City Council Memorandum

City of Arts & Innovation

TO: **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL** **DATE: MARCH 21, 2023**

FROM: **OFFICE OF THE CITY MANAGER** **WARDS: ALL**

SUBJECT: **AWARD OF RFP 2203 FOR SPONSORSHIP ASSET INVENTORY, VALUATION, NAMING RIGHTS AND SALES TO THE SUPERLATIVE GROUP, INC., OF CLEVELAND OH, FOR A CONSULTANT RETAINER OF $347,625 AND 15% COMMISSION ON POTENTIAL SALES – SUPPLEMENTAL APPROPRIATION**

ISSUE:

Consider a recommendation to the City Council for an award of RFP 2203 for Sponsorship Asset Inventory, Valuation, Naming Rights and Sales to the Superlative Group, Inc., for a consultant retainer of $347,625 and 15% commission on potential sales.

RECOMMENDATIONS:

That the City Council:

1. Award of RFP 2203 for Sponsorship Asset Inventory, Valuation, Naming Rights and Sales to the Superlative Group, Inc., for a consultant retainer of $347,625 and 15% commission on potential sales;

2. With at least five affirmative votes, authorize a supplemental appropriation in the amount of $347,625 in the General fund, City Manager-Administration, Professional Services Account; and

3. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement, including execution of the optional extension for one twelve-month period and making minor and non-substantive changes as necessary.

COMMITTEE RECOMMENDATION:

The Economic Development, Placemaking, Branding, and Marketing Committee met on November 17, 2022, to discuss the Professional Services Agreement associated with this project, with Chair Fierro and Members Edwards and Hemenway present. After discussion, the Committee unanimously voted (with Member Hemenway absent for this item) to recommend that the City Council approve this project and agreement.

BACKGROUND:

On May 5, 2020, the City Council approved a Citywide Partnership (Naming Rights) Policy that set parameters for consideration of corporate sales of naming rights for various municipal assets. City Council also directed staff to release a Request for Proposals (RFP) for consultant services to assist the City in the development and implementation of the Corporate Partnership Program. On June 18, 2020, the City issued RFP 2028 for a naming rights consultant, but this solicitation was withdrawn as the City began implementing emergency Covid-19 policies that impacted City operations.

DISCUSSION:

With the hiring of a Grants Administrator in late 2021, the City Manager directed that the City's Corporate Partnership Policy be revisited in terms of implementation pursuant to the City Council's May 5, 2020 direction. After conducting nationwide research and soliciting input from various municipal departments (e.g., Museum, Library, Parks, Recreation and Community Services), the City issued a new RFP (RFP 2203) on August 4, 2022, that more comprehensively covered municipal needs for starting a naming rights program, including a market analysis for potential Riverside naming rights, updating an existing list of potential naming rights opportunities that was compiled in 2020, structuring a naming rights program in terms of implementing policies and best practices, recommending contractual language for potential partnerships, and guiding the City in initial naming rights negotiations through completion of a first set of deals.

Three bidders expressed interest in RFP # 2203. A review panel consisting of five staff members from the City Manager's Office, Community & Economic Development Department, Riverside Public Library, and Museum of Riverside reviewed the proposal from The Superlative Group, Inc., and found it to be both responsive and competitively priced. The other bidders were as follows:

Consultant	Bid Amount
Team Services., LLC - Rockville, MD	$169,500
Sign Value – Mesa, AZ	$60,000

The Superlative Group was chosen because of its broad-based experience in clients, large and small project execution, well developed staff expertise (e.g., internal attorneys and financial analysts who specialize in naming rights), and substantial California naming rights market experience.

Headquartered in Cleveland, OH, The Superlative Group is one of the foremost U.S. experts in the valuation and sale of Naming Rights and corporate sponsorships for public and private sector clients. Founded in 1994, Superlative has industry expertise in sales, valuation analysis, along with attorneys and accountants that manage the entire sponsorship marketing process from stakeholder engagement, industry research and valuation to negotiating, closing, and stewarding of partnerships. Over the past 28 years, Superlative has garnered almost $3 billion in naming rights sponsorship and premium seating revenue for clients. The Superlative Group has substantial experience in the California naming rights market, having previously worked with the City of Sacramento, City of Palmdale, City of Placer Valley, City of Irvine, City of Santa Monica, California State University System, UCI Health, numerous California transit agencies, and Cal Baptist University.

Specific deliverables for the award of RFP 2203 to the Superlative Group include the following:

- Valuation of tangible benefits available to Riverside that can be used to measure return on investment.
- Review of existing contracts and commercial messaging policies that could impact new partnerships.
    - Identify limitations, processes or existing policies that could affect a contract, in addition to prices, fulfillment obligations and value from other contracts.
- Create a contact database of regional, national and international corporate contacts, which is continually updated.
- Match the marketing needs of corporations with the logical and most valuable assets.
- Collaborate closely with the City on recommendations and / or existing relationships.
- Promote revenue-generating campaigns with a description of Riverside's assets and initiatives.
- Create presentation material providing specific information for corporate partners, including:
    - Market / demographic data
    - Measured media value
    - Value justification for unmeasured media
    - Sponsorship benefits and options
    - Options for renewal
    - Financial investment.
- Guidance on the following tasks:
    - Negotiation and Completion of Agreements;
    - Presentation of Corporate Partnerships to the Media;
    - Management of Contract Fulfillment;
    - Management and Audit of Ongoing Rights/Royalties.

The Purchasing Manager concurs that the recommendation is in accordance with Purchasing Resolution 23914.

STRATEGIC PLAN ALIGNMENT:

This item supports **Strategic Priority 5 – High Performing Government**, and **Goal 5.4** to maintain fiscal health by addressing gaps between revenues and expenditures.

This report aligns with each of the five cross-cutting threads as follows:

1. **Community Trust** – Building naming rights capacity will serve the public interest by potentially expanding programs and completing projects with external funding; benefiting the City's diverse populations, and result in greater public good.

2. **Equity** – Outside funding can be used to allow more City departments to be creative and competitive for grants, resulting in a more equitable distribution of funding opportunity that can reach populations citywide.

3. **Fiscal Responsibility** – The City ensures to maximize outcomes in usage of naming rights capitol as a way to lessen pressure on the General fund.

4. **Innovation** – This funding provides the City with the ability to create an innovative program for building capacity with the result in receiving greater external funding.

5. **Sustainability & Resiliency** – Riverside builds capacity by finding new resources that allow departments to adaptively address resident needs.

FISCAL IMPACT:

The total fiscal impact of this item is $347,625. Upon City Council approval, a supplemental appropriation in this amount will be recorded in the General Fund, City Manager-Administration, Professional Services Account 1100000-421000. The funds for this action are available in the available General Fund balance. It is expected that this cost would be offset under future potential naming rights agreements.

The staff presentation before the Economic Development, Placemaking, Branding, and Marketing Committee in November 2022 stated a total project cost of $317,625. Staff and Superlative have since included specific travel costs related to the project that were not articulated in the original committee presentation. This has added a potential addition $30,000 extra cost over the life of the agreement. All consultant travel for this project occurs with specific approval from the City.

Prepared by: Jeff McLaughlin, Grants Administrator
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Mike Futrell, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Concurs with:

Ronaldo Fierro, Chair
Economic Development, Placemaking, Branding, and Marketing Subcommittee

Attachments:

1. Professional Consultant Services Agreement
2. Presentation