



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: July 3, 2007
Author: Christina Medland
Phone No.: 604.871.6844
RTS No.: 6855
VanRIMS No.: 01-0500-11
Meeting Date: July 24, 2007

TO: Vancouver City Council

FROM: Civic Sponsorship Steering Committee

SUBJECT: Civic Sponsorship Initiatives Planning Process and Strategy for Implementation

RECOMMENDATION

- A. THAT Council adopt the Olympic and Paralympic Sponsorship Planning Process and Strategy for Implementation and instruct the Civic Sponsorship Steering Committee to expedite and implement the strategy and project as outlined in this report.
- B. THAT Council approve funds of up to \$100,000 towards the implementation of an Olympic and Paralympic Sponsorship Strategy for the balance of 2007; source of funds to be the Strategic Initiatives Fund.
- C. THAT, subject to approval of Recommendation A and B that Council authorize the City Manager in consultation with the General Manager of Olympic and Paralympic Operations and the Director of Legal Services to enter into such consulting and sponsorship agreements necessary to secure cash and in-kind sponsorships from Olympic and Paralympic Sponsors generally in support of the City's Olympic and Paralympic initiatives as outlined in the City of Vancouver 2010 Olympic and Paralympic Strategic Plan.
- D. THAT Council approve the creation of an Olympic and Paralympic Sponsorship Reserve to accumulate all sponsorship funds during the Olympic and Paralympic Sponsorship Strategy pilot project; any allocation from any net surplus from this fund will be approved by Council. Further, that Staff report back at the end of the pilot project on the effectiveness of the program along with recommendations on an overall City Civic Sponsorship strategy.

- E. THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation C.
- F. THAT all such legal documents be on terms and conditions satisfactory to the City Manager, and the Director of Legal Services.
- G. THAT no legal rights or obligations will be created or arise by Council's adoption of Recommendation C, E, and F unless and until such legal documents are executed and delivered by the Director of Legal Services.

CITY MANAGER'S COMMENTS

Using the 2010 Sponsorship Strategy as a pilot project will thoughtfully inform the longer term Civic Sponsorship Policy and allow staff to move quickly to capture any and all opportunities in this limited window of opportunity. The process as outlined provides an approach that is grounded in the City's mission, vision and values and will assist in meeting our obligations as Host City and also our commitments and deliverables. Securing either value in kind or cash sponsorships, however large or small, will serve to enhance our programs and services.

The ability to move quickly is critical to achieving any success in this area and the City Manager supports Recommendations A through G in order to secure sponsorships related to this unique opportunity.

COUNCIL POLICY

In 1995, the Vancouver Board of Parks and Recreation adopted Sponsorship Guidelines governing corporate participation in programs, events and activities.

In 1997, City Council approved guiding principles for a City sponsorship program for revenue generation opportunities and the acquisition of goods and services.

In 1998, Council approved corporate sponsorship for limited components of the street banner program.

In 2003, the Library Board adopted a sponsorship policy including the naming of rooms within library buildings and in 2004, approved related donor recognition guidelines.

In 2006, Council approved a comprehensive Naming Rights Policy for City-owned buildings, including those operated by the City and those leased to non-profit tenants.

In 2006 City Council received the 2010 Olympic and Paralympic Winter Games Strategic Plan.

PURPOSE AND SUMMARY

The purpose of this report is to seek approval of the Olympic and Paralympic Sponsorship Strategy Plan. The report describes the structure of this project, the planning process,

principles that will guide this project, and criteria for decision making as well as a strategy for implementation to move quickly to maximize time-sensitive opportunities.

Sponsorship, by definition, is the relationship between a sponsor and a property, in which the sponsor pays a cash or in-kind fee in return for access to the potential associated with a property, event or activity. Sponsorship of this kind is also known as sponsorship marketing or marketing partnerships. This is different from philanthropic donations where a contribution - in cash or in kind is made without exchange for association.

In Spring 2007, staff began work on a Civic Sponsorship Initiatives project encompassing both the one time Olympic and Paralympic Sponsorship Strategy as well as a long-term Sponsorship Policy for the City of Vancouver. Although specific to the 2010 Games, the work being done will be for overall City benefit. The 2010 Strategy builds on the principles and goals of the 2010 Olympic and Paralympic Strategic Plan reported to Council in 2006. These include: developing lasting legacies, optimising the Games experience for residents; minimizing budget impacts; and leveraging opportunities.

