



City of Arts & Innovation

REVISED

Date: 5-5-20
Item No.: 19

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 5, 2020

FROM: CITY MANAGER'S OFFICE WARD: ALL

SUBJECT: CORPORATE PARTNERSHIP POLICY GUIDELINES, CITY ASSET INVENTORY AND SCOPE OF SERVICES FOR DEVELOPMENT OF COROPROATE PARTNERSHIP PROGRAM TO FACILITATE REVENUE GENERATION FOR THE CITY OF RIVERSIDE

ISSUES:

Receive a report on opportunities to generate new City revenues through corporate partnerships with third party organizations; approve the Corporate Partnership Policy and City asset inventory; and direct staff to release a Request for Proposal for Marketing Consulting Services to assist with the development and implementation of a Corporate Partnership Program.

RECOMMENDATIONS:

That the City Council:

1. Receive a report on opportunities to generate new City revenues through corporate partnerships with third party organizations;
2. Approve the Corporate Partnership Policy which includes guidelines and processes for entering into corporate partnership agreements;
3. Approve the attached inventory of assets for further consideration of their marketing value and potential; and
4. Direct staff to release a Request for Proposals with the attached Scope of Services for Marketing Consulting Services to assist with the development and implementation of a Corporate Partnership Program.

BACKGROUND:

The City of Riverside is the 12th largest city in California with over 325,000 residents and tens of thousands of visitors who work, play and go to school here. The City owns and operates thousands of assets, including facilities, fleet, events and programs with significant untapped

marketing potential that can be leveraged to generate additional revenue for vital city programs and services, which is greatly needed during these fiscally challenging times.

The cost of public services has risen drastically over the past several years and increasing pension obligations are putting a significant strain on City budgets. The fiscal challenges that cities are facing are now magnified by the COVID-19 pandemic and the economic impacts resulting from this global emergency. This unprecedented event will have measurable impacts on City revenues moving forward as businesses remain shuttered and the livelihood of our residents is severely disrupted. In order to pull through these challenging times, the City needs be vigilant about how we spend our money and identify new and creative ways to generate additional revenue beyond traditional sources.

Municipal Marketing and Corporate Partnerships

Municipal marketing is a method of generating revenue through mutually beneficial business arrangements between cities and third-party organizations, also referred to as corporate partnerships, which provide cash and/or in-kind goods or services in exchange for access to a city's marketing potential. Cities across the country, including San Diego, Huntington Beach, Chicago, New York, and Phoenix, have implemented municipal marketing and corporate partnership programs to leverage their assets and raise millions of dollars that are diverted back into city services, programs, events and opportunities.

City of San Diego

The City of San Diego is widely recognized as having one of the most successful municipal marketing programs in the country. Their Corporate Partnerships and Development Program, launched in 1999, has generated more than \$27 million in cash and in-kind sponsorships since the program's inception through innovative marketing partnerships with regional, national and international organizations. Partnerships secured by the City of San Diego include:

1. Toyota Motor Sales, USA – recognized as the “*Official Vehicle of the San Diego Lifeguards*,” Toyota provided 34 vehicles to the City's Lifeguards Program in exchange for receiving a variety of marketing benefits including promotional events at City facilities, media exposure, and working with the Lifeguards for special events (\$1,110,000 value).
2. Canteen San Diego – recognized as the “*Official Beverage and Snack Vending Partner of the City of San Diego*,” Canteen provides the City with revenue from advertising on vending machines and from the sale of vending products in exchange for being granted the exclusive placement of vending machines on City property along with additional marketing benefits and opportunities (\$1,200,000 value).
3. Sharp HealthCare – recognized as the “*Official Health and Wellness Partner of the City of San Diego*,” Sharp HealthCare provides support to City programs, including sponsorship of the Senior Citizen Services Program and free health and wellness workshops for San Diego residents (\$750,000 value).

City of Chicago

The City of Chicago established their Municipal Marketing Program in 2011 to identify innovative marketing opportunities for city assets that create new revenue streams for funding essential city services. Marketing partnerships secured by the City of Chicago include:

1. Sponsorship with Blue Cross Blue Shield of Illinois as the exclusive “System Sponsor” of the City’s bike share system with exclusive rights to place its names, trademarks and logos on all bicycles, bicycle vans and assets associated with the bike share program (estimated value up to \$12.6 million over a 5-year term).
2. Sponsorship with Vector Media South for rights to sell, place and maintain advertising on rear and sides of up to 375 Big Belly solar trash compacting kiosks, including the use of wrapped advertising; city to receive 50% of the gross advertising revenue collected.

City of Huntington Beach

In 1999, the City of Huntington Beach became the first city in the nation to name an “official soft drink” when they entered into a Partnership Agreement with Coca Cola Bottling Company of Southern California, which provided the city with \$600,000 annually in cash and in-kind services in exchange for giving Coca Cola exclusive access to vending machines on city properties, advertising at city events, and logo placement on city objects such as lifeguard towers, basketball backboards and rinse stations at the beach.

