



Date: July 30, 2003

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: Sponsorship Agreement with Kodak Canada Inc - Extension

RECOMMENDATION

- A) *THAT the Board approve a one year extension to the corporate sponsorship agreement with Kodak Canada Inc, for exclusive supply of film and related product in 2002*
- B) *THAT Kodak Canada Inc pay the Board a rights fee of \$40,000 in 2002*
- C) *THAT no legal rights shall arise and no consents, permissions or licenses are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.*
- D) *THAT once the form of all legal documentation has been approved by the General Manager and Director of Legal Services for the City of Vancouver, that the General Manager be authorised to execute and deliver such documentation on behalf of the Board*

BACKGROUND

The Board currently has four corporate sponsorship agreements:

	Term	Expiry
Kodak Canada Inc	5 years	December 31, 2001
Blenz Coffee Inc	5 years	December 31, 2001
Nestlé Canada Inc	5 years	March 31, 2004
Coca Cola Bottling Ltd	10 years	September 30, 2006

Under its sponsorship agreement, Kodak has exclusive rights to supply film and related product to facilities operated by the Board. Its sponsorship rights fee payable to the Board for 1996 - 2001 consisted of an annual cash payment, with matching value "in kind", with details agreed upon annually between the Board and Kodak. Over the five years of the agreement, the total value provided to the Board by Kodak was \$580,000 (\$295,000 in cash payments and \$295,000 in matching value).

DISCUSSION

Relationship with Kodak

Over the past five years, the Board has enjoyed an excellent relationship with Kodak. In addition to its annual cash payments, which have gone into general sponsorship revenues to fund a number of initiatives, Kodak's matching "in kind" sponsorship has contributed significantly to various Board projects and events. Examples are:

- contribution of \$105,000 towards the capital cost of the Brockton Visitor Centre and \$10,000 to fund its opening event
- production and installation of 10 Photo Spot signs in Stanley Park, Queen Elizabeth Park and at Spanish Bank
- production of Park Board brochures for distribution onboard BC Ferries
- printing of additional Stanley Park maps
- donation of disposable cameras as gifts to volunteers, and Kodak umbrellas for use by visitors at the train events
- donation to the Van Dusen Garden Flower Show

During the five year agreement Kodak made significant contributions towards the construction costs of Brockton Visitor Centre. Due to unforeseen delays both the Visitor Centre and the Stanley Park Information Booth opened almost a year after their original contemplated opening dates and Kodak did not benefit from additional sale of film that it had expected at these locations.

Proposal for 2002

Both staff and Kodak would like to continue this relationship. However, uncertainty due to the current economic climate and recent world events has made it difficult for Kodak to commit to a long term renewal of the sponsorship agreement at this time.

The economic environment within which Kodak operates has changed significantly since the sponsorship agreement was entered into in 1996. The increasingly widespread use of digital cameras over the last few years has impacted on film sales and likely will continue to do so. As a result, Kodak is unable at present to contemplate providing the same level of sponsorship value to the Board as was the case in the first five years of the agreement. Kodak is also unclear as to the length of term to which it can commit.

Following discussions with staff Kodak has indicated that it will agree to a one year extension of the sponsorship agreement, with the provision of a sponsorship value of \$40,000. This will all be "in kind" funding. Half of these funds will be allocated to continue its involvement in the Brockton area of Stanley Park, by providing funding for the Lookout over the North Shore, currently under construction across Park Drive to the north of the Totem Poles site.

The Brockton Totem Poles are probably the most photographed attraction in Vancouver and Kodak will obviously benefit from increased sales due to the recent improvements.

The balance of the funding will go mainly towards operational costs that would otherwise be paid for by the Board. The Stanley Park Promotional Booklet is a marketing initiative for 2002 to encourage Lower Mainland residents to visit the Park and take advantage of special offers from both our stakeholders and our own services.

Kodak's proposal for use of these funds in 2002 is as follows:

Brockton Lookout platform	\$15,000
Brockton Lookout Informational photo signs	\$ 5,000
Stanley Park Maps and Ferry distribution	\$11,000
Disposable cameras for Special Event volunteers	\$ 6,000
Stanley Park Promotional booklet - contribution	<u>\$ 3,000</u>
Total	<u>\$40,000</u>

CONCLUSION

During the past five years Kodak has made significant contributions to Board facilities and events and although the value of the sponsorship has been reduced it is recommended to grant a one year extension. Kodak's proposals for use of the funds in 2002 will assist the Board in the completion of the Brockton area project and allow for continuation of other promotional programs.

During 2002, staff will review options regarding a future film corporate sponsorship arrangement, with a view to entering into a new long term agreement in 2003.

Prepared by:
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