

Appendix 1

CITY OF TORONTO SPONSORSHIP POLICY

1.0 STATEMENT

- 1.1 The City of Toronto welcomes mutually beneficial sponsorships that enrich the lives of residents by enhancing City properties and programs.

2.0 OBJECTIVE AND PURPOSE

- 2.1 The purpose of this policy is to establish a City-wide sponsorship protocol that:
- aligns with the City's programs and services;
 - provides guidelines which facilitate and support opportunities for sponsorship; and
 - creates a systematic approach to soliciting, managing and reporting on sponsorships.

3.0 SCOPE

- 3.1 This policy does not apply to naming rights or advertising. These are governed by separate City policies.
- 3.2 This policy is not applicable to philanthropic contributions, gifts, or donations in which property is voluntarily transferred by a third party to the City without expectation of return. In such instances, no valuable consideration is provided to, and no business relationship exists with, the third party. Donations are governed by the City's Donation's Policy.
- 3.3 For purposes of corporate consistency, this policy shall apply to all City divisions and to those agencies, boards and commissions (ABCs) which are by law subject to the policies of City Council by requiring that those ABCs adopt policies which are consistent with this policy. Approval of proposals would continue to be by the ABC or, if such authority is not delegated to the ABC, by City Council. All other ABCs are requested to adopt policies which are consistent with this policy. This policy shall not apply to boards of management for business improvement areas.
- 3.4 This policy does not apply to internal sponsorships amongst the City's divisions and ABCs.

- 3.5 Grants obtained from other orders of government, foundations, trusts, etc. are exempt from this policy.
- 3.6 Sponsorship arrangements that pre-date this policy are not subject to it.
- 3.7 This policy does not apply to City sponsorship support of external projects where the City provides funds to an outside organization.
- 3.8 All City properties are subject to this policy.
- 3.9 Any sponsorship which varies from the requirements of this policy shall be approved by Council.

4.0 DEFINITIONS

4.1 For the purposes of this policy, the following definitions apply:

- “Advertising” denotes the sale or lease of advertising or signage space on City-owned property. Unlike sponsorship, it involves the use of public advertising contracted at pre-determined rates for a set period of time. Advertising does not imply any reciprocal partnership arrangement since the advertiser is not entitled to any additional benefits beyond access to the space.
- “Donations” are cash or in-kind contributions which provide assistance to the City. Donations do not constitute a business relationship since no reciprocal consideration is sought. Donations generally qualify for a tax receipt. An example is the \$1 million donated by an individual for the creation of a playground designed for disabled children at Earl Bales Park.
- "Naming Rights" are a type of sponsorship in which an external partner receives the exclusive right to name a City property under specific terms. The naming right is sold or exchanged for cash or other valuable consideration. Examples include the City-owned Sony Centre for the Performing Arts and the Scotiabank Nuit Blanche arts event.
- "Properties" refers to City assets. These include, but are not limited to, events, services, programs, activities, real property, facilities, intellectual property, parks, features (e.g. rooms, ice pads, bridges, playgrounds, etc.), and other assets, but not including streets and lanes.
- “Sponsorship” is a mutually beneficial business arrangement wherein an external party, whether for profit or otherwise, provides cash and/or in-kind services to the City in return for commercial advantage. This payback may take the form of publicity, promotional consideration, merchandising

opportunities, etc. Because of these marketing benefits, a sponsorship does not qualify for a tax receipt. An example of a sponsorship is the City's annual Winterlicious program, which is presented by American Express, or Glad sponsoring the 20 Minute Clean-Up.

5.0 PRINCIPLES

5.1 General

- 5.1.1 This policy supplements existing City policies and guidelines. However, in the event of conflict between this policy and other City protocols involving sponsorships, this policy will prevail.
- 5.1.2 Divisions are free to solicit, accept and negotiate sponsorships, subject to this policy.
- 5.1.3 Sponsorship funding may only be accepted to supplement Council-approved initiatives. Sponsorships must be for purposes consistent with the receiving division's mandate and must be considered to be in the public interest of the City.
- 5.1.4 Charitable tax receipts shall be issued only in accordance with the *Income Tax Act* and the policies of the Canada Revenue Agency.
- 5.1.5 The City shall retain ownership and control over any sponsored property.
- 5.1.6 Potential sponsors must not be canvassed in a manner that uses or implies coercion. Prospective sponsors that decline solicitations for contributions shall not be penalized.
- 5.1.7 Unsolicited sponsorship offers are exempt from the Unsolicited Proposal Policy. Divisions are not required to seek out competing bids when the sponsorship opportunity is initiated by a third party.
- 5.1.8 Benefits to the sponsor are limited to those expressly stated in the sponsorship agreement.
- 5.1.9 The City does not endorse the products, services, or ideas of any sponsor.
- 5.1.10 All sponsorship relationships shall be confirmed in writing or by contract as deemed necessary.
- 5.1.11 Since sponsorships are only intended to supplement direct City funding and to enhance City initiatives or properties, a division's normal funding must not be displaced by the sponsorship arrangement.

