

DATE: January 17, 2013
MEETING OF: January 29, 2013
FROM: Management Team
RE: **ACTION ITEMS X.2 – Sponsorship Development
Coordinator / Sponsorship Policy Updates**

BACKGROUND

Almost all entertainment facilities including fairgrounds have some form of sponsorship – advertising program to generate revenues that increase operational opportunities. Many years ago our fairgrounds management developed our sponsorship program to provide opportunities for local business to advertise and promote at the fairgrounds. This program has provided income ranging from \$20 to \$50,000 per year over the past years. Now that the state has eliminated our \$140,000 operating subsidy along with the capital improvement / facility maintenance subsidies the fair management team & fair board must develop revenue sources to stabilize our operations and bring the fairgrounds to a sustainable cash flow.

The management team understands the critical value of volunteers. In fact, we are all volunteers. As with any volunteer organization, some positions require professional support from compensated sources. Sponsorship development comes down to relationship development that requires substantial nurturing and time commitments that we feel require professional assistance.

We are asking the board to support management's desire to enter into the attached agreement for a Sponsorship Development Coordinator with Ralph Miljanich.

Born in Watsonville, Ralph Miljanich has family ties to the Pajaro Valley and California that date back 100 years. Ralph has a B.S. in Soils Science from Cal Poly, San Luis Obispo, and an M.B.A from Oregon State University. Currently, Ralph is a retired Financial Advisor from Morgan Stanley. Ralph has been involved with non-profit organizations for 25 years and is the immediate past-President of the Santa Cruz County Community Foundation and a member and past-President of the Rotary Club of Watsonville. Ralph is the President of the Regional Water Management Foundation and Treasurer of the Big Sur Land Trust. Ralph served on the founding Board of Directors of the Pajaro Valley Community Health Trust, was an elected Director for the Pajaro Valley Water Management Agency and was a Trustee on the Independence Square Housing Board of Directors for 23 years. In 2008, Ralph was recognized as a Top 10 Volunteer out of over 40,000 employees worldwide with Morgan Stanley. Ralph lives in Corralitos with his wife, Kerri, and son, Chris. He enjoys gardening, home re-modeling, music and basketball.

Along with contracting for a Sponsorship Development Coordinator we ask you to consider approving the attached sponsorship policies and procedures which directly connect the whole plan together. We placed these two items together as one on the agenda because they are directly inter connected and neither one is more important than the other. The board may wish to consider each by separate action.

FISCAL IMPACT

Revenue: Unlimited

Cost: 17.5% of revenues generated.

STAFF RECOMMENDATION

We are asking the board to support management and enter into the attached agreement for a Sponsorship Development Coordinator with Ralph Miljanich. We further request that the board approve the sponsorship program modifications as proposed in the attached sponsorship policy updates.

ATTACHMENTS

- Sponsorship Development Coordinator Contract with exhibits A & B
- Sponsorship Policy Updates

STATE OF CALIFORNIA
STANDARD AGREEMENT
 STD 213 (Rev 06/03)



AGREEMENT NUMBER 2013-01
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:
 STATE AGENCY'S NAME
 14th DAA
 CONTRACTOR'S NAME
 Ralph Miljanich
- The term of this Agreement is: 1-29-2013 through 1-28-2015
- The maximum amount of this Agreement is: \$ 17.5% of Gross Sales
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	1 page(s)
Exhibit B – Budget Detail and Payment Provisions	1 page(s)
Exhibit C* – General Terms and Conditions	1 page
Check mark one item below as Exhibit D:	
<input type="checkbox"/> Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement)	0 page(s)
<input type="checkbox"/> Exhibit - D* Special Terms and Conditions	
Exhibit E – Additional Provisions	0 page(s)

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
 PRINTED NAME AND TITLE OF PERSON SIGNING Ralph Miljanich, Sponsorship Development Coordinator		
ADDRESS 431 Poppy Hill Rd. Corralitos, CA 95076		
STATE OF CALIFORNIA		
AGENCY NAME 14 th DAA		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
 PRINTED NAME AND TITLE OF PERSON SIGNING David Kegebein Manager		
ADDRESS 2601 E Lake Ave Watsonville CA 95076		
		<input type="checkbox"/> Exempt per:

AGREEMENT SUMMARY

STD 215 (Rev 1/2013)

