Building relationships by participating in trade shows and attending local business events;
- Evidence of Council support for the program.

Acceptance

Once the prospect believes that the opportunity is credible, they need to believe that it could benefit them (or their company) personally. This is achieved through:

- Personal sales calls;
- Use of case studies that demonstrate partner involvement;
- Customized proposals addressing specific business objectives.

Decision / Action

Once all of the above conditions have been satisfied, a potential prospect is ready to move to the decision-making stage, provided that the opportunity meets their needs and they have the financial resources to support the activity. The decision to take Action is achieved by:

- Presenting professional proposals in a timely manner and at a price level they can afford;
- Demonstration of the value of the proposal relative to meeting specific business objectives;
- Ability of the presenter to respond to any concerns or objections.

By implementing a marketing strategy that takes into account the various stages of the decision-making process, the City will ultimately develop an ongoing “pipeline” for new sales prospects.

Corporate Partner Web Site

A Corporate Partner web site is viewed as critical for creating ongoing awareness and establishing credibility for the City’s Corporate Partnership Program. Initial content pages for the web site should include:

- Message from the Mayor;
- Overview of the City’s program including why the City sees the initiative as important;
- Partnership Policy;
- Opportunity Overview including listing of specific partnership initiatives and links to facilities / programs that have an individual web site;
- Corporate Partner page including benefits achieved through the program;
- Endorsements from business associations and other strategic partners;
- Photos and testimonials related to sponsored activities;
- Contact information;
- Information Request page.

Over the long-term, the web site should feature a Search Function that will allow visitors to customize their search based on demographics, psychographics, product interest, etc.

Promotional Collateral

Given the range and large numbers of partnership and advertising opportunities available, it is not practical, nor desirable to produce collateral that features all of these opportunities. The primary goal of the partnership and advertising collateral should be to:

- Position the program; and,
- Provide an overview of the types of opportunities available.

Based on research of hundreds of partnership and advertising collateral documents, the following are key considerations for the City's promotional materials:

- Easy to read
- Lots of white space
- Appropriate font size
- Communicates a vision
- Uses images and charts
- Incorporates testimonials from audience / sponsors
- Points to benefits vs. features
- Reflects the City brand
- Reasonable file size (electronic)
- Prints well in black and white (electronic)

Initial collateral should include:

- Branded Kit Folder;
- Opportunity Overview;
- Inventory page (for selected use);
- Photo / testimonial page;
- Template Proposal document that can be used to customize sponsorship offerings;
- Power Point deck to present to prospects at the initial meeting.

Materials need to be made available in print and electronic format (PDF).

Marketing and Sales Tactics

Marketing Tactics

The following are the recommended tactics for recruiting corporate partners for Phase 1 of the City's Partnership and Advertising program:

- Develop a series of initial properties in each of the framework areas (pre-approved by the City) to create an inventory that represents a broad cross-section of partnership and advertising opportunities as well as associated benefits. Develop baseline benefits packages for each potential property (or asset);
- Prior to a full launch, test the various opportunities with potential partners ("friendly corporations") to gather initial feedback and further refine the program;

- Development of a City of Vaughan micro-site that will position the program and allow company representatives to view the opportunities available to them. Create appropriate link from City main pages;
- Develop and implement a Partnership and Advertising Database to manage the prospect list and other information necessary to launch a coordinated program;
- Development of a “Marketing Partnership” Newsletter that can be distributed to business that features various corporate partner initiatives;
- Development and placement of City ad (major newspapers) to inform the business community about the City’s new opportunities as well as to ensure equitable access to these opportunities;
- Conduct a direct mail campaign to Vaughan businesses as well as targeted national brands;
- Information session presented to Vaughan-based advertising agencies to inform them of the opportunities and the process for exploring opportunities in more detail;
- Information session to City staff to inform them of the City’s efforts in this area and how they can benefit from the program as well as provide tools to help them identify potential partnership opportunities;
- Articles and/or interviews in business-related media, Chamber of Commerce, Vaughan Business Services communications;
- Event with a secured partner to officially launch the program.

Sales Tactics

- Focus on identifying and approaching businesses that cater to audiences served under each approved partnership opportunity;
- Adopt a consultative selling approach for major Vaughan-based companies by exploring their objectives and customizing benefits programs around their specific interests;
- Provide a number of “price points” that provide companies with options for participation, depending on their financial capability;
- Encourage the signing of three-year agreements or longer for Naming Rights (8-10 years minimum) to reinforce the long-term approach that should be taken towards achieving marketing objectives from partnerships. These agreements would include an “Opt-Out Clause” that would allow either party to terminate their involvement with written notice by an agreed-upon date.

Integration of Existing Partners

The City currently has arrangements with a number of corporate partners that are already supporting City activities. The following recommendations outline how these existing partners can be integrated with the City’s overall Corporate Partnership Program:

- Current partners represent a great opportunity for marketing the City’s program. As companies that already have established relationships with the City, they should be relied on to provide valuable feedback on their existing partnerships as well as new opportunities that emerge as the City’s Corporate Partnership Program unfolds. A select number of these companies should be included in the initial **market testing** of the City’s

expanded program. In addition to providing feedback, existing partners should also be asked to provide testimonials that could be used in promotional collateral and even requested to provide the names of other companies and contacts (referrals) that may benefit from the opportunities presented in Phase 1.

- In addition to providing marketing support, existing sponsors also represent the City's best chances for "early wins" in so much as they have already demonstrated an interest in collaborating with the City on other initiatives. To capitalize on this opportunity, existing partners should be among those priority companies to be approached about the new opportunities identified in Phase 1. This will provide an added value to these companies already supporting City activities and allow them to "buy-up" from their current level of investment.
- Provided they continue to invest with the City, existing partners should be recognized as "Corporate Partners" and receive the same level of recognition as any new partners to the program would receive. This will ensure that they can continue to support the current activities they are involved with, and still be part of the broader City initiative.

Approval Processes

Naming Rights

With the high profile surrounding Naming Rights and the length of the commitment for most of these arrangements, a more substantive approval process should be required. The recommended approval process for Naming Rights agreements is as follows:

1. Initial Letter of Intent signed by the potential Naming Rights sponsor and the Commission / Department Head that outlines the proposed Term, Payment Schedule and Benefits;
2. Approval by City Manager who will consult with Councilors to gain their concurrence with the opportunity and the potential corporate partner;
3. Formal approval of the Naming Right Partner (and Terms) at City Council.

This approval process will ensure that long-term agreements have the full support of the municipality as well as avoid any embarrassing moments that could arise from Council not approving a potential Naming Rights partner.

Approval of Other Partnerships

The City of Vaughan might consider a streamlined approval process for Non-Naming Rights opportunities as this will help maintain momentum through any partner negotiation process. The following is an example of how the approval process is structured in other municipalities, with the appropriate customization for the City of Vaughan organizational structure.

- Managers are responsible for approving all agreements up to \$10,000 per annum and under (3) Years;
- Directors are responsible for approving all agreements between \$10,000 and \$50,000 per annum and up to (3) Years;
- Commissioners are responsible for approving all agreements between \$50,000 and \$100,000 per annum and/or up to (5) Years;
- City Manager and/or Council is responsible for approving all agreements for amounts over \$100,000 or where any partnership or advertising agreement exceeds five (5) years in duration.

It will be important to have approval processes in place prior to engaging the private sector, so that momentum may be maintained throughout the discussion / negotiation phases. To facilitate this process, it is recommended that a general agreement be put in place by Legal that can be used for all partnerships, with specific agreement

details (e.g. payment terms and benefits) added as an Appendix to each agreement document. With this process, there will be little need to review each agreement in detail with Legal.