- 5.1.12 Subject to the agreement, proceeds received from a sponsorship in respect of a property shall be applied to the property.
- 5.1.13 In order to expedite partnership development, a formal competitive process is not required when soliciting sponsorship opportunities. While there is no obligation to test the market, in order to maximize the contribution, it is expected that several prospective sponsors will be approached when circumstances warrant.
- 5.1.14 Divisions are encouraged to bring forward recurring sponsorships through the budget process. However, for new sponsorships, Division Heads (or their designate) may, without prior Council approval, approve and enter into agreements where:
- the total value of the sponsorship does not exceed \$500,000 per year, which aligns with the financial signing authority of Division Heads.
 - cumulative sponsorships from a particular third party for the same purpose do not exceed \$500,000 in a given fiscal year;
 - the sponsorship does not involve naming rights, which is governed by a separate policy; and
 - the sponsorship complies with this policy.

5.2 *Sponsorship Criteria*

- 5.2.1 The City will consider all sponsorship proposals but has no obligation to accept any of them. The City reserves the right to refuse any proposal, including, but not limited to, those submitted by third parties whose activities are perceived to be incompatible with the City's goals, values or mission.
- 5.2.2 All sponsorship agreements must be arranged for a fixed term.
- 5.2.3 The sponsorship must not confer a personal benefit, directly or indirectly, to any particular City employee or official.
- 5.2.4 The sponsorship must not create an ongoing financial obligation for the City beyond the term of the agreement.
- 5.2.5 Sponsorships shall conform to all applicable federal and provincial statutes, and to all applicable City bylaws, policies and practices.
- 5.2.6 The sponsorship must not interfere with existing contractual obligations.
- 5.2.7 The sponsorship must not unduly detract from the character, integrity, aesthetic quality or safety of the property or unreasonably interfere with its enjoyment or use.

- 5.2.8 The sponsorship must not result in, or be perceived to result in any competitive advantage, benefit or preferential treatment for the sponsor outside of the sponsorship agreement.
- 5.2.9 Benefits to the sponsor are to be commensurate with the size and scope of the sponsorship. It is the responsibility of the recipient division to determine the appropriate level or manner of benefits.

5.3 *Sponsor Eligibility & Restrictions*

- 5.3.1 Divisions shall decline sponsorship proposals from parties that are disqualified from doing business with the City.
- 5.3.2 To protect the privacy of Toronto's residents, sponsors are not to have access to personal information held by the City.
- 5.3.3 No form of indemnification will be provided to any sponsor without the express approval of the Legal Services Division.
- 5.3.4 Sponsors are prohibited from implying that their products, services or ideas are sanctioned by the City.
- 5.3.5 There shall be no actual or implied obligation to purchase the product or services of the sponsor.

6.0 PROCEDURE

- 6.1 Issues regarding the interpretation or application of this policy are to be referred to the Toronto Office of Partnerships.
- 6.2 In accordance with the Councillor Code of Conduct, and the principles and criteria noted in this policy, the solicitation, negotiation and administration of all sponsorships are to be conducted by authorized City staff only. Division Heads have overall responsibility for oversight and control of sponsorship activities in their divisions.
- 6.3 All unsolicited sponsorship offers are to be referred to the relevant division either directly or via the Toronto Office of Partnerships.
- 6.4 All new sponsorships must be evaluated for compliance with this policy. Divisions are responsible for ensuring that all sponsors and executed agreements comply with this policy and that staff abide by its provisions.

