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Item No. 7.2

Special Events Advisory Committee
December 5, 2007

TO: Members of Special Events Advisory Committee

SUBMITTED BY: A. Whittemore.
Andrew Whittemore, A/ Manager Community Relations & Cultural Affairs

DATE: November 27, 2007

SUBJECT: Civic Events Granting Process Overview and Discussion Paper

ORIGIN

At the October 19, 2007 meeting of SEAC, staff were requested to:

- a) provide an overview of the historical decision making process for HRM's civic event granting program; and
- b) identify options for increasing funding to support existing and new events including an examination of the Hallmark Events category pursuant to HRM's Civic Event Policy Framework

RECOMMENDATION

It is recommended that SEAC:

- b) direct staff to schedule a series of presentations in January 2008 to hear the event organizations as identified in Attachment 1.
- c) upon hearing from the event organization, provide Council with one or a combination of the following recommendations pursuant to HRM business planning process:
 - 1. amend HRM's Civic Events Policy Framework and the definitions contained within to expand the Hallmark definition to include new event categories as noted in the discussion section of this report;
 - 2. increase to the C760 operating budget to achieve greater support for specific annual events.

BACKGROUND

The role of events has generally been well recognized and articulated. Events not only provide entertainment for residents and visitors, but also contribute to a sense of community, building bridges between diverse populations and giving them an opportunity to come together and celebrate their history, diversity and the place they live in.

While some of the economic impact claims made on behalf of events may be extravagant, it is clear that events do create jobs and can play an important role for tourism. Large-scale festivals and celebrations help to promote HRM as an exciting destination with a variety of things to do. Less well-known, but distinctive events enhance tourists' experience once they have arrived. Events also have the benefit of attracting visitors and their spending for the whole day - several days in some cases. Furthermore, "Hallmark" events associated with HRM's identity help raise its profile globally and position it as a place to invest in, to set up head offices, and to hold major national and international events. Montreal's Office of Festivals and Public Animation reports that festivals also attract a large number of journalists and media representatives whose reports help promote the city.

1.0 A Historical Account of HRM's Civic Events Programs and Services

HRM has had a long standing tradition of programs and resources directed towards developing and supporting festivals and special events, recognizing their potential for enriching the quality of life for residents, generating economic activity, and showcasing HRM.

A) Civic Events Grants Program

Grants are generally regarded as a cost-effective way to achieve both civic objectives and those of the festival organizations they support. They are also a useful means of leveraging funding from other public and private sources. The investment, which is linked to tourism, as well as artistic objectives and community benefits, has helped highlight HRM as a dynamic city of festivals and cultural celebrations.

B) Special Events Task Force and Municipal Services

In addition to grants, HRM provides at-cost services for public events, including traffic control signage, cleanup services, park spaces, facilities and equipment. This approach facilitates the co-ordination of municipal services, and is a great help to event organizers, but it can be a costly and sometimes unacknowledged civic contribution. Even when civic services are provided on a cost-recovery basis, their actual costs, especially administrative costs, tend to be underestimated.

C) Direct Delivery of Civic Events

HRM also initiates and develops 5 major events annually. HRM undertake the development and direct delivery of festivals and events to pursue community development objectives. Because HRM owns many public spaces, HRM has certain advantages in presenting outdoor public events. Such initiatives require a considerable investment of staff and financial resources, even when the budget is augmented by sponsorships.

It is recognized that rather than delivering all events, it is more cost-effective to catalyse events by initiating community partnerships that include non-profit organizations. In the early stages of event planning such events require the commitment of staff and financial resources to develop the program and organizational infrastructure necessary to sustain the event. This type of process allows for an eventual shift to a funding-only role for HRM.

1.1 An Civic Events Overview of the Last Decade

The financial and/or direct staff support provided to event organizers in HRM originates from a Council decision dating back to the time of amalgamation. Essentially, two general categories of events were established:

Category One events were those organized and implemented directly by HRM staff and/or HRM Committees of Council. (ie. Canada Day, Natal Day, Bedford Days, Tree Lighting, New Years Celebration etc.) All of these events are funded directly from HRM's operating budget (C760). The levels of funding for the annual events were established at amalgamation. The HRM contribution for each of these events is also enhanced significantly by contributions from external sponsors.

Category Two events were those that receive funding from the Municipality, but conducted by external event organizers. These events range from annual community and regional events to large national or international events hosted in HRM. These events are funded in 4 different ways:

- A. *Direct Grants*** from operating (C760) are provided to annual events that are conducted by external event organizers. (ie.)
- B. *Festivals and Events (F&E) Grants Program*** from operating (C760) is an annual program that provides grants to community non-profit organizations to assist in hosting community events (ie.).
- C. *Summer Festival Grant*** from operating (C760) is awarded annually to provide a legacy enhancement for a community event that is geographically located within the former Halifax County Municipal boundaries (ie.)
- D. *Marketing Levy Special Events Reserve*** provides financial assistance for hosting national or international events that do not occur annually.