Servicing Strategies

Overall responsibility for servicing partnership arrangements should rest with the program that recruited the sponsor. In the case of City-wide sponsorships originating from the central office involving various Commissions, Departments or programs, servicing will need to be a coordinated effort. The following is the recommended process for ensuring a coordinated approach towards servicing partners:

- Partnership benefits and deliverables approved by the appropriate department or program before agreements are finalized;
- Every partnership should have a key City contact who serves as the primary contact (Account Manager) with the partner throughout the term of the agreement;
- Partnership information and deliverables entered into the City's Central Database (using pre-approved templates). This includes identifying what information will be required for the post-partnership report and who will be responsible for gathering the information;
- Upon completion of each deliverable, the information is entered into the Central Database as a record of completion. This includes forwarding any hard copy documents to the Central Office;
- Internal Post-Partnership Report completed by the Account Manager;
- External Post-Partnership Report sent by the Account Manager to the client.

Technology Requirements

To effectively manage the activities associated with the program, the City requires a database management system that can accomplish the following:

- Cataloguing and storing the City's partnership and advertising prospect database;
- Shared capability across departments and staff (all involved in the program's sales, management and servicing);
- Sorting capabilities for identifying specific types of prospects;
- Reporting;
- Notes fields to allow for updating contact notes;
- E-mail campaign capability;
- Controls to ensure data is seen only by those who need to see it / edit it;
- Analytics.

If the City of Vaughan uses Microsoft Exchange, they might consider simply adding on the CRM component SalesOutlook to anyone involved in promoting, selling and managing the partnership and advertising initiative. This software appears to have the capability to accommodate the City's requirements (at least initially) without extensive investment in customized software solutions.

The next phase in addressing technology requirements will be to assess the feasibility of SalesOutlook in relation to the City's overall IT strategy to ensure compatibility with current, as well as planned corporate-wide systems and solutions.

Analysis of Internal vs. External Management of the Program

In determining the role of internal vs. external management of the City's Partnership and Advertising Program, a number of key factors need to be considered:

- Partner acquisition and retention in any environment, is a long-term proposition based on building the property brand as well as relationships over a sustained period of time;
- Partner acquisition is generally a difficult process that involves a high degree of skill to be effective, mainly because it involves addressing more complex issues than commercial advertising. Where commercial advertising can be sold more as a commodity, partnerships involve a strong knowledge of business as well as the marketing discipline to develop and negotiate benefits packages that meet the needs of business and the property;
- Partner acquisition requires an extensive knowledge of the overall property so that companies can be aligned with the opportunities that meet their needs and that the appropriate internal stakeholders can be recruited and/or managed as it relates to fulfilling these agreements;
- Partner acquisition is just the beginning of the corporate / property relationship. To be successful over the long-term, just as much emphasis needs to be placed on executing these agreements, maintaining communication with partners and providing fulfillment reports at the end of each agreement;
- Most times, partners want to establish relationships with those individuals who “own” the program in order to leverage the relationship between the property and the company as well as ensure that there is a strong level of buy-in from the property itself;
- The City needs to protect the interests of the corporation as well as the citizens of Vaughan. This may involve strategic decisions not to pursue certain opportunities because they do not support the City’s values and ethics or foregoing opportunities in order to ensure fair and equitable access by regional businesses.

In addressing the advantages of each approach, the following areas need to be considered:

Consideration	Pros Internal vs. External Management	Cons Internal vs. External Management
Developing Partnership Packages	<p>Internal</p> <ul style="list-style-type: none"> ▪ Would have the internal knowledge and ongoing relationships with City staff to identify and build integrated partner benefits packages as well as encourage buy-in from various departments. <p>External</p> <ul style="list-style-type: none"> ▪ Would likely bring a wider range of ideas to the table due to broader exposure to the market. 	<p>Internal</p> <ul style="list-style-type: none"> ▪ May be difficult to generate “out-of-the-box” thinking around benefits packages due to history with the program and/or internal pressures. <p>External</p> <ul style="list-style-type: none"> ▪ May have an unrealistic view of what can be offered to potential partners, resulting in lost time or frustration with the program and/or process.
Recruiting, Negotiating Partnership agreements	<p>Internal</p> <ul style="list-style-type: none"> ▪ Possible higher degree of trust due to association with the City. ▪ Direct relationships would be established between the City and Partner vs. through a third-party. <p>External</p> <ul style="list-style-type: none"> ▪ Will likely have the skills to immediately perform required functions to a high degree of proficiency. ▪ Possible higher level of confidence in opportunities being presented. 	<p>Internal</p> <ul style="list-style-type: none"> ▪ May not have the skills to immediately perform required functions to a high level of proficiency, which could affect the reputation of the program. ▪ Low skill level could result in missed opportunities, poorly negotiated agreements. <p>External</p> <ul style="list-style-type: none"> ▪ May have an unrealistic view of what can be offered to potential partners. ▪ Could lose interest if approval processes too onerous.
Servicing Agreements	Internal	Internal

	<ul style="list-style-type: none"> Would likely allocate more effort towards servicing partners to ensure the City's reputation. <p>External</p> <ul style="list-style-type: none"> Would likely have lower servicing costs. 	<ul style="list-style-type: none"> Likely higher cost due to remuneration packages. <p>External</p> <ul style="list-style-type: none"> Would likely spend less time on servicing, unless compensated for the service.
Brand Management	<p>Internal</p> <ul style="list-style-type: none"> More focused on protecting the City's interests and long-term reputation of the program. <p>External</p> <ul style="list-style-type: none"> Would likely bring more innovative ideas to the table on how to promote the program brand. 	<p>Internal</p> <ul style="list-style-type: none"> May have a biased view of the program / City reputation that prevents critical self-analysis. <p>External</p> <ul style="list-style-type: none"> May be more interested in short-term gain than long-term reputation of the City.
Financial	<p>Internal</p> <ul style="list-style-type: none"> Ability to ramp-up operation as required to service the program. <p>External</p> <ul style="list-style-type: none"> Would cost less overall to service the program. 	<p>Internal</p> <ul style="list-style-type: none"> Would likely cost more to implement the program, based on remuneration packages. <p>External</p> <ul style="list-style-type: none"> Would likely be reluctant to spend more dollars executing the program, unless there was a direct financial benefit.

It is the consultant's opinion that ultimately, the City should assume overall responsibility for recruiting corporate partners and managing all aspects of the partnership program through a centralized office. However, like any situation, it will be important to have qualified professionals that are supporting the City's best interests in any business situation, especially in the early stages of the program implementation when the program will be establishing its value in the marketplace.

Based on an analysis of the City's program as well as practices from other partnership and advertising initiatives, the consultant recommends that:

- The City aim towards using internal resources to manage all aspects of the City's Corporate Partnership Program;
- That the City consider the use of a Professional Contractor, knowledgeable in Naming Rights and municipal operations be engaged to assist City staff in establishing the program (i.e. marketing, recruiting, servicing) and transferring the knowledge and skills required to implement a successful City-wide program;
- Within a two-year period, that the City's Partnership Program aims to be self-sustaining, not requiring the use of external contractors;
- External contractors be considered for managing and delivering the ongoing Advertising Sales Program.

The benefit of this approach is that it will allow the City to use outside expertise to help launch the program and at the same time, build the infrastructure and capacity for City staff to evolve in their roles and responsibilities.

Advertising Considerations

Currently, the City has a number of Advertising initiatives either operating independently under contracted services within various departments or through City staff directly. They include:

Advertising Medium	Implementation Details	Estimated Revenue
Arena Facility Advertising (including CC wall ads)	Current Contract with FutureSigns	\$60,000 per year
Publication Advertising (Recreation Guide and other publications)	Conducted by Internal Marketing Staff to support the Recreation Guide	\$80,000 per year
Poster Boards	Conducted as a Pilot by Internal Staff	Pilot - TBD
Electronic Signage	Proposed	TBD
Outdoor Billboards	Proposed	TBD

To take a professional approach towards advertising on City assets, the City should look at developing overall Advertising Guidelines in the first year of the program that:

- Establishes a Vision, Guiding Principles and Policies that provide for a coordinated, responsible approach towards the commercialization of Vaughan assets;
- Address issues and set parameters for areas related to “visual pollution” of City streetscapes including out-of-home advertising, event posters, notices, advertising stands, newspaper boxes, garbage receptacles, street furniture, etc. displayed on City streets;
- Identifies and markets the full range of opportunities that allows any company / agency to examine the various options available to them;
- Sets guidelines for staff to pursue opportunities related to City publications;
- Establishes the authority of a central body to administer the program.

