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Item No. 5 (i)
Halifax Regional Council
Committee of the Whole
April 13, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script, appearing to read "Dan English".

SUBMITTED BY:

Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: March 26, 2010

SUBJECT: Service Review - Visitor Information Centres

ORIGIN

Council recommendation approval August 11, 2009. Moved by Councillor Smith, seconded by Councillor McCluskey that Halifax Regional Council authorize staff to commence review of the following services: Visitor Information Centres; Burial Services - Plot Provision and Interment; Water Quality Sampling; Marketing Services - Publications; and Recreation.

RECOMMENDATION

It is recommended that Council:

1. Commence transition planning to close (or not open) the urban VIC's and the Sackville VIC in 2010;
2. Establish an MOU or Service Level Agreement with Destination Halifax, including specific consideration of partnering with the Regional Tourism Industry Associations to operate Rural VIC's;
3. Undertake and complete a detailed review of Culture and Heritage aspects of the Rural VIC's linked to museums by December 2010, in consideration of future HRM support.

EXECUTIVE SUMMARY

HRM's Visitor Information Centres are focussed on tourism. They are a legacy of a time when HRM had a Department of Tourism, Culture and Heritage. Today they are under the responsibility of the Business Planning and Information Management business unit. They form part of the Client Services Division. The current configuration of 11 HRM-controlled VIC's is experiencing declining service outputs and provides coverage well in excess of best practice in other jurisdictions.

HRM funds a number of Tourism related endeavours each year through the Hotel Marketing Levy and through the general rated tax payer. Over the last 5 years HRM has spent approximately **\$17.6 Million** on tourism related promotion via VICs, Destination Halifax and Special Events. Of this amount **\$4.5 Million was from the general rated tax base**. The remainder is from the Hotel Marketing Levy revenues.

Given that Tourism is only loosely tied to Community Outcomes and not one of Council's Focus areas this level of spending seems incongruent with Council's objectives.

Comprehensive stakeholder consultation revealed a clear tendency for suburban/rural VIC's to exhibit a combination focus of tourism, community economic development and culture and heritage. A hybrid funding formula may work best for these centres.

Where redundant services are provided in a small geographic area, specifically in the urban core, this report is recommending that HRM close the VIC's altogether saving approximately **\$266,000** per year. This saving can happen within the current 2010/11 budget cycle.

It is also recommended that the remaining VIC's be rationalized by a cooperative effort of Destination Halifax and their partners, Regional Tourism Industry Associations and HRM staff. It is recommended that this rationalization should occur within the next nine months during which time the current funding of **\$327,000** per year should continue.

At the end of the 2010 season, the current funding should cease and any Rural VIC's determined to be continued should be funded by one, or a combination of Destination Halifax, the Regional Tourism Industry Associations and/or through other Culture and Heritage related sources.

By 2011/12, therefore, total savings to the operating budget would be approximately **\$593,000**.

BACKGROUND

On August 11th, 2009 Council selected Visitor Information Centres to undergo a Service Review Process. This service was chosen as it has a very low client base, is not mandated by regulation or legislation and has no direct linkage to Council Focus Areas.

BRIEF HISTORY

Visitor Services, a division of the former Tourism, Culture and Heritage Department of HRM was formed after amalgamation on April 1, 1997 to provide tourism services previously delivered by the Dartmouth Visitor and Convention Bureau, Tourism Halifax and the Metropolitan Area Tourism Association. It also included some responsibility for the Eastern Shore of HRM from Lawrencetown to Ecum Secum that was operated by the Antigonish Eastern Shore Tourism Association.

Destination Halifax was created in 2002 as a result of an MOU between the Hotel Association of Nova Scotia and HRM. Funding was provided by By Law H-400, the Marketing Levy, which went into effect April 1, 2002. As per the MOU, HRM Council had endorsed the concept of a Destination Marketing Organization (DMO) that would coordinate tourism marketing efforts in the Municipality. The MOU went on to explain the objectives of a DMO:

1. To combine the marketing efforts of a number of existing organizations within HRM in the implementation of an annual marketing plan designed to increase tourism visitation to and expenditure within HRM on a year-round basis and aimed at the business, tourism, leisure and convention markets.
2. To incorporate the marketing mandate and associated budgets of the Greater Halifax Meetings and Convention Bureau; and the marketing component of the HRM Department of Tourism, Culture and Heritage; and to coordinate these mandates with the marketing efforts of the World Trade and Convention Center and the Province of Nova Scotia as appropriate.
3. To prepare, through a consultative process, long term and annual marketing plans, including budgets, and provide for a broad distribution of the contents to its stakeholders and interested parties.

In September 2005 VIC's were transferred to Business Planning and Information Management and put in the Customer Services division which includes HRM's Customer Service Centres. The remainder of the staff complement in Tourism, Culture and Heritage were deployed elsewhere and some positions were eliminated.

In 2007, discussions were held with Destination Halifax and the Chair of the Destination Halifax Board, in which the entire VIC program and funding was offered to Destination Halifax to manage. The offer was without preset conditions in terms of VIC locations. The rationale was to facilitate an industry led approach to operating the VICs. This offer was not accepted.