1.2 Current Level of Grant Support

At present, HRM continues to support events through grants, direct service provision, and at-cost municipal services. The following provides an overview of the current grant funding programs:

A. Annual Grants from Operating (C760)

Annual events supported with funding from the operating budget fall into two basic categories. The first category consists of sixteen events and initiatives which are organized and managed directly by HRM staff and/or HRM Committees of Council (i.e. Natal Day, Canada Day, New Year's Eve, etc.). The second category is direct grants to thirteen annual events that are conducted by external event organizers (i.e. Atlantic Film Festival, Atlantic Jazz Festival).

Traditionally, there has not been an application process for this funding. The total funding available has been approximately \$387,00 for internal events and initiatives and approximately \$151,000 for external events for a total of \$538,585 in the operating budget (C760).

B. Festivals and Events Grants Program from Operating (C760)

The Festivals and Events (F&E) Grants Program is an annual program that provides grants to community non-profit organizations to assist in hosting community events. Generally, the level of assistance is in the range of \$250 - \$1,000. The F&E program has a standard application form, deadline date, and screening process. Applications are received, vetted and prioritized by a staff committee. Total annual funding for the F&E program is \$25,000 which is enhanced by an additional \$10,000 provided by the Province of Nova Scotia.

The amount of the grants provided through the program do not warrant an evaluation report, but provision of some information proving the occurrence of the event are standard. The relatively small grants that are awarded through F&E are not conducive to implementing a financial hold back until such information is received but funding in subsequent years may be withheld if follow-up documentation has not been received from a previous year.

C. Summer Festival Grant from Operating (C760)

The Summer Festival grant is awarded annually to provide a legacy enhancement for a community event that is geographically located within the former Halifax County Municipal boundaries. The Summer Festival Grant program has a standard application form, deadline date, and screening process. The annual deadline is in the Spring. A Summer Festival Grant Committee, comprised of three Councillors from Districts within the former Halifax County, appointed by Halifax Regional Council, assisted staff in selecting a host(s) community(ies). Total annual funding for the Summer Festival grant is \$50,000 in the operating budget (C760).

In 2005, a motion was made during the Halifax Regional budget process to annually earmark \$25,000 of this grant to support the Musquodoboit Valley Exhibition. As a result, only \$25,000 of this grant remains available for distribution. Additionally, as a result of the approval of the SEAC, Regional Council effectively disbanded the Summer Festival Grant Committee.

The nature of the community events generally supported through this program do not necessarily warrant a requirement for an evaluation report, but provision of some information proving the occurrence of the event is standard. In addition, 20% of funds for approved grants over \$5,000 is held back until a final report is received by HRM.

D. Market Levy Special Events Reserve

On April 1, 2002, Halifax Regional Municipality's Marketing Levy came into effect and the tax rate established at 1.5% of the daily room rental fee. A subsequent staff report was brought forward with a request to increase the levy rate to 2% and use the increased revenue to establish a Major Events

Facilities Reserve. On March 2006, Council approved a 2% allocation to the Market Levy Special Events Reserve.

The Market Levy Special Events Reserve provides financial assistance for hosting tourism, commercial, major and sporting events that do not occur annually, with exception of hallmark tourism events. Through the 2007/08 Marketing Levy Event Reserve Budget three hallmark events were identified and funded including 1) Royal Nova Scotia Tattoo, 2) The Nova Scotia International Air Show, and 3) The Halifax International Buskers Festival.

Preference is given to events and activities which are free or low cost for the public to attend, cost-shared with other government partners, occur between November 1st and April 30th, and have broad public appeal and community interest. A detailed proposal is required to access funding from the Reserve. An application form, criteria sheets, and screening tools are applied. In 2007, a new set of evaluation criteria were also applied.

E. *The Civic Events Policy Framework*

A new policy framework was adopted in March 2006 to guide Council decision making processes respecting the civic events granting program. The policy defines clear event outcomes and priorities that focus on “building community, fostering good community relations, developing local economy and tourism industry, and enriching the quality of life of all residents and visitors.” The policy also defines the core mandate of civic events as events that focus on community development.

The framework suggests that HRM’s Civic Events Operating Budget, which comprises three grant programs (*Festivals and Events Grants Program, Summer Festival Grant’s, and Annual Event Grant*), be used exclusively to fund festivals, celebrations and HRM civic events. Whereas the Market Levy Special Events Reserve be used to fund commercial, tourism and sporting events, including HRM Hallmark tourism events.

1.3 *What Events Have Not Been Traditionally Supported*

Since amalgamation the budget line list of annual events supported and the annual amount provided to each event has remained fairly static. This said, in 2007, the budget allocation of certain annual events was increased by approximately \$75,000. This was only made possible due to a realignment of specific events normally funded through the operating budget and to the Market Levy Special Events Reserve under the Hallmark Tourism Event category.

The reality is that there is little flexibility in the operating budget to increase funding to most events currently supported by HRM, not to provide funding to existing annual events not funded by HRM, nor support new annual festivals or events.

