

September 5, 2018

To: Mayor and City Commissioners

From: Suzette Sibble, Assistant City Manager



Via: Greg Harrison, City Manager

Re: Request for Approval of Phase II Contract with the Superlative Group

In April 2017, the City of Pompano Beach (the "City") issued a solicitation (RFP No. L-28-17), *Development & Implementation of a Citywide Corporate Marketing & Sponsorship Program*. The selection committee selected The Superlative Group, Inc. (Superlative) to serve as the City's partner in exploring this initiative, a national firm that has been working on similar initiatives for over twenty (20) years, specifically specializing in working with municipalities and other local governments. In July 2017, the City Commission approved a Phase I contract with Superlative encompassing the following scope of services:

1. Development of a Marketing Asset Inventory and Valuation report, including an estimate of the potential sponsorship financial value (**Attachment 2**);
2. Development of a proposed Comprehensive Sponsorship Policy (**Attachment 1**); and
3. Development of a Strategic Plan for Marketing Assets, inclusive of a detailed plan to maximize the corporate sponsorship potential for the City (**Attachment 2**).

Superlative

Superlative, has been involved in the business of fostering corporate sponsorship relationships since 1994 and during this timeframe has demonstrated a successful track record of developing successful corporate partnerships for their clients, having negotiated over \$2 billion dollars in sponsorship agreements on behalf of those clients. They understand the public sector and the corporate marketplace and are well equipped to match the City's tangible and intangible asset opportunities with the right corporate partners, while preserving the City's brand, image and core community values. During its 23 years in operation, Superlative has managed to develop an extensive database of contacts and close marketing relationships. Superlative can leverage that database and those corporate relationships to maximize potential opportunities for their clients. Superlative simply has the experience, connections and resources to pursue and execute relationships on behalf of the City.

Superlative extensive experience in working with the public sector (their primary focus), will be beneficial to the City's pursuit of responsible and fiscally beneficial corporate sponsorships, as they have been successful in working with an array of clients across the United States, to include

local governments, school districts and colleges and universities. Below is a summary of some of their successes, as well as ongoing engagements.

City of Miami Beach, Florida

Superlative negotiated a ten (10) year pouring rights agreement with Coca Cola on behalf of the City of Miami Beach. Miami Beach is to be paid \$7.2 million dollars over the 10 year period. At the time of approval, it was the largest municipal pouring rights agreement in the world. The agreement makes Coca Cola the City's exclusive and official non-alcoholic beverage and recycling partner. Under the terms of the agreement, to support the City's sustainability initiatives, Coca-Cola committed to connect people to water stewardship, recycling and energy efficiency in unexpected ways. From recycling bins along Lincoln Road to hybrid delivery trucks, Coca-Cola's objective is to demonstrate that sustainable choices are all around. Coca-Cola will also pilot five recycling machines in Miami Beach. The strategically placed machines separate, sort and crush plastic bottles and cans, creating a closed loop recycling system. Each machine features bilingual, on-screen "Give it Back" recycling messages. In addition, Miami Beach will install energy-efficient Coca-Cola vending machines at all public owned and managed facilities, including City Hall, parks and recreation centers and parking garages. The agreement allowed Coca Cola and the City of Miami Beach to partner on a commitment to green initiatives, with Coca Cola having provided new eco-friendly opportunities.

City and County of Denver, CO

Superlative was hired as the exclusive agent to serve the City and County of Denver for its sponsorship sales and management services. Prior to the sales phase, Superlative created in-depth sponsorship valuation for the Denver International Airport, Denver Performing Arts Complex, Red Rocks Amphitheatre, Denver Public Library, the Denver Coliseum and more. Superlative handles all sponsorship activation and sales for Denver Arts & Venues. As the sole agency handling sponsorship for the venue, Superlative handles the scheduling of all onsite activation, fulfillment of all assets as well as all year-end recaps. Superlative also handles the sponsorship of Denver Arts & Venues events, such as Yoga on the Rocks, the Five Points Jazz Festival, Film on the Rocks and Fitness on the Rocks. Some of the sponsorship deals Superlative has secured include:

