

# **Dallas Marketing Income Program: Past, Present and Future**

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Business and Commerce Committee

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# Purpose

- Summarize the progress that The Pathfinder Group and City staff have made in generating revenue for the City of Dallas from marketing partnerships during FY 2004
- Present the plan for additional marketing partnerships during FY 2005
- Recommend one-year extension of City's contract with The Pathfinder Group

# Background

- In January, 2004, The Pathfinder Group was awarded a one-year contract, with four one-year renewal options, to develop the City's Marketing Income Program
- Commission only contract
  - The Pathfinder Group only receives revenue when revenue is realized by the City
  - No upfront fees paid by the City
  - All costs related to partnership projects (i.e. telephone, copies, fax, mailing, courier service, and transportation) are paid by The Pathfinder Group

# FY 2004 Accomplishments

- Developed beverage services partnership with Dr Pepper
  - Valued at \$5.2 million over the five (5) year term of agreement
  - City received \$1.75 million in cash as first payment from partnership in October, 2004
  - Council received an annual allocation of \$50,000 (split between product and cash) from Dr Pepper to support programs in their districts
  - To fulfill the contractual requirements, City staff and Dr Pepper worked together to place almost 400 Dr Pepper beverage vending machines in approximately 150 City buildings
  - City received \$1.75 million in cash as second payment from partnership in January, 2005
- Completed draft of program policies and procedures for review by management and staff
- City added staff member to work in conjunction with The Pathfinder Group to:
  - Help develop partnerships
  - Fulfill benefits purchased by partners

# FY 2004 Accomplishments

- Organized and completed meetings with various departments on future partnerships
  - Worked with Parks and Recreation Director, Assistant Director and staff and met with Board to discuss potential for beverage vending, beverage pouring and other partnerships within department
  - Met with Working Group of representatives from various City departments to "brainstorm" potential partnership opportunities and review draft of program policies and procedures

# FY 2005 Progress YTD

- Pathfinder added a consultant, David Kubes, based in Dallas, to work with City staff to develop additional partnerships
- Identified additional partnerships to develop in FY 2005
  - Began process of developing benefits packages to offer to potential partners
  - Had initial meeting and follow-up discussions with Verizon regarding wireless telecommunications partnership
- Request For Sponsorship for a retail jewelry sponsorship was issued January 31, 2005
  - Will result in the City receiving service pins and cash

# Planned Partnerships for FY 2005

Planned Partnership	Brief Description	RFS Issue Date	Completion Date
Retail Jewelry	<ul style="list-style-type: none"> <li>Partnership will result in City receiving service pins and cash</li> </ul>	Jan. 2005	April, 2005
Pouring Rights (Beverage II)	<ul style="list-style-type: none"> <li>Includes pouring rights in City's golf courses, tennis centers, Fair Park meeting and exhibition halls, the Cotton Bowl and other City Facilities</li> <li>Negotiated as part of initial agreement with Dr Pepper. Will not require competitive solicitation unless unable to reach agreement with Dr. Pepper</li> </ul>	Feb. 2005	May, 2005
Telecommunications	<ul style="list-style-type: none"> <li>Allows marketing a variety of telecommunication services including wireless, local, long-distance and internet connections</li> <li>Partnership will result in City receiving cash in exchange for marketing benefits</li> </ul>	March 2005	June, 2005
Vehicles	<ul style="list-style-type: none"> <li>Partnership will involve promotion of specific brand and/or dealership that sells multiple brands of vehicles</li> <li>City will receive vehicles in exchange for promotional benefits</li> </ul>	April 2005	July, 2005

# Value of Future Partnerships

- Value of marketing partnerships depends on a variety of factors
  - Not in the City's best interest to pre-suppose the market value of a partnership because it may underestimate potential revenues and compromise our negotiating ability
  - However, example partnerships in the same categories follow:
    - Telecom in San Diego – five-year partnership with Verizon Wireless \$1 million (due to significant changes in the telecommunications market place, this partnership is expected to significantly increase in value)
    - Vehicle partnership in San Diego – three-year partnership approved by City Council on December 7, 2004 valued at \$1.5 million
- Pathfinder's bid committed to generate \$12.5 million over a five year period
  - 2004 beverage partnership deal valued at \$5.2 million over five-years
    - \$3.5 million in cash already received
  - Confident that partnerships outlined above will keep us on track to meet or exceed the bid commitment

# Next Steps

- Approve agenda item on February 23, 2005 for twelve-month extension of contract with The Pathfinder Group