



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: September 15, 2011 REPORT NO: 11-122

ATTENTION: Budget and Finance Committee
Agenda Meeting of September 21, 2011

SUBJECT: Marketing Partnership with Sprint Solutions

REFERENCE: N/A

REQUESTED ACTIONS:

Authorize the Mayor to enter into a Marketing Partnership Agreement with Sprint Solutions which represents revenue to the City ranging from \$200,000 to \$500,000 (\$100,000 annually) depending on the length of the Agreement. The Agreement is based upon a two-year term with the option to renew for three additional one-year terms.

STAFF RECOMMENDATIONS:

Approve the Resolution.

SUMMARY:

Introduction

On June 8, 1999, the City Council approved a strategic marketing plan for corporate partnerships with the City of San Diego called the Municipal Marketing Partnership Program (MMPP). On January 18, 2000, the City Council approved a Marketing Partnership Policy (Council Policy No. 000-40) to provide guidelines for the Program.

The MMPP, now known as the Corporate Partnership Program (CPP), seeks opportunities for the City to generate cash and in-kind resources from partnerships with the corporate community in order to enhance municipal services and facilities in the City.

Process Followed to Develop This Partnership

On May 24, 2011, the CPP program issued a Request for Sponsorship (RFS) for Wireless Communications. The overall objectives of the RFS were to give wireless companies the opportunity to develop a marketing partnership wherein the City would receive cash and/or in-kind services from the vendor in return for marketing opportunities available through the City.

In response to the RFS, three companies indicated interest in a marketing partnership: Sprint Solutions, AT&T and T-Mobile. Verizon declined to participate. CPP identified Sprint Solutions as the most responsive, and negotiated the terms for a marketing partnership after Sprint Solutions was selected for the City's wireless goods and services contract. Sprint Solutions and the City engaged in negotiations upon completion of the selection process for the Wireless Goods and Services Contract.

Sprint Solutions Proposal

Included in Attachment A is the Marketing Partnership Agreement which has been negotiated between the City and Sprint Solutions. The Agreement is based upon a two-year term with the option to renew for three additional one-year terms.

The benefits to the City under this Agreement are as follows:

1. Sprint Solutions will pay the City a marketing rights fee in the amount of \$100,000 per year for each year that Sprint Solutions continues as the City's wireless goods and services provider. If the term of the contract for wireless goods and services is extended for the full five years, the City will receive a total of \$500,000 in marketing rights fees.
2. Sprint Solutions will provide funds to the City from its phone recycling program targeted to City employees at City facilities. Funds are based on the models of devices recycled ranging from \$9.60 to \$92.00 per phone.

In April 2002, Sprint created a wireless recycling program, to help prevent millions of phones from ending up in landfills. Sprint's Recycling program was one of the first nationwide wireless phone recycling programs. Since its inception, Sprint Recycling has raised nearly \$4 million for charitable programs. All makes and models are accepted, regardless of condition or service provider. Phones designated for recycling are handled in an environmentally sound manner in accordance with applicable federal, state, and local environmental laws and regulations. Sprint is a participating member of "Wireless...The New Recyclable" an industry program designed to provide consumers with information about the importance and ease of recycling wireless devices.

Marketing Partnership Agreement

Sprint Solutions will be the Official Wireless Partner of the City and will be afforded specific marketing benefits by the City. However, this is a non-exclusive marketing partnership with the exception of exclusive rights to market to employees. This allows the City to work with other wireless companies on marketing partnerships.

The Marketing Partnership Agreement ensures that the City has the right to review and approve all logos and promotional activities that represent Sprint Solutions efforts to publicize and/or promote their rights and benefits. The marketing rights and benefits agreed to are as follows:

1. The right to be designated and referred to as the "Official Wireless Partner" of the City and the right to promote this designation.
2. The right to have logo presence on the City's website.
3. The right to have a prominent presence in City produced publications.
4. The right to be recognized as the City's partner before City Council.
5. The right to offer its products and services to City employees at preferred rates and to promote these offers to City employees through newsletters, tabling opportunities or other promotional means.
6. The right to place Recycling donation kits, for the purpose of collecting an recycling wireless telephones, at appropriate locations throughout the City. All collected phones will be sent to Sprint Solutions designated vendor at no expense to the City.
7. The right to develop press releases, stories, features and other publicity about the partnership for distribution to local, regional and national newspapers and wire services.
8. The right to have a representative of the CPP to work with Sprint Solutions to fulfill the rights and benefits that are listed in the Agreement.

Conclusion

By utilizing the City's Corporate Partnership Program, the City has negotiated a partnership with the selected provider, Sprint Solutions. The proposed Marketing Partnership Agreement between the City and Sprint Solutions will generate between \$200,000 to \$500,000 in new funding for the City of San Diego over the next two to five years (\$100,000 annually). In addition to the annual payment of a marketing rights fee, Sprint Solutions will provide additional funds to the City of San Diego from their phone

recycling program targeted to City employees at City facilities. Funds are based on the types of devices recycled ranging from \$9.60 to \$92.00 per phone.

The proposed partnership with Sprint Solutions is consistent with the City's Corporate Partnership Program and the City's Marketing Partnership Policy. The proposed Marketing Partnership Agreement includes benefits awarded to Sprint Solutions including the right to be designated and referred to as the "Official Wireless Partner" of the City of San Diego. The benefits do not include naming rights, and the marketing rights fee is not tied to rebates, incentives and any other contingencies in the wireless telephone contract.

FISCAL CONSIDERATIONS:

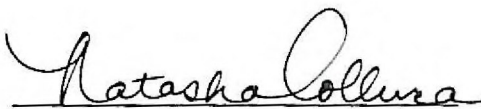
A \$100,000 annual marketing rights fee to be paid by Sprint Solutions to the City for each year that Sprint Solutions has the City's contract for wireless goods and services. The term of the Marketing Partnership Agreement is two years with three one year renewal options.

The overall fiscal impact will range from \$200,000 to \$500,000 depending on the length of the wireless contract. Additional funding could be generated related to the phone recycling program. All funding to be deposited in the General Fund.

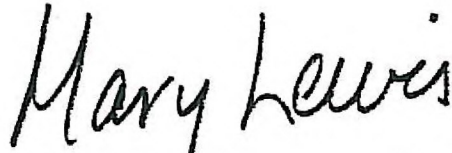
PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None

KEY STAKEHOLDERS AND PROJECTED IMPACTS: General Fund and services for residents paid for by General Fund.



Natasha Collura, Director
Strategic Partnerships



Mary Lewis
Chief Financial Officer

Attachments: 1. Marketing Partnership Agreement with Sprint Solutions