- 3-year deal with Brown-Forman for nearly \$300,000
- 2-year deal with Southwest Airlines for \$240,000
- 3-year deal with Miller-Coors for \$1.1 million
- 5-year deal with Pepsi for \$1.3 million
- 2-year deal with Jeep for \$330,000
- 3-year deal with Treasury Wine Estates for \$204,000
- 3-year deal with Red Bull for \$180,000
- 1-year deal with Conoco for \$150,000

City of Santa Monica, California

Superlative was hired by the City of Santa Monica to procure sponsors for the new 500 bicycle share program, which launched in 2015. The project team generated support for the program

and subsequently secured Hulu as its sponsor for \$3.5 million over 5 years. Hulu's logo, coincidentally the same shade of green as the Breeze bicycles, was to be displayed on the bikes' baskets and skirt guards. The program is self-supporting, with sponsorship income and anticipated user fees.

Cook County, IL

The Superlative Group has been hired by Cook County to complete a comprehensive and ongoing assessment of all County and District assets and to develop and manage an asset marketing program. As Cook County's consultant, Superlative will fully develop, market and implement revenue-generating strategies associated with specific assets. Superlative will also implement marketing concepts, images, renderings and other items as are consistent with the goals of the County and the District. District assets include Cook County Health & Hospitals System, several parks, golf courses, parking structures and many other revenue generating assets. The team secured a \$4.1 million pouring rights agreement with Pepsi and a multi-million dollar snacks agreement for the Cook County Forest Preserve. Currently, the sales team is working on partnerships for the bike share, digital boards and park trails.

City of St. Catharines, Ontario, Canada

Superlative was hired to provide fundraising consulting services for the City's Spectator Centre, the new home of the Ontario Hockey League's Niagara IceDogs. The 100,000 square foot sports and entertainment facility, located in the heart of downtown St. Catharines, was completed in September 2014.

The project team delivered a comprehensive asset inventory and valuation within 30 days, including the revenue potential of naming rights, suite/club seat sales, pouring rights and other sponsorships. Subsequently, Superlative secured a 25-year, \$5.26 million naming rights agreement with Meridian Credit Union, making it the most lucrative naming rights agreement in the Ontario Hockey League.

Superlative also sold the 25 luxury suites in only two weeks, generating an additional \$2.6 million in contractually obligated revenue. Superlative then secured over \$2 million in club seats sales and an additional \$2.5 million in sponsorship sales. Sponsorship sales included:

- 10-year agreement with Canadian Automobile Association for \$400,000
- 10-year agreement with Coca-Cola for \$750,000
- 10-year agreement with Molson for \$500,000
- 10-year agreement with Casino Niagara for \$300,000

Rockford Park District

Superlative was selected in June 2015 to serve as the sole naming rights and sponsorship consultant for the Rockford Park District's Sportscore Downtown and Sportscore II. The Rockford Park District is the third largest park and recreation system in Illinois and its network includes four sports complexes, five golf courses, four museums, two ice arenas, an equestrian center and numerous recreational paths and public gardens.

Superlative secured a 20-year, \$4.36 million naming rights agreement between the new Sportscore Downtown and University of Wisconsin Health. Superlative also secured a 20-year, \$4.62 million naming rights agreement between the Sportscore II and the MercyRockford Health System.

South Towne Exposition Center & Salt Palace Convention Center

The Superlative Group was hired by SMG, South Towne Exposition Center (STEC) and Salt Palace Convention Center to value the assets and develop a marketing plan to sell naming rights to the convention centers. Within a few months, Superlative delivered a comprehensive asset inventory and valuation for naming rights to the centers, as well as exhibition halls and pre-function areas. The project team also provided opportunities for category sponsorships throughout the facility. Superlative secured a 10-year, \$1.59 million naming rights agreement with Coca-Cola and currently have an exclusive negotiating agreement for naming rights to the STEC.

City of Woodbury, Minnesota – in partnership with Minnesota United Football Club

Superlative was selected in April 2015 to secure naming rights and sponsorship partners for Minnesota United Football Club's soccer stadium (National Sports Center), indoor multisport complex (Bielenberg Sports Complex) and the team kits. The project team completed a full asset inventory and valuation on the Bielenberg Sports Complex prior to the sale of naming rights and sponsorships. Superlative just finalized a 14-year, \$4 million naming rights agreement to the Beilenberg Sports Complex with HealthEast.

