

**Date:** 2023-03-06

**Subject:** **2022 Annual External Funding Report**

**Contact:** Tara Hunter, Manager, Sponsorship and Corporate Development

**Report Number:** CAO's Office-2023-253

**Recommendations:**

1. That the report from Tara Hunter, Manager, Sponsorship and Corporate Development, to the Committee of Council Meeting of March 29, 2023 re: **2022 Annual External Funding Report** be received.

**Overview:**

- The annual external funding report summarizes the pursuit of non-taxation funding through sponsorship and naming rights, third-party advertising and grants to help offset operational costs and capital investments that the City needs to continue to grow and prosper.
- The sponsorship and naming rights program is on a mission to achieve annual revenue of \$1M by 2025 and to sustain \$1M in subsequent years.
- In 2022, 46 companies participated in the sponsorship and naming rights program generating \$757,945 in cash contributions to the City, an increase of 63 per cent from 2021.
- Third-party advertising continues to develop as a revenue stream delivering \$60,000 through the in-house sale of Recreation assets in 2022, and as part of the overall strategy staff will be advancing a report to request begin procurement for digital billboards on City property for the purpose of City and commercial messaging, and revenue generation.
- The City's new centralized grants approach and process has improved the ability to monitor, track and report grant funding and positively impact funding advocacy.

- **In 2022 staff submitted 38 funding applications and \$21.5M in application-based grant funding was announced for the City, including \$15.7M from GICB for Susan Fennell Deep Energy Retrofits.**
- **From 2019-2022 staff submitted 88 successful funding applications (67 per cent success rate) resulting in \$467M in grant funding awarded to the City, of which 76 per cent was for Transit infrastructure projects.**
- **The shift in funding priorities by higher levels of government post-pandemic is anticipated to reduce the number of available funding opportunities and increase the competitiveness for funding through application-based grants in the short to mid-term time frame, resulting in a greater need for funding-related advocacy efforts.**
- **To maximize the full potential of non-taxation funding through sponsorship and naming rights, third-party advertising and grants, existing staffing model and capacity will be reviewed as part of the annual budget process.**

### **Background:**

Sponsorship and naming rights, third-party advertising, and grants are important sources of non-tax revenue that help offset operational costs and capital investments the City needs to continue to grow and prosper.

The Sponsorship and Naming Rights Policy approved by Council Resolution C451-2019 (CW497-2019) requires an annual report to Council on the total value of Sponsorship contributions (cash and in-kind).

This report focuses on updating Council on the outcomes of the City's pursuit of external funding from sponsorship and naming rights, third-party advertising, and grants in 2022, and over the 2019-2022 Term of Council.

### **Current Situation:**

#### Sponsorship and Naming Rights

The City's sponsorship and naming rights program provides opportunities for the private sector, corporate partners and local businesses to connect with the community to achieve their objectives and helps to offset increasing operational costs facing the City so they are not passed down to the taxpayer.

The sponsorship and naming rights program is on a mission to achieve annual revenue of \$1M by 2025 and to sustain \$1M in subsequent years.

Since the implementation of the citywide program in 2019, the City has received over \$2M in sponsorship and naming rights revenue, and the total value of all agreements is over \$4M.

Table A illustrates the performance of the citywide sponsorship and naming rights program in revenue year over year, and future revenue targets.