AGREEMENT NUMBER

AMENDMENT NUMBER

2013-01

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. CONTRACTOR'S NAME

Ralph Miljanich

2. FEDERAL I.D. NUMBER

3. AGENCY TRANSMITTING AGREEMENT

4. DIVISION, BUREAU, OR OTHER UNIT

5. AGENCY BILLING CODE

6. NAME AND TELEPHONE NUMBER OF CONTRACT ANALYST FOR QUESTIONS REGARDING THIS AGREEMENT

Dave Kegebein 831-724-5671 Fairgrounds Manager

7. HAS YOUR AGENCY CONTRACTED FOR THESE SERVICES BEFORE?

NO

YES (If YES, enter prior contractor name and Agreement Number)

8. BRIEF DESCRIPTION OF SERVICES - LIMIT 72 CHARACTERS INCLUDING PUNCTUATION AND SPACES

Sponsorship Development Coordinator

9. AGREEMENT OUTLINE (Include reason for Agreement: Identify specific problem, administrative requirement, program need or other circumstances making the Agreement necessary; include special or unusual terms and conditions.)

This individual will organize, develop, structure, implement and execute the 14th DAA's sponsorship program. See attached 14th DAA Sponsorship Policies and Procedures.

10. PAYMENT TERMS (More than one may apply.)

MONTHLY FLAT RATE

QUARTERLY

ONE -TIME PAYMENT

PROGRESS PAYMENT

ITEMIZED INVOICE

WITHHOLD _____ %

ADVANCED PAYMENT NOT TO EXCEED

REIMBURSEMENT/REVENUE - 17.5% of Gross Sales

\$ _____ or _____ %

OTHER (Explain) _____

11. PROJECTED EXPENDITURES
FUND TITLE

ITEM

F.Y.

CHAPTER

STATUTE

PROJECTED EXPENDITURES

FUND TITLE	ITEM	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
					\$
					\$
					\$

OBJECT CODE

AGREEMENT TOTAL \$

OPTIONAL USE

AMOUNT ENCUMBERED BY THIS DOCUMENT

\$

I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above.

PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT

\$

ACCOUNTING OFFICER'S SIGNATURE

DATE SIGNED

TOTAL AMOUNT ENCUMBERED TO DATE

\$

12. AGREEMENT	TERM		TOTAL COST OF THIS TRANSACTION	BID, SOLE SOURCE, EXEMPT
	From	Through		
Original			\$	
Amendment No. 1			\$	
Amendment No. 2			\$	
Amendment No. 3			\$	
TOTAL			\$	

(Continue)

AGREEMENT SUMMARY

STD. 215 (Rev 01/2013)

13. BIDDING METHOD USED:

- REQUEST FOR PROPOSAL (RFP) INVITATION FOR BID (IFB) USE OF MASTER SERVICE AGREEMENT
(Attach justification if secondary method is used)
- SOLE SOURCE CONTRACT EXEMPT FROM BIDDING OTHER *(Explain)*
(Attach STD. 821) *(Give authority for exempt status)*

NOTE: *Proof of advertisement in the State Contracts Register or an approved form STD. 821, Contract Advertising Exemption Request, must be attached*

14. SUMMARY OF BIDS *(List of bidders, bid amount and small business status) (If an amendment, sole source, or exempt, leave blank)*

15. IF AWARD OF AGREEMENT IS TO OTHER THAN THE LOWER BIDDER, PLEASE EXPLAIN REASON(S) *(If an amendment, sole source, or exempt, leave blank)*

Uniqueness of Services – This individual has performed many years of community service and has developed lots of relationships and contacts that position him to be uniquely qualified to assist the Santa Cruz County Fair with sponsorship development.

16. WHAT IS THE BASIS FOR DETERMINING THAT THE PRICE OR RATE IS REASONABLE?

After checking with other public facilities in the area it appears that 20 to 25% of sales revenue is common. This agreement provides for a 17.5% commission rate.

17. JUSTIFICATION FOR CONTRACTING OUT *(Check one)*

- Contracting out is based on cost savings per Government Code 19130(a). The State Personnel Board has been so notified. Contracting out is justified based on Government Code 19130(b). Justification for the Agreement is described below.

Justification:

The 14th DAA only needs a part time person who is uniquely qualified and connected with the community to develop, solicit, sell, and service these sponsorship agreements.

18. FOR AGREEMENTS IN EXCESS OF \$5,000, HAS THE LETTING OF THE AGREEMENT BEEN REPORTED TO THE DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING?

