

APPENDIX C**Memo**

To: Members of Council
From: Janet Carnegie
Date: November 24, 2009

Subject: Wakeham & Associates Sponsorship Marketing

At its meeting on November 16, 2009, General Committee requested:

- Examples to clarify the Wakeham & Associates proposed commission fee structure
- A list of Town of Markham buildings that would not be available for Sponsor Naming
- An understanding of how the Wakeham & Associates proposed sponsorship marketing activities would affect the Town Boards and Foundations in their efforts to raise sponsorship funding
- An understanding of how Town staff will maintain positive relationships and ensure fulfillment of sponsorship obligations following the signing of sponsorship agreements.

Wakeham & Associates commission fee structure

The following provides additional information on the proposed Wakeham & Associates Commission charges for sponsorships achieved under a non-exclusive agreement on behalf of the Town of Markham.

- 15% commission on cash and in-kind sponsorships
 - o Wakeham's commission for securing sponsorships valued at up to \$999,999 without a referral from the Town would be 15%.
 - o EG. If WAM secures an official sponsor at a fee of \$6,000 for Markham's Santa Claus Parade without a referral from the Town of Markham, WAM will be entitled to a commission of \$900.
- 12.5% on referrals from the Town of Markham
 - o If the Town of Markham receives an inquiry from a company regarding sponsorship opportunities, and then forwards the inquiry to Wakeham & Associate to pursue on the Town's behalf, Wakeham's commission for securing a sponsorship valued at up to \$999,999 would be 12.5%.
 - o EG. If Wakeham & Associates secures an official sponsor at a fee of \$6,000 for Markham's Santa Claus Parade WITH a referral from the Town of Markham, WAM will be entitled to a commission of \$750.
 - o If the Town gets an inquiry and decides NOT to forward it to Wakeham, and secures a sponsorship on their own, Wakeham will not be entitled to any commission on that agreement.
- Progressive commission rates apply to properties that sell for \$1 million or more.
 - o A progressive commission rate will apply to any single sponsorship agreement valued at \$1 million or more.
 - o EG. The naming rights for the Angus Glen Community Centre are valued at just over \$1.1 million. If Wakeham secures an agreement to name this venue at this price, the commission payable would be as follows:

o On the first \$500,000 – 10%	\$50,000
o On the amount of \$500,000 to \$1 million – 12.5%	\$62,500
o On the amount of \$1 million to \$1.1 million – 15%	\$15,000

Total commission payable:	\$127,500
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- The resulting commission paid to Wakeham in this example is 11.59%.

NOTE: This commission would be payable over the ten year term of the agreement, as each instalment of the fee is received by the Town. As commissions are paid ONLY as they are received by the Town, there is no risk to the Town of paying commissions on funds that may not be received for whatever reason (IE. sponsor bankruptcy).

- Progressive commission rate adjustment on properties that sell for \$1 million or more when referred by the Town of Markham

- If the Town of Markham receives an inquiry from a company regarding sponsorship opportunities, and then forwards the inquiry to Wakeham & Associate to pursue on the Town's behalf, Wakeham's commission for securing a sponsorship valued at over \$1 million would be as follows:

○ On the first \$500,000 – 10%	\$50,000
○ On the amount of \$500,000 to \$1 million – 12.5%	\$62,500
○ On the amount of \$1 million to \$1.1 million – 12.5%	\$12,500

Total commission payable: \$125,000

- The resulting commission paid to Wakeham in this example is 11.36%.

- Buildings not available for naming sponsorships

Venues providing significant value for naming sponsors are major public destination venues and/or those that are actively promoted in advertising or marketing materials.

In their Assessment of Sponsorship Marketing Opportunities, Wakeham & Associates identified and provided assessed naming sponsorship values of the following Town of Markham facilities.

- Armadale Community Centre
- Angus Glen Community Centre
- Centennial Community Centre
- Markham Museum
- Markham Theatre
- Markham Village Community Centre
- Markham Village Library
- Milliken Mills Community Centre
- Milliken Mills Library
- Mt. Joy Community Centre
- Thornhill Community Centre
- Thornhill Village Library
- Unionville Library
- Unionville Bandstand

The assessed values ranged from \$293,285 to \$1,525,081.11. The East Markham Community Centre and other new public venues could also be considered for naming sponsorships.

The Markham Civic Centre and the Varley Art Gallery would not be considered for naming sponsorships. Fire Stations and other Town facilities not intended for public use would not be considered for naming sponsorship.

It should be noted that Wakeham & Associates will not pursue naming sponsorships for all identified venues, but will, as part of their engagement, work with the Town to determine which would be of priority interest to pursue. The identification of venues for priority focus will be reviewed/approved by the Communications Committee before any sponsorship marketing activity is conducted.

Wakeham & Associates relationship with Town Boards & Foundations

Town staff will inform and seek approval from the Board(s) of the Varley Art Gallery, Markham Theatre, Markham Museum and/or the Markham Library prior to Wakeham & Associates engaging in any sponsorship discussions designed to benefit these organizations.

If a Town's Board or Foundation is engaged in discussions with a potential corporate donor, Wakeham & Associates would only approach the marketing department of that corporation with prior approval from the Board or Foundation and Town staff.

Staffing to manage sponsor relationships

The Director, Communications & Community Relations and the Manager, Community Relations will be responsible for ensuring that all conditions of any sponsorship are fulfilled appropriately and that positive, on-going relations are maintained throughout the term of the sponsorships.