Grand Rapids RAPID

Superlative was hired by the Interurban Transit Partnership of Grand Rapids to develop a revenue-generating, corporate sponsorship-marketing program. This includes naming rights to the Silver Line and Laker Line bus rapid transits and stations as well as sponsorships for the Downtown DASH routes, Park-N-Ride facilities and transit centers. The project team is currently working on the valuation of the RAPID's tangible and intangible assets to identify potential marketing opportunities and to estimate their value.

Ongoing Engagements

City of Frisco, TX

Superlative was hired by the City of Frisco to begin a citywide sponsorship program. The project team was tasked with valuing and assessing city events, facilities, parks and other intangible/intangible assets. Events included in the valuation included Frisco Freedom Fest, Prelude to Freedom Fest, Merry Main Street, Frosty, Daddy Daughter Dance, Easter Eggstravaganza and Mother Son Dance. Facilities and other assets include the Frisco Athletic Center, Frisco Fun Radio, Frisco Fun Guide, Harold Bacchus Community Park, Senior Center, Frisco Heritage Center and Frisco Fire Safety Town. A comprehensive asset inventory and valuation was delivered and the project team has recently begun the sales phase.

Miami-Dade County, FL

Superlative has been hired by Miami-Dade County under a five (5) year contract to perform County-wide asset inventory, to evaluate the marketability and sponsorship potential for those assets and to develop a strategic sales campaign in order to secure marketing partnerships. Opportunities include naming sponsors, category partners, and other corporate sponsors for County agencies, including Miami International Airport, Jackson Health System, Miami-Dade Transit, Zoo Miami and Port Miami. The project team is currently in the process of securing a beverage rights agreement as well.

City of Fort Lauderdale, FL

Superlative was hired by the City of Ft. Lauderdale to act as the exclusive naming rights consultant for the Fort Lauderdale Aquatics Complex. The engagement includes developing and implementing a strategic marketing plan, identifying and soliciting potential naming rights partners and negotiating a naming rights agreement. The project team is currently finalizing the valuation determining the feasibility and value of all aquatic complex assets.

Phase II Contract

Superlative has completed its obligation to the City under the Phase I contract, having identified sponsorship opportunities as follows:

1. Naming rights for the specific City facilities/structures:

- **Pompano Beach Fishing Pier**
 - Fishing Pier Naming Rights
- **Pier Parking Garage Naming Rights**
- **Community Park**
 - Community Park Naming Rights
 - Pompano Beach Aquatic Center Naming Rights
 - Pompano Beach Tennis Center naming Rights
 - Pompano Beach Dog Park – Canine Corner Naming Rights
 - Hike & Bike Trail Naming Rights
- **Pompano Beach Cultural Center**
 - Cultural Center Naming Rights
 - Theater Naming Rights
 - Outdoor Spaces Naming Rights
- **Ali Arts Cultural Center Performance Center Naming Rights**

2. City of Pompano Beach Category Sponsorships

- Pouring rights (excluding Pompano Beach Amphitheater)
- Small-Cell Leases/Telecom

- Financial Services
- Healthcare
- Automotive
- Sporting Goods
- Energy

On the basis of their previous experience, Superlative further believes there is potential to deliver between \$50,000 and \$500,000 of additional revenue per annum for category sponsorship opportunities (see chart below). The reason for the large range relates to the number of benefits included in the category sponsorship package. As such the total annual revenue potential to the City for potential naming rights and category sponsorship opportunities combined, ranges from approximately \$700k - \$4.1 million (\$600k-\$3.5 million, net of commissions). Although ultimate contract terms with potential sponsors are subject to negotiation and commission approval, a 10 year contractual term, assuming a 2.9 escalator in annual amounts due the City would yield between \$7.7 million and \$46 million (\$6.5 million-\$39 million, net of commissions). A chart indicating potential floor to ceiling amounts for each potential opportunity is indicated below:

