

Request for Decision

Generating advertising revenue in Leisure Services

Presented To: Community Services Committee

Presented: Monday, Jun 15, 2015

Report Date Tuesday, May 26, 2015

Type: Managers' Reports

Recommendation

WHEREAS the Finance and Administration Committee of the City of Greater Sudbury requested a report and discussions with Leisure Services regarding new revenue opportunities, and;

WHEREAS Leisure Services staff have investigated opportunities for increased revenue through marketing and advertising, and;

WHEREAS the Purchasing By-law provides that Council may authorize staff to enter into Revenue Generating Contracts without a competitive process where the Total Acquisition Cost is greater than \$49,999, and;

WHEREAS such authorization would facilitate the opportunity to increase advertising revenue in/on Leisure Services facilities as opportunities arise.

THEREFORE BE IT RESOLVED THAT Committee approve the recommendation dated June 15, 2015 and recommend to Council that staff be authorized to enter into Revenue Generating Contracts without a competitive process where the Total Acquisition Cost is greater than \$49,999 for the purposes of facilitating increased advertising revenue for the City of Greater Sudbury, and

THAT the City implement a playfield fencing advertisement strategy as a pilot project at the James Jerome Sports complex and other high profile / visible playfields and that advertisement panels (3' - 8') be sold at a yearly fee of \$2,000 or \$3,000 for a 2 year period.

Finance Implications

Any additional program costs will be reallocated from existing operating budgets or recovered through revenue generation (sales of advertising spaces). Net revenue generated in 2015 will be contributed to the Tax Rate Stabilization Reserve in accordance with the approved budget option.

Signed By

Report Prepared By

Real Carre
Director of Leisure Services
Digitally Signed May 26, 15

Health Impact Review

Real Carre
Director of Leisure Services
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Division Review

Real Carre
Director of Leisure Services
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Recommended by the Department

Ron Henderson
General Manager of Citizen and
Leisure Services
Digitally Signed Jun 1, 15

Recommended by the C.A.O.

Bob Johnston
Interim Chief Administrative Officer
Digitally Signed Jun 3, 15

Health Impact Assessment

The Advertising and Marketing initiative has been reviewed and the proposed changes will not adversely impact the existing service levels. Some actions recommended by this report, including increased corporate sponsorship, may increase service levels and improve universal access to recreation activities.

Background

At the Finance and Administration Committee Meeting of February 25th, 2015, during Budget 2015 deliberations, the Committee requested a “report and discussions with Leisure Services regarding new revenue opportunities as for example advertising on soccer field fencing..”.

In response to this request, staff has investigated potential opportunities for increases advertising and marketing, this report will detail options and recommendations to facilitate the pursuance of those opportunities.

Challenges and Caveats

Purchasing by-law – restrictions re: revenue generating contracts

Currently, the existing Purchasing By-law (2014-01) dictates that the procurement of revenue generating contracts requires a competitive process, based on the total acquisition cost of the contract, unless otherwise authorized by City Council. Therefore, a contract with a total acquisition cost of greater than \$49,999 would require a Request for Tender or Request for Proposal. This report includes a recommendation that could authorize staff to enter into a revenue generating contract without a competitive process, to allow for negotiations with firms, organizations and interested third parties, that might want to enter into longer term advertising agreements. *(For example, a private sector organization that wanted to advertise on a high visibility, high traffic area at a rate of \$20,000/year for 3 years - total acquisition costs \$60,000).*

Existing advertising contracts

Existing advertising contracts for indoor ice facilities (rink boards) and transit already exist and are therefore out of scope for this analysis.

Existing Resources

In order to effectively pursue marketing and advertising opportunities, dedicated resources will need to be allocated to the initiative. There is potential to move some existing operating budget funds to assist in identifying and fulfilling opportunities (i.e. realigning cost centres that have existing advertisement/marketing line accounts).

It is anticipated that dedicated staff resources will also be required. In order to meet this challenge, staff resources could be reallocated to provide sufficient staff support, within existing budgets, to implement and support the initiative as a pilot project.

Opportunities

Playfields and Parks

- Opportunity for large signage on premier ball diamonds (Terry Fox, Delki Dozzi, etc..) (see Appendix A)
- Fence signage at premier playfields (James Jerome, Delki Dozzi, HARC, HillCrest)
- Sale of advertising space on the Bell Park/Grace Hartman Amphitheatre electronic sign board

Pools

- Television monitors in lobby/common spaces
- Corporate Sponsored family swims

Ski Hills

- Advertising/signage on ski lift towers
- Signage on back of chair lifts
- Sponsored events

Arenas

- Television monitors in lobbies/common spaces
- Corporate Sponsored public skating
- Roadside electronic Boards – message boards and paid advertising

Leisure Guide

- Potential for additional advertising revenue in the Leisure Guide

Corporate Social Responsibility

- Soliciting sponsors for city events (festivals, family day, public skating, public swims) – not directly advertising, but can offset CGS costs and provide good messaging from corporate partners

Outdoor Rink Boards

- Consideration will be given to providing advertising opportunities on outdoor rink boards

Communications/Marketing

The Leisure Services Division will work with the Corporate Communications Section to promote and market the advertising opportunities at CGS recreational facilities. Dedicated staff resources will be utilized, through Leisure Services, to maximize the revenue generating potential of the initiative.

