




**City Council Meeting**

**Item #7 Action on an Agreement with Oak View Group Global Partnerships, LLC for Naming Rights and Sponsorships for the Santa Clara Convention Center and Related Budget Amendment**

**July 16, 2024 RTC 24-547**

1




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## **AGENDA**

- Background
- Procurement and Proposal Evaluation Process
- Recommended Contract Terms
- Proposed Approval Authorities
- Proposed Santa Clara Convention Center (SCCC) Naming Rights and Sponsorship Guidelines
- Staff Recommendation

2

2



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# Background

3

3



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# Naming Rights & Sponsorships

Selling naming rights and sponsorships provides financial support, boosts appeal, fosters partnerships, and benefits the community:

- **Financial Support:** Generates significant income for covering costs and funding capital improvements.
- **Strategic Partnerships:** Fosters long-term business collaborations and enhances the venue's prestige.
- **Community and Economic Impact:** Sponsors often invest in community programs, community engagement, local economic growth and reputation.
- **Competitive Advantage:** Differentiates the venue from competitors and enhances its reputation by attracting more events and attendees.

4

4


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## Naming Rights & Sponsorships (cont.)

### Naming Rights


- Company pays a venue to name the venue after its brand.
- Typically, 5 to 10-year terms for municipal venues such as convention centers.
- Provides financial support to the venue and brand exposure to the company.

### Sponsorships

- Company pays a venue to support integrated branding sponsorships and partnerships throughout the venue:
  - Lobby spaces, entry ways, outdoor patio, meeting rooms, exhibit halls, pouring rights (beverage sponsorship)
- Typically, 3 to 10-year terms


5

5



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## SCCC Background

- City has contracted with OVG360 (formerly Spectra) since 2019.
- SCCC was originally built in 1986 and expanded in 2009.
- Although SCCC net profits are growing year-over-year, the total earnings and capital investment fund are insufficient to fully cover costs of repair, restoration, and replacement of existing systems and infrastructure, which exceed \$10 million.
- Naming rights and sponsorship revenues offer large initial payments to improve facilities, infrastructure and services.



6




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# Procurement and Proposal Evaluation Process

7



7




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## Procurement Process

- On March 18, 2024, City released RFP for Naming Rights and Sponsorships for the SCCC.
- Goal of completing phased work prior to December 31, 2024 in preparation for Super Bowl LX and FIFA World Cup.
- A total of 21 companies viewed the RFP.
- City received two proposals by the due date of April 8, 2024.
  - Oak View Group Global Partnerships, LLC (Philadelphia, PA)
  - The Superlative Group (Cleveland, OH)





8




## Evaluation

- Proposals were evaluated and scored against the following:
  - Firm Experience & Qualifications (40%)
  - Work Plan / Project Understanding (25%)
  - Cost / Fee Proposal (25%)
  - Proposal Responsive / Min. Qualifications / Firm Profile (10%)
- The two firms participated in oral presentations on April 17 & 19, 2024 and oral presentations were considered in the final scoring.
- Proposals were scored independently by City staff: Assistant City Manager and Assistant to the City Manager; discussed in a team setting facilitated by a Contract Manager from the Finance Dept.

9



## Notice of Intended Award

- A Notice of Intended Award (NOIA) announcing the City's recommended firm was issued on May 2, 2024.

## Recommendation

- Staff recommends award of contract to Oak View Group Global Partnerships, LLC (OVGGP).

10



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## OVGGP – Key Differentiators

- Presented an extensive ecosystem of partnerships locally, nationally, and globally.
- Presented currently existing partnerships that could be incorporated with the SCCC.
- Presented an extensive track record of successful naming rights deal in both the public and private industries.
- Presented internal resources including an extensive executive team of industry experts with comprehensive management experience and relationships.
- Presented a regular cadence of internal networking and sponsorship coordination meeting among regional directors.

<b>+112% YoY</b>	<b>INCREASE IN SALES REVENUE FOR OVG GLOBAL PARTNERSHIPS</b>	
<b>30</b>	<b>NAMING RIGHTS DEALS SOLD</b>	<b>11</b>
	<small>NFL, MLB, NBA, NHL, Soccer, etc.</small>	<b>NAMING RIGHTS DEALS RENEWED</b>
<b>438</b>	<b>187</b>	<b>1</b>
<b>NEW BRAND CLIENTS SIGNED</b>	<b>BRAND &amp; VENUE CLIENTS RENEWED</b>	<b>NBA PATCH SOLD</b>

11

11




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## Recommended Contract Terms with Oak View Group Global Partnerships, LLC.

12

12



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## Agreement Terms

- **Term**
  - Initial three-year term: July 22, 2024 through July 21, 2027.
  - Two additional one-year options to extend the agreement at the City's sole discretion.
- **Termination Rights**
  - City has ability to terminate the agreement without cause upon 90 days of written notice.


13

13


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## Agreement Terms (cont.)

- **Phase 1 – Asset Inventory and Valuation**
  - Expected to be completed within the first 90 days of contract execution (July 2024 – October 2024).
  - OVGGP will conduct an asset inventory and valuation, including:
    - Full audit of existing assets
    - Ideation of new assets, valuation of assets
    - Provision of a detailed report to the City on all values for each asset, along with potential partnership tiers, comparable naming rights deals, and recommendations for the sales teams



14

14




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## Agreement Terms (cont.)

