

Policy

| | | |
|---|--|---------------------|
| Title: FUND DEVELOPMENT POLICY | | Number: 0162 |
| Reference: Administrative Committee - February 8, 2017 | Adopted by City Council: February 21, 2017 | Supersedes: |
| Prepared by: PARKS & RECREATION DEPARTMENT / FINANCE | | |

STATEMENT

THE CITY OF MEDICINE HAT ENCOURAGES SPONSORSHIPS AND WELCOMES OPPORTUNITIES FOR FUND DEVELOPMENT THAT PROMOTES INNOVATION, PROVIDES FLEXIBILITY TO SEEK NEW SPONSORSHIPS, AND SUPPORTS THE DELIVERY OF PROGRAMS AND SERVICES THROUGH COST REDUCTION AND/OR REVENUE GENERATION. THIS POLICY ALLOWS THE CITY OF MEDICINE HAT FUND DEVELOPMENT PROGRAM TO GROW IN A CONTROLLED MANNER, TO ENSURE CONSISTENT PRACTICE, AND TO CREATE A SYSTEMATIC APPROACH TO SOLICITING, RECEIVING, MANAGING AND REPORTING SPONSOR SUPPORT.

PRINCIPLES

1. All fund development shall be:
 - (a) in accordance with guidelines contained in this Policy;
 - (b) in accordance with all industry best practices and local applicable bylaws;
 - (c) in both the public interest and the overall interest of the City;
 - (d) politically neutral (i.e. sponsors involved with political or controversial objectives who would seek legitimacy or endorsement through a sponsorship with the City must be avoided);
 - (e) based on an exchange of appropriate benefits of approximately equal value;
 - (f) able to stand the test of public scrutiny;
 - (g) transparent and equitable;
 - (h) free from any expectation of preferential treatment from the City in present or future dealings with the sponsor;
 - (i) subject to standards and procedures that ensure objectivity and openness;
 - (j) free from City endorsement of any products or services; and
 - (k) free of any real or perceived Conflict of Interest (COI).

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | | |
|--------------------------------|-----------------------------------|---------------|
| Policy 0162 – Fund Development | | POLICY |
| Authority: | Effective Date: February 21, 2017 | Page 2 of 8 |

2. The City of Medicine Hat Fund Development Policy honors and reflects the overriding principles of ethics, public scrutiny, accountability, and the recognition of the potential for conflicts of interest.
3. Fund development shall not entitle any sponsor or donor to influence any business decisions made by the City.
4. Fund development activities shall not compromise the City's ability to carry out its functions fully and impartially.
5. Funds generated are to be allocated to operating budgets unless specifically dedicated to all or a portion of a capital project. Where there are costs associated with securing funds and fulfilling the contractual obligations with the sponsor, these costs are reflected in the operating budget and shall not exceed the revenue generated by the agreement.

ROLE OF COUNCIL

To receive, review and adopt this Policy and any recommended amendments thereto.

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | | |
|--------------------------------|-----------------------------------|-------------|
| Policy 0162 – Fund Development | | PROCEDURE |
| Authority: | Effective Date: February 21, 2017 | Page 3 of 8 |

1. DEFINITIONS

1.01 Conflict of Interest (COI)

COI is a conflict that arises from an activity or situation that places a City employee or elected official in a situation where private interests could improperly influence the performance of his or her official duties and responsibilities or in which the employee or elected official uses his or her position for personal gain.

1.02 Advertising

The act or practice of attracting the public's attention to one's product or service. In the context of Fund Development, the City sells the opportunity for a third party to gain exposure to the City's audience.

1.03 Donation

As defined by Canada Revenue Agency, a donation is funds, goods, facilities or services provided to the City without an expectation of recognition or return.

1.04 Product in Kind (PIK)

Goods, facilities or services received or performed that are used in the normal course of operations and would have otherwise been purchased; and, goods, facilities, or services received or performed that the organization does not use in the normal course of operations and would not have normally purchased but is considered to have some value. Product in Kind is typically valued at fair market value.

1.05 Fund Development

The ongoing process to raise funds. The result of which may be a donation, the sale of advertising, PIK, or sponsorship for a program, service, or facility thereby reducing the municipal support required to provide a program or service to the public.

1.06 Sponsor Support

Sponsor support is a collaborative arrangement between the City and external persons, groups or organizations. In such an arrangement, funds, goods, facilities or services are provided to support a particular City program or service in exchange for some appropriate non-monetary benefit of approximately equal value. Sponsorships typically provide the qualitative benefits of the relationship between the sponsor and the property/program/service. Sponsors are essentially paying a premium in order to associate with certain experiences.

1.07 Naming Rights

Naming rights is a type of sponsorship in which an external company, organization, enterprise, association or individual purchases the exclusive right to name municipally owned buildings, significant infrastructure, and parks for a fixed or indefinite period of time.