REVENUE ANALYSIS

As part of the preliminary planning process, the consultant conducted a high-level analysis of potential properties to determine the potential new revenue that could be generated through the program. The following is a summary of this analysis:

Naming Rights Fees

In order to determine revenue potential, a series of assumptive “Naming Rights Benefits” were established for each potential Naming Rights opportunity. They included:

- Name on building exterior, roadside sign, directional signs
- Backlit Sign and/or Display in Lobby
- Title Name in Facility Publications
- Title Name in Recreation Guide
- Logo ID / Corp. Profile in RecreationGuide
- Name on Facility Web Site
- Corporate Profile on Web Site
- Naming mention on incoming / outgoing phone calls
- Media Mentions (where applicable)
- Use of facility for activation functions i.e. staff function, community events
- Other rights and Customized Benefits (TBD)

To estimate potential revenue, only high profile, multi-purpose facilities, individual arenas and pools were considered, as they were viewed as the best opportunities for corporate sponsorships. The following facilities were identified as potential candidates for Naming Rights:

Facility	Overall Attendance	Specification
Al Palladini Community Centre	650,000	Arena 1
Al Palladini Community Centre	650,000	Arena 2
Al Palladini Community Centre	650,000	Pool
Al Palladini Community Centre	650,000	Multi-Purpose Room
Chancellor Community Centre	300,000	Complex
Chancellor Community Centre	300,000	Pool
Chancellor Community Centre	300,000	Bocci Court
Chancellor Community Centre	300,000	Multi-Purpose Room
City Playhouse	75,000	Complex
Dufferin Clark Complex	425,000	Complex
Dufferin Clark Complex	425,000	Pool
Dufferin Clark Complex	425,000	Bocci Court
Dufferin Clark Complex	425,000	Multi-Purpose Room
Father Ermanno CC	275,000	Pool
Father Ermanno CC	275,000	Multi-Purpose Room
Garnet A Williams CC	410,000	Arena
Garnet A Williams CC	410,000	Pool
Garnet A Williams CC	410,000	Multi-Purpose Room
Maple CC	675,000	Complex
Maple CC	675,000	Arena

Maple CC	675,000	Pool
Maple CC	675,000	Multi-Purpose Room
Maple CC	675,000	Bocci Courts
North Thornhill	500,000	Complex
North Thornhill	500,000	Pool
North Thornhill	500,000	Multi-Purpose Room
Rosemount CC	100,000	Complex (Arena)
Uplands Golf Course	N/A	9-Hole Golf Course
Vaughan Bocci and Rec. Centre	N/A	Bocci Courts
Vellore Village CC	490,000	Complex
Vellore Village CC	490,000	Pool
Vellore Village CC	490,000	Gymnasium
Woodbridge CC	150,000	Complex
Woodbridge CC	150,000	Arena
Woodbridge CC	150,000	Pool
Woodbridge CC	150,000	Community Hall
Atrium Gallery at City Hall	N/A	Gallery
Ball Diamonds / Sports Fields	N/A	Misc.

A facility assessment indicates a Total Potential Inventory of **\$865,000 to \$1.2 million per annum** or up to \$6 million over 5 years (recommended minimum length of agreements) if the program were to reach full operation. However, this is not viewed as practical because any number of facilities may not be viewed as valuable naming rights opportunities because they are older facilities or in low traffic areas.

Initial analysis would indicate a conservative estimated new gross revenue potential of **\$400,000 to \$500,000 per annum** which is likely achievable through a mix of the fifteen (15) existing facilities (above) as well as other facilities such as sports fields, ball diamonds, etc. It is also envisioned that other activation-related benefits (i.e. Free Skate Day) will need to be incorporated into agreements that provide a level of customization for the sponsor.

Naming rights are likely to be among the most lucrative of all new partnership and advertising opportunities from a cost/benefit analysis perspective because of the longevity of the agreements (5-15 years) and the fact that they require minimal servicing once the agreements are in place. On the negative side, there are not a lot companies that have the financial capacity nor motivation to commit to long-term agreements and they take a longer sales cycle (usually 6 to 18 months) to close.

The biggest concerns in achieving this goal are related to the soft economy which will likely have an impact on a company's ability to commit to long-term agreements, the longer sales cycle that will likely be required for decision-making and the potential fear of companies that any Naming Rights opportunity will need to be approved by Council (potentially embarrassing news coverage).

Program Partnerships

To determine the potential value of these opportunities, baseline revenue estimate considerations included the size of the audience and composition, the types of benefits offered, combined value of benefit offerings and associative value of the property.

In order to substantiate revenue potential, a series of assumptive "Program Partner Benefits" were established for each identified opportunity. They included:

- Logo ID in Recreation Guide
- One-half page ad in Recreation Guide

- Logo ID / Link on Web Site
- Banner ad on Web Site in sponsored section
- Verbal Recognition by Staff Person / Instructor
- Distribution / Sampling Opportunity
- Exhibit Opportunity
- Direct Communication Opportunity (at registration or permission-based, through a third-party)
- Activation Opportunity (TBD)

Initially, City-wide and Bundled program partnerships could be implemented in the following areas. These areas likely represent the “low hanging fruit” because of the unique appeal of the program and/or the number of citizens being served.

- Adult Fitness Membership
- Adult Fitness and Wellness Programs
- 50+ Adult Programs
- Aquafit Program
- Recreational Skating
- Skating Instruction
- Outdoor Rink Program
- Recreational Swims
- Youth Active Pass
- Youth Rooms
- After 4 Programs
- Water Park / Splash Pad Program
- Summer Camp Program
- March Break Program
- Learn-to-Swim Program
- Pet License Program
- Cycling Program
- Business License / Services
- Home Improvement / Pool Permits

Potential new gross revenue that can be achieved through these programs is estimated at **\$250,000 to \$350,000 per annum**, based on the existing audience numbers and assumptive benefits that would be offered through the partnership. This number could easily increase as additional (non-conflicting) partners are recruited for each program or new partnership opportunities are introduced to the market.

Event Partnerships

Event partnerships are viewed as a valuable opportunity because of the large numbers of participants, the “buzz” that is usually generated around these events and the fact that sponsorship of events has a high level of acceptability by the public.

In order to substantiate revenue potential, a series of assumptive “Event Partner Benefits” were established for each identified opportunity. They included:

- Logo ID in Recreation Guide
- One-half page ad in Recreation Guide
- Logo ID / Link on Web Site in sponsored event section
- Rotating Banner ad on Web Site in sponsored event section
- Verbal Recognition at event
- High profile banner opportunity

- Distribution / Sampling Opportunity
- Exhibit / Display Opportunity
- Activation Opportunity (TBD)

Initial events in this category could include:

- Concerts in the Park
- Canada Day
- Winterfest
- Mayor's Gala
- Mayor's Charity Golf Classic
- Doors Open / Culture Days

The City already has an active and successful sponsorship program in place for most of these events; therefore, expanded revenue potential is based on fine-tuning current programs and capitalizing on a few new opportunities. Potential new gross revenue that can be achieved through these programs is estimated at **\$100,000 to \$150,000 per annum**, based on the existing audience numbers and assumptive benefits that would be offered through the partnership.

Themed Community Initiatives

Themed Community Initiatives are an ideal way for a company to support City activities that are aligned with the values of the corporation. In this area, several initiatives would be bundled under a common theme and partners would be positioned as “champions” of that particular area.

- An Active Vaughan including Pause to Play (5,000), RECAssist and Youth Grants
- A Safe Vaughan including Active, Safe Routes to School (1,500)
- Arts Friendly Vaughan including special arts and cultural events
- A Youth Friendly Vaughan focusing on youth oriented programs
- Sustainable Vaughan including Greening Vaughan, 20-Minute Make-over
- A Community Spirited Vaughan focusing on volunteer recruitment and recognition
- A Pet Friendly Vaughan including the Pet Licensing Program and pet services
- A Healthy Vaughan including a range of public health initiatives

Potential new gross revenue that can be achieved through these programs is estimated at **\$200,000 to \$300,000 per annum** based on assumptive benefits that would be offered through the partnership.