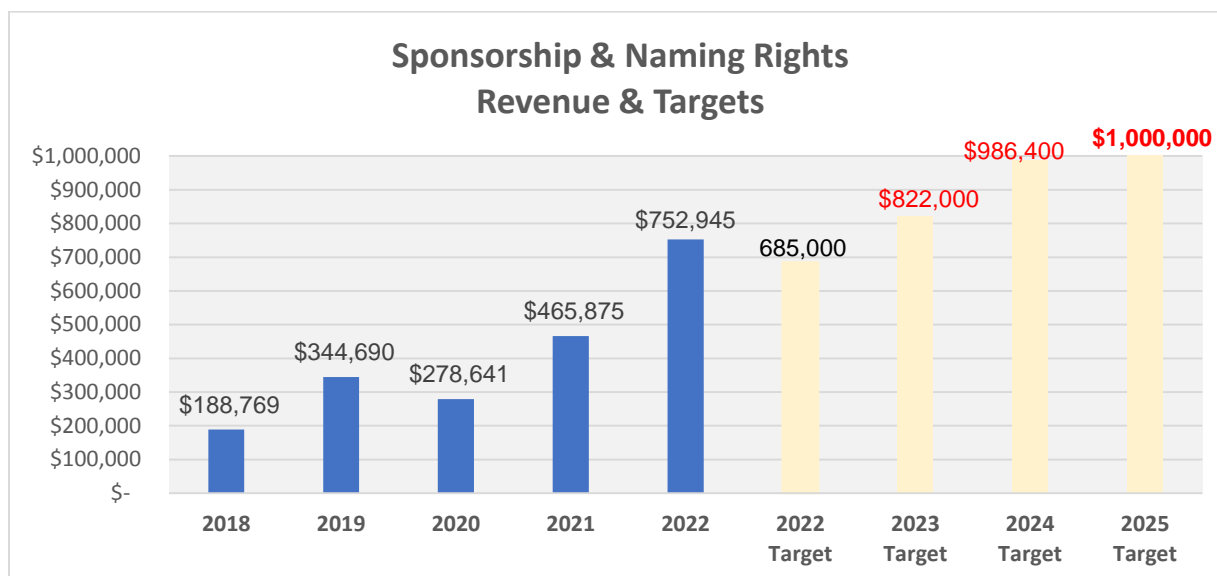


Table A: Annual Sponsorship and Naming Rights Revenue and Targets

In 2022, the program achieved \$757,945 in cash sponsorship and naming rights contributions and \$99,065 in in-kind contributions, exceeding the target by 47 per cent. This represents a 63 per cent increase in cash contributions over the previous year. 46 businesses (Attachment 1) sponsored over 30 city-run events, programs and initiatives, representing an increase of 48 per cent or 15 all-new sponsors from 2021.

In 2022 the program sold the first amenity naming rights for two cricket pitches in the City – Great Gulf Cricket Pitch at Teramoto Park, and Kquality Sweets Cricket Pitch at Andrew McCandless Park. This adds to the growing roster of naming rights agreements that have been secured since 2019.

- 2020: Save Max Sports Centre (formerly Brampton Soccer Centre)
- 2021: Coke Canada Bottling Gymnasium, Gore Meadows

Naming rights are longer term higher value agreements and play a pivotal role in building-up the program to sustain \$1M in annual revenue. The program distinguishes between exterior/facility naming rights and amenity naming rights whereby Council pre-approves exterior/facility naming rights. The *Sponsorship Asset Inventory List for Naming Rights* (Attachment 2) identifies the Council approved list of 13 exterior/facility naming rights opportunities available for sale. Staff are not recommending any changes to the list.

The Annual Sponsorship Forum plays a pivotal role in the program, stewarding the Sponsor relationship and helping differentiate and elevate Brampton from other municipal sponsorship programs. The 2022 Forum introduced six award categories to recognize Sponsors and highlight the value proposition of the program to companies:

- Award for Environment & Sustainability – Coke Canada Bottling
- Award for Youth Empowerment – Algoma University
- Award for Business Mentorship – Meridian Credit Union
- Award for Promoting Healthy Communities – Alectra Utilities
- Award for Community Leadership – Tim Hortons
- Award for Community Impact – Save Max Real Estate

Reflecting back, the sponsorship and naming rights program was quick to recover from the impacts of the pandemic, which is a testament to the strong value proposition the program provides to companies. Encouraging investments in the community of their employees and customers, aligning with a cause or initiative reflective of their corporate values, and leaving a lasting legacy in the community.

Looking ahead, revenue growth will only be possible with a strategy focused on multi-year agreements and selling higher value sponsorship assets/ opportunities. Based on current staffing levels, the program has reached capacity for the total number of Sponsors.

### Third-Party Advertising

Advertising on City property is a source of non-tax revenue and a standalone program from sponsorship and naming rights. Transit is generating revenue from third-party advertising contracts for buses, bus benches and bus shelters. This is an established million dollar revenue source, and the third-party sales model provides the best value for the City. There are non-transit advertising opportunities that are less developed but a growing revenue stream for the City. In 2022, approximately \$60,000 was generated by Recreation assets – digital screens in Community Centres and arena rink boards – both sold in-house by staff.