Huntington Beach also partnered with Toyota Motor Sales, USA to provide 19 vehicles for the City’s lifeguard and beach operations in exchange for giving Toyota exclusive rights to advertise, sponsor events and promote its products as the *Official Marine Safety Vehicle of Huntington Beach*.

Emerging Leaders Academy

In 2018, the City of Riverside’s Emerging Leaders Academy (a leadership development program for city staff) evaluated the concept of revenue generation and identified ways the City could leverage assets to generate revenue in the areas of sponsorships, marketing/advertising, and naming rights. Their analysis concluded with the following recommendations:

1. Create an internal city team to research and outline steps for revenue generation and hire a consultant to assist with implementation;
2. Develop a policy with specific sponsorship and advertising criteria and revise existing City policies and ordinances that are in conflict;
3. Promote sponsorship and advertising opportunities to potential third-party prospects;
4. Establish corporate partnerships with businesses and secure commitments; and
5. Enter into contracts and agreements with corporate partners that include negotiated terms, conditions and rates.

DISCUSSION:

Building on the recommendations of the Emerging Leaders Academy, a multi-departmental Working Group was formed in Spring 2019 to develop guidelines and create a plan for implementing new revenue generation opportunities. The Working Group consists of representatives from the City Attorney's Office, City Manager's Office, Community & Economic Development, Finance, General Services, Human Resources, Library, Museum, Parks, Recreation & Community Services, Police, Public Utilities, and Public Works Departments. Over the past several months, the Working Group has focused on creating an inventory of city assets with marketing potential, developed policy guidelines with criteria for pursuing corporate partnership opportunities, and drafted a scope of services on how to implement revenue generation practices through corporate partnerships and naming rights agreements.

Asset Inventory

In collaboration with city departments, the Working Group created an inventory of public-facing city assets that could be leveraged for marketing partnerships with third party organizations in exchange for sponsorships of city programs, services, events and facilities. All City assets were considered and evaluated for their marketing potential and viability and over 180,000 assets were identified in the following categories:

1. Buildings/Facilities (Convention Center, Libraries, Parks, Airport)
2. Events/Programs (Festival of Lights, Mariachi Festival, Summer Reading Program)
3. Fleet (refuse trucks, street sweepers, busses, city vehicles)
4. Marketing (website, social media, publications, Riverside TV)
5. Objects (trash receptacles, storm drains, utility bills)
6. Places/Spaces (One Stop Shop, Main Street pedestrian mall, parking structures)

The asset list (Attachment 1) identifies City resources that are appropriate for naming rights and sponsorship opportunities and could be marketed independently or bundled together in sponsorship packages to present to potential third-party partners.

Policy Guidelines

Following the completion of the asset inventory, the Working Group developed policy guidelines for pursuing corporate partnership opportunities. This is a new program area not previously implemented by the City of Riverside, so best practices from other cities that have successfully implemented corporate partnership programs were evaluated and those that aligned with City of Riverside's priorities were included in our policy. The policy was developed with the goal to generate the most revenue with the smallest impact on the City's brand and visual integrity.

The City of Riverside Corporate Partnership Policy (Attachment 2) stipulates that all partnerships should be designed to protect the brand and visual integrity of the City and be compatible with City design standards. At all times, the recognition of corporate partners must be evaluated to ensure the City is not faced with undue commercialism and is consistent with the scale of each partner's contribution. The policy generally restricts corporate partnerships with the following industries and/or product types:

1. Parties not in full compliance with city ordinances and/or policies.

2. Age restricted businesses when the targeted audience of the event or program is youth under the legal age required to consume the product being marketed.
3. Parties involved in a lawsuit with the City.
4. Parties involved in any stage of negotiations for a city contract unless the contract is directly linked to a marketing partnership opportunity.
5. Political/partisan organizations that promote a campaign, measure or candidate for public office.

Partnerships with religious organizations, companies or groups are permitted as long as the terms of the partnership doesn't promote religious messages or advocate for religious beliefs.

The policy guidelines allow the City to consider corporate partnerships with restricted partners when it is deemed appropriate for the project; however, the decision to enter into a corporate partnership with a restricted partner requires a majority vote of the City Council. Agreements with non-restricted partners are subject to the following approval authority based on the monetary or in-kind value of the partnership:

Corporate Partnership Value	Approval Authority
\$50,000 or less	Department Director and Assistant City Manager
\$50,000 - \$100,000	Department Director, Assistant City Manager and City Manager
\$100,000 - \$250,000	City Manager, Mayor and Mayor Pro-Tempore
Over \$250,000	City Council

The policy requires all revenues generated from the Corporate Partnership Program to be used to fulfill any financial obligations required to carry out the marketing benefits identified in the partnership agreement first. Any remaining revenues will be used to support the direct costs associated with the event or program being sponsored and will not be used to justify additional program costs. The Department Director will have the authority to appropriate—allocate revenues in accordance with the terms of the agreement and all revenues received and expended will be reported to the City Council on an annual basis.