Web Site

To determine the potential value of these opportunities, baseline revenue estimate considerations included the level of visibility and number of unique visits. Based on traffic counts, rotating box ads (unless indicated) were initially recommended for the following web pages:

- Recreation Home Page
- Recreation Registration
- Community Centres
- Recreation Facilities
- Swimming Schedules
- Arena
- City Playhouse
- Recycling / Garbage
- Garbage Collection Calendar

- Fitness Centres
- Specialized Recreation Pages

The growth of online advertising demonstrates that there is a significant demand for this medium; especially in areas where messages can be targeted to specific audiences. In addition, the emergence of social media has created significant new opportunities to develop “communities” involving dynamic web content and this is where many companies are focusing their efforts. If the City can adapt to this new environment, it has the potential to generate significant revenue by helping to establish communities with which companies want to be engaged.

The estimated potential new gross revenue is **\$15,000 to \$25,000 per annum** once the program is in full operation, based on a combination of Logo ID and/or Text links as well as Banner Ads or Boxes in strategic locations. This figure would be adjusted upwards as new advertising opportunities become available.

Interior Signage – Advertising (existing)

Interior signage is currently contracted to an independent operator and generates approximately \$60,000 per year in revenue for the City.

The City’s current / planned efforts with Poster Boards and Electronic Message Signs will generate additional revenue; however it will be difficult to estimate projections until the pilot projects are completed in these areas. One of the potential impacts of interjecting new advertising into community facilities will be the effect of these new opportunities on the contracted signage program. The City may want to consider contracting these new opportunities out to the existing contractor in order to maximize revenues (with minimal cost) and ensure consistency in the marketing of these opportunities.

The estimated new gross revenue from an expanded interior signage is **\$50,000 to \$100,000** per year, based on new locations for existing facilities, new facilities as they come on stream and the increased use of digital screens.

Exterior Signage – Outdoor Billboards (new)

Increasingly, municipalities are turning to outdoor billboard advertising as a revenue generating operation by leasing prime locations to external (out-of-home) advertising contractors.

While a full analysis would be required to determine ongoing revenue potential, an initial estimate is that the City could conservatively generate a new gross revenue between **\$50,000 and \$100,000 per annum**, based on 8-10 locations along key traffic arteries.

Publications – Advertising

The City currently generates an estimated \$80,000 through the Recreation Guide and other related publications. New opportunities include:

- Garbage Collection Calendar
- PW Newsletter
- Inserts in City / Facility Publication Mailings
- City Envelope Stamps

Estimated new gross revenue is **\$75,000 to \$100,000 per annum** once the program is in full operation, based on 70% of the total inventory being sold. This figure could be adjusted upwards as new advertising opportunities become available.

Despite an overall drop-off in print advertising, specialty publication advertising remains strong in most markets; especially those publications that are attached to specific lifestyle interests. The Recreation Guide format will need to be addressed in order to accommodate new advertising opportunities. In addition, there are likely other publications not identified in the initial estimates that will add to the City's publication advertising inventory.

Facility Partnerships

Corporate sponsorship of a facility where Naming Rights are not possible due to commemorative naming of the facility. Similar benefits to Naming Rights partners without the company name included as a prefix to the facility name.

Estimated new gross revenue is **\$50,000 to \$100,000** per annum based on a progressive revenue stream beginning in Year 3.

Employee Benefits Program

Internal program where corporate partners will provide value-added offers to City employees (i.e. special rates or services) and pay the City for the marketing rights.

Estimated new gross revenue is **\$50,000 to \$100,000** per annum based on a progressive revenue stream beginning in Year 2.

Product Rights

The negotiation of exclusive "product" rights for City Vending Machines and Concession operations. Focus on Vending Machines in Years 1-3 with the addition of Concession Pouring Rights in Years 4-5.

Estimated new gross revenue is **\$25,000 to \$50,000** per annum based on a progressive revenue stream beginning in Year 2.

Parking Operations Advertising

Commercial advertising in the Vaughan Metropolitan Centre.

Estimated new gross revenue is unknown at this time. A full analysis would be required to determine ongoing revenue potential.

Unsolicited Proposals

By reinforcing that the City is "open for business", it is expected that companies will come forward with their own innovative ideas for collaboration. This is particularly relevant to Vaughan as a large number of companies establish their roots in this fast-growing community and/or feel the need to give back to the community that has been so good to their business. These proposals could include:

- Financing the construction of community facilities such as parks, sports fields and cultural centres;
- Funding economic development initiatives;
- Beautifying the environment;
- Providing in-kind services that reduce City costs or enhance service levels to citizens.

Estimated new gross revenue is **\$100,000 to \$250,000 per annum** depending on the responsiveness and flexibility of the municipality in dealing with unsolicited proposals.

Revenue Mix / Projections

Based on a more detailed analysis of City assets, the following table provides a Revised Gross Revenue Projection Summary that reflects the current state of the market and the identification of new assets that could be leveraged under an expanded partnership and advertising program.

It should be noted that revenue estimates are conservative in approach and that as new facilities, programs and public services are introduced and/or removed from the inventory, the Gross Revenue Mix and Projections will be subject to change.

Estimated Gross Revenue Mix and Projections (New Revenue)

Partnership and Advertising Assets	Potential Annual Revenue Range	Year 1 (20%)	Year 2 (40%)	Year 3 (50%)	Year 4 (60%)	Year 5 (70%)	Total
Naming Rights	\$400,000 to \$500,000	\$80,000 to \$100,000	\$160,000 to \$200,000	\$200,000 to \$250,000	\$240,000 to \$300,000	\$280,000 to \$350,000	\$960,000 to \$1,200,000
Program Partnerships	\$250,000 to \$350,000	\$50,000 to \$70,000	\$100,000 to \$140,000	\$125,000 to \$175,000	\$150,000 to \$210,000	\$175,000 to \$245,000	\$600,000 to \$840,000
Event Partnerships	\$100,000 to \$150,000	\$20,000 to \$30,000	\$40,000 to \$60,000	\$50,000 to \$75,000	\$60,000 to \$90,000	\$70,000 to \$105,000	\$240,000 to \$360,000
Themed Community Initiatives	\$200,000 to \$300,000	\$40,000 to \$60,000	\$80,000 to \$120,000	\$100,000 to \$150,000	\$120,000 to \$180,000	\$140,000 to \$210,000	\$480,000 to \$720,000
Web Site – Advertising	\$15,000 to \$25,000	\$3,000 to \$5,000	\$6,000 to \$10,000	\$7,500 to \$12,500	\$9,000 to \$15,000	\$10,500 to \$17,500	\$36,000 to \$60,000
Interior Signage – Advertising	\$50,000 to \$100,000	\$10,000 to \$20,000	\$20,000 to \$40,000	\$25,000 to \$50,000	\$30,000 to \$60,000	\$35,000 to \$70,000	\$120,000 to \$240,000
Exterior Signage – Outdoor Billboards	\$50,000 to \$100,000	\$50,000 to \$100,000	\$50,000 to \$100,000	\$50,000 to \$100,000	\$50,000 to \$100,000	\$50,000 to \$100,000	\$250,000 to \$500,000
Publications - Advertising	\$75,000 to \$100,000	\$15,000 to \$20,000	\$30,000 to \$40,000	\$37,500 to \$50,000	\$45,000 to \$60,000	\$52,500 to \$70,000	\$180,000 to \$240,000
Facility Partnerships	\$50,000 to \$100,000			\$25,000 to \$50,000	\$30,000 to \$60,000	\$35,000 to \$70,000	\$90,000 to \$180,000
Employee Benefits Program	\$50,000 to \$100,000		\$20,000 to \$40,000	\$25,000 to \$50,000	\$30,000 to \$60,000	\$35,000 to \$70,000	\$110,000 to \$220,000
Pouring-Product Rights / Vending Machines	\$25,000 to \$50,000		\$25,000 to \$50,000	\$25,000 to \$50,000	\$25,000 to \$50,000	\$25,000 to \$50,000	\$100,000 to \$200,000
Unsolicited Partner	\$100,000	\$20,000	\$40,000	\$50,000	\$60,000	\$70,000	\$240,000

Proposals	to \$250,000	to \$50,000	to \$100,000	to \$125,000	to \$150,000	to \$175,000	to \$600,000
Total	\$1,290,000 to \$1,925,000	\$288,000 to \$455,000	\$571,000 to \$900,000	\$720,000 to \$1,137,500	\$849,000 to \$1,335,000	\$978,000 to \$1,532,500	\$3,406,000 to \$5,360,000

The Gross Revenue Projection is based on a graduated revenue approach (year-over-year increase) with a minimum of three (3) years to achieve a 50% revenue potential based on the initial assets identified in this phase.

