

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: PARKS, RECREATION AND
NEIGHBORHOOD SERVICES
SPONSORSHIP POLICY

DATE: December 8, 2022

Approved



Date

12/8/22

INFORMATION

The purpose of this memorandum is to provide an update on the implementation of the Mayor's direction to authorize the Parks, Recreation and Neighborhood Services Department (PRNS) Director to accept sponsorships and donations for BeautifySJ programming. On March 6, 2020, the Mayor released his March Budget Message for the Fiscal Year 2020-2021 and directed staff to authorize PRNS to accept sponsorships and donations for BeautifySJ programming of departments operating within enterprise funds and to do so without having to return to Council for approval.

PRNS recognizes sponsorship as an opportunity and a revenue path to support its programs and operations. As such, the attached Sponsorship Policy Issued by the Director of PRNS streamlines and clarifies the Department's sponsorship approval process and establishes recommendations for donation levels and sponsor recognition. The policy supplements the San José City Council's Donation, Sponsorship, and Fundraising Policy and is specific to the Department and its parks, community centers, facilities, and media.

As indicated in the Sponsorship Policy Issued by the Director of PRNS, the policy includes the following Sections:

- 1) Background & Definitions,
- 2) Sponsorship Agreements,
- 3) Recognition of Sponsors & Naming Rights, and
- 4) Sponsorship Categories & Suggested Sponsorship Levels.

Section 2. Sponsorship Agreements outlines the Director, City Manager, and City Council approval criteria. Specifically:

Director Approval	All sponsorships must be reviewed by the Deputy Directors of all divisions impacted by the sponsorship agreement and then approved by the Director. The Director can approve and sign sponsorship agreements where City Council has delegated the contracting authority to the Director.
City Manager Approval	Under section 4.04.020 of San José Municipal Code, sponsorship agreements with a term of fewer than three years and value less than \$320,000 that do not grant sponsor naming rights for anything larger than an amenity are under the contracting authority of the City Manager and do not require City Council approval.
City Council Approval	Agreements outside the contracting authority of the City Manager require City Council approval. Naming rights must be approved per City Council Policy 7-55. If a sponsorship agreement is renewed, extending the term beyond five years or above \$320,000, City Council must approve the agreement before the execution.

Staff is also working to strengthen its partnership with the San José Park Foundation by developing a robust strategic plan and framework to better align with and support PRNS's sponsorship activities.



SARAH ZÁRATE

Director

Office of Administration, Policy, and
Intergovernmental Relations

For questions, please contact Nora Chin, Assistant to the City Manager, at nora.chin@sanjoseca.gov.

Attachment:

City of San José Sponsorship Policy Issued by the Director of PRNS

CITY OF SAN JOSE
PARKS, RECREATION AND NEIGHBORHOOD SERVICES

SUBJECT: **SPONSORSHIP POLICY ISSUED BY THE DIRECTOR OF PRNS**

APPROVED:



EFFECTIVE DATE: 01/05/2021

The City of San José’s Department of Parks, Recreation and Neighborhood Services (PRNS or “the Department”) welcomes opportunities to create partnerships with foundations, corporations, individuals, and organizations that enhance the Department’s ability to provide quality public spaces and recreational opportunities for San José residents and visitors. For more information on the impact and value of sponsorships, see the PRNS Sponsorship Handbook.

This policy (hereinafter “Policy”) provides guidelines for entering sponsorship agreements with groups who are interested in providing financial or in-kind services in exchange for sponsor recognition at PRNS sites, events, and in PRNS media.

The Policy includes the following Sections:

- 1. Background & Definitions**
- 2. Sponsorship Agreements**
- 3. Recognition of Sponsors & Naming Rights**
- 4. Sponsorship Categories & Suggested Sponsorship Levels**

SECTION 1. BACKGROUND AND DEFINITIONS

BACKGROUND

The Department of Parks, Recreation and Neighborhood Services recognizes sponsorship as an opportunity and a revenue path to help support its programs and operations. The intent of this policy is to streamline and clarify the Department’s sponsorship approval process and to establish recommendations for donation levels and sponsor recognition. Authorization of sponsorship opportunities must consider the general non-commercial nature of public spaces.

This policy supplements the San José City Council’s Donation, Sponsorship, and Fundraising Policy¹ and is specific to the Department and its parks, community centers, facilities, and media. This policy is not applicable to gifts, grants, or unsolicited donations given without a sponsorship agreement.

DEFINITIONS

For the purpose of these guidelines, the following definitions apply:

¹ { *City Council Policy on Donation, Sponsorship, and Fundraising Policy 1-17*
<https://www.sanjoseca.gov/home/showdocument?id=12873> }

“**PRNS**” and “**the Department**” means the City of San José Department of Parks, Recreation and Neighborhood Services.

“**Advertising**” or “**Recognition**” is any method that brings public attention to an organization or its products or services, especially in exchange for a fee.

“**Amenity**” is any element of a City-owned property less than an entire portion of that property, such as a room, playing field, picnic area, or play structure. Stand-alone buildings are not amenities.