Scope of Services

The Emerging Leaders Academy and the Working Group both determined that a marketing consultant would be needed to evaluate the City's assets in order to determine marketability and value and create an implementation plan based on the Corporate Partnership Policy guidelines to help direct the City's efforts to implement a Corporate Partnership Program. The Working Group developed a scope of services (Attachment 3) that identifies the desired qualifications, roles and responsibilities of a marketing consultant, which is outlined in three Phases.

Phase I – Asset Inventory and Valuation

During Phase I, the consultant will conduct market research to develop valuations for each asset identified in the asset list. A minimum of five comparable markets will be identified for each asset and/or asset category. Markets will be deemed comparable if they are similar to the City of Riverside in size, demographics, social character, economic base, and city asset array. This phase of the project is anticipated to take approximately 3-6 months to complete.

Phase II – Program Implementation

During Phase II, the consultant will develop a comprehensive Corporate Partnership program implementation plan with realistic goals and a timetable. The implementation plan may include a ranking of assets or asset categories based on valuation, the likely success of negotiations with potential sponsors, or other criteria to be determined.

The implementation plan will also include a database of current and prospective sponsors and their capacity for advertising and sponsorship partnerships. Examples of potential sponsor categories include:

- a. Financial Services
- b. Retail Corporations
- c. Medical Institutions
- d. Higher Education
- e. Manufacturing
- f. Service Industries

The program implementation plan will include templates for negotiated agreements, sample partner benefit packages, sample City benefit packages, and all aspects of large and small marketing and sponsorship agreements. Sample partner benefits might include naming opportunities (long-term and short-term), marketing space, and/or premium event participation.

The implementation plan will be developed in close communication with key City staff and stakeholders and address program limits and prohibitions within the context of the Corporate Partnership Policy and the City's priorities and values. The plan will address response strategies when one party perceives breach of a sponsorship agreement, as well as a description of circumstances that might constitute a breach.

The consultant is expected to gain knowledge of the community, be sensitive to its diverse constituencies, engage community members in the development of the program, conduct audience testing when feasible, and create mechanisms for public feedback. Bilingual, culturally appropriate communication strategies are essential to the success of the program. This phase will be completed within the first 6-12 months of the project.

Phase III – Transition Plan

The final phase of the consultant's Scope of Services is to create a detailed transition plan to assume internal implementation of a continued Corporate Partnership Program to be rooted in the relevant City departments. Once all project phases have been completed and, depending on the consultant's success in achieving established goals, it may be the intention of the City to bring the management and implementation of an ongoing Corporate Partnership Program in-house. Based on the consultant's recommendations, the program could be brought under the direction of a Project Manager to oversee a centralized citywide program.

Next Steps

Following City Council's approval of the Corporate Partnership Policy, City asset list, and scope of services, staff will begin the preparation and release of a Request for Proposals to select a qualified marketing consultant and proceed with the steps outlined above to develop and

implement a Corporate Partnership Program. It is anticipated to take approximately 2–3 months before a consultant is fully on board.

The Working Group has begun drafting a Naming Rights Policy to establish uniform guidelines for naming and renaming of city assets. This policy will include criteria, conditions, and procedures that govern naming and renaming of City assets in recognition of individuals, organizations and businesses that have made significant contributions to benefit the City, as well as those that provide major donations to contribute toward the capital costs of a facility or an endowment for the continued maintenance and operation of a City asset. Staff anticipates bringing this policy before the City Council for review and consideration by July 2020.

Additionally, various sections of the City's Purchasing Resolution No. 23256 will need to be modified to provide exceptions and guidelines to coincide with the program. The adjustment will include definitions relating to the new policy, information pertaining to the funding conditions, and necessary procedures for the receipt of sponsorship funding. The revised Purchasing Resolution will contain language similar to the following: *"When the Procurement is to receive corporate partnerships funding, procurement shall be done in accordance with the procedures herein. If the receipt of sponsorship funding is conditioned upon requirements and procedures more stringent than as set forth herein, the procedures necessary for the receipt of the sponsorship funding shall be followed. The Using agency is responsible for compliance with all aspects of the sponsorship and shall inform the Manager of any and all sponsorship requirements which affect the expenditure of sponsorship funds and the procurement of Goods, Services, or Construction with sponsorship funds."* Proposed amendments to the Purchasing Resolution are expected to be brought before the City Council in Summer 2020.

The Community & Economic Development Director, Public Works Director, General Services Director, Public Utilities General Manager, Library Director, Museum Director, and Parks, Recreation and Community Services Director all concur with the recommendations outlined in this report.

FISCAL IMPACT:

There is no fiscal impact associated with approval of the Corporate Partnership Policy, City asset list and scope of services. The cost to implement a Corporate Partnership Program is contingent upon the outcome of an RFP from qualified marketing consultants, which staff estimates could range between \$50,000 to \$100,000. A Marketing Consulting Services Agreement with the selected consultant will be presented to the City Council for consideration prior to being awarded.

The potential revenue generated from a Corporate Partnership Program is anticipated to significantly outweigh the costs of the marketing consultant. Based on the examples from other cities provided above, a Corporate Partnership Program has the potential to generate hundreds of thousands of dollars annually.

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Attachments:

1. Asset Inventory
2. Scope of Work
3. Corporate Partnership Policy
4. Presentation