Maximum revenue is based on achieving sales on 70% of the initial identified inventory. This is because it is expected that the City will always have more inventory than what will be sold and companies will drop in and out of the program as their needs and financial capacity changes.

It should be noted that revenue projections based on the approval of Assets and Baseline Benefits as outlined in the section: Recommended Partnership and Advertising Inventory – Phase 1. In the respect, changes to the inventory and/or benefits offered could positively or negatively affect the revenues from these sources.

Cost and Benefit Analysis

To successfully establish, market the number and variety of opportunities and manage the sponsorship and advertising program, the centralized office will initially require three (3) staff positions and a budget to retain, on an as-needed basis, consulting services for future valuations of assets and marketing and sales of the significant sponsorship opportunities. If the City was to exclusively conduct its own Naming Rights, Program Sponsorship Sales and other non-advertising opportunities, it would likely require an additional staff person (1) to focus on sales initiatives. Currently there are no resources committed to the responsibilities required to sustain a corporate partnership and advertising program.

The cost of the staff and operation of the office are identified in the 2014 budget as operating pressures of \$414,000. This includes:

- Staff - 3 staff including a Manager, Coordinator-level position and Administrative person (\$220,000 plus benefits)
- Operating Costs – sales and marketing (\$75,000)
- General Overhead – 20% of staff cost (\$44,000)
- Start-Up Costs (One-time) – market testing, marketing materials, advertising, launch event, consultant fees, training, sales contact software (\$100,000)

In addition to the above, an ongoing variable cost needs to be identified for Servicing Agreements which includes benefit activation costs for items such as City-installed signage as part of any partnership agreements (5% of partnership fee)

Compensation costs will be \$220,000 and \$119,000 will be required for implementation of the sales program, sales commissions, external consultation services for valuations of new or changing corporate assets and the operating costs for the centralized office.

By steady state (2018), the administration costs to support the sponsorship and advertising program will be about 30% of the benefits realized. That cost is in line with marketing sponsorship programs on an industry-wide basis. The overall cost of the Program during the five years and the Gross Revenue Targets are identified in the Table below.

**Costs and Benefits Associated with
the Partnership and Advertising Program (000's)**

Year	2014	2015	2016	2017	2018	2019	Total
Annual Gross Projected Revenue (using low estimates)		\$288	\$571	\$720	\$849	\$978	\$3,406
Annual Staff Costs		\$220	\$220	\$220	\$220	\$220	\$1,100
Annual Operating Costs / Overhead		\$119	\$119	\$119	\$119	\$119	\$595
Start-Up Costs	\$50	\$50					\$100
Servicing (5% of projected revenue)		\$19	\$39	\$48	\$58	\$66	\$230
Net Benefits	(\$50)	(\$120)	\$193	\$333	\$452	\$573	\$1,381

Issues and Risks

The establishment and reliance on revenue from an enhanced partnership and advertising program is not without its issues and risks.

- One of the major risks is whether there will be uptake on the opportunities being presented by the City. In order to get a better sense on the degree of potential participation by local and national companies of these opportunities, some selected market testing of the program needs to be completed. The purpose of the market testing will be to gather industry feedback on the overall program as well as specific opportunities. The results of the business intelligence will allow the City to:
 - Gage overall potential response to the program;
 - Determine what types of opportunities and benefits will carry the most weight with potential sponsors and advertisers;
 - Gather industry intelligence as it relates to competitive factors as well as other barriers to take-up;
 - Provide City staff with business intelligence that supports the overall project (due diligence).

Initial market testing should be completed by the end of January 2014. While the overall reaction is expected to be positive, it is anticipated that the feedback received will provide the City with useful information to fine-tune the program prior to launching the full initiative.

- The revenue projections are based on the programs and services currently being provided by the City. If there are program changes (new or cancelled programs), print publication volumes change or there is a change in the method of communicating to the targets audiences, or assets no longer available, revenues will be affected. If, for example, community facilities are no longer available for naming rights because they have been selected for a commemorative naming or there is no community and Council support for a proposed naming rights agreement, the ability to achieve the revenue targets from this valuable type of opportunity is lost.

3. In the event that sponsorship or advertising revenues cease for a specific program, there will be an impact on budgets if the program is to continue.

Financial Model

Revenue targets will be achieved when partnership revenues are obtained for:

- existing programs where no new costs are required to deliver the program;
- a new/enhanced program where revenue exceeds the incremental costs to deliver the program

Corporate savings will not be achieved when:

- Sponsorship revenues are obtained for a new or enhanced program – revenues will be used to fund the new program costs; and
- Council policy directs that revenues be allocated for another use.

Action Plan

The following is a summary of key tasks that must be completed to launch Phase 1 the City's Municipal Partnership Program.

Task	Responsibility	Completion
Approval of Partnership Strategy and Policy by Senior Management		
Market Test of partnership opportunities with selected businesses. Includes the development of draft collateral for presentations.		
Approval of Partnership Strategy and Policy by Council		
Hiring of internal staff for Central Office, establishing office, internal procedures		
Finalization of Phase 1 Partnership / Advertising opportunities and benefits including all web and print publication benefits		
Development of Partnership collateral		
Development of web pages outlining program		
Development of MERX Opportunities RFP, EOI, ads in local papers, distribution of collateral through local business groups, media lines		
Conduct Information Sessions for Businesses, Agencies		
Conduct Information/Orientation Session for Internal Staff		
Prioritization of Partnership Prospects		
Launch of Personal Selling Campaign		
Public Announcements of major partnerships (ongoing)		
Evaluation of Year 1 Program (Ongoing and Year-End)		

Appendix A – Tangible Partner Benefit Values

The chart outlined in Appendix B provides a summary of the types of benefits that could be considered as “standard inventory” for any City partnership or advertising property. The column on the *left* represents the Specific Benefit (or combination thereof) that could be offered to a potential corporate partner as part of an overall engagement package. The column on the *right* represents the average Tangible Value that could be applied for each impression (or exposure).

It is important to note that the **Benchmark Tangible Value** in this chart is based on exposure to a **Public Audience** that represents a broad cross-section of the population (e.g. all web site visitors). As a general rule of thumb, the tangible values can increase based on the quality of the buying audience. To reflect the high quality nature of some of the City’s audiences the Tangible Values below **may be increased by up to 100%** depending on the sponsorship property and audience.

It should also be noted that these values represent *average values* based on research and other industry properties and as in any case, *value* does not necessarily reflect *pricing* as there may be other determining factors such as the local economy, current prices and perceived value for dollar that may impact actual pricing.