Recommendations

The following recommendations are provided for Committee's consideration at this time:

- 1) Staff be authorized to identify and reallocate existing budget resources to invest in marketing and advertising opportunities
- 2) Committee could recommend that Council authorize staff to enter into revenue generating contracts, without the requirement of a competitive process (to provide ad hoc opportunities for the community to purchase advertising through a long term contract which may have a total acquisition cost of greater than \$49,999) as per the resolution contained in this report
- 3) A rate card be established to define the rental rates associated with new advertising opportunities which will be included as part of the yearly amendments to the user fee by-law
- 4) The implementation strategy, at the onset of the initiative, could include the following facilities:
 - James Jerome Sports Complex - fencing surrounding the artificial turf playfield
 - Terry Fox Sports Complex - fencing surrounding ball diamonds
 - Hillcrest Playground - fencing surrounding playfields and ball diamond

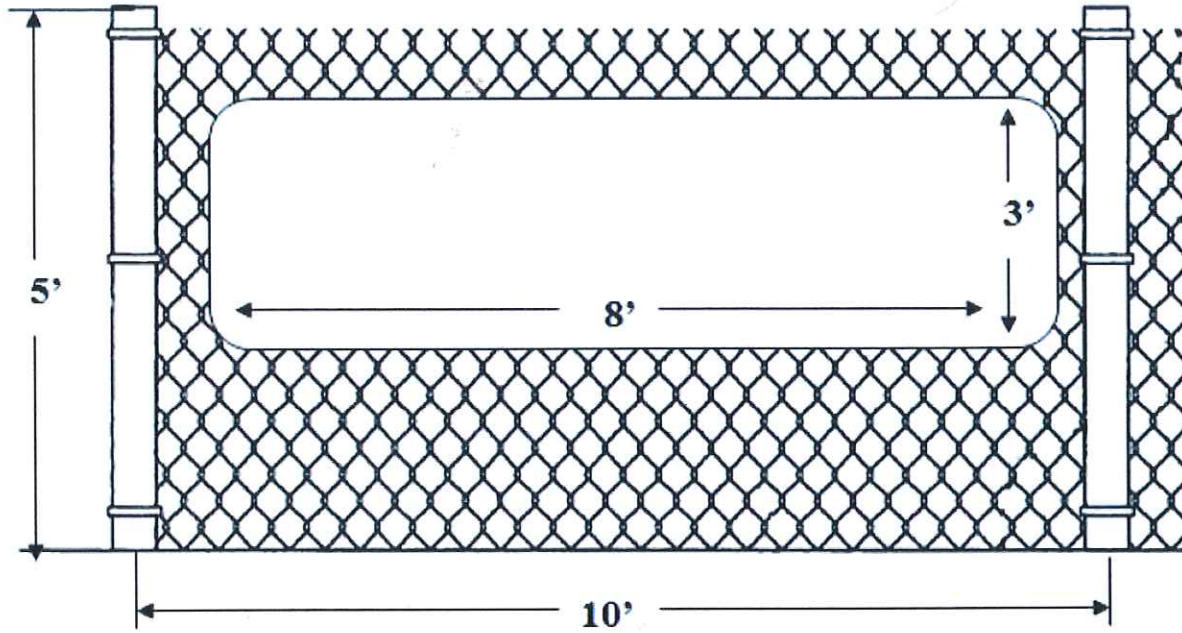
- Howard Armstrong Recreation Complex - fencing surrounding playfields
- Adanac Ski Hill - advertising opportunities on back of chair lifts and safety bars will be considered (subject to approval from T.S.S.A.)

5) The City implement a playfield fencing advertisement strategy as a pilot project at the James Jerome Sports complex and other high profile / visible playfields and that advertisement panels (3' - 8') be sold at a yearly fee of \$2,000. or \$3,000. for a 2 year period

6) That an advertisement cost centre be set up to manage revenues and expenses related to the sale of new advertisement opportunities.

Appendix A

Sample of North Bay Fence Advertising



Examples of Ski Lift Advertising

Back of Chair lift



Safety bar advertisements



Opportunities at James Jerome Sports Complex



Opportunities at Terry Fox Sports Complex