Consequently, although a full range of events are supported by HRM, there are several events that do not currently receive funding from HRM, or are considered to be underfunded. These generally fall within the following categories:

- a) emerging and new festivals and events;
- b) professionally run festivals;

DISCUSSION

The potential exists for HRM to build on its long-term investment in events, enhancing their profile and role in our community and their capacity to generate economic activity. There has been considerable growth in events in HRM, and community interest in them is high. HRM has an opportunity to lever funds for festivals and celebrations by investing in specific initiatives. Among the opportunities are:

A) *Cultural Capitals of Canada:*

In May 2008, the Department of Canadian Heritage will announce the Cultural Capitals of Canada awards program. The value of this award is \$2 million and will provide incentives focussed on new civic events and initiatives.

B) *Canada Winter Games:*

HRM has been named the host community the 2011 Canada Winter Games. The Games provide a strategic opportunity to enhance existing activity and undertake some new program development.

C) *Major Event Hosting Strategy:*

HRM has initiated a major event hosting strategy that will identify new event opportunities and growth areas for HRM

D) *HRM Business Planning and Budget Process*

Annually HRM establishes an operating budget for civic events. There is always an opportunity through this process to request for additional funding. However, given that this process considers all of HRM's programs and services, the needs of civic events are weighed against others. Often, because Council has only a limited budget, increases have not been forthcoming.

E) *Market Levy Special Events Reserve*

The Reserve, as noted in the background, is source of funding that enables HRM to support many events that are non-annual as well as hallmark. The Reserve provides real opportunity for growth of events, however, the degree of opportunity is always restricted based on the amount of tax collected through the number of hotel rooms occupied in HRM.

1.4 An Assessment of these Potential Opportunities

A. Emerging and New Events

Anticipating the potential impact of these noted opportunities, there is likely to be increased funding for both emerging and new events. Specifically, the Cultural Capital of Canada application outlines an intention to build on emerging cultural events as well as to create new cultural events. Additionally, the application stresses the importance of sustaining these long after the year of celebration. Similarly, the Canada Games will launch new events that should be expected to grow long after. Consequently, based on this understanding and expectation, this matter will need to be addressed during a future budget process.

The Market Levy Special Event Reserve is designed to support non-annual events so, for all intents and purposes, it does in fact support new events. However, the opportunity through the Reserve is very limited in that a new event would not qualify for consecutive funding in the subsequent year. Therefore, sustainable funding for new emerging events is absent through the Reserve, with the only option to create sustainable funding is to consider these new events in the civic events operating budget. However, given the lack of capacity in operating these events are not being considered, and consequently a real funding gap in the support of emerging events now exists.

B. Transitional Funding

The desire to create funding capacity to support emerging and new civic events over the long-term also highlights the need for clear policy on transitional grant funding. There has been much discussion on transitional grant funding over the years, yet clear policy has not been developed.

One area of debate is whether or not HRM should gradually decrease the amount of funding provided to specific events through both operating and the marketing Levy Special Events Reserve in order to create the needed capacity for emerging and new events. This is a difficult concept that needs to be considered in the context of an event professional that does not bring bias nor has any stake in the local event community. Consequently, staff have requested the Major Event Hosting Strategy provide direction on this matter.

C. Professionally-Run Festivals and Events

Although the noted opportunities may provide funding opportunity to HRM's existing professionally run festivals and events, given the significant contribution these events provide, they deserve focussed consideration by the SEAC and Council. In fact, since the adoption of the Civic Events Policy Framework the professionally run festival and event organizers have been very vocal concerning the limited direct benefit the Policy has provided them.

Many of these event organizers have approached HRM requesting that their event be reconsidered in the category of Hallmark event. The Hallmark status is viewed by many event organizers as the primary avenue for increased funding and support over a sustained duration.

Staff is certainly open to the Committee's reconsideration of the Hallmark definition, but cautions that reconsideration must be approached with a clear understanding that expanding the definition will not solve all of HRM's funding challenges for professionally run festivals. Rather, staff propose that should the Committee decide to reconsider the definition, it be approached using the existing policy as a framework. If the Committee adopted this approach, the Hallmark Events would be redefined to include on of each of the following categories:

- *Festivals*
- *Celebrations*
- *Civic Events*
- *Commercial Events*
- *Tourism Events*

- *Sporting Events*

The implications of this could be that additional funding capacity would be created through operating which in turn could be redirected to support existing and to sustain emerging and new events. However, it would also likely reduce the amount of capacity in the Reserve to respond to events.

BUDGET IMPLICATIONS

None.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

Attachment 1 List of Grant Applicants

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : [Name/Title of who prepared rpt. & Phone #]

Report Approved by: _____ [Name/Title of Manager/Supervisor & Phone #]

ATTACHMENT 1

List of Grant Applicants

Applicants Requesting Increase To/Or Establishing Funding

1. Comedy Festival
2. Multicultural Festival
3. Fringe Festival
4. Holiday Parade of Light
5. Jazz Festival
6. Soap Box Derby
7. Film Festival
8. Word on the Street
9. Blues Festival
10. Marathon
11. Scotia Music Festival
12. Pop Explosion
13. Alderney Haunted House
14. Shore to Shore
15. Virgin Music Festival
16. Ride for Lobster