In developing the project workplan and researching both policy and practice, it is apparent that timing is critical. The 2010 Games are fast approaching and if we are to be successful in obtaining sponsorships, there is a limited window of opportunity. Confirmed sponsors for 2010 are already making plans for marketing activities to promote their affiliation. Many of our partners already have sponsorship policies and have fully developed strategies for the Games. These same partners have either secured or are in active negotiations with potential sponsors to leverage this unique opportunity.

With this heightened interest in Vancouver, staff recommend the adoption of an Olympic and Paralympic Sponsorship strategy which can be developed as a pilot project which will inform any long-term Sponsorship Policy for the City. This would allow the City to move ahead quickly to realize, evaluate and learn from any Olympic pilot experiences prior to bringing forward any future policy directions for Council's consideration.

BACKGROUND

The City of Vancouver has in the past considered sponsorship as a means to attract additional resources to support City services and programs. The 1997 Basic Sponsorship Program was intended for the acquisition of goods and services used in City Operations with the assistance of a sponsorship broker and for exploration of additional revenue generation opportunities. Staff were directed to report back on any initiatives on a case by case basis. Further, Council directed that any expansion of the program that would include naming, equipment, event sponsorships or capital works be reported as a separate initiative. The Naming Policy for City-owned Community Facilities was approved by Council in 2006. The Park Board and Library Board have adopted their own sponsorship policies.

The 2010 Olympic and Paralympic Winter Games provides both opportunities and challenges and can serve to focus the City's sponsorship policy considerations. As Host City of the 2010 Winter Olympic and Paralympic Games, the City of Vancouver has an unprecedented opportunity to leverage the Games and the powerful Olympic and Paralympic brands to create lasting legacies for its citizens. However, any new sponsorship initiative should be undertaken within the context of a policy framework that is consistent with City values. Additional factors for consideration in developing policy will include balancing the

opportunities with public interest; demonstration of the required standard of accountability for a transparent process; protecting the integrity and values of the City; not enter into agreements that are in conflict with our Host City obligations; and ensure best value for the City.

The Strategic Plan for the City of Vancouver for the 2010 Olympic and Paralympic Winter Games provides a comprehensive framework for the City to move forward with the work that has to be done in preparation for the 2010 Games. This plan outlines the opportunities as well as the roles and responsibilities of Vancouver as Host City. The overarching guiding principles and strategic objectives outlined in the Plan - leveraging opportunities, minimizing budget impacts and lasting partnerships create a solid platform upon which to build a sponsorship initiative. One of the key deliverables of this Strategic Plan is to develop a framework for the City of Vancouver to engage Corporate Sponsors related to the Games.

DISCUSSION

The Olympic and Paralympic Sponsorship Strategy will act as a pilot project and inform the development of a long-term Sponsorship Policy for the City of Vancouver. This allows staff to monitor, evaluate and learn from this experience and seek Council direction on a future policy. The work being done now will provide invaluable experience and research for the longer term policy which would be for overall benefit to the City.

To best serve the project, establishment of the planning process is critical to moving forward in a coordinated integrated way. The planning process involves four phases: Project scope, Research and consultation, Project framing, and a Strategy for Implementation.

1. Project Scope

The planning phase has involved determining the scope of the project, establishing the interdepartmental committee structures and informal working groups, liaising with internal city staff and communicating with key stakeholders.

In Spring 2007, a Steering Committee comprised of the City Manager; General Manager of Olympic and Paralympic Operations; General Manager and Director of Finance, Corporate Services; Deputy General Manager, Community Services Group; City Librarian, Vancouver Public Library, General Manager, Park Board; and the Managing Director of Cultural Services was formed to oversee the development of a comprehensive policy for the City as well as a one-time "pilot" strategy to maximize opportunities around the 2010 Olympic and Paralympic Games.

A Technical Committee was also formed to provide more hands-on guidance, input and assistance in shaping the processes. The committee is chaired by the Managing Director, Cultural Services and is comprised of the Director of Financial Planning and Treasury, Deputy City Engineer, Director of Corporate Services for the Park Board, the Co-Director Development Services and is supported by the Project Manager, Civic Sponsorship Initiatives.

The Project Manager has met with many internal work groups including Olympic and Paralympic Operations, Communications, Purchasing, Legal Services, Engineering, Development Services, Parks Board, and Library as well as VANOC's marketing and sponsorship

group to ensure a complete understanding of the protocols and permissions related to sponsorships.

