
Memorandum

To: Budget Standing Committee

From: Amy Tomaino, Manager of Business Planning and Strategic Services

Date: November 2, 2017

Subject: Niagara Region's interest in a shared services arrangement for Sponsorship and Advertising

Through staff discussions, the Niagara Region has expressed interest in partnering with a lower tier municipal lead on revenue generation strategy development and execution. Further, they have confirmed their interest in a shared services arrangement with the City of St. Catharines. This is being brought forward to the BSC to consider with the related September 11, 2017 Council referred report, on the BSC November 6th agenda, for the consideration of funding the development of a Revenue Generation Strategy by a third party.

In this shared services approach, the City would be the lead and the Region an extension.

Shared services interest for Revenue Generation Strategy development

Outlined with the related report to Council on September 11, 2017 and on the BSC November 6th agenda are the main deliverables of a Revenue Generation Strategy developed by a third party; they include:

1. Inventory and valuation of revenue generation opportunities
2. Policy review and/or development
3. Execution structure

Shared costs in funding the development of a Revenue Generation Strategy could be approached using the proportional number of expected opportunities for each the City and the Region. A cursory review of proportion of opportunities if pursued with the Region, estimates the City at approximately 75% of expected opportunities and the Region at approximately 25%. These estimates would be further examined if a shared services agreement is pursued.

Economies of scale are expected in procuring a consultant for this service, given the physical proximity and similar opportunities.

Shared services interest for sales execution structure

Partnership on the execution of the Revenue Generation Strategy, once developed, is also of interest to the Region.

This potential shared services arrangement is appropriate for the Region, as their opportunities are more limited than the City, which reduces feasibility for to establish an internal execution structure and limits attractiveness for an external party to bid on execution. For these reasons, a partnership with the Region is also expected to provide economies for the City's execution structure, increasing effectiveness and attractiveness for either and internal or external execution structure, respectively.

A decision on shared services for sales execution should follow the ideal structure recommended by a third party consultant, which is a deliverable within the Revenue Generation Strategy. A recommendation would follow to the BSC and/or Council at that stage.