A pilot program for the in-house sale of rink board advertising was initiated in 2022 following the decision not to renew the third-party arena board advertising contract. Staff took on the sale of rink board advertising in Q3 and Q4 and sold over \$20,000. The pilot will be reassessed in May 2023 to determine if the in-house model is sustainable based on current staffing levels.

The digital advertising program in Community Centres continued after a soft launch in late 2021. As screens roll out in more locations in 2023 and the revenue potential grows, the program could benefit from additional staffing capacity to help maximize its revenue potential.

To ensure a solid foundation for the growth of advertising on City property, a full policy review of the Advertising on City Property Policy was conducted in 2022, and Council approved the updated policy. The updated policy modernizes the complaint process and provides more clarity for the criteria of ads.

The most impactful development in 2022 was the approved limited tendering revenue-generating contract with RCC Media (CN's licensed partner), replacing the contract with RCC Media for city messaging on the CN bridge overpasses in the downtown that expired December 31, 2022. The new contract takes effect in 2023 and will provide digital signs on CN overpasses for the purpose of city messaging and commercial messaging. This is a multi-million dollar revenue-generating contract for the City.

There are considerable revenue opportunities available to the City in the outdoor digital advertising arena, should digital billboards be permitted under the Sign By-law. A strategic approach to permitting digital billboards is recommended, starting with City properties. Staff will be advancing a report to request begin procurement for digital billboards on City property for the purpose of City and commercial messaging, and revenue generation.

## Grants

Funding from higher levels of government is the most lucrative opportunity for the City to pursue non-taxation revenue and plays a critical role in the City's ability to deliver capital projects and meet the growing demands of its operating budget.

Government grants fall into two categories: allocation-based funding and application-based funding. Allocation-based funding is based on a pre-determined formula and includes examples such as Provincial Gas Tax and Canada Community Building Fund. Application-based funding requires submission for a specific City project that meets the criteria of the funder/funding program.

The City's centralized grants process has improved the ability to monitor, track and report grant funding and positively impact funding advocacy.

In the previous term of Council 2019-2022, the City was awarded approximately \$826M, of which approximately 20 per cent is one-time pandemic relief funding. Application-based funding amounts to \$467M based on 88 successful applications. Transit-related funding accounts for approximately 76 per cent of the total funding awarded. Please refer to Government Funding Awarded to the City of Brampton (Attachment 3) for more details.

The volume of the pursuit of application-based funding is significant and illustrates a strong commitment to finding alternative non-taxation revenue to fund city-building projects.

*\*success rate is measured based on year of submission – not year funding is announced*

<b>Application Tracking</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Cumulative</b>
Submitted	36	22	36	38	132
Success Rate	61%	73%	94%	62%	67%
Under Review				12	

Highlights of awarded infrastructure funding that helps reduce the burden of passing costs onto the taxpayer include:

<b>Year Awarded</b>	<b>Funder</b>	<b>Amount</b>	<b>Project</b>
<b>2020</b>	DMAF	\$38.8M	<ul style="list-style-type: none"> <li>• Downtown Flood Mitigation</li> </ul>
<b>2021</b>	ICIP - Transit	\$128M	<ul style="list-style-type: none"> <li>• Transit Maintenance &amp; Storage Facility</li> </ul>
		\$22M	<ul style="list-style-type: none"> <li>• Downtown Transit Hub</li> </ul>
<b>2021</b>	SPIF	\$18.8M	<ul style="list-style-type: none"> <li>• Chris Gibson - Revitalization</li> </ul>
<b>2021</b>	ICIP – CCR	\$6.18M	<ul style="list-style-type: none"> <li>• The Rose – Accessibility and efficiency upgrades</li> <li>• Susan Fennell Youth Hub</li> <li>• Chinguacousy Wellness - Renovations</li> </ul>
<b>2021</b>	ICIP – COVID-19	\$6.26M	<ul style="list-style-type: none"> <li>• Creditview &amp; Archdekin bridge repairs</li> <li>• Clark Transit Facility – roof replacement</li> <li>• Bi-fold Fire Doors - replacement</li> <li>• Earnscliffe change rooms renovations</li> </ul>
<b>2022</b>	GICB	\$15.7M	<ul style="list-style-type: none"> <li>• Susan Fennell Deep Energy Retrofits</li> </ul>
<b>2022</b>	ZEVIP	\$1.72M	<ul style="list-style-type: none"> <li>• Fleet vehicle charging stations</li> </ul>