- **Phase 2 – Sales and Marketing**
  - Expected to be completed within 14 months of the completion of Phase 1 (October 2024 - December 2025).
  - OVGGP will hire a dedicated staff person responsible for local, regional, and national sales, servicing all corporate partnerships and for achieving measurable financial results.
  - **Other activities:** development of sales and marketing strategies; creation of target entities list; creation of digital sales and marketing materials; implementation of a sales campaign; leading negotiations with entities; and ensuring timely delivery of agreements.

15

15



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## Agreement Terms (cont.)

- **Cost Summary**
  - **Fixed Compensation**
    - Phase 1 – Asset Inventory & Valuation: Not to exceed \$46,859
    - Phase 2 – Sales & Marketing: Not to exceed \$150,000 annually (\$140,000 in salary and benefits and \$10,000 reimbursement for T&E)
  - **Commissioned Services**
    - Facility Naming Rights: Commission of 13%
    - Sponsorships: Commission of 18%
- ★ **Revenue generated will offset Phase 1 and Phase 2 costs.**

16

16





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## **OVG Global Partnerships**

- The proposed agreement with OVGGP is a separate agreement from the OVG360 Management Agreement.
- Activities related to naming rights and sponsorships fall under a different business unit within Oak View Group.
- OVGGP will work collaboratively with OVG360, Levy and the City in the coordination and implementation of naming rights and sponsorships to ensure little to no disruption to day-to-day operations.

17

17



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## **Proposed Approval Authorities**

18

18




## City Council Policy 035

- Outlines criteria and procedures for the naming of City buildings and facilities.
- The SCCC is unique from other City facilities and the approval process as outlined in the policy would not apply.
- SCCC uses are commercial in nature and serves to generate revenue.
- Time is of the essence to execute agreements prior to 2026.
- A naming rights agreement will be brought forth to City Council for approval.



## Proposed Approval Authority

Organization	Approval Authority
City Manager	Approval of sponsorship agreements valued up to \$1,000,000, including the naming of SCCC assets, with the exception of the principal naming rights partner for the Convention Center and the Mission City Ballroom.
City Council	Approval of sponsorship agreements valued at more than \$1,000,000 and the SCCC naming rights agreement.



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## **Proposed Approval Authority (cont.)**

**Example areas that may be sponsored under \$1,000,000 include, but are not limited to:**

- Lobby spaces
- Entry ways
- Outdoor patio
- Conference/meeting rooms
- Exhibit hall
- Pouring rights (beverage sponsorship)

21

21



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## **Proposed SCCC Naming Rights and Sponsorship Guidelines**

22

22



## Proposed Guidelines

- City shall retain ownership and control of the venue, property, programs, or services.
- Sponsorships must not impair the City's ability to manage the facility, property, programs, or services.
- Agreements will not detract from the character, integrity, aesthetic quality, or safety of the property or unreasonably interfere with its uses, function, and purpose.
- Revenue generated will be used to support enhancements and capital improvement projects for the SCCC.

23

23




## Proposed Guidelines (cont.)

- City will not endorse the products, services, or ideas of any awarded Sponsor.
- Agreements must be for a fixed term. Every sponsorship agreement will have a sunset clause.
- City will reserve the right to terminate agreements prior to the scheduled termination date, without refund or consideration.
- Agreements may only be transferred or assigned by a sponsorship holder with the consent of the City.
- No actual or implied obligation for the City to purchase the produce or services.

24

24




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## Prohibited Content

- Obscenity
- Pornography
- Incitement to imminent lawless action
- Speech presenting a grave or imminent threat
- Fighting words
- Fraudulent material
- True threats
- Defamatory, libelous, or slanderous material
- Solicitations to commit, or speech integral to, criminal conduct
- Promotion of drugs, alcohol, tobacco, gambling, or adult entertainment
- Promotion of oil and gas products
- Political campaign speech, or speech that supports or opposes or appears to support or a ballot measure or initiative, or refers to any person in or campaigning for public office
- Religious speech that advocates or opposes a religion or religious belief.

25

25



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## Prohibited Advertising

- Materials that advocate, contain price information or are indicative of associated savings or value, request a response, or contain comparative or qualitative descriptions of products, services, or organizations.

26


26



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# Staff Recommendation

27



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# Staff Recommendation

1. Approve and authorize the City Manager to negotiate and execute an agreement with Oak View Group Global Partnerships, LLC for Naming Rights and Sponsorships for the Santa Clara Convention Center consistent with the terms and form of agreement in the staff report for an initial term starting on or around July 22, 2024 and ending on or around July 21, 2027, in the amount not to exceed \$496,859 plus commissions;
2. Approve and authorize the City Manager to execute up to two one-year extension options to extend the term and increase the compensation amount of the agreement to \$796,859 plus commission, subject to budget appropriations;
3. Authorize the City Manager to make minor modifications to the agreement, if needed;

28



## **Staff Recommendation (cont.)**

4. Approve and authorize the City Manager to negotiate and execute sponsorship agreements valued up to \$1,000,000, including the naming of SCCC assets, with the exception of the principal naming rights partner for the Convention Center and the Mission City Ballroom; and
5. Approve the FY 2024/25 budget amendment in the Convention Center Enterprise Fund to increase Materials, Services, and Supplies budget in the amount of \$496,859 and decrease in the unrestricted ending fund balance in the amount of \$496,859 **(five affirmative Council votes required for the use of unused balances)**.