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | | |
|--------------------------------|-----------------------------------|------------------|
| Policy 0162 – Fund Development | | PROCEDURE |
| Authority: | Effective Date: February 21, 2017 | Page 4 of 8 |

2. RESPONSIBILITIES

2.01 City Council

Consider recommendations from the Administrative Committee regarding fund development opportunities.

2.02 Administrative Committee

- (a) Receive, review and consider for adoption the Procedures developed for the implementation of this Policy and any amendments thereto.
- (b) Provide recommendations for Council for consideration and approval of:
 - i. Naming rights for municipally owned buildings, significant infrastructure, and parks within the City of Medicine Hat;
 - ii. Fund development sponsorships exceeding \$100,000; or,
 - iii. Complex fund development sponsorships with several factors outlined in 3.05 (d).

3. PROCEDURES

3.01 Identifying Potential Sponsors

- (a) Potential sponsors must be identified in a process that is fair, honest and open and the outcome must reflect the principle of neutrality. When dealing with industry, it is important that the industrial sector is treated equitably and that no adverse perceptions of preferential treatment, privileged access or unfair advantage arise.
- (b) When persons, groups or organizations with or without significant official dealings with City organizations or officials are identified as potential donors and sponsors, all COI situations must be avoided.

3.02 Soliciting Sponsors

- (a) The General Manager of a Department or designate shall be the person responsible for soliciting or responding to sponsorship proposals from external persons, groups or organizations.
- (b) In general, the following sponsorship opportunities should be competed for:
 - 1. opportunities that will offer a significant increase in the donor's corporate profile;
 - 2. agreements of a lengthy duration (3 years and beyond);
 - 3. agreements that allow for exclusive benefits and recognition; or,
 - 4. an opportunity that has an estimated value of \$75,000 or more.
- (c) Non-competitive arrangements may be considered for opportunities when:
 - 1. an unlimited number of sponsors are being sought;

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | | |
|--------------------------------|-----------------------------------|-------------|
| Policy 0162 – Fund Development | | PROCEDURE |
| Authority: | Effective Date: February 21, 2017 | Page 5 of 8 |

2. it is a unique, innovative or experimental sponsorship opportunity;
3. only one suitable sponsor can be identified;
4. the value of the sponsorship or advertising opportunity is less than \$75,000;
5. the value of an In-kind media sponsorship is less than \$75,000; or
6. the need is justified in a business case, reviewed by the City Solicitor, Finance Department, and approved by the Chief Administrative Officer.

3.03 Restrictions

- (a) Sponsor support must not be sought nor accepted:
 1. if the timing is inappropriate and likely to create an actual or perceived COI;
 2. in situations that imply government endorsement, or the appearance of such endorsement of any sponsor, product or service;
 3. if perceived to be detrimental to the City's public image; or,
 4. if the sponsorship aligns with a political, religious, or ethical matter that would bring into question the reputation of the City.

3.04 Financial Administration

- (a) It remains the responsibility of the General Manager of Finance to ensure proper accounting of sponsor support funds in accordance with applicable accounting rules. Upon the commitment of sponsor support funds, the delegated authority will advise the City of Medicine Hat General Manager of Finance or designate who will:
 1. invoice the sponsor for the appropriate amount when the sponsorship is of a monetary nature;
 2. issue a receipt where applicable;
 3. apply the funding to the appropriate department's operating budget or capital project;
 4. provide all financial reporting requirements that may be needed by sponsors (such as Statement of Financial Expenditures); and,
 5. instruct the City Solicitor or designate to develop an appropriate agreement which will clearly set forth the obligations of both the Sponsor and the City.

3.05 Record Keeping

- (a) It is the responsibility of the benefiting department's General Manager to keep accurate records of the following using the Sponsorship Tracking Tool template (See Attachment 4.01):
 1. all resources being sought or provided;

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | | |
|--------------------------------|-----------------------------------|-------------|
| Policy 0162 – Fund Development | | PROCEDURE |
| Authority: | Effective Date: February 21, 2017 | Page 6 of 8 |

2. written or verbal agreements made by all parties including the dollar value of the sponsorship, fulfillment obligations of the City, term, and any administrative or reporting obligations from the City or sponsor;
 3. specific direction from the sponsor on how the resources are to be used (if provided by the sponsor);
 4. how the resources were used; and,
 5. the benefits or advantages provided to the sponsors.
- (b) For Sponsor support below \$10,000, a Tier One Sponsor Support Form shall be completed (See Attachment 4.02).
- (c) For all other sponsor support, a written agreement commensurate with the complexity of the sponsorship shall be developed in conjunction with the City Solicitor's department.
- (d) The complexity of an agreement and therefore risk to the City is difficult to assess. The following criteria should be considered when assessing the risk of a sponsorship:
1. financial value of the sponsorship;
 2. length of term of the sponsorship;
 3. number and type of terms in the sponsorship;
 4. number of parties involved;
 5. intellectual property rights to be protected with many process checkpoints; and,
 6. fulfillment obligations (complexity of the obligations of each party).