In 2022, 24 funding applications were awarded in the amount of \$21,514,597 based on 38 project submissions. The \$15.7M federal announcement from Infrastructure Canada Green Inclusive Community Building Fund for Susan Fennell energy retrofits, and the \$1.72M federal announcement from Natural Resources Canada Zero Emissions Vehicle Infrastructure Program for fleet vehicle charging stations, make up the bulk of funding awarded to the City in 2022. These two announcements highlight the importance of aligning city projects with the priorities of other levels of government.

Applications submitted in 2022 that are under review include \$75M to Infrastructure Canada Zero Emission Transit Fund for the electrification of the Transit Maintenance and Storage facility (requested amount is the maximum federal contribution through the program), and an application to ICIP-Public Transit Stream requesting \$7.3M for Replacement Buses. As well, staff applied for additional funding for the Susan Fennell Retrofit project through the FCM Green Municipal Fund (GMF) Community Building Retrofit Fund (Capital) stream, and submitted a pre-application to GMF Transportation Capital project stream: Reduce Fossil Fuel use in Fleets, for the electrification of fire trucks. Both FCM programs award funding as a loan and grant combination. Advocacy is ongoing for the Transit applications, and FCM advocacy will commence when applications reach a certain stage in the process.

Unsuccessful applications submitted in 2022 include three projects submitted to the federal Active Transportation Fund and four projects submitted to the Low Carbon Economy Fund. The submissions had strong advocacy efforts, but the application scoring was merit-based and both Funds were oversubscribed based on the funding available.

### Future Outlook on Grants

The COVID-19 pandemic relief for municipalities represented an unprecedented, one-time funding that significantly benefited the City of Brampton. At the same time, with higher levels of government shifting away from broad, pandemic-related spending and towards more targeted, strategic funding initiatives, securing grants-based funding is increasingly competitive. The majority of application-based funding sources are significantly oversubscribed and require timely preparation of high-quality applications for projects that align and support priorities identified by the funding entity.

Looking ahead, the shift in funding priorities by higher levels of government is anticipated to reduce the number of available funding opportunities.

The preparation of successful grant funding applications will require a proactive approach, including the identification of priority and funding-ready projects, alignment of priority initiatives and identification of areas of common priorities.

To this end, staff have launched an internal grants resource site to share information about available funding, and details about the application process. The Centre of Excellence and Capital Compliance team will also play an increasingly important role to assist with the identification of priority and funding-ready projects.

Staff will continue to work to streamline processes, increase awareness of funding opportunities and facilitate funding-readiness of potential application ready projects.

### **Corporate Implications:**

#### Financial Implications:

There are no direct financial implications associated with this report.

### **Term of Council Priorities:**

This report achieves the Council priority of Well-Run through the pursuit of external funding to help offset operational costs and capital investments that the City needs to continue to grow and prosper without relying on the taxpayer. External funding is composed of grants, sponsorship, naming rights and third-party advertising.

### **Conclusion:**

The annual external funding report highlights the success of the pursuit of funding that is not reliant on the taxpayer. Sponsorship and naming rights, third-party advertising and grants are all sources of non-tax revenue that help offset operational costs and capital investments the City needs to continue to grow and prosper.

Authored by:

Reviewed by:

---

Tara Hunter, Manager Sponsorship  
and Corporate Development, Office of  
the CAO

---

Melissa Qi, Senior Manager Public Affairs,  
Office of the CAO

Approved by:

Approved by:

---

Marlon Kallideen  
Chief Administrative Officer  
Office of the CAO

---

Marlon Kallideen  
Chief Administrative Officer  
Office of the CAO

**Attachments:**

- Attachment 1 – 2022 Sponsors
- Attachment 2 – Sponsorship Asset Inventory List for Naming Rights
- Attachment 3 – Government Funding Awarded to City of Brampton 2019-2022