2. Research

The research phase has involved researching current trends in sponsorships, current trends in municipalities and previous Olympic Cities and identifying the current partnerships at the City of Vancouver. As part of this research, understanding our obligations as Host City is critical as is meeting and learning from our partners in the 2010 Games.

Sponsorship Marketing is a complex business. Companies are making substantial investments into areas that have never before been considered for sponsorship. As well, more and more organizations are entering the field with events, assets or properties to sell to a corporation. It is a competitive, sophisticated and specialized business which requires thoughtful, strategic and tactical planning.

Companies each have their own criteria for interest in a particular project and examples of this include: a return on their investment, innovation and creativity in marketing, multi-year agreements, business development opportunities and brand fit. Naturally, there is heightened interest by corporations in Vancouver because of the 2010 Olympic and Paralympic Games.

In North America, more and more municipalities are entering into the world of sponsorship. Municipal marketing is a growing trend that works to improve communities and find alternative ways to raise revenues or support programs. Many major cities have policies including: Calgary, Kingston, Ottawa and Seattle. Montreal and Toronto are developing policies concurrently with developing new sponsorship opportunities on a case by case basis.

Our research indicates that our neighbouring municipalities have been working in the sponsorship arena for some time and have developed strategies specific to the Games and have either secured or are in active negotiations with potential sponsors around their events, activities and projects. It is clear that Vancouver needs to move quickly in considering its Sponsorship Strategy. If the City hopes to be successful, then timing is of utmost importance as there is a limited window of opportunity.

3. Project Framing

A sponsorship is most successful if it is guided by organizational alignment and policy frameworks; otherwise efforts can be focused on one project at a time which minimizes satisfactory strategic relationships.

Through research, and input from staff and planning documents, the Technical and Steering Committee for this project has proposed:

- Guiding Principles grounded in the City's Mission, Vision and Values; and
- Criteria for decision making which will help rank priorities for sponsorship.

This framework will allow the City to assess options, balance choices and respond with flexibility to opportunities and interests of potential sponsors. Top opportunities can then be further assessed to measure the market value and develop a custom acquisition strategy for each opportunity.

(a) *Guiding Principles:*

Guiding Principles are general rules that guide a project. The principles proposed to Council to guide the Civic Sponsorship Initiatives are grounded in the City's Mission, Vision and Values and have been gleaned through research, staff input across a variety of settings, are based on previous sponsorship policy work and mesh with the 2010 Olympic and Paralympic Strategic Plan. The Guiding Principles ensure that Olympic sponsorship opportunities focus on the enhancement of City services and maximize benefits to the public. Further, all potential sponsorship opportunities must include a strong business case, and develop new revenues either for cash or value in kind. A complete list of the Guiding Principles is attached to this report as Appendix A.

(b) *Criteria for Decision-Making:*

The criteria for decision making will shape and rank which projects are chosen as priorities to present to interested parties. Based on our Host City obligations, and our Strategic Plan Goals, maximizing legacies was important as was the ability to leverage larger opportunities and partnerships, the ease of acceptance, and that the delivery was within our roles and responsibilities related to the Games. The list of proposed decision making-criteria is attached to this report as Appendix B.

The City of Vancouver has a number of substantial activities and events planned around the Games that could be attractive to sponsors. The decision-making criteria outlined in this report will assist in ensuring the best fit and value to the City, matching needs with opportunities.

However, beyond the guiding principles and decision-making criteria, there are also other factors to be considered including:

- Sponsor Interest and timeframe for their decision making
- Coordination and alignment between Civic departments and agencies
- An ability to move quickly once sponsor interest is indicated and;
- Excellent internal communications.

4. *Strategy for Implementation*

The proposed implementation strategy is intended to map out opportunities in a way that incorporates research, action and evaluation, identify resources required and sets out a clear process for moving forward. The implementation strategy is comprised of the following elements; context, opportunities, valuation, determination of benefits, sponsor approach and communications, direction of funds, timeframe and reporting which are discussed in detail below.

(a) *Context*

The context that the City of Vancouver is in is a critical factor in understanding the direction forward. 2010 provides unprecedented opportunities with unique challenges. Delivering the 2010 Winter Games is not possible without significant investment from all levels of government as well as corporations through sponsorships. These corporations create the Olympic Family of sponsors and as such become partners in delivering the Games. For the City of Vancouver's 2010 activities and in alignment with our Host City obligations, our market from which to draw on for sponsorship consists only of the Official Sponsors.