“**Director**” refers to the Director of the City of San José’s Department of Parks, Recreation and Neighborhood services.

A “**logo**” is a symbol used to brand an organization or corporation.

A “**sign**” is any structure used to provide identifying or interpretive information to park users, or community center participants and visitors, including temporary banners.

A “**work of art**” includes, but is not limited to, physical art that may be an integral part of a public site or building, or that may be integrated with the work of other design professionals. Examples of public works of art include sculptures, murals and paintings, earthworks, neon, glass, organic materials, mosaics, photographs, prints, film, any combination of media forms, or hybrids of any media.

“**Sponsorship**” is any funding support from an individual, corporation, or group in exchange for certain benefits or recognition, including marketing opportunities.

“**Product Endorsement**” is a written or public statement recommending the use of a product or brand or stating or implying the City’s exclusive use of the product or brand. The City will not provide product endorsements.

“**In-Kind Contributions**” A contribution of an item, object, or service other than cash or real property, which would serve a useful purpose in the provision of City services.

“**Sponsorship Agreement**” is a legal contract between parties outlining the terms and conditions of a sponsorship.

“**Foundation**” refers to a non-profit, registered 501(c)(3) organization founded to support the Department, that can accept donations on the Department’s behalf.

SECTION 2. SPONSORSHIP AGREEMENTS

A sponsorship agreement is required whenever a partnership is created between the Department and a foundation, corporation, individual, or organization that provides financial or in-kind services (not including Park Impact and Parkland Dedication Fees²) in exchange for sponsor recognition, and/or marketing opportunities.

² {SJ Municipal Code - Park Impact Requirements: [SJM 14.25 PIO](#)
SJ Municipal Code – Parkland Dedication: [SJM 19.38 PDO](#)}

1. The missions or objectives of all parties in a sponsorship contract with the City must not conflict with the Department's Vision and Mission.
2. Sponsorship benefits provided must, at a minimum, be commensurate with the benefit to the City and the overall value of the sponsorship. The Department will research the current market value to determine proper valuation for all Department benefits and recognition a sponsor will receive.
3. A Net Benefit Analysis may be conducted to evaluate such factors as administrative costs, Capital costs, and ongoing maintenance and repair costs.
4. Funding for costs related to the sponsorship, including maintenance, materials, and staffing must be incorporated into the agreement. Materials serving no purpose other than to recognize the sponsor should not make up more than 10% of the sponsorship value such as signage and banners. This limitation does not apply to materials that recognize sponsors while also providing another service (e.g., program t-shirts featuring the sponsor's logo).
5. Sponsorships cannot be made conditional on Department or location performance.
6. In general, at the discretion of the Director, the Department will not enter sponsorship agreements where the proposed recognition content is demeaning, profane, promotes hate and/or violence, unlawful, obscene, prurient, adverse to the City of San José, political, religious, false or misleading, or promotes the sale or use of firearms, tobacco, marijuana, cannabis-related products, alcohol, or with other industries not appropriate for the young audiences who utilize Department locations and programs.
7. Co-sponsorship or recognition of other foundations, corporations, individuals, or organizations must be included in the sponsorship agreement. Secondary recognition that suggests co-sponsorship or a relationship with the Department and the City requires approval from the Director.
8. The Department, through its Director, reserves the right to terminate any sponsorship should conditions arise resulting in the sponsorship no longer adhering to this policy or serving the best interest of the Department.
9. Department staff must ensure that the City property involved is not subject to restrictions that would limit or prohibit the proposed sponsorship, such as restrictions on private activity.

The following steps are required for the execution of any PRNS Sponsorship Agreement:

- 1. Sponsorship Initiation**
 - a. A sponsorship may be initiated by the Department or by a potential sponsor.
 - b. Potential sponsors are encouraged to contact the Department to inquire about sponsorship opportunities.
 - c. Department staff is encouraged to propose sponsorship opportunities through either formal or informal requests for sponsors.

2. Sponsorship Development

- a. Department staff and sponsor will draft a term sheet, in accordance with this policy.
 - i. Term sheet should include duration of agreement, type of sponsorship, donation level, sponsor benefit, and sponsor recognition.
- b. In coordination with the Department's Strategic Partnerships Unit and the Director's Office of Communications, the Department staff initiating or facilitating the sponsorship will draft a contract that includes fair valuation of the agreement and review of any signage or Capital Improvements. Note: nothing in this agreement commits PRNS to perform any capital improvements until agreed to by the City.

3. City and/or Department Approval

- a. Director Approval:
 - i. All sponsorships must be reviewed by the Deputy Directors of all divisions impacted by the sponsorship agreement and then approved by the Director.
 1. The Director can approve and sign sponsorship agreements where City Council has delegated the contract authority to the Director.³
- b. City Manager Approval:
 - i. Under section 4.04.020 of San José Municipal Code⁴, sponsorship agreements with a term less than three years and value less than \$320,000 that do not grant sponsor naming rights for anything larger than an amenity are under the contract authority of the City Manager and do not require City Council approval.
- c. City Council Approval:
 - i. Agreements outside the contract authority of the City Manager require City Council approval. Naming rights must be approved per City Council Policy 7-5⁵.
 - ii. If a sponsorship agreement is renewed, extending the term beyond five years or above \$320,000, City Council must approve the agreement before execution.