Potential Sponsorship Benefits	Benchmark Tangible Value(per potential exposure)
Web Site/ Facebook Site	
Company Name and link	\$.005 (per unique visit or session)
Logo ID and link	\$.01
Banner ad	\$.02
Skyscraper ad	\$.04
Big Box ad	\$.04
Partner Promotional Text and link	\$.02
Rotating logo ID and Link (multiple partners)	\$.01 (% of total exposures)
Partner article in visitor resource section (subject of interest/value to the visitor)	\$.04 (per exposure to article)
Corporate profile and/or description of corporate activity (how they are supporting the organization)	\$.03 (per exposure to article)
Listing in Supplier Directory (name, web , phone, product description)	\$.02
Logo ID on downloadable Event Schedules, etc.	\$.01
Coupon or Special Offer	\$.04 / impression \$.10 / download
Leadership message from corporation	\$.02
Downloadable video with partner recognition	\$.02
Downloadable photo with partner recognition	\$.02
E-Communication (Electronic Newsletter)	
Partner Text and link	\$.01 (per Newsletter distributed)
Logo ID and link	\$.01
Partner article (value-added content) and link	\$.06
Photo of partner activity and caption	\$.04

Branded Feature Section (e.g. Tip of the Week/Month)	\$.06
Banner Ad and link	\$.02
Text Offer and link	\$.02
Downloadable Coupon	\$.10 / download
General Print Collateral (brochures, programs, guides, posters, etc.)	
Name recognition	\$.03 / \$.01 / item distributed (cover / inside)
Logo ID	\$.05 / \$.02 (cover / inside)
Corporate Profile or description of partnering activity	\$.04
Photo with partner branding	\$.04
Directory Listing (name/web/phone)	\$.02
Insert – multiple partners featured on same insert	\$.10
Insert – stand-alone company insert	\$.20
Name or Logo ID on Event Schedule (one-pager)	\$.02 / \$.01 (logo / name)
Logo ID on event poster (more than 3 logos)	\$.01 x 50 views per poster
Profile on Ticket (front)	\$.02 / \$.01 (logo / name)
Corporate profile in Annual Report	\$.02
Partner name on letterhead	\$.02
Full-Page Ad	\$.10
Half-Page Ad	\$.08
Quarter-Page Ad	\$.06
Print Publication (Magazine or Newsletter)	
Name recognition	\$.01 / item distributed
Logo ID	\$.02
Corporate profile or description of partnering activity	\$.04
Directory Listing including product description	\$.03
Advertising (colour)	\$.08 / \$.06 / \$.03 (full / half / quarter page)
Advertorial (partner-centric article e.g. new home exercise technology)	\$.12
Feature article on topic of interest/value to the reader	\$.08
Photo and caption	\$.04
Coupon (one of multiple on the same page)	\$.06
Insert – multiple partners featured on same insert	\$.10
Insert – stand-alone	\$.20
Magazine wrapper	\$.10
Partner Post-it note	\$.08
On-Site Static Signage (Could include: Primary identification, Common Use, Special Purpose (permanent / temporary), Information, Interpretive, Portable, Point-of-Purchase, Wall Plaque, etc.)	
Profile on Name Badge	\$.50 / \$.25 (logo / name)
Logo on Show Bag or Lanyard	\$.50 / \$.25 (exclusive / shared)

Name on sign – premium location	\$.02 / \$.01 / exposure (exclusive / shared)
Logo ID on sign (pedestrian traffic)	\$.03 / \$.02 (exclusive / shared)
Logo ID and Tag on sign (pedestrian traffic)	\$.04
Title Name on Sign (e.g. xx company presents...)	\$.04
Logo ID on Stage Sign (extended visibility)	\$.05
Partner stand-alone (POP) sign at Guest / Service areas	\$.04
Partner stand-alone sign or banner	\$.06 / \$.04 (high profile / low profile)
Name on Roadside Sign (i.e. Facility Name) Vehicular Traffic	\$.0020
Logo ID on Roadside Sign (i.e. Facility Name) Vehicular Traffic	\$.0025
Signage – Other (Including all dynamic visibility opportunities)	
Electronic sign – Name	\$.01
Electronic sign – Logo ID	\$.02
Electronic sign – Message	\$.04
Kiosk – Logo ID / Name on Unit	\$.02 / \$.01
Kiosk – Screen saver	\$.02
Staff Apparel – Logo ID	\$.0025 x pot. exposures
In-Arena Signage	
Logo ID – In Ice	\$.08 / pot. exposure
Logo ID and Tag - Zamboni	\$.06
Ad – Score Clock (up to 20 sq. ‘)	\$.06
Ad – Hour Clock	\$.04
Ad – Rink Board (2)	\$.04
Ad – Dressing Room	\$.04
Direct Marketing (use of lists for mailings, inserts, etc.)	
Access to e-mail list for direct communication	\$.15 per name
Access to mailing list for direct communication	\$.20 per name
Access to fax list for direct communication	\$.20 per name
Partner message sent with On line Registration Confirmation	\$.04
Stand-alone partner message sent after On line Registration	\$.08
Displays(staffed exhibit space, static displays, demos, etc.)	
Use of space for static display	\$.04 / exposure
Use of space for staffed exhibits / displays	\$.10 / exposure or \$12.00 / sq’
Other Face-to-Face Marketing(demos, product sampling)	
Opportunity to conduct a product demonstration / trials on site (high traffic area)	\$.10 / exposure or \$5.00 / actual demo. attendee
Opportunity to conduct a product sampling on site (dist. by sponsor)	\$.15 per sample
Opportunity to conduct a product sampling on site (dist. by staff)	\$.20 per sample
Opportunity to conduct surveys on site	Flat Fee
Distribution of company literature by staff	\$.15 / item distributed

Promotional Marketing (contests, awards, coupon distribution)	
Insert in Print Registration Package	\$.20 / item distributed
Coupon distribution at Registration or other area (aided, multiple)	\$.10
Coupon distribution at any location (un-aided or static, multiple)	\$.04
Public Relations (news releases, news conference, etc.)	
Name mention in News Release	Flat Fee (Low impact)
Text mention in News Release	Flat Fee (Low impact)
Partner stand-alone insert in Media Kit	\$.04 or Flat Fee
Insert with multiple partners in Media Kit	\$.02 or Flat Fee
Name Mention at News Conference	Flat Fee (Low impact)
Verbal Recognition (i.e. Stages, PA's, events)	
Name mention in General PA Announcement	\$.005
Verbal Mention by MC on stage	\$.01
Verbal Mention by MC on stage with Logo ID on screen	\$.02
Speaking Opportunity at event	\$1.00
Tickets & Hospitality (complimentary access to facilities, events, etc.)	
Complimentary Registration Passes	Face Value
Complimentary Parking Passes	Face Value
Reduced prices for Admissions (e.g. 50% off Day pass)	% of Face Value
Complimentary use of facilities	Face Value
Customized programming by staff for partner clients or staff	Direct cost plus 25% mark-up
Food and Beverage	Direct Costs plus 25% mark-up
Sales and Merchandising Rights (beverages, products, services)	
Exclusive product sales on site	15% - 40% of Sales
On line product sales through "Virtual" store	15% - 40% of sales
Recognition as Official Supplier of facility / event-related products and services	Combined value of specific visibility benefits
Non-Owned Media (TV, radio, print, out-of-home, etc.)	
Name mention on TV or radio ads	5% of ad value
Logo ID on TV or print ads	5% of ad value
Title Name on print ads	10% of ad value
Logo ID/tag on TV or print ads	10% of ad value
Special offer or Call-to-Action on TV, print or radio ads	% of space / time
Ad space in print ads	% of space / time
Coupon in print ads	% of space / time
License and Endorsements (use of logo, co-branded merchandise, product endorsements)	
Use of property logo ID on partner promotional materials	See Intangible Value
Use of property photos for company campaigns	Flat royalty fee
Partner sales of co-branded merchandise (T-shirts, hats, etc.)	15% to 40% of Sales

<i>On-Site Programming</i> <i>(interactive programming)</i>	
Opportunity to conduct partner-initiated programming on site (e.g. themed activity)	Based on combination of visibility benefits received
Property programming with partner element (e.g. use of partner equipment)	Based on combination of visibility benefits received
Partner engagement activity on site (e.g. sponsored Networking area)	\$TBD*
Use of partner equipment on site / at facilities (e.g. vehicles)	Flat rights fee
<i>Research and Other Business Intelligence</i> <i>(access to stats, user profiles, on site surveys)</i>	
Access to visitor statistics and profiles	Hard costs plus Flat Fee
Opportunity to conduct stand-alone visitor survey (in-person)	Flat Fee (Medium impact)
Opportunity to conduct stand-alone visitor survey (electronic)	\$.10 / survey distributed
Opportunity to post questions on an existing survey	\$.50 per response
<i>Networking</i>	
Invitation / recognition at Partner Appreciation event	Flat Fee (Medium impact)
<i>Other Rights</i> <i>(exclusivity, naming, park advisory committee)</i>	
Exclusivity by specific program, venue or event	50% Intangible Premium
Exclusivity by industry category	25% Intangible Premium
Premium placement of ads in publications	25% Intangible Premium

Appendix B – Partnership Policy Considerations

To effectively position and govern the City's partnership and advertising efforts, it is recommended that a Partnership and Advertising Policy be adopted that considers the following elements:

Policy Statement

That the City welcomes and encourages partnership and advertising to assist in the provision of City services and projects. All partnerships and advertising shall be consistent with the City of Vaughan's vision and shall not compromise or contradict any City by-law or policy, or reflect negatively on the City's public image. All partnership and advertising agreements shall be established in a manner that ensures access and fairness, and results in the optimal balance of benefits to the City and its community.

