Our Future's So Bright...

Sponsorship & Marketing Program

City Council Study Session

February 19, 2008

Background

- As a part of the Structural Deficit Reduction Strategy, Council requested City Manager to explore additional revenue opportunities

- One proposal was a sponsorship & marketing program

- Purpose: Create an additional no-tax, no-fee revenue stream for City by leveraging City assets into revenue opportunities

Background

- The Financial Strategic Plan includes a $1 million target for new revenue from sponsorship

- City Manager Office directed the Economic Development Bureau (EDB) to carry project forward

- EDB issued an RFP for a consultant to assist in developing the program

- Council approved the consultant agreement with Premier Partnership in 2006

What is Sponsorship?

- Utilizing City assets for joint promotion and revenue development
- Examples include product placement, naming rights, co-marketing efforts, event sponsorship
- Underlying principle: Corporate entities want to partner with key jurisdictions for branding and product placement
- In marketing terms, "Long Beach" is a brand with valuable attributes
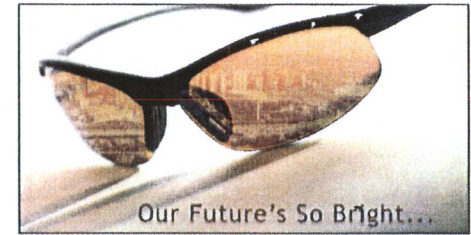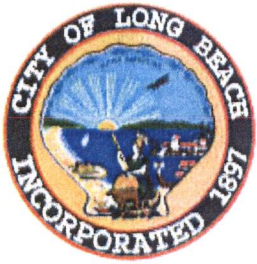
Past Efforts

- In 1996, City adopted a Policy on City Sponsorship, Corporate Recognition and Advertising to allow partnering with firms for the purpose of joint promotion and revenue development

- In 1998, City secured agreement with Outdoor Systems Advertising for advertising placement on bus shelters

- In 2001, City entered into multi-year beverage contract with BCI Coca-Cola Bottling Company of Los Angeles
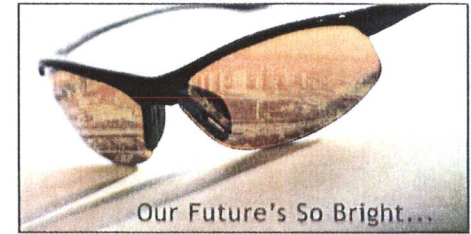
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Ground Rules
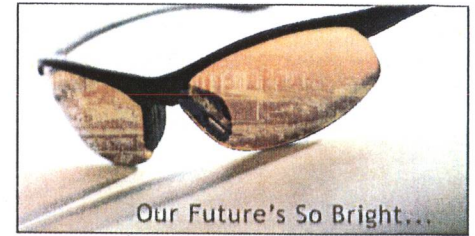
- Council to approve all agreements, partners or marketing initiatives

- All agreements must comply with City's Municipal Code Section 16.55 for advertising content (no alcohol, tobacco, drugs, adult content)

- No quid pro quo expressed or implied by any sponsorship/marketing agreement

Initiatives by Other Cities

- New York City is the leader

- Chicago and Los Angeles are both aggressively developing their own initiatives

- Regionally, MTA has a sponsorship and marketing program that leverages its hard assets

- Other major jurisdictions (Boston, Philadelphia, etc.) moving in this direction

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NYC Initiative

- New York City has been leader in municipal sponsorship & marketing efforts
- Created Chief Marketing Officer with marketing department and organization: New York City Marketing (NYCM)
- NYCM created partnerships with Snapple, multi-platform deal with The History Channel
- Negotiated new street furniture (bus stops, newsstands, phone kiosks, street banners, benches) agreement with Cemusa

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Obstacles & Opportunities

- Some naming rights options no longer available (Aquarium of Pacific)

- Long Beach is the beta city in the region – LA remains a principal media target

- City assets are significant but not overwhelming

- Comparison: MTA has 1,433 sq. mi. service area, operates over 2,000 peak-hour buses, has 62 hard asset rail stations and total boarding passenger count over 465 million
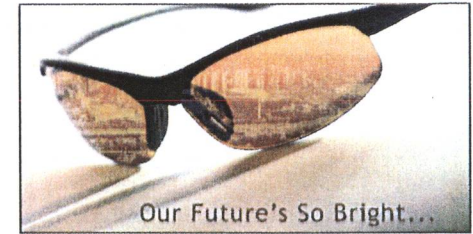
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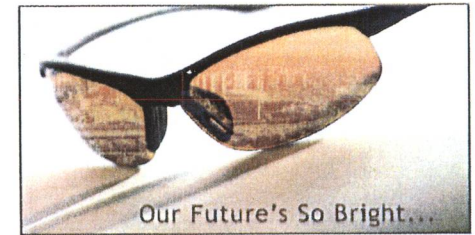
- The first agreements are the most difficult – creating the model, overcoming "first in" syndrome, proving the concept <u>and</u> the brand

- Probable that the number and value of agreements will increase as more sponsors understand/accept/value program

- Potential partners are responding well to the "Long Beach" brand

Where We Are

- Premier has completed initial tasks (inventory, analysis, program development)
- Has met with over 60 Fortune 1000 firms
- Developed prototype agreements with specific rights and benefits package for distinct levels of financial participation
- All potential partners told there is no quid pro quo expressed or implied by any sponsorship & marketing agreement
- Have two draft agreements with 5-year value of $1.48 million

Next Steps

- Randy Bernstein, VP of Premier Partnerships, will provide additional background and outline the first two proposed agreements

- These two proposed agreements are at the Community Partner and Community Sponsor levels – Premier will further define these levels

- We are prepared to bring forward the agreements for Council consideration