



CITY COUNCIL AGENDA REPORT

MEETING DATE: August 2, 2004

ITEM NUMBER:

SUBJECT: CORPORATE SPONSORSHIP OF CITY AND PERMANENT SKATEPARK
SPONSORSHIP PLAN

DATE: JULY 21, 2004

FROM: ADMINISTRATIVE SERVICES DEPARTMENT / RECREATION DIVISION

PRESENTATION BY: JANA M. RANSOM, RECREATION MANAGER

FOR FURTHER INFORMATION CONTACT: JANA M. RANSOM 714-754-5654

RECOMMENDATION:

Staff recommends:

1. City Council award Public Enterprise Group the contract for research, preparation, and implementation of a corporate sponsorship plan for the City of Costa Mesa and authorize the Mayor to sign on behalf of the City; and
2. City Council award Public Enterprise Group the contract for research and preparation of a feasibility report for a sponsorship plan for the City of Costa Mesa's first permanent skate park; authorize the Mayor to sign on behalf of the City; and direct staff to return to Council with the results of the feasibility study for further direction.

BACKGROUND:

Over the last few years, because of budget constraints, municipalities have been exploring alternate methods to generate revenue for all programs and services. In what is becoming known as "municipal marketing", cities are working with vendors to secure rights to products and services for sale and advertising purposes. Because city governments are very visible within their community, companies are willing to purchase advertising and sell products at facilities (buildings, vehicles, etc) owned by the city. These purchase or sale transactions can take many forms including the sale of "rights" so that a vendor becomes either the exclusive provider of goods or services, such as the official cola, snack food, cleaning product of a city or by utilizing city facilities as a platform for marketing. The City of Long Beach has recently entered into a multi-million dollar beverage agreement for the exclusive sale of a beverage at all municipal facilities and Huntington Beach is a leader in the marketing of the "Surf City" name.

Several months ago, Recreation Division staff began to research this concept for Costa Mesa in general and specifically for the City's first permanent skate park. Based on the research done, staff believed there was sufficient potential to issue a Request for Proposal (RFP) for consultant services to create municipal marketing plans. In June 2004, an RFP was issued inviting proposals for 2 separate projects; a specific program

to market the City's first permanent skate park, and a second, general municipal marketing plan.

ANALYSIS:

In response to the RFP (Attachment 1), the City received proposals from 2 qualified firms; Public Enterprise Group (PEG) and Waters & Faubel (W & F). The RFP was written such that firms could submit proposals on one or both marketing plans. Both firms indicated their proposal was for both components. Each marketing plan was separately rated by several staff members (City Manager's Office, Finance Department, Public Services Department, Administrative Services Department) and each proposal was rated on a number of criteria (Attachments 2 & 3). Below are the aggregate and average ratings:

	PEG	W & F
Skate Park Marketing Plan	141.5 aggregate 23.5 average score	133 aggregate 22.16 average score
Municipal Marketing Plan	247 aggregate score 49.4 average score	178 aggregate score 35.6 average score

PEG, formed in 1999, was rated higher both in aggregate and average score over W & F for both marketing plans. While W & F was successful in raising money for the Etnies Skate Park of Lake Forest, PEG was noted in having a much broader range of experience, assisted many cities (including Long Beach, Huntington Beach, Garden Grove, Concord, and Moreno Valley) and, according to the proposal, has raised over \$42 million in committed guaranteed revenue for cities, counties, and hospitals.

PEG showed a greater understanding of the needs of the City and the overview and approach to both plans were more detailed and presented as much more than an advertising campaign. For example, with PEG's Skate Park proposal, Phase 1 is a comprehensive feasibility study where PEG staff will meet with key City personnel, review potential revenue opportunities, prepare a cost/benefit analysis, prepare corporate partnership pro-forma's and provide a detailed review of all finding with City Council and staff.

ALTERNATIVES CONSIDERED:

The City could not pursue any municipal marketing/sponsorship. Over the last two years, between CostaMazing and Snow Hill, the City has worked with the community and secured over \$65,000 in sponsorship donations for program activities. There are several other "sponsor" programs in the City such as "Adopt a Park" and "Adopt a Bench" to which people may donate and assist the City in providing services. The community appears willing to sponsor City activities and staff believes marketing/sponsorship should be considered.

The City may choose to pursue marketing/sponsorship programs with in house staff. As noted above, the City has successfully secured sponsorships with in house staff. However, these have been specific programs and the RFP was designed to solicit professional assistance with a comprehensive citywide municipal plan, with a separate skate park element. The intent of the proposal is to congregate all potential marketing opportunities into one package which is more likely to interest the business community. In house staff does not have the experience or the time to research, design and present to the community a comprehensive marketing/sponsorship program and, if done by in house staff, the results would likely be less than could be achieved through the use of an experienced consultant.

FISCAL REVIEW:

Funding for this agreement is included in the 2004-2005 fiscal year adopted Recreation budget under Program 40244, Special Recreation Account.

The cost breakdown is as follows:

Skate Park Marketing Plan

Phase 1	Feasibility Study	\$11,000
Phase 2	Approval Process	\$19,000
Phase 3	Implementation	<u>\$20,500</u>
	Total:	\$50,500

Municipal Marketing Plan

Phase 1	Asset Analysis
Phase 2	Marketing Plan Analysis
Phase 3	Marketing Package Development
Phase 4	Sponsorship Sales
Phase 5	Negotiation, Selection, and Contracting of Sponsors
Phase 6	Implementation
	Inclusive costs for all 6 Phases: \$36,000
	Plus 12% of all sponsorship revenues

Total funding for this plan is \$86,500, assuming both plans are accepted and completed. This funding is currently available in the FY 05 Recreation budget under Program 40244. It should be noted that this program is currently scheduled for City Council Review at the September 20, 2004 meeting. If this funding is eliminated by Council, this project will not go forward.

LEGAL REVIEW:

Legal has reviewed the documents and approved them as to form.

CONCLUSION:

As municipal budgets are under significant pressure, cities are seeking alternative sources of revenue and municipal marketing is a growing method of securing additional funding for city general funds. Costa Mesa has issued an RFP, received 2 qualified proposals, rated them and is recommending the Public Enterprise Group as the consultant to assist Costa Mesa in securing corporate sponsorships as a way to generate additional revenue. While there is some outlay of funds, PEG has been successful in raising significant revenue for a number of cities in California. It is therefore recommended that:

1. City Council award Public Enterprise Group the contract for research, preparation, and implementation of a corporate sponsorship plan for the City of Costa Mesa and authorize the Mayor to sign on behalf of the City; and
2. City Council award Public Enterprise Group the contract for research and preparation of a feasibility report for a sponsorship plan for the City of Costa Mesa's first permanent skate park, authorize the Mayor to sign on behalf of the City, and direct staff to return to Council with the results of the feasibility study for further direction.

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ATTACHMENTS: 1 [Marketing/Sponsorship Request for Proposals](#)
2 [Sample Rating Sheet: Municipal Marketing Component](#)
3 [Sample Rating Sheet: Skatepark Marketing Component](#)