- NO YES N/A

19. HAVE CONFLICT OF INTEREST ISSUES BEEN IDENTIFIED AND RESOLVED AS REQUIRED BY THE STATE CONTRACT MANUAL SECTION 7.10?

- NO YES N/A

20. FOR CONSULTING AGREEMENTS, DID YOU REVIEW ANY CONTRACTOR EVALUATIONS ON FILE WITH THE DGS LEGAL OFFICE?

- NO YES NONE ON FILE N/A

21. IS A SIGNED COPY OF THE FOLLOWING ON FILE AT YOUR AGENCY FOR THIS CONTRACTOR?

- A. CONTRACTOR CERTIFICATION CLAUSES NO YES N/A
 B. STD. 204, VENDOR DATA RECORD NO YES N/A

22. REQUIRED RESOLUTIONS ARE ATTACHED

- NO YES N/A

23. ARE DISABLED VETERANS BUSINESS ENTERPRISE GOALS REQUIRED? *(If an amendment, explain changes, if any)*

- NO *(Explain below)* YES *(If YES complete the following)*

DISABLED VETERAN BUSINESS ENTERPRISES: _____ % OF AGREEMENT

Explain:

24. IS THIS A SMALL BUSINESS CERTIFIED BY OSBCR?

- NO YES *(Indicate Industry Group)*

SMALL BUSINESS REFERENCE NUMBER

25. IS THIS AGREEMENT (WITH AMENDMENTS) FOR A PERIOD OF TIME LONGER THAN TWO YEARS? *(If YES, provide justification)*

- NO YES

I certify that all copies of the referenced Agreement will conform to the original Agreement sent to the Department of General Services.

SIGNATURE/TITLE

DATE SIGNED

[Signature]

**EXHIBIT A
 (Interagency Agreement)**

SCOPE OF WORK

1. Ralph Miljanich – contractor will work with the Fair Management Team to organize, develop, structure, implement, solicit, sell and service sponsorship agreements as per the Sponsorship Policies and Procedures adopted by the Fair Board of Directors.

3. The project representatives during the term of this agreement will be:

State Agency: 14 th DAA/ SCCF	Contractor: Ralph Miljanich
Name: Dave Kegebein, Fair Manager	Name: Ralph Miljanich
Phone: (831) 724-5671	Phone: 831-254-7383
Fax: (831) 761-5827	Fax:

Direct all inquiries to:

State Agency: 14 th DAA/SCCF	Contractor: Ralph Miljanich
Section/Unit: Exhibit Representative I	Section/Unit: Contact
Attention: Emily Grunewald	Attention:
Address: 2601 East Lake Ave, Watsonville	Address: 431 Poppy Hill Rd. Corralitos, CA 95076
Phone: (831) 724-5671, ext. 202	Phone: 831-254-7383
Fax: (831) 761-5827	Fax:

Exhibit B – Financial Terms

1. This is a commission sales agreement. The 14th DAA will remit 17.5% of gross sales to the contractor within 15 days of receipt of revenues from contracts generated by the contractor.
2. This agreement may be terminated by either party without cause at any time with 30 days written notice.
3. This is a 2 year contract. Both parties understand that sponsorship revenue is developed by relationship building. These relationships will take time to “bear fruit”. The 14th DAA agrees that upon termination of this agreement for any reason the 14th DAA will continue to remit 50% of any commissions earned from in place contracts generated by the contractor for 12 months after termination.
4. The contractor will be responsible for his own expenses related to transportation and communication. The 14th DAA will reimburse the contractor for out of pocket expenses (meals, etc) up to an amount budgeted annually by the fair board.

14th DAA Sponsorship Policies and Procedures

It shall be the policy of the 14th DAA to solicit individual and business sponsorships within the following State Of California guidelines.

All sponsorship programs and policies shall be in accordance with California Food and Agricultural Code Sections 4051.1 (a) and 4051.1 (b)

4051.1. (a) Notwithstanding any other provision of law, in accordance with procedures established by the board, the board may enter into agreements to secure donations, memberships, and corporate and individual sponsorships, and may enter into marketing and licensing agreements for the receipt of money, or services or products in lieu of money, and may employ, or create and participate in an entity, or enter into an agreement with an entity or person to develop, solicit, sell, and service these agreements. The compensation for the entity or person shall be established by the board.

(b) Written notification to the department shall be required prior to creating an entity for the activities described in this section and prior to entering into any agreement for activities described in this section if the agreement exceeds one hundred thousand dollars (\$100,000) in value, exists for a period of greater than two years, or contemplates the building of a permanent structure on fair property. The department may, upon reasonable notice, examine the books and records of any entity created pursuant to this section.