Purpose

The objective of the Policy – to safeguard the City's corporate vision, image, assets, and interests while increasing opportunities for revenue generation.

Application

Who Policy applies to including:

- City employees of all Commissions / Departments
- Third parties that have been awarded advertising rights on City facilities and assets
- Other governing bodies that fall under municipal jurisdiction.

That the Policy applies to all relationships between the City of Vaughan and businesses, organizations and individuals that contribute either financially or in-kind to City programs, services or facilities in return for recognition, public acknowledgement or other promotional considerations.

This Policy also applies to opportunities such as, but not limited to:

- Program and special event partnerships
- Naming/renaming of City property, buildings and structures
- Pouring Rights
- Advertising on City property, at City events and in City publications
- Website advertising.

A statement on who the Policy does not apply to:

Policy Requirements

The following conditions apply when establishing sponsorship and advertising relationships:

- The City shall maintain control over the planning and delivery of partnership activities.
- Agreements shall not in any way invoke future consideration, influence or be perceived to influence the day-to-day business of the City.
- The relationship must not cause a specific City employee to receive any product, service or assets for personal gain or use.

- Advertising devices must not impact the quality and integrity of the City's properties, buildings, streetscape and provide no added risks to safety.
- The advertisement of a product or service does not act as the City's endorsement of any one product or service over another.
- Advertisements must not contain inaccurate or deceptive claims.
- The partnership and advertising opportunity shall be appropriate to the target audience.
- Advertising that is directed to children must not exploit their lack of experience.
- Products prohibited from sale to minors must not be advertised to appeal to persons under legal age.
- Personal information under the custody or in the control of the City may not be disclosed to partners in any format.
- Departments shall decline partnership proposals from parties that are disqualified from doing business with the City.

Sponsorship and Advertising Standards

That the City is guided by the general principles embodied in the Canadian Code of Advertising Standards (CCAS) administered by Advertising Standards Canada, in determining the acceptance of advertising. All partnership and advertising agreements must comply with federal and provincial statutes, and municipal by-laws.

The City shall not solicit or accept partnership or advertising from companies whose reputation could prove detrimental to the City's public image and/or whose main business is derived from:

- Pornography.
- The support of or involvement in the production, distribution and sale of weapons and other life-threatening products.

Tobacco advertisements are not acceptable. Any displays depicting the use of tobacco or consumption of tobacco shall be refused.

Advertisements of alcoholic products may be accepted so long as permitted by law whether Federal, Provincial or Municipal or the Liquor Licensing Board of Ontario. Notwithstanding the above, the City may at any time, by providing the Company with 90 days advance notice, alter its policy on the advertising of alcoholic products. However, the promotion of alcohol or other addictive substances at venues geared primarily to children is not permitted.

Advertising must not condone any form of personal discrimination, including discrimination on a prohibited ground pursuant to the Canadian Human Rights Act and the Province of Ontario's Human Rights Code.

Advertising of a political or religious nature, is permitted provided that it meets the requirements of the Canadian Code of Advertising Standards. All political advertising will indicate that the advertisement is paid for by a party or candidate so as to avoid giving the impression that the City is supporting a given party or candidate.

The City will only accept advertising that does not disparage any City service or promote a product by drawing a negative comparison with a City service.

In keeping with the Canadian Code of Advertising Standards, in all cases, advertising shall not:

- demean, denigrate or disparage any identifiable person, group or persons, organization, profession, product or service or attempt to bring them into any public contempt or ridicule.
- undermine human dignity, display obvious indifference to or encourage, gratuitously and without merit, conduct or attitudes that offend the standards of public decency among a significant segment of a population.

- appear in a realistic manner to exploit, condone nor incite violence, nor appear to condone, encourage or exhibit obvious indifference to unlawful behaviour.

Although the City is guided by the Canadian Code of Advertising Standards, the City is the sole and final arbiter in all matters relating to advertising acceptance. The City may refuse or order removal of any advertising material at any time in its absolute discretion.

Third-Party Advertising

For this section, a Company shall refer to an advertising company or agency that has the right to negotiate and place advertising copy in or on City assets.

The following process shall be applied in cases of disagreement between the Company and a potential advertiser:

- Potential advertisers shall deal with the Company directly and the Company shall interpret the policy. If there is disagreement between the Company and a potential advertiser on policy interpretation, the matter may be referred to City staff.
- A contract must be signed with the Company before the matter will be considered by the City. In cases where the content of an ad is in dispute, the contract will be signed “subject to approval by the City”.
- City staff charged with the responsibility of interpreting and implementing the City advertising policy may overrule decisions made by the Company.

Should a change in policy be requested or a question of policy interpretation be raised by potential advertisers, the City may become involved, at its discretion. The City continues to be the sole and final arbiter in all matters relating to City advertising acceptance.

The Company agrees that advertising is to be accepted based on all current or future policies of acceptable advertising and the City shall not be held responsible for any loss of advertising business as a result of any changes it shall make in its policy regarding the acceptability of certain types of advertising or individual advertisements.

Administrative Requirements and Authorities

Solicitation of Partnership and Advertising opportunities:

The majority of partnership partnerships shall be the result of direct solicitation by the City staff, elected officials or by company(ies) retained by the City for such purposes without the process of competitive bidding.

Competitive bidding shall only be considered when it is determined that an opportunity will receive the maximum revenue generation and/or service through a competitive bidding process due to the identification of more than one suitable partner.

The City shall make the sole and final determination as to whether a partnership and advertising opportunity may be a competitive or non-competitive arrangement.

Unsolicited partnership and advertising proposals received by the City shall be reviewed and evaluated by the provisions of the Policy. The City reserves the right to reject any unsolicited sponsorships offered to the City and to refuse to enter into agreements for any partnerships that originally may have been openly solicited by the City.

Generally, the term of agreements shall be commensurate with capital investment required by the partnership or advertising partner for a specific opportunity. Agreements exceeding five (5) years require approval by the City Manager.

The City reserves the right to terminate an existing partnership or advertising agreement should conditions arise that makes it no longer in the best interests of the City.

Responsibilities

Commissions / Departments are responsible for soliciting, negotiating and administering their own agreements.

As part of due diligence, staff authorized to approve partnership and advertising proposals must ensure that all relevant by-laws and policies are adhered to, appropriate consultation takes place with relevant stakeholders and approval authorities are respected. Where necessary, a risk/benefit analysis of the opportunity shall be conducted which may include proof of insurance and indemnification, an ethical scan, a police check and any required permit approvals or inspections.

Departments are responsible for ensuring that third-party advertising relationships abide by the standards noted in this Policy.

Departments are responsible for maintaining a log of all partnership and advertising contributions and for issuing a written acknowledgement of the agreement to each partner. All partnership contributions in excess of \$25,000 in total value shall be confirmed by legal agreement.

Departmental logs listing all sponsorships and advertising agreements or relationships approved during the year shall be submitted to the Finance Committee by the end of the calendar year. with an annual list of all partnership and advertising agreements with a value exceeding \$25,000 to Council for its information by March 31st of the following year.

The City Manager shall determine when it is appropriate to seek the authority of City Council prior to a partnership agreement being signed.

City staff may, at their discretion, bring any proposals to City Council for their approval even if they do not meet the provisions of this Policy. City Council may also consider any proposal or direct staff to pursue any opportunities for sponsorship and advertising that do not strictly adhere to this Policy.