4. Contract Execution and Performance:

- a. Department staff will submit the draft agreement to the PRNS Strategic Partnerships Unit for review, signature, and execution.
- b. Sponsorship agreements for the design, installation, or construction of Capital Improvements must be coordinated with the PRNS Capital Projects Division.
- c. Non-capital sponsorship agreements such as temporary signage, banners, t-shirts, and event coordination must be coordinated with PRNS Staff in the relevant division and the Director's Office of Communications.

SECTION 3. RECOGNITION OF SPONSORS & NAMING RIGHTS

1. Recognition of a sponsor will in no way suggest the sponsor's ownership of the park or community center amenity.

³ {[RESOLUTION# 79599](#)}

⁴ {[San José Municipal Code, Chapter 4.04](#)}

⁵ {[San José City Council Policy 7-5](#)}

2. Recognition of a sponsor will in no way suggest the Department or City’s endorsement of or proprietary interest in the sponsor and their goods or services.
3. On-site recognition, such as a plaque, installed logo, or sign, must be limited by a set term (not to exceed five (5) years) or the life of the recognition material, whichever is the lesser term.
4. Naming of events, programs, and amenities to recognize a sponsor is permitted, provided such name is subordinate to the City and/or the Department’s name of the sponsorship location, and naming is approved by the Director.
5. City and the Department must have recognition prominence and the location and size of City and the Department logos must be equal to or greater than sponsor recognition.
6. Naming of entire Department sites, facilities, and elements larger than an amenity is subject to City Council Policy 7-5.

SECTION 4. SPONSORSHIP CATEGORIES & SUGGESTED SPONSORSHIP LEVELS

1. PRNS sponsorship opportunities are available in the following categories:
 - a. **Capital Sponsorship** - Financial or in-kind support for construction or renovation of a Department location or amenity.
 - b. **Program Sponsorship** - Financial or in-kind support for a Department-organized program for the public. Programs include ongoing activities such as sports leagues, classes, or park activations.
 - c. **Event Sponsorship** - Financial or in-kind support for a Department-organized event. Can include one-time event or a limited event series, such as a seasonal concert series.

Suggested Sponsorship Levels - Each level of sponsorship on the chart below may also contain a benefit from the lower sponsorship levels, with the Director’s approval. Factors such as impressions, access to media, and access to a target audience may alter sponsorship values.

Donation (including value of in-kind donation)	Benefit	Approval Authority
\$1 Million +	<ul style="list-style-type: none"> • Site naming rights for 10 years 	City Council
\$500,000-\$999,999	<ul style="list-style-type: none"> • Amenity naming rights for 10 years 	City Council
\$100,000-\$499,999	<ul style="list-style-type: none"> • Large logos on signs for life of material 	City Manager or City Council, for up to a maximum of five (5) years

\$50,000-\$99,999	<ul style="list-style-type: none"> • Naming and activation or sampling rights for event series or program 	City Manager
\$10,000-\$49,000	<ul style="list-style-type: none"> • Small logos on signs for three years • Logos on apparel distributed to participants • Non-naming rights sponsor for event series • Naming rights sponsor for single event with over 5,000 attendees (not Viva CalleSJ) 	City Manager
\$5,000-\$9,999	<ul style="list-style-type: none"> • Small logo on sign for one year • Naming rights sponsor for single event with under 5,000 attendees 	City Manager
\$1,000-\$4,999	<ul style="list-style-type: none"> • Company name (no logo) on sign for one year • Non-naming rights sponsor for single event with under 5,000 attendees 	City Manager
Under \$1,000	<ul style="list-style-type: none"> • Activation or sampling at event or location 	City Manager

2. Recognition for sponsorship may include:

- a. Thank-you letter signed by Department staff and facility visitors;
- b. Commemorative gift such as a photo or certificate;
- c. Acknowledgement through the Department’s social media channels;
- d. Acknowledgement through the Department’s media releases, online newsletter, and printed collateral;
- e. Speaking roles and/or official acknowledgement at events such as press conferences, opening days, or ribbon cuttings;
- f. Permission to activate or provide sampling opportunities at Department sites;
- g. Naming rights for events, programs, amenities, and with City Council approval, buildings or entire sites;
- h. Inclusion of sponsor’s name or logo on a temporary sign at a Department site for a stated term; or
- i. Acknowledgement on a plaque or sign for the life of the material or the sponsored improvement (not to exceed five (5) years), whichever ends earlier.

3. Donated Bench Recognition Program Administrative Policy

- a. The Donated Bench Recognition Administrative Policy is separate from this policy and was intended to encourage individuals and community groups to provide a gift of a park bench to recognize, memorialize, or honor groups, events, or individuals. For more

information on the Donated Bench Recognition Program, contact the PRNS Parks Division Administration.