Sponsorships can be solicited by a commissioned consultant selected and directed by the fair manager and approved by the board.

PURPOSE

To allow the Fair Management Team to compete in the sponsorship industry to enhance and promote the financial and marketing opportunities of the 14th DAA - Santa Cruz County Fair and its associated properties and programs. Event sponsorship is a fluid, fast paced form of mutual marketing and promotion that is not naturally conducive to the conventional bid process. The policies and procedures herewith provide the framework for the 14thDAA.

DEFINITIONS

Sponsorship Development Coordinator (Hereafter referred to in this policy as S. D. C.):
Independent contractor contracted with to implement the sponsorship program as defined in these policies and procedures.

Sponsor: Private business, individual, corporation, or public or non-profit entity that exchanges financial and/or other valuable consideration of standard or market value that would result from a traditional procurement or is not otherwise available for the privilege of conducting promotional, advertising, educational and/or product services activities in association with 14th DAA programs, activities, events, ground and/or facilities.

Sponsorship: A cash and/or in kind fee paid to a entity (typically in sports, arts, entertainment or causes) in return for access to the available commercial potential associated with that property. A contractual relationship between 14th DAA and a Sponsor in which the Sponsor provides to 14th DAA cash, goods, services and promotional opportunities for which the Sponsor receives the right of association with 14th DAA through advertising, sampling, access to patrons/event, and/or the preferential right to conduct business. The relationship must provide a value to 14th DAA.

Donor/Contributor: A person or company who gives or contributes something (cash and/or in kind fee) without expectation of return.

Cherry picking: The process of breaking down a sponsorship package into various parts and choosing only the most desired benefits.

Value: Assessment of the worth of the benefits to be received by 14th DAA from a sponsorship. Worth can be monetary as well as other benefits accruing to the 14th DAA. Such worth reflects current market prices for such benefits.

In-Kind: Consisting of goods, services, promotional support, advertising or some economic benefit other than cash.

Budget Relieving In-Kind: Consisting of goods, services or some economic benefit other than cash. Worth will be determined by current market prices for such benefit. An item is budget relieving only if the product and/or service relieve an item that is currently budgeted for or a need for such product and/or service is determined by 14th DAA.

Sponsorship Tier: Sponsorship Tiers are sponsorship packages that are generally offered by the 14th DAA. Packages may vary from stated benefits, depending upon 14th DAA ability, need and Sponsor marketing strategies and goals.

PROCEDURES

The manners in which the 14th DAA and/or its agent(s) shall generally undertake and implement the sponsorship program are as follows:

NOTIFICATION

14th DAA will announce potential Sponsorship opportunities annually through public notice and throughout the year by private invitation. Notification will be accomplished as follows:

- a) 14th DAA and/or its agents(s) will prospect for potential sponsors by contacting, meeting, evaluating sponsor goals, presenting and negotiating a tailored program to meet the specific marketing goals of the interested potential Sponsor.
- b) The 14th DAA web sites (www.santacruzcountyfair.com) will provide information on the procedures to follow and who to contact to pursue the development of Sponsorship.
- c) Interested parties may, at any time, propose a sponsorship. Such proposals may be verbal or in writing. The proposal will be sent to the S. D. C. and/or its agent(s) for assessment and follow-up.

NEGOTIATING PERIOD

Sponsorship opportunity may be made available to additional potential sponsors at the sole discretion of the 14th DAA. Sponsorship opportunities will be offered to potential parties until a cash deposit is given and letter of intent has been signed by a potential party, which will provide a final 15 calendar day exclusive negotiating period prior to signature of final sponsorship contract. If at the end of the 15 calendar day period a final contract has not been signed, the negotiating time period may be extended or the opportunity may be reoffered to all interested parties.

TAILORED SPONSORSHIP PRESENTATIONS AND NEGOTIATIONS

The 14th DAA and/or its agent(s) will follow-up appropriate potential Sponsorship interests by presenting and negotiating a tailored program to meet the specific concerns and needs of the interested potential Sponsor. The 14th DAA and/or its agent(s) will determine if a potential Sponsor is appropriate using the following criteria:

- a) The total cash to be received by 14th DAA
- b) The total budget relieving in-kind support to be received by 14th DAA. Budget relieving in-kind support will be valued at the current market value of the product and/or service that is received.
- c) Potential Sponsor's marketing objectives and corporate imagery must contribute to the 14th DAA's statutory mission and long-term vision. Potential Sponsor's products/services must be congruent with family values, diversity and other values identified as contributing to the quality of life for all Californian's. 14th DAA, in its sole discretion shall determine if a potential sponsor qualifies.
- d) Any other consideration, qualification or market influences deemed valuable by 14th DAA General Manager.