City of Pompano Beach Asset Naming Rights		Value Range per Site		10-year term (2.9%)	
Facility		Floor	Ceiling	Floor	Ceiling
Pompano Beach Fishing Pier					
Fishing Pier Naming Rights		\$60,000	\$90,000	\$684,673	\$1,027,010
Fishing Pier Garage Naming Rights		\$25,000	\$50,000	\$285,281	\$570,561
Community Park					
Community Park Naming Rights		\$50,000	\$75,000	\$570,561	\$855,842
Pompano Beach Aquatic Center Naming Rights		\$20,000	\$40,000	\$228,224	\$456,449
Pompano Beach Tennis Center Naming Rights		\$20,000	\$40,000	\$228,224	\$456,449
Pompano Beach Dog Park - Canine Corner		\$15,000	\$30,000	\$171,168	\$342,337
Hike & Bike Trail		\$20,000	\$40,000	\$228,224	\$456,449
Pompano Beach Cultural Center					
Cultural Center Naming Rights		\$50,000	\$75,000	\$570,561	\$855,842
Theater Naming Rights		\$25,000	\$50,000	\$285,281	\$570,561
Outdoor Spaces Naming Rights		\$15,000	\$30,000	\$171,168	\$342,337
Ali Arts Cultural Center					
Performance Space		\$25,000	\$50,000	\$285,281	\$570,561
City of Pompano Beach Category Sponsorships		Value Range per Category		10-year term (2.9%)	
Category		Floor	Ceiling	Floor	Ceiling
Pouring Rights		\$50,000	\$500,000	\$570,561	\$5,705,612
Small-Cell Leases / Telecom		\$50,000	\$500,000	\$570,561	\$5,705,612
Financial Services		\$50,000	\$500,000	\$570,561	\$5,705,612
Healthcare		\$50,000	\$500,000	\$570,561	\$5,705,612
Automotive		\$50,000	\$500,000	\$570,561	\$5,705,612
Sporting Goods		\$50,000	\$500,000	\$570,561	\$5,705,612
Energy		\$50,000	\$500,000	\$570,561	\$5,705,612
Total		\$675,000	\$4,070,000	\$7,702,573	\$46,443,682

As mentioned earlier, Superlative has prepared a recommended Sponsorship Policy (the “policy”) for the City Commission’s consideration (presented as a separate agenda item on September 11, 2018). This proposed policy will establish sponsorship guidelines within which the City would operate a sponsorship program, while simultaneously protecting the integrity and image of the City of Pompano Beach and its residents. Any sponsorship opportunities pursued must conform to the policy guidelines. Most importantly, all sponsorship agreements must be brought to the City Commission for consideration/approval.

It should be noted that the Amphitheater was identified as having great sponsorship opportunities by Superlative, but has since been removed from consideration as sponsorship opportunities are being considered as part of a contract currently being negotiated between the City and AEG to program the Amphitheater. Staff is supportive of this decision, given the fact that the Amphitheater previously required a subsidy of about \$800,000 and current terms being discussed with AEG (assuming they have potential naming and category sponsorship opportunities for that facility, subject to commission approval) would result in the City not having to pay any subsidy for programming the Amphitheater. AEG was the only entity who submitted a proposal to the City that did not require a City subsidy.

Staff is recommending that the City Commission now approve a Phase II, 5 year contract, with Superlative (with an option to extend for an additional 5 year period) to encompass the following scope of services:

1. **Sales Campaign (12-18 months)**

Contact and Evaluate Potential Sponsorship Partners Superlative will use a systematic approach to contact marketing partners:

- ✓ Leverage Superlative’s contact database of thousands of international corporate contacts, which is continually updated
- ✓ Identify and research prospective corporations through various subscribed databases to match the marketing needs of corporations with the logical and most valuable marketing assets of the City
- ✓ Collaborate closely with City executives on recommendations they may have
- ✓ Promote sales campaign with a description of City initiatives through a myriad of resources
- ✓ Create presentation material: Such material shall provide specific information for potential investments and/or partnerships with the City as a part of the sponsorship program, including: Market/Demographic data; Measured media value; Value justification for unmeasured media; Sponsorship benefits and options; Options for renewal; Financial investment

2. **Naming Rights and Sponsorship Opportunities Awareness**

Coordinate announcing sponsorship opportunities on the City’s website.