2010 sponsors contribute significant amounts of funding, products or services in return for the opportunity to associate with the Games. VANOC's sponsorship program includes both the World Wide International Sponsors (also known as TOP Sponsors) as well as a Domestic Sponsorship Program. Domestic sponsors are engaged by VANOC for the right to market the Olympic and Paralympic Games within Canada. These sponsors' support ranges, financially speaking, are anywhere from \$3 million to \$200 million, and are designated into three categories: National Sponsors, Official Supporters and Official Suppliers. VANOC currently has nearly 25 sponsors at the National level, and expects to engage over 50 by Games time. See Appendix C for a complete list of sponsors.

As partners, the City and Olympic Sponsors already have a natural match or fit and this forms the basis for building mutually beneficial opportunities for both the City and the Sponsors. The project strategy needs to take that partnership into account and identify areas of opportunity with all Olympic sponsors.

(b) Identification of Opportunities

Identifying all the potential projects or activities that the City delivers is the first step to the implementation strategy. The list will include both value-in-kind opportunities as well as cash opportunities.

Types of opportunities that exist for the 2010 Olympic and Paralympic Games include activities related to our responsibilities which include Look, Legacies, Livesite & Celebrations, as well as ancillary services to support these activities. Some projects are part of the City's deliverables as Host City and others would enhance the Games and would not be possible without investment from the Corporate Community.

Each of these areas has a number of opportunities that, once Council has approved the Planning Process and Strategy, could be matched to sponsor interest and if successful moved quickly to finalize agreements. Within this approved outline, staff would regularly update Council.

Any opportunities that arise which are outside of the proposed Olympic Strategy Planning Process and Strategy presented, for the procurement of products or services not related to Olympic activities or the timeline of the Games would be brought to Council on a case-by-case basis for approval.

(c) Valuation

After top priorities are identified they are assessed or appraised for their current market value. Rigorous valuation analysis of any opportunity is important in ensuring the best value for the City of Vancouver. An independent assessment or appraisal of key opportunities ensures that the city receives the full value for events, projects or activities.

Valuation is a specialized business and analyzes the various aspects of the opportunities to assess the current market value. Setting a sponsorship fee too

high can result in no offers, but setting the fee too low is poor stewardship of publicly funded activities or assets which can also set a precedent.

Once the market value of an asset is defined, the benefits can be packaged and negotiated. Preparing and negotiation of sponsorship opportunities requires confidential discussions to allow for maximum value to the City and to protect marketing interests of the sponsors. Success will be dependent on the ability to respond quickly, with flexibility and provide good value to the sponsor while protecting the City's interest, investment and integrity.

(d) Determination of Benefits

Determining which rights and benefits should or should not be offered to sponsors is important to protecting the City's mission, vision and values. The determination of benefits must be developed in conjunction with the valuation and in balance with it. Understanding the types of benefits attractive to a potential sponsor is critical to a successful partnership so clarity in advance on the parameters of acceptable benefits is essential.

Each opportunity will need a package of benefits tailored to provide mutually beneficial returns to both the City and the potential sponsor. Much more than just logo placements, a benefits package needs to provide a comprehensive and balanced approach to a corporation's business objective and the City's values and priorities.

(e) Sponsor Approach and Communications

Professional planning, preparation and approach of sponsorship takes time and planning. Understanding the sponsors interest areas, business goals and objectives are paramount to creating the match.

A basic approach to any sponsor involves relationship building and listening. This is followed by the preparation of a proposal package with tailored benefits, the value of the opportunity, encouragement of competition - where appropriate and practical - for the opportunity either by seeking expressions of interest or preparing a list and targeting potential sponsors. It must also incorporate time for securing the sponsorship and time to negotiate a mutually satisfactory agreement.

Information provided to potential sponsors must incorporate the distinction of the opportunity and include both quantitative and qualitative information about the project. Sponsors want to have confidence in the value of the opportunity and the ability of staff to deliver the project and fulfill the agreement.

All negotiations must be confidential. All should be executed with flexibility within City standards, and the Strategy outlined in this report. Each sponsorship will need to be secured through legal agreements which set out all terms and conditions to the satisfaction of the Director of Legal Services.

Communications should be through a centralized source in order to present a consistent, comprehensive source for information. This provides constant communication between partners and ensures that agreements are fulfilled.