3.06 Delegation of Authority

- (a) Staff is authorized to enter into agreements that do not exceed their financial Delegation of Authority. Agreements that exceed these pre-authorized limits will require City Council approval.
- (b) City Council approval is required for any agreement that that does not satisfy the provisions of this Policy and for all opportunities involving naming rights of municipally owned buildings, significant infrastructure, and parks.

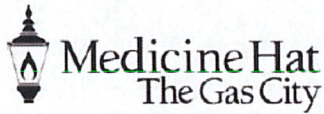
4. ATTACHMENTS

4.01 Sponsorship Tracking Tool

4.02 Tier One Sponsor Support Form

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.

| | |
|--------------------------------|---|
| Policy 0162 – Fund Development | ATTACHMENT 4.01 |
| Authority: | Effective Date: February 21, 2017 Page 7 of 8 |



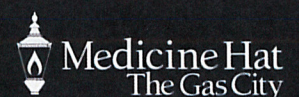
SPONSORSHIP TRACKING TOOL

DATE: [Click here to enter a date.](#)

TRACKING NUMBER:

| DEPARTMENT INFORMATION | | |
|--|--|------------|
| DEPARTMENT: | | |
| SPONSOR SUPPORT EVENT / PROGRAM: | | |
| DATE OF EVENT / PROGRAM: | | |
| LENGTH OF TERM (AGREEMENT): | | |
| DOLLAR VALUE OF SPONSORSHIP: | | |
| SPONSOR INFORMATION | | |
| PRIMARY CONTACT: | | |
| NAME OF COMPANY / ORGANIZATION: | | |
| ADDRESS: | | |
| PHONE NUMBER: | | |
| EMAIL: | | |
| BENEFITS OF SPONSORSHIP | | |
| Outline the benefits or advantages of the sponsorship. | | |
| | | |
| RESOURCES REQUIRED | | |
| Legal Agreement | Y: <input type="checkbox"/> N: <input type="checkbox"/> | |
| Reporting Obligations | Y: <input type="checkbox"/> N: <input type="checkbox"/> IF YES: Please state duration of reporting (quarterly, annually, etc.) | |
| CITY FULLFILMENT OBLIGATIONS | | |
| Briefly, outline any obligations that the City of Medicine Hat has fulfilling the sponsorship. | | |
| | | |
| RESOURCE USAGE | | |
| Briefly outline how City resources will be used to fulfill the obligations of the sponsorship. | | |
| | | |
| RISK ASSESSMENT | | |
| Identify any potential problems that may arise and describe the potential effect and mitigation plans. | | |
| RISK | EFFECT | MITIGATION |
| | | |
| | | |
| | | |
| SIGNING AUTHORITY | | |
| CITY DEPARTMENT REPRESENTATIVE | SIGNATURE | DATE |
| | | |
| CITY DEPARTMENT GENERAL MANAGER | SIGNATURE | DATE |
| | | |
| CITY COMMISSIONER | SIGNATURE | DATE |
| | | |

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.



| | |
|--------------------------------|-----------------------------------|
| Policy 0162 – Fund Development | ATTACHMENT 4.02 |
| Authority: | Effective Date: February 21, 2017 |
| | Page 8 of 8 |



TIER ONE SPONSOR SUPPORT FORM

| | | | |
|--|-----------------|--------------------------|--------------------------------|
| SHORT FORM tracking number | | 00001 | |
| DEPARTMENT NAME: | | | |
| Sponsor Support Event/ Program : | | | |
| Date: | | | |
| Duration of arrangement: | | | |
| TO BE COMPLETED BY SPONSOR | | | |
| 1. Sponsor Identification | | | |
| a) Name | | | |
| b) Company | | | |
| c) Address | | | |
| d) Phone No. | | | |
| e) Email Address | | | |
| 2. Sponsor Support Details | | | |
| a) Is the sponsor support in the form of money? | | | |
| <input type="checkbox"/> yes, identify the amount: \$ _____ <input type="checkbox"/> no | | | |
| b) Is the sponsor support is in the form of goods, services or real property? <input type="checkbox"/> yes <input type="checkbox"/> no | | | |
| If yes, please list good, real property or services, quantities and identify the total fair market value. | | | |
| Product/Service Description | Quantity | Fair Market Value | Total Fair Market Value |
| | | | |
| | | | |
| (Please append list if needed) | | | |
| | | | |
| | | | |
| | | | |
| 3. City Obligation | | | |
| a) What benefits (deliverables), if any, will be provided to the sponsor? (Append list if needed) | | | |
| | | | |
| 4. Approval of Sponsor Support | | | |
| a) Department Representative | Signature | Date | |
| | | | |
| b) City of Medicine Hat General Manager | Signature | Date | |
| | | | |
| c) Sponsor Acknowledgement | Signature | Date | |
| | | | |

This policy is subject to any specific provision of *The Municipal Government Act* or other relevant legislation or union agreement.