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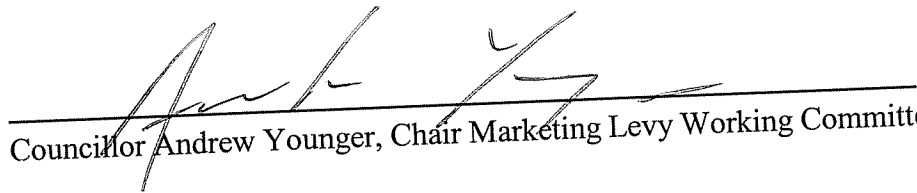


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Halifax Regional Council
August 1, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Councillor Andrew Younger, Chair Marketing Levy Working Committee

DATE: July 20, 2006

SUBJECT: Marketing Levy Major Events Funding

ORIGIN

March 22, 2006 Marketing Levy Working Committee Report recommending Regional Council approve the terms of reference of the Marketing Levy Working Committee; made up of representatives from the Hotel Association, the Tourism Association and Destination Halifax, and enable the Committee to provide input on the issue of Facilities/Major Events Hosting Strategy and the Special Events Reserve.

July 4, 2006 Staff Report which was deferred to August 1, 2006 recommending a festivals and events funding sub-committee of the Cultural Advisory Committee and a process for funding review.

RECOMMENDATION

It is recommended that :

1. the interim sub-committee of the Cultural Advisory Committee make recommendations on funding and policy for festival and events in HRM, exclusive of those funded by the Special Events Reserve supported by the Marketing Levy tax.
2. a stand alone committee be created to deal with event funding from the Special Events Reserve which reports directly to Regional Council, but have a reporting relationship with the special events and festivals funding sub-committee of the Cultural Advisory Committee.
3. Council adopt the criteria and scoring recommendations of the Marketing Levy Working Committee to enable more objective decisions around major event funding from the Special Events Reserve.

RECOMMENDATIONS CONTINUED . . .

4. the Special Events Reserve be renamed the Marketing Levy Major Events Reserve.
5. the festivals and events sub-committee of the Cultural Advisory Committee be named the Cultural Festival and Events Sub-Committee.

BACKGROUND

In November 2001, the Province of Nova Scotia passed legislation called the Halifax Regional Municipality Marketing Levy Act, which enabled the hotels with 20 rooms or more, to collect a tax on persons purchasing accommodations. The Levy Act provided for a tax to be collected up to a maximum of 2%. Originally, the hotel tax rate was established at 1.5% of the daily room rental fee. The tax revenues collected were distributed 1/3 to an HRM Special Events Reserve Account with 2/3 going to the Hotel Association of Nova Scotia to develop a destination marketing organization; Destination Halifax, for tourism marketing purposes.

In 2005, the Marketing Levy was increased to the maximum amount of 2%. At the time, staff recommended the .5% increase be deposited into an HRM major facilities reserve account. The Hotel Association and Destination Halifax requested that the .5% increase go toward strengthening their destination marketing efforts. Regional Council requested that a Marketing Levy Working Committee be developed in an effort to get industry input into the division and use of the levy collected.

The working committee began to meet in March of 2006 with a mandate to recommend to Council the process for the distribution and use of the additional funds generated by the 0.5% increase in the Marketing Levy. The statements of purpose included providing input on both the issues of major facility investment and event funding.

DISCUSSION

The Marketing Levy Working Committee has considered the recommendations made by staff which suggest the Cultural Advisory Committee establish an interim sub-committee to review and make recommendations on funding and policy for festivals and events. The Committee feels that because the revenue source for the Special Events Reserve comes from a source other than general tax revenue, it should be administered differently than other HRM event funds. In addition, it is felt that events supported by the special events reserve focus more on economic development, whereas events provided grants by other HRM funding sources are more culturally oriented and focus on community development across the municipality.

