



Council
Communication
Office of the City Manager

Date February 25, 2008

Agenda Item No. 34
Roll Call No. 08-
Communication No. 08-090
Submitted by: Donald M. Tripp,
Parks and Recreation Director

AGENDA HEADING:

Approval of sponsorship agreement amendment with Toyota of Des Moines to support park and recreation programs.

SYNOPSIS:

Approval of amendment to the Toyota of Des Moines Sponsorship Agreement allowing for an increase in the cash and Value-in-Kind (VIK) for support of various Park and Recreation Department programs in return for expanded market exposure for Toyota products.

FISCAL IMPACT:

Amount: \$58,500 (Revenue)

The amendment reflects a cash revenue increase of \$15,000 and a provision of six (6) additional hybrid vehicles through free one-year leases valued at \$43,500 (VIK), for a total financial value increase of \$58,500. Total value of the amended agreement will be \$141,000, including \$64,500 cash revenue and use of twelve truck/hybrid vehicles through free one-year leases, valued at \$76,500, which replace existing fleet vehicles and reduce expense of mileage reimbursement to Park and Recreation Department employees.

Intemark, Inc. will receive 10% commission for securing and negotiating the amendment (\$5,850) and the Toyota of Des Moines Sponsorship Agreement (\$8,250), a total of \$14,100.

The City's net financial benefit from the amendment is \$52,650 (\$126,900 for the resulting overall agreement).

Funding Source: 2008 Operating Budget, Park and Recreation Department, page 224, Marketing GE001 PKS011200.

ADDITIONAL INFORMATION:

On October 24, 2005 by Roll Call Number 05-2598, the City Council approved an agreement with Intemark, Inc. (Minneapolis, MN), to secure partnerships of cash and "in-kind" contributions to support park and recreation programs and facilities. The agreement with Intemark provides for them to receive a 15% commission on first-year secured partnerships and 10% for second-year agreements with the same partner. This amendment pertains to the second year of the Toyota sponsorship.

On April 23, 2007 by Roll Call Number 07-821, the Des Moines City Council entered into a Sponsorship Agreement with Charles Gabus Motors, Inc. d/b/a Toyota of Des Moines with a total annual value of \$82,500, with a one-year renewal option. The total value reflected a 60/40 split of cash (\$49,500) and VIK (\$33,000 free lease value of six hybrid/truck vehicles to replace existing Park and Recreation Department fleet vehicles). The Park and Recreation Department worked through the disposition of the existing vehicle inventory with the City's Fleet Management Team, which reallocated and/or disposed of vehicles according to the overall fleet needs of the City.

In return for this partnership, Toyota of Des Moines receives: "Presenting Sponsor" status for the Nitefall on the River concert series; rights to showcase vehicles at various Park and Recreation Department special events and athletic tournaments; on-site banners at the James W. Cownie Baseball and Soccer Complexes, a static message at the spring and fall Free Flicks movie series; and opportunities to display vehicles at various park locations throughout the term of the agreement. Additionally, a special decal (design approved by the City Manager) is placed on the free leased vehicles in recognition of this partnership.

The amendment to the Toyota of Des Moines Sponsorship Agreement provides "Presenting Sponsor" status of Toyota for the Des Moines Winter Games.

The Toyota of Des Moines Sponsorship Agreement allows the Park and Recreation Department to enhance existing programs and save money in the following ways:

- Heightened talent credentials (with associated higher costs) of entertainment booked for Nitefall concerts.
- Contribution to marketing expenses of Park and Recreation Department programs and services.
- Reduced fleet maintenance costs due to the new free leased vehicles.

This amendment to the agreement provides for six additional hybrids that will be used to further temporarily reduce the City's fleet maintenance costs. One of these hybrids will be used by multiple members of recreation staff as a pooled vehicle, thus saving mileage reimbursement payments now being made to these employees in return for use of their personal vehicles for work purposes. The use of this vehicle will also contribute to recognition and additional exposure of Toyota of Des Moines, as it will be on-site during evenings and weekends when tournament play occurs at department athletic facilities (James W. Cownie Soccer Park, Greater Des Moines Softball Park, etc.).

The remaining five hybrids being added through the amendment shall be used to reduce/enhance the City's fleet operations by assigning: two hybrids to the Park and Recreation Department to replace two existing fleet vehicles; two hybrids to the Fleet Services for use in other areas within the City; and one hybrid to support Blank Park Zoo operations. For the latter, Toyota of Des Moines will receive marketing value associated with sponsorship of the Zoo's Rosie the Elephant exhibit. Vehicles may be reassigned from time to time if the need should arise.

Upon approval of this amendment by the City Council, a staff member assigned to each of the vehicles will need to sign a Vehicle Agreement with Toyota prior to the automobile being driven off the premises. A copy of the Vehicle Agreement is attached to the Roll Call authorizing staff to sign said agreement.

PREVIOUS COUNCIL ACTION(S):

Date: April 23, 2007

Roll Call No. [07-821](#)

Action: [Sponsorship](#) Agreement with Toyota of Des Moines to support Park and Recreation Programs. ([Council Communication No. 07-227](#)) Moved by Coleman to adopt. Motion Carried 7-0.

Date: October 24, 2005

Roll Call Number: 05-2598

Action: Sponsorship Marketing Agreement with Intemark, Inc. (Minneapolis, MN) to secure partnerships of cash and “in kind” to support park and recreation programs and facilities. ([Council Communication No. 05-587](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Renewal of new or amended Sponsorship Agreement.