



CITY COUNCIL AGENDA REPORT

City of Anaheim CONVENTION, SPORTS & ENTERTAINMENT DEPARTMENT

DATE: JULY 11 2017
FROM: CONVENTION, SPORTS & ENTERTAINMENT
SUBJECT: AGREEMENT BETWEEN ANAHEIM ARENA MANAGEMENT, LLC AND THE CITY OF ANAHEIM FOR THE SALE OF NAMING RIGHTS SPONSORSHIPS AT THE ANAHEIM REGIONAL TRANSPORTATION INTERMODAL CENTER

ATTACHMENT (Y/N): YES **ITEM # 13**

RECOMMENDATION:

That the City Council, by Motion:

1. Approve an Agreement between Anaheim Arena Management, Inc. (AAM) and the City of Anaheim (City) providing AAM the exclusive right to sell naming rights sponsorships at the Anaheim Regional Transportation Intermodal Center (ARTIC) for a one one-year term with two six-month optional renewals; and
2. Authorize the Executive Director of Convention, Sports Entertainment, on behalf of City, to execute the Agreement and any other related documents or agreements, take any and all actions as are necessary to implement and administer the Agreement, and execute any optional renewals.

DISCUSSION:

In December 2014, the ARTIC facility, located in the Platinum Triangle and within walking distance of Angels Stadium of Anaheim, Honda Center, and the City National Grove of Anaheim, opened to the public. It was the City's intent to obtain an advertising consultant to secure a revenue generating Naming Rights Sponsor program for ARTIC to offset ARTIC's operating expenses.

In November 2013, Staff issued an RFP to known providers seeking the services of a professional consultant to assist in the immediate development of a revenue generating, corporate sponsorship, naming rights program at ARTIC for a twelve month term with two six-month renewals, at the City’s sole option, for which the City received and reviewed two proposals. The City ultimately entered into an Agreement with The Superlative Group, Inc. for these services and paid them a fee of \$129,000 over the length of the Agreement; however, The Superlative Group was unsuccessful in negotiating a corporate sponsorship program for ARTIC on behalf of the City.

In July 2016, Staff solicited bids from 276 known providers through the City’s bid portal again seeking the services of a professional consultant to assist in the immediate development of a revenue generating, corporate sponsorship, naming rights program at ARTIC, with the exclusive right to provide advertising consultant services at ARTIC for a twelve month term with two six-month renewals, at the City’s sole option; a maximum percentage of 20% of actual cash revenues to be retained by the successful consultant for the first year of any agreement entered into between the City and a Naming Rights Sponsor; a maximum percentage of 15% of actual cash revenues for any year beyond the first year of any such agreement; and the successful consultant accepting the sole and exclusive responsibility for all costs and expenses for research, market analyses, marketing materials, etc. related to the provision of these services. Of the 12 potential providers that downloaded and reviewed the bid documents, no advertising consultants submitted a bid response.

After the bid closing date of the July 2016 solicitation, requests for feedback were sent to the non-bidders to find out why they chose not to submit a bid and no responses were received.

In February 2017, Staff reissued the July 2016 bid solicitation to 302 known providers for these services through the City’s bid portal. Of the 18 potential providers that downloaded and reviewed the bid documents, only Anaheim Arena Management submitted a bid response; however, the bid was missing a required component and was deemed non-responsive.

In March 2017, Staff reissued the July 2016 bid solicitation to 304 known providers for these services through the City’s bid portal. Of the 14 potential providers that downloaded and reviewed the bid documents, two bids were received:

<u>Bidder:</u>	<u>Maximum Percentage to be retained by Successful Consultant For First Year of any Sponsorship Agreement</u>	<u>Maximum Percentage to be retained by Successful Consultant beyond the first year of any Sponsorship Agreement:</u>
Anaheim Arena Management Anaheim, CA	20%	15%
The Superlative Group* Cleveland, OH	30%	30%

*The Superlative Groups’ proposal was deemed non-responsive since the proposal exceeded the maximum percentages of actual cash revenues to be retained by the successful consultant for the first

year and years beyond the first year of any Sponsorship Agreement, which was 20% and 15% respectively.

Staff evaluated AAM's response and found it to be a strong financial proposal and that AAM is capable of fulfilling the City's requirements. AAM has demonstrated the ability to successfully negotiate facility Naming Rights Sponsorships. AAM has also executed interior Naming Rights Sponsorships within the Honda Center. AAM currently operates and actively sells sponsorship and naming rights in the direct vicinity of the ARTIC station and having this firsthand knowledge will assist in generating the right partner and highest possible return on investment for the ARTIC facility.

The Agreement shall be valid for a one one-year term, which may be extended for up to two additional six-month terms at the City's sole option. Any Naming Rights Sponsor proposal and subsequent draft agreement will be brought before City Council for consideration and approval.

IMPACT ON BUDGET:

Subject to City Council approval of a Naming Rights Sponsorship agreement, the City shall retain 80% of actual cash revenues for the first year and 85% beyond the first year of the actual cash revenue generated from said agreement. All costs and expenses for research, market analyses, marketing materials, etc., will be the sole and exclusive responsibility of AAM. The revenues generated from this Agreement will be used to support ARTIC operations.

Respectfully submitted,

Tom Morton
Executive Director
Convention, Sports & Entertainment Department

Attachment:

1. Agreement