In an effort to differentiate the two funding sources, the Committee is recommending that the reserve supported by the marketing levy be called the Marketing Levy Major Events Fund while the funding provided through various HRM grants, and administered by the sub committee of the Cultural Advisory Committee, be called the HRM Cultural Festivals and Events Fund. It is felt by the Marketing Levy Committee that this approach is in keeping with the intent of the original

Memorandum of Understanding between HRM and the Hotels Association of Nova Scotia.

The Marketing Levy Committee has also developed policy statements along with criteria and a scoring mechanism to help make decisions around event funding from the Marketing Levy Major Events Fund (Attachment B).

A draft terms of reference for a committee to review and make recommendations on the Marketing Levy Major Events Reserve has been developed by the Marketing Levy Committee and are included in Attachment A.

BUDGET IMPLICATIONS

None at this time.

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.

ALTERNATIVES

Regional Council may decide not to approve two committees to review event funding in HRM.

ATTACHMENTS

- A) Draft Terms of Reference for the Marketing Levy Major Events Fund
- B) Marketing Levy Major Events Fund Criteria & Scoring

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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: Marion Currie for the Marketing Levy Working Committee

ATTACHMENT "A"



Marketing Levy Major Events Funding Committee

TERMS OF REFERENCE

July 20, 2006

1. MANDATE

The mandate of the Marketing Levy Major Events Funding Committee is to advise Regional Council on priorities for allocation of the Marketing Levy Major Events funds

- 1.1 The Committee will provide relevant and timely advice to Council on matters relating to funding of events from the Marketing Levy Major Events Fund.
- 1.2 The Committee will review the funding policies and criteria annually to ensure the tool is effective in identifying and supporting events which will have a positive impact on the economy of HRM

2. COMPOSITION

- 2.1 Members of the Committee shall be comprised of:

Two (2) members of Regional Council;
The Chair of the CLC HRM Festival & Events Funding Committee or designate
The President of the Hotel Association of Nova Scotia or designate
One (1) representative from the Hotel Association of Nova Scotia
The Chair of Destination Halifax or designate
President of Destination Halifax or designate
Executive Director of Events Halifax or designate
Chair of the Halifax Chamber of Commerce or designate
Chair of Greater Halifax Partnership/RDA or designate
One (1) member at large from the hospitality industry other than the accommodations sector
Director of HRM Community Culture & Economic Development

3. APPOINTMENTS

3.1 The terms shall be for two years, commencing in November of each year, and renewable on expiry for one additional term except for any staff appointments which will be for the duration of that members employment in that role.

3.2 Additional appointments may be made as necessary to fill vacancies.

4. OFFICERS

4.1 The Committee shall annually elect a Chair and Vice-Chair from its membership.

5. ADMINISTRATIVE SUPPORT

5.1 The Municipal Clerk's Office shall provide clerical support and keep the records of the committee on file.

6. QUORUM

6.1 Quorum shall consist of not less than 50% + 1 of the voting members.

7. MEETINGS

7.1 Meetings shall be called as deemed necessary by the Chair and committee members.

8. ABSENTEEISM

9.1 In the case of any member missing three meetings without the consent of the Committee, the member shall be deemed to have resigned.

9. PROCEDURE

10.1 The meeting shall follow the rules of order (Administrative Order 1) approved by Council as amended from time to time.

10. REPORT TO COUNCIL

11.1 The Committee shall submit a report of activities to Council during the first quarter of each year.

- 11.2 The Chairperson of the Committee, or a designate, may make reports to Council on the activities of the Committee as necessary, or as requested by Council, together with such other presentations that the Committee may deem advisable.

11. AMENDMENTS

- 12.1 The Committee may from time to time recommend to Council the amendment of these Terms of Reference following an appropriately voted resolution.

ATTACHMENT "B"

Events Reserve Funding

Draft policy statements:

~ Seed money - sustainability of event over the longer term.

Generally, funding shall be available to one time events. Notwithstanding this, the committee and council may consider, at their discretion, providing funding to an event proposed to be annual in its first year, and provide, up to a maximum of three years, decreasing funding amounts in subsequent years. Funding of this type shall require a business plan showing how the event will be sustainable without municipal funding after the expiration of funding from the Special Events Reserve.

