



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: February 15, 2013 REPORT NO: 13-14
ATTENTION: Budget and Finance Committee
Agenda Meeting of February 27, 2013
SUBJECT: Corporate Partnership Program Update, Information Item Only
REFERENCE: N/A

REQUESTED ACTIONS: None

STAFF RECOMMENDATIONS: None

SUMMARY: This update is to provide a status report on the activities of the Corporate Partnership Program (CPP).

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.

Department Structure

The department had previously utilized the services of an outside consultant to solicit and negotiate partnerships. The consultant was paid on retainer and commission. The current Director of Corporate Partnerships was hired in spring of 2011. The Director absorbed the duties of the consultant and the City ended its use of the consultant's services in the fall of 2011. Immediate revenue was realized with the addition of 5 new, multi-year partnership programs implemented in the first year of the new structure, and the projections represented an estimated \$2.8 million in revenue and in-kind value, up to a potential of \$4.5 million pending renewals and revenue share.

In addition to soliciting new programs, the Director is responsible for implementation and sponsorship fulfillment for new and existing agreements. In order to allow time for the Director to actively solicit and negotiate partnerships, a support staff member was recently brought on to assist in administration of contracts.

In addition, the currently vacant position of a Citywide Grants Program Manager was recently transferred to the Corporate Partnership Program in order to coordinate efforts regarding funding needs and shared resources. The Manager will coordinate with Mayoral and Legislative Representatives to identify and seek out grant and donation funding opportunities to support City initiatives, as well as facilitate communication and collaboration for multi-departmental/multi-agency grant opportunities. The position will also be responsible for managing non-department specific donations. In addition, the Manager and Comptroller's Office will jointly conduct monthly meetings with department grant coordinators. The position is currently being recruited and is expected to be filled by spring 2013.

National Agency Efforts

The City, through CPP, recently retained an established national marketing agency that specializes in sponsorship and partnership fulfillment, and whose prominent clients include multiple state and city parks, as well as community and sporting events. The agency is expanding their portfolio to work with local city governments. The agreement with the agency does not utilize any taxpayer funds. The agency's compensation is a percentage of the funding it secures from external sources.

Current Partnerships

Utility Service Partners Service Line: The Corporate Partnership Program Agreement between the City and USP will generate a guaranteed total payment to the City of \$242,000 for the first three years. Projected 12% licensing fee payments are expected to generate an additional \$570,000 during this same timeframe, bringing the combined projected total to just over \$800,000. If the City exercises the two one-year options to renew, the combined projected total over five years is anticipated be approximately \$1,660,000. Due to the delay in the processing of the company's application through the Department of Insurance (originally expected in June 2012), revenue projections are being adjusted to reflect a new launch date of late spring 2013. *(USP is endorsed by the National League of Cities and offers water and sewer line warranties to residents in contracted areas. There is no cost to the city and the company pays sponsoring cities a percentage of revenue).*

Canteen Beverage and Snacks Vending: The Corporate Partnership Agreement between the City and Canteen Vending was expected to generate \$100,000 in revenue for Calendar Year 1. Actual revenue during the calendar year is approximately \$55,000. There are 150 machines currently installed and active. By mid-year of FY13, over 200 machines were expected to be in place. Implementation has not kept pace with original projections and FY13 revenue was based on both the vending and advertising commission. CPP Director is addressing both issues with the partner.

Toyota Motor Vehicles: The Corporate Partnership Agreement between the City and Toyota enabled the City to replace its fleet of 34 Lifeguard vehicles with new high

quality vehicles. With an initial term of 2 years, and the option to renew the agreement for a second term, this Agreement represents a financial benefit to the City of \$555,000 to \$1,110,000 based on the lease value of the vehicles received. In addition, the City auctioned off 26 used Lifeguard vehicles and reassigned 6 other vehicles for use by other departments, which generated \$257,000 in FY13. The program has been successful and vehicles are continually being inspected to minimize the City's liability for damage. Renewal talks are scheduled for fall of 2013.

Sprint Wireless: The term and continuation of this Corporate Partnership Agreement is dependent on the City's Procurement Wireless Agreement. Currently, the Partnership Agreement is in its second year and the City has received \$100,000 for each year. The Procurement Wireless Agreement will be up for renewal at the end of this calendar year. If renewed, the City will receive an additional \$100,000 for the third year.

Microsoft Office Program (assistance to IT): The partnership between IT and Microsoft resulted in \$212,000 of in-kind services to the City in exchange for allowing use of the City's name and providing Microsoft with case study information for its Office Cloud Migration Program.

Production: The location use agreement between the City and LMNO Production featured City of San Diego Lifeguards in a show on the Weather Channel entitled, "Lifeguard! Southern California". The City of San Diego received \$37,000 for participation in FY13.

WAXIE: The Environmental Services' "Dare to Reuse" recycling contest for kids in local city schools was sponsored by WAXIE. The exhibit featuring winning art was on display at the New Children's Museum.

EA Sports: Under this Agreement the City receives \$20,000 annually for use of the Torrey Pines Golf Course logo in golf video gaming products.

FY13 Revenue Impacts:

Utility Service Partners Service Line: The Agreement with USP provided the City with an advance of \$121,000 in June FY12 for marketing rights in order to, 1) meet the goals of the program for FY12 and, 2) because program was expected to launch by early September. Due to the delay in the program, the City has not yet received revenue for FY13. These projections are being pushed to FY14 based on the revised launch date of program.

Canteen Beverage Vending and Snack Vending: The Agreement with Canteen provided an advance of \$130,000 in FY12 in order to meet the goals of the program for FY12. Commission projections for FY13 have not been met due to various installation issues and an advertising revenue short-fall. FY13 projections are being pushed to FY14 due to expectations that implementation will be accelerated due to the recently added support position as well as a change in direction in advertising sales.

In-Progress Partnerships and Proposals

Bikesharing: CPP directed a Request for Sponsorship process for a City-sponsored Bikesharing Program in June of 2012 and carrying into the first half of FY13. A review committee including representation from the Transportation Department, SANDAG, and the San Diego Bicycle Coalition, who reviewed the submitted proposals and selected a proposed partner. Contract negotiations are pending. A phased launch of the program is expected to start within 3-5 months from contract execution. Contract administration will be led by the new Bicycle Program Manager and Transportation Department.

Park and Recreation: Sponsorship and partnerships for programs such as dog parks, youth programs and others will be the focus of the national marketing agency efforts.

Environmental Service: Solar trash and recycling compactors are under consideration for partnership. CPP is currently working with ESD to develop a sponsorship proposal to provide solar trash and recycling compactors throughout the City of San Diego.

Library Literacy program: Identifying potential funding sources to offset costs of "READ/San Diego", the Library's literacy program.

Conclusion

The CPP is expanding the City's corporate partnerships to include marketing based sponsorships in addition to exploring procurement related and public service sponsorships. For example, programs like the Library's Literacy Program READ/San Diego present marketing opportunities for companies interested in positive publicity along with a way to reach potential customers. Procurement is another opportunity to work with companies interested in supporting the local communities in which they do business. Public Service opportunities encourage companies to support city initiatives that match or support their company objectives.

In-kind value or services (such as infrastructure contributed as part of a bikesharing program) add additional value to the City and are currently not included in the revenue projection but are an important component of the Corporate Partnership function.

FISCAL CONSIDERATIONS:

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

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