City Council approval is required for any contract that does not satisfy the provisions of this Policy. Council approval is required for opportunities involving the naming/renaming of City property, buildings and structures. The naming or renaming of individual components (pools, arenas, fields, halls, etc.) of a larger facility does not require Council, but City Manager approval.

Delegation of Authority

City staff is authorized to enter into partnership and advertising agreements that do not exceed the following pre-authorized limits and providing they satisfy all provisions of the Policy.

- Managers are responsible for approving all agreements up to \$10,000 per annum and under (3) Years;
- Directors are responsible for approving all agreements between \$10,000 and \$50,000 per annum and up to (3) Years;
- Commissioners are responsible for approving all agreements between \$50,000 and \$100,000 per annum and/or up to (5) Years;
- City Manager and/or Council is responsible for approving all agreements for amounts over \$100,000 or where any partnership or advertising agreement exceeds five (5) years in duration.

Monitoring/Contraventions

Managers shall monitor the application of this Policy to ensure that all policy requirements are met. Failure to comply with this Policy may result in disciplinary action.

References

- Employee Code of Conduct
- Equity and Diversity Policy
- Visual Identity Program
- Sponsorship and Advertising Procedures
- Canadian Code of Advertising Standards, Advertising Standards Canada

Legislative and Administrative Authorities

- Any Bylaws related to Exterior Signs
- Ontario Human Rights Code
- Canadian Human Rights Act
- Purchasing By-law

Definitions

- List of Definitions

Appendix C - Definitions

The following definitions provide a context for the research and analysis conducted by the consultants in the completion of this project.

Commercial Partnering Arrangement: Any activity or transaction where a private sector (for profit) organization provides direct financial assistance or goods or services to help further the objectives of a specific cause or initiative. Commercial Partnering Arrangements may take the form of sponsorships, strategic philanthropy (cause marketing) or donations.

Sponsorship: A marketing-oriented, contracted arrangement that involves the payment of a fee or payment in-kind by a company in return for the rights to a public association with an activity, item, person or property for mutual commercial benefit. Sponsorships can come in the form of financial assistance, non-cash goods or a contribution of skills or resources. Sponsorships are not eligible for charitable income tax receipts.

Advertising: A commercial message directed at a specific audience, usually paid for by the advertiser and with no implied association between the advertiser and the organization offering the advertising opportunity.

Partnership: Any form of cooperation or collaboration between individuals or organizations that enables the sharing of financial, material, intellectual or human resources in order to achieve objectives of a common project.

Strategic Philanthropy (Cause Marketing): Cause marketing or cause-related marketing refers broadly to a type of marketing involving the cooperative efforts of a “for profit” business and non-profit organization for mutual benefit. Cause marketing differs from corporate giving (philanthropy) as the latter generally involves a specific donation that is tax deductible while cause marketing is a marketing relationship generally not based on a donation. Through these arrangements, the partner enhances their institutional image and benefits as a result of their strategic association with the cause. Contributions can come in the form of financial assistance, non-cash goods or a contribution of skills or resources.

Donation: A voluntary transfer of cash or property such as securities, gifts, services in-kind that is made without acceptance of any benefit of any kind accruing to the donor or any individual or organization designated by the donor. A donation is eligible for an official charitable donation receipt. Also referred to as *Corporate Giving*.

In-Kind: A transaction involving a good or service that is provided to a project where no money is exchanged between the two organizations. In-kind services may be in the form of a sponsorship or a donation.

Sponsorship “Out”: A transaction where the sponsor (corporation) provides money or in-kind services to a “sponsee” (event or organization).

Sponsorship “In”: A transaction where the event or organization (sponsee) receives money or in-kind services from a corporation with an expectation of commercial benefit on the part of the sponsor (corporation).

Naming Rights: A physical property, event or other initiative where a sponsor’s name is added as a prefix to the name of the property or activity.

Sponsorship Property: Any physical property, event, cause or other activity for which a sponsor can be associated and receive pre-determined benefits as defined through the sponsorship.

Sponsorship Assets: Can also be referred to as a *property* for which a sponsor is attached or a defined *benefit* (deliverable) that the sponsor receives through the sponsorship arrangement.

Appendix D – Partnership and Advertising Framework –Phase 1

Naming Rights	Facility Sponsorship	City-Wide Programs and Services	City-Wide Initiatives	Audience Bundled Programs	Special Events	Advertising	Other Unique Opportunities
Sponsor name added as a prefix to the facility name i.e. TD Recreation Centre	Commemorative facilities with limited naming rights but allow for visibility and marketing	City-wide programs with a centralized or coordinated delivery system	Multiple programs presented under a common theme	Registration-based programs catering to specific audiences	Annual or one-off activities	Commercial messaging with no implied associative element	Opportunities not mentioned in other categories
Year-Round <ul style="list-style-type: none"> • Arenas • Pools • Multi-Purpose Complexes • Comm. Centres • Sports Facilities • Arts Facilities 	Year Round <ul style="list-style-type: none"> • Arenas • Pools • Multi-Purpose Complexes • Comm. Centres 	Year Round <ul style="list-style-type: none"> • Pet Licenses • Building Permits (Renovations) • Business Licenses • Public Swims • Public Skates 	Active Together <ul style="list-style-type: none"> • Active together • Park Fitness Stations Health Promotion <ul style="list-style-type: none"> • Health Advisories • Eat Smart 	Adults <ul style="list-style-type: none"> • Fitness Membership • Health and Wellness Classes • Performing Arts • Dance and Creative Arts 	Corporate <ul style="list-style-type: none"> • Volunteer Awards • Lighting Ceremonies • Mayor's Gala • Mayor's Golf • Canada Day 	Corporate <ul style="list-style-type: none"> • Web Site • Brochures / Guides / Pubs. • Mailings • Distribution Network 	Employee Benefits Program <ul style="list-style-type: none"> • Home / Auto Insurance • Banking Services • Automotive • Communications
Seasonal <ul style="list-style-type: none"> • Outdoor Pools • Beaches • Ball Diamonds • Sports Fields • Golf Course 	Seasonal <ul style="list-style-type: none"> • Outdoor Pools • Skateboard Parks • Ball Diamonds • Sports Fields 	Seasonal <ul style="list-style-type: none"> • Cycling Program • Outdoor Rink Program • Water Parks and Splash Pads • Beach Volleyball • Learn-to-Swim 	Environment <ul style="list-style-type: none"> • Green Directions Vaughan (GDV) • Adopt-A-Park 	Seniors <ul style="list-style-type: none"> • Active Living • Aquafit • Arts • Fitness • Dance 	Theme-Driven <ul style="list-style-type: none"> • Concerts in the Park • Culture Days • Doors Open Vaughan • Winterfest • Family Day 	Facilities and Equipment <ul style="list-style-type: none"> • LCD Screens • Park Benches • Outdoor Billboards • Facility/Park Signs • Fleet • Street Poles 	Pouring Rights <ul style="list-style-type: none"> • Concessions • Vending Machines • Cafeterias • Retail Outlets
	Parks and Cultural <ul style="list-style-type: none"> • Adopt-a-Park • Museums • Heritage Sites 	<ul style="list-style-type: none"> • Skating Instruction • Golf Club • Ski Centre • March Break • PA Days 	Safety <ul style="list-style-type: none"> • Emergency Preparedness • School Education • Smoke Alarms 	Children <ul style="list-style-type: none"> • Summer Camps • Kids Club • Science / Tech • Pre-School • Performing Arts • Sports 	Specialty <ul style="list-style-type: none"> • Awards for Higher Arts • Art and Craft Show • Art Exhibitions 		
	Specialty <ul style="list-style-type: none"> • Libraries 	Specialty <ul style="list-style-type: none"> • Business Start-Up Centre • BizPal • Special Needs 	Specialty <ul style="list-style-type: none"> • Volunteer Program • Pet Friendly • Arts Friendly • Youth Friendly 	Youth <ul style="list-style-type: none"> • Summer Camps / Youth Rooms • Leadership • Sports Programs • Performing Arts 			