3. **Negotiate and Complete Agreements**

Assist the City in the negotiation and execution of agreements, as required by the City. Superlative shall function as either upfront negotiators or as advisors to the City during negotiations of all agreements, as needed by City.

4. **Present to City of Pompano Beach Executives and Coordinate Press Releases**

Work with the City to accurately present a negotiated corporate partnership to the appropriate executives and media. Superlative will endeavor to communicate said partnerships in an accurate and responsible manner while being cognizant of possible objections and concerns by City Residents and Elected Officials.

5. **Manage Contract Fulfillment**

Work with City staff to develop a system that accurately tracks the status of newly developed corporate partnerships. The Contractor's experience shows that contract fulfillment requires participation from sales, legal and accounting functions to ensure high-quality partner relationships.

6. **Manage and Audit Ongoing Rights**

Establish post-contract review mechanisms to ensure that all benefits owed to the City are captured and that the City is meeting its obligations under these contracts. Superlative will work with City to establish audit procedures to ensure compliance for all negotiated contracts.

7. **Activation and Audit (Term of Agreement)**

After delivery of a campaign agreement, the project team shall assist the City in the activation and compliance of each aspect of that agreement. Specifically, Contractor shall:

- Finalize agreement terms and conditions
- Assist the City with the first year of activation of sponsorships
- Assist in the development of payment schedules and compliance issues
- Assist the City's advertising department, or its vendor, with signage placement and design
- Provide other services as requested by the City

8. **Progress Reports**

Use template reports to provide sales updates:

- Following all meetings with target companies regarding any Naming Rights, corporate sponsorship or revenue potential opportunity
 - On a monthly basis to provide the project team with an update on activity during the period.
- We discuss these periodic sales update reports on a scheduled conference call

Reports are prepared in a template and serve as a record of discussion during sales meetings and log the following project details. Progress reports shall include, but not be limited to, the following information:

- Project Timescales and Sales Priorities
- Status and Progress of deliverables in Scope of Services

- Status of all activities, events and efforts
- Summary of meetings and presentations
- Summary of activity regarding market interest and feedback
- Summary of communications with potential sponsors
- Any deviations from project deliverables or schedule
- Plan of activities for next 30 days

Please note that **Exhibit A** to the proposed contract provides a detail of tasks to be executed by Superlative in executing the above scope of services.

Compensation

In exchange for the scope of services, the City will pay Superlative a fixed fee of \$7,500 per month for a period not to exceed eighteen (18) months and then 15% commission of proceeds from executed naming rights and sponsorship contracts per **Exhibit A**, Scope of Services.

Conclusion

In June 2018, the City Commission unanimously approved the City's updated Strategic Plan, which included action steps necessary to bring forth this initiative. This initiative falls within the City's Strategic Plan objective to provide **Quality and Affordable City Services**. Staff's goal is to pursue alternative revenue sources to reduce its reliance on property taxes, which is currently the City's major revenue source for maintaining or increasing service levels for its residents. Past and future potential legislative mandates from the State of Florida have demonstrated that it is even more imperative than ever that the City look at innovative ways of replenishing or subsidizing its traditional funding streams. Over the past five (5) years, the Florida legislature has either passed or considered the following:

- Eliminating or reducing business tax receipts – City receives \$2.1 million/year
- Elimination of towing franchise fees – City receives \$190,000/year
- Reduction in the allocation of communication service taxes to local governments –City receives \$5 million/year
- Mandating the use of certain mortality tables for pension obligation calculations - \$4 million impact to the City in 2018
- Set specific parameters for millage rate increases
- Eliminating or reducing the tax deductibility of interest on local government obligations (tax exempt debt).

Many of the issues that did not pass this year or in the past will likely be debated during next year's session. Proceeds generated from sponsorships could serve to reduce our reliance on property tax revenues (reduce tax burden of our residents), by supplementing that source, replace lost revenues, thereby allowing the City to maintain service levels for its residents or can serve to enhance existing revenues to support new programs and services (i.e. special events). Imagine, being able to generate even \$1,000,000 a year in revenues from corporate partners.