(f) Direction Of Funds

Staff recommend that any revenue from sponsorship be directed towards an Olympic and Paralympic Sponsorship Reserve Fund. This can facilitate tracking and evaluation of all related expenses and deliverables of each agreement. Every sponsorship deal will have associated expenses whether through recognition, client servicing or hosting, and agreement execution. Any surplus funds will be reported to council for allocation. However, many of the opportunities may be value-in-kind or directed towards specific projects. Staff will ensure that funds or products and services are directed accordingly. Staff will keep a record of all cash contributions, value in kind and all benefits arising from sponsorship to evaluate its success. This will lead to a report back on the effectiveness of the program along with a long term strategy for the City.

(g) Timeframe

Subject to Council approval of the Strategy outlined in this report, staff can move quickly over the coming weeks to approach potential sponsors with a variety of tailored opportunities. Following the steps outlined above, staff will solicit professional services to value the top priorities, and work with sponsors to determine interest and match. Deliverables include the valuation of all priorities, creating matches with potential sponsors and securing initial sponsorship agreements by March 2008.

The Strategy for Implementation as outlined will allow staff to pursue potential sponsors in a professional and competitive manner acting on interests of potential sponsors in the coming weeks. Sponsor interest and matching is critical to achieving success in this field. Many projects that are important may not be attractive to a potential sponsor and the creativity to match their interests with the City of Vancouver's needs can result in a larger or different opportunity than originally anticipated.

Understanding the context within which we are working; priorities of the City of Vancouver; sponsor interests and business objectives; and applying that to a professional approach around market value and packaging of benefits will enhance the potential for sponsorship and value to the City.

Upon Council approving Recommendations A through G, staff can move forward quickly applying the proposed Guiding Principles and Criteria to assess opportunities and secure both cash and in kind sponsorship opportunities. The ability to move quickly is paramount as we are working within a fast-paced and competitive environment.

Recommendation C of this report therefore seeks Council's approval for the City Manager in consultation with the General Manager, Olympic and Paralympic Operations and the Director of Legal Services to enter into such consulting and sponsorship agreements necessary to secure cash and in-kind sponsorships from Olympic and Paralympic Sponsors.

FINANCIAL IMPLICATIONS

To date \$150,000 has been allocated from the Strategic Initiatives Fund (SIF) to develop the Civic Sponsorship Initiative project. The SIF was originally utilized given that the overall benefits to developing this program will accrue to the City. Staff recommend utilizing SIF for this next stage of the pilot project, Olympic and Paralympic Sponsorship Strategy, given that the experience from this pilot will benefit the City in the long term. Funds would be used for independent professional services to provide valuations for all top civic priorities, the development of sponsors' benefits package, and any related sponsor servicing and recognition vehicles.

The adoption of this process and strategy should result in revenues to the City. For the pilot project, staff recommending the creation of an Olympic and Paralympic Sponsorship Reserve and that all sponsorship revenues from the pilot be allocated to this Reserve. Further, any future costs associated with the implementation of sponsorships should be paid for from sponsorship revenues and surplus funds, if any, will be reported to Council for allocation. Lastly, at the end of pilot project, staff will report back on the effectiveness of the program along with a long term strategy for the City.

CONCLUSION

Creating a framework for decision making and a plan of action for the Olympic and Paralympic Sponsorship Strategy will guide the project in a thoughtful way based on the City's Mission, Vision and Values. Adopting this Planning Process and Strategy will allow staff to move quickly to leverage the unique opportunities associated with the 2010 Olympic and Paralympic Winter Games and provide an opportunity to evaluate and report back to council on this pilot process to inform any future sponsorship policy. The pilot, as well as future Civic Sponsorship Initiatives brings the potential for new revenues to the City in the coming years.

* * * * *

Guiding Principles for the City of Vancouver's 2010 Olympic and Paralympic Winter Games Civic Sponsorship Strategy

The following draft guiding principles will help guide the City of Vancouver's solicitation of sponsorship opportunities and ensure maximum sponsorship potential related to the 2010 Olympic and Paralympic Winter Games.

1. Sponsorship opportunities should align City of Vancouver operations and reflect City of Vancouver visions and values.
2. Priorities of the City of Vancouver will be enhanced through sponsorships.
3. Priorities should be compatible with COV 2010 Olympic and Paralympic Strategic Planning Principles.
4. Sponsorship will allow for creativity and innovation in City programs, services and events.
5. Sponsorship will assist in the development of new funding and alternative resources to enhance City of Vancouver services.
6. Public benefits will be maximized through use of 2010 sponsorship revenue and resources.
7. 2010 sponsorship opportunities will be treated as extraordinary
8. Sponsorship opportunities shall not in any way invoke or influence the City's business.
9. Current and future core services and programs should not rely on sponsorship revenue for operation.
10. Sponsorship opportunities must present a good business case, demonstrating a balance between the costs and benefits of entering into a sponsorship agreement.
11. The City of Vancouver will be selective in their solicitation of sponsorship, seeking out fewer, bigger, quality sponsorship opportunities.