PROPOSALS/PRESENTATIONS

The 14th DAA S. D. C. will present opportunities to potential Sponsors through proposals tailored to the potential Sponsor's Marketing objectives. In general Sponsorship Tier's will be tailored for specific sponsors however, packages will not be broken down into pieces and cherry picking is not encouraged.

FINAL AGREEMENT

14th DAA will document all Sponsorships in writing on State approved contracts.

- a) Sponsorships will include the Sponsor's and 14th DAA's obligations and responsibilities, timelines, deadlines, terms, form of payment and length of Sponsorship.

FULFILLMENT

- a) The S. D. C. will monitor agreements to ensure 14th DAA fulfills its contractual obligations, acting legally and ethically in its dealings with the Sponsor.
- b) S. D C. will monitor agreements to ensure Sponsor fulfills its contract obligation within designated time frame, including any cash, budget relieving in-kind.

ADMINISTRATION

The Manager or designee will enter into sponsorship agreements for the receipt of moneys, services, products or other items of value. Fair staff as designated by the manager shall assist the S. D. C. with all administrative services, contracting and other related paperwork.

All 14th DAA board members, volunteers, manager and employees are encouraged to:

- a) Develop leads for program sponsorship. All leads will be considered and, if appropriate, contacted by the S D C.

The S D C will hold an annual strategic planning session with the Management Team to evaluate the complete sponsorship program.

The S D C will keep the board informed of sponsorship procurement progress through reports provided within the monthly board reports.

The Board will review this document annually.

The following program (previously board approved) outlines some of the possibilities the S. D. C. will offer to potential sponsors. We will be developing additional concepts as we proceed that more closely match sponsors' marketing goals with the fairgrounds needs and available opportunities.

Current 2012 Sponsorship Program (From 2011 Entry Guide)

For the opportunity to be a 2012 Santa Cruz County Fair Sponsor, your company will receive:

- Two (2) passes with free parking for every \$100.00 donation
- Special 6" x 20" wooden sign in the Fair Sponsor frame at the Paddy Smith Park
- Your company banner placed on the Fairgrounds the week of the Fair
- Invitation on Friday Night September 14, 2012 to the Sponsors Party at the Rodgers House
- Recognition as a Sponsor on the "Voice of the Fair"
- \$20,000 sponsor's logo will be featured on grounds signage and website
- \$15,000 sponsor's logo will be prominent website
- \$10,000 sponsor's logo will be in the Fair website
- \$5,000 sponsor's logo will be on our Fair website
- All other sponsors will be on the rotating sponsors slide on Fair website

The various Sponsorships are:

\$20,000 Sponsor

Overall Fair Sponsor

\$15,000 Sponsor

Friday Night Performance on the Main Stage

\$10,000 Sponsor

Saturday Night performance on the Main Stage

Sea Lion Encounters – Exhibit open daily plus 14 performances during the six days of the Fair.

\$5,000 Sponsor

Tuesday Night performance on the Main Stage

KTOM presents Country Western Night – Wednesday Night performance on the Main Stage

Michael Mezner – 10 performances during the six days at the Fair

Pro Wrestling Revolution / Luche Libre – Sunday Afternoon of the Fair

Charro Horse Show – Sunday Afternoon of the Fair

Antsy McClain and The Trailer Park Troubadours – Thursday Night performance on the Main Stage

\$2,500 Sponsor

Senior Day – Tuesday of the Fair

Competitive Exhibit Awards Sponsorship – There are over 20 competitive exhibits departments of the Fair. Sponsor the awards for your favorite department(s) – ribbons, plaques, trophies and buckles (your choice).

\$1,500 Sponsor

Education Days – Education Days are on Wednesday and Thursday mornings. All second to fourth grade students are admitted free to the Fair. Special educational exhibits and displays prepared for the students to make the field trip a learning experience about Agriculture.

\$1,000 Sponsor

Competitive Exhibits – There are over 20 competitive exhibits departments of the Fair. A Fair representative will be happy to explain the various departments of the Fair and how your sponsorship can support the department of your choice.

\$500 Sponsor

Hands-on Science Exhibit presented by the Santa Cruz County Fair Junior Fair Board.