- 6.5 As part of its due diligence, prior to proceeding with a sponsorship, the recipient division is responsible for consulting with: the Lobbyist Register, relevant stakeholders, where necessary, and for conducting a risk/benefit assessment of the opportunity.
- 6.6 If a sponsorship offer is not accepted, the proponent shall be advised as to the reason.
- 6.7 Divisions are responsible for ensuring that any use of the City of Toronto's name, logo and emblems are in accordance with the City's Identity Policy.
- 6.8 The recipient division is to notify the local councillor when a ward-specific sponsorship is being considered.
- 6.9 All sponsorships must be documented. The recipient division shall draft a written agreement (e.g. confirmation letter, memorandum of understanding, etc.) consistent with the size, complexity and scope of the sponsorship. All cash sponsorships with an estimated value over \$50,000 require a contract. For such sponsorships, the recipient division shall consult with the Legal Services Division regarding appropriate terms and conditions and consider inclusion of the following provisions:
- i) the identity of all the parties in the arrangement;
 - ii) the type and estimated market value of the contribution;
 - iii) terms of payment and disposition of any surplus funds or goods;
 - iv) a waiver from liability and an indemnity clause for damages or losses incurred by the City;
 - v) responsibilities of the respective parties (e.g. installation and maintenance, permits, insurance, removal from and remediation to the site, etc.);
 - vi) benefits to be received by the sponsor (e.g. exclusivity rights, logos and signage, promotional opportunities, form of recognition, etc.);
 - vii) the duration of the sponsorship and delivery dates;
 - viii) a statement acknowledging that the sponsorship may be subject to provisions of the *Municipal Freedom of Information and Protection of Privacy Act*;
 - ix) an exit clause, conditions for termination and the remedies available to both parties upon cancellation; and
 - x) a statement that all parties are aware of, and agree to comply with, the provisions of this policy.

Copies of all sponsorship agreements are to be stored for audit purposes, in accordance with the City's normal retention policy.

Sponsorship and naming agreements are to be made available to the public.

- 6.10 The terms and conditions that form part of a sponsorship arrangement are to be approved by the Division Head or a designate. If the agreement involves more than one division, approval will be obtained from each Division Head (or designate).
- 6.11 Subject to 5.1.13, it is the responsibility of the recipient Division Head(s) to secure Council approval for all sponsorship arrangements.
- 6.12 Depending on the size and scope of the sponsorship, the recipient division may wish to refer the agreement to the Legal Services Division for review prior to execution.
- 6.13 It is the responsibility of the recipient division to review the effectiveness of the sponsorship and to ensure that the respective parties are adhering to the terms of the written agreement.
- 6.14 For purposes of financial control and accountability, sponsorship funds are to be credited to the appropriate accounts. As part of the quarterly budget variance reporting process, where they have not already been accounted for in the budget, each division shall disclose the amount of all sponsorships received to date and report on how the funds were used.
- 6.15 Divisions are responsible for providing details of sponsorship agreements to the Toronto Office of Partnerships on an annual basis for the purposes of tracking.
- 6.16 The Toronto Office of Partnerships shall provide Council with an annual report summarizing the City's sponsorship activity.

7.0 RELATED POLICIES

- 7.1 The City's Donations Policy can be found at:
http://www.toronto.ca/top/pdf/donation_policy.pdf
- 7.2 The City's Policy on Income-Tax Receipts for Cash Donations and Gifts in Kind can be found in Policy & Finance Committee Report 11(3), adopted Dec 14, 15 and 16, 1999.
- 7.3 The Code of Conduct for Members of Toronto City Council is available at:
http://www.toronto.ca/city_council/pdf/members_code_conduct.pdf
- 7.4 Lobbyist Code of Conduct, Municipal Code Chapter 140, Article VI
http://www.toronto.ca/lobbying/code_conduct.htm
- 7.5 Lobbying and Donations to Council member-Organized Community Events Joint Interpretation Bulletin
http://www.toronto.ca/lobbying/pdf/interpretation_bulletin.pdf

- 7.6 The City's Unsolicited Proposal Policy can be found at:
<http://www.toronto.ca/calldocuments/pdf/unsolicited.pdf>
- 7.7 The City's Identity Policy is available at:
http://insideto.toronto.ca/strategic_comm/policies-protocols.htm
- 7.8 The City's Advertising Policy is available at:
http://insideto.toronto.ca/strategic_comm/advertising.htm

8.0 CONTACT

Phyllis Berck
Director, Toronto Office of Partnerships
Phone Number: (416) 392-6119
E-mail: pberck@toronto.ca
Fax: 416-392-6118