Decision Making Criteria for the City of Vancouver's 2010 Olympic and Paralympic Winter Games Civic Sponsorship Strategy

The following draft decision making criteria will help guide the City of Vancouver's selection of sponsorship opportunities related to the 2010 Olympic and Paralympic Winter Games. The Opportunities will be measured against the:

1. Consistency with the City of Vancouver's Guiding Principles for the 2010 Sponsorship Strategy including the fit with the City of Vancouver's mission, vision, values and priorities.
2. Alignment with the Deliverables of the City of Vancouver 2010 Strategic Plan.
3. Consistency with Host City Agreement.
4. Ability to assist with the City of Vancouver in meeting commitments associated with the Inner City Inclusivity Initiative.
5. Potential to maximize the public experience of the 2010 Games.
6. Ability to create and maximize legacies of the 2010 Games.
7. Match between the City of Vancouver's roles and responsibilities related to the 2010 Winter Games.
8. Ability for the City of Vancouver to leverage larger opportunities and partnerships.
9. Potential for alternative sources of revenue generation for the City of Vancouver.
10. Ease of acceptance. The opportunity fits within our policy intent and/or regulatory framework easily.

WORLDWIDE PARTNERS PARTENAIRES MONDIAUX



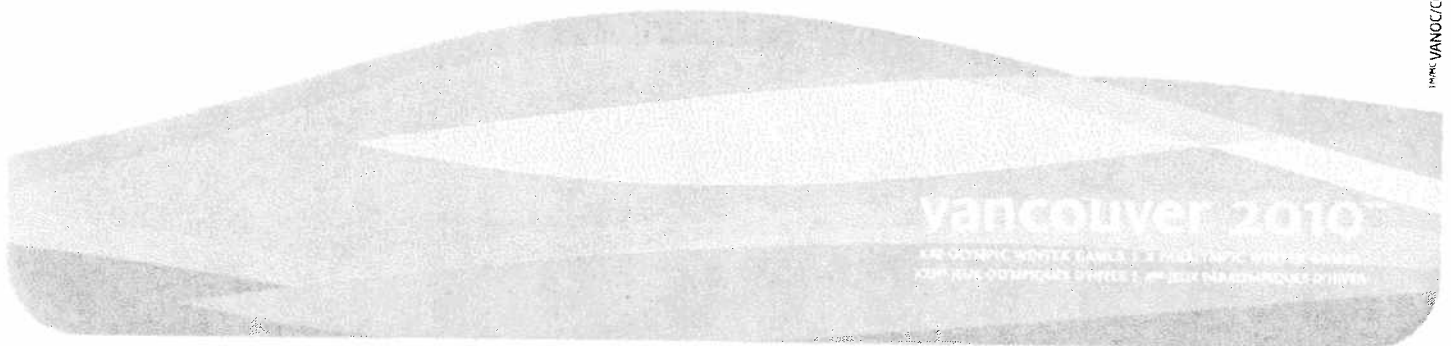
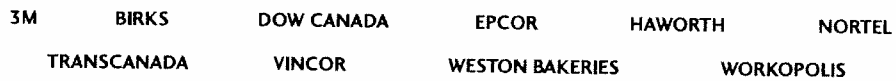
NATIONAL PARTNERS PARTENAIRES NATIONAUX



OFFICIAL SUPPORTERS SUPPORTEURS OFFICIELS



OFFICIAL SUPPLIERS FOURNISSEURS OFFICIELS



GOVERNMENT PARTNERS PARTENAIRES GOUVERNEMENTAUX



SPORT PARTNERS PARTENAIRES SPORTIFS



Canadian Olympic Committee
Comité olympique canadien



Canadian Paralympic Committee
Comité paralympique canadien

HOST FIRST NATIONS PREMIÈRES NATIONS HÔTES



LIL'WAT



MUSQUEAM



SQUAMISH



TSLEIL-WAUTUTH

VENUE CITY VILLE SITE



vancouver 2010

XIII OLYMPIC WINTER GAMES & PARALYMPIC WINTER GAMES
XIII JEUX OLYMPIQUES D'HIVER & JEUX PARALYMPIQUES D'HIVER