~ Application due minimum 1 year prior to event.

This does not preclude HRM from considering applications under special circumstances. Applications shall be received by HRM not less than one year prior to the event. As funding may be allocated by council well in advance of an event year, early applications (multiple years prior to an event) are encouraged. Applications will be accepted within the one year time frame to an event at the discretion of council where the event can show sufficient reason why an application was not received earlier.

~ HRM will endeavour to make decisions within 3 months of application

HRM will endeavour to ensure that a council decision on any application received for the Special Events Reserve is made within 3 months of initial application date. Early applications are strongly encouraged as meeting times and agendas for council and the committee can vary.

~ Decisions of the Committee will be appealable

Decisions on funding from the Special Events Reserve are made by Regional Council on the advice of the committee and staff. Recommendations of the committee can be appealed by the applicant. All appeals must be received by the committee within 7 days of the decision being made. All decisions of Regional Council are final.

~ Support approved in principle, until Council approves annual budget.

In compliance with provincial, municipal, and other legislation, as well as Generally Accepted Accounting Principles, all funding approved by Council through the Special Events Reserve shall be approved in principle only subject to the approval of Council's annual budget for the year in which funds are to be disbursed from the fund.

~ Policy and criteria will be reviewed annually

Policies and criteria will be reviewed annually by the committee. Criteria and weighting for scoring of applications shall also be reviewed. Any recommendations for changes to the criteria shall be submitted by the committee to Regional Council for consideration by September 30th of each year.

Criteria:	Details: (*)	Weight	Rating: Max10pts	Score: =weight x rating	Notes:
Quality of Business Case	<ul style="list-style-type: none"> - <i>economic impact</i> - <i>revenue breakdown</i> - <i>pre & post benefits</i> - <i>companion programs</i> - Leveraging: total HRM financial portion is: <ul style="list-style-type: none"> >75% 60% - 75% 45% - 60% 30% - 45% 15% - 30% <15% - budget: Cost recovery Operating profit Operating deficit - <i>economic impact/ return on investment</i> <5:1 >5:1<10:1 >10:1 - <i>revenue breakdown</i> 100% Public funds 75% or more public funds 50% or more public funds <50% public funds - <i>pre & post benefits</i> - <i>companion/community programs</i> 	20%	/10		(STEIM, TEIM)

Criteria:	Details:	Weight	Rating: Max 10pts/ section	Score: =weight x rating	Notes:
Event Size	>1000 (5pts) >500<1000 (3pts) <500 (2pts)	5%	/10		Cache value, media exposure, content
	Regional (2pts) National (3pts) International (5pts)	5%			
% Non resident Participants	> 75% (10pts) > 50 < 75% (7pts) < 50% (5pts) <25% (3pts)	15%	/10		
Seasonality	- Nov - April (10pts) - May, July, Aug (7pts) - June, Sept, Oct (3pts)	10%	/10		support for shoulder seasons
Legacy Component	- physical infrastructure - social legacy - retention/future spin offs - contribution to SER	15%	/10		infrast. should be tourism related
Competition with Other Scheduled Events	- Synergy with existing event - Does not compete - Directly competes with HRM supported event	5%	/10		
HRM Resources Required	- human resources - physical resources - financial resources (HRM) - financial resources (SERF)	10%	/10		Total % of budget supported by HRM funds
Frequency of Event	- ability to sustain itself - One time event \$ Multiyear/diminishing \$ Multiyear/sustained \$ Multiyear/increasing	5%	/10		

Criteria:	Details:	Weight	Rating: Max 10pts/ section	Score: =weight x rating	Notes:
Ticketed vs Non Ticketed	<ul style="list-style-type: none"> - Mixed (5-10pts) - 100% non ticketed (10pts) - 100% ticketed (5pts) 	5%	/10		
Geographic Distribution	<ul style="list-style-type: none"> - urban ----- - suburban ----- > (1-9pts) - rural----- - mixture (10pts) 	5%	/10		

*** Note: Categories without points indicate discretionary allocation by committee**