In March 2008, Destination Halifax and HRM formed a joint working group to look at a next generation strategy for the delivery of visitor services within HRM. The working group was comprised of private sector stakeholders representing both urban and rural perspectives. The consensus of the working group was to investigate the possibility of utilizing stand alone electronic Information Kiosks.

Legal

The Halifax Charter states that “The Municipality may publicize the advantages of the Municipality or any part of the Municipality or surrounding areas as a location for the establishment and expansion ofbusinesses.” Sect 71(1)b presumes the inclusion of tourism businesses. The Charter also states “ The Council may expend money required by the Municipality for advertising the opportunities of the Municipality for business, industrial and **tourism purposes and encouraging tourist traffic**, with power to make a grant to a non-profit society for this purpose.” Sect 79(1)l

These clauses in the Halifax Charter lay the legal framework for HRM’s involvement in tourism activities such as the Visitor Information Centres.

Historical financial information: 5 years of annual operating results

| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast |
|-------------------|------------------|------------------|------------------|------------------|---------------------|
| Operating expense | \$673,739 | \$485,636 | \$439,461 | \$371,420 | \$432,564 |
| Building mtce | \$ 3,191 | \$ 3,841 | \$ 14,119 | \$ 28,591 | \$ 878 |
| TOTAL | \$676,930 | \$489,477 | \$453,580 | \$400,011 | \$433,442 |

HRM has expended approximately \$2.5 Million on VIC’s over the last 5 years.

HRM also contributes property tax rate revenues to Destination Halifax, HRM’s Destination Marketing Organization. Historical data for that amount is outlined below. Destination Halifax also receives almost 60% of the Hotel Marketing Levy tax revenue as outlined below.

| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast |
|---------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| HRM \$\$ | \$382,917 | \$389,367 | \$396,113 | \$403,550 | \$401,600 |
| Hotel Levy | \$1,352,541 | \$1,823,547 | \$1,862,402 | \$1,752,856 | \$1,589,800 |
| TOTALS | \$1,735,458 | \$2,212,914 | \$2,258,515 | \$2,156,406 | \$1,991,400 |

Destination Halifax has received approximately \$10.4 Million for Tourism marketing over the last 5 years, of which approximately \$2 Million has been from the property tax base.

The remaining 40% of the Hotel Marketing Levy tax revenue is allocated to the Special Events Reserve. See historical details below:

| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| Hotel Levy revenue | \$ 676,270 | \$ 911,773 | \$1,304,488 | \$1,168,570 | \$1,100,000 |
| Special Events spending | \$ 345,406 | \$ 646,233 | \$ 651,000 | \$1,043,546 | \$1,978,723 |
| Reserve balance* (end of period) | \$ 422,250 | \$ 376,534 | \$ 774,860 | \$ 904,396 | \$ 30,525 |

* Column not intended to sum

HRM has expended approximately \$4.7 Million for Special Events over the last 5 years.

DISCUSSION

Stakeholder Identification

The key stakeholders involved are:

VIC staff and management
Visitors and travellers
Regional Tourism Associations
Business Improvement Districts
Fisherman's Cove Development Assn
Sheet Harbour Chamber of Commerce

Province of NS-Tourism
Destination Halifax
Private sector tourism industry
Atlantic Canadian Aviation Museum
Musquodoboit Hbr Heritage Assn
Halifax Port Authority

Stakeholder/Client Consultation Results

Staff have consulted with a number of stakeholders in the course of the review. Some comments received from the following groups include:

Rural VIC's stakeholders.....

.....Consider VIC's to be very important to the community and its tourism businesses. The personal touch, the welcome and the effort expended to encourage people to visit and spend locally is key.

.....Think when a VIC is linked to an historic site or museum, the community takes pride in passing on its history and culture. Local residents will often use the VIC as an off season gathering spot.

..... Feel local employment is an important spin off from the VIC. If grants from the Province or the Federal government are used for employment, however, it was felt that HRM is effectively using the VIC to leverage funding from these other orders of government.

.....Feel that limiting information only to questions asked and not being able to direct visitors to specific businesses is counter productive and feel that the VIC's are sometimes constrained in this respect. ***Note: Provincial standards require VIC's to provide unbiased information to visitors.***

.....Saw the provision of customized HRM maps and advice to tourists as to the best drive along the way as very valuable. Visitors value advice about directions, events and places to stay. Mixed reviews as to whether self serve information kiosks would be effective.

.....Feel a well run VIC contributes to HRM's reputation, domestically and internationally as a welcoming and attractive place to visit. HRM staff are very effective in this regard.

Urban VIC's stakeholders.....

.....Feel Urban VIC's are somewhat redundant as the province also has centres in HRM ie one at the Waterfront, one at the Airport and one at Peggy's Cove.

.....Feel VIC staff need to be trained to national standards, energized to "sell" an experience to the visitor and focussed on providing high quality service. If it can't be done well, it shouldn't be done. Good counselling really contributes to a tourist staying in an area. If there are too many VIC's then they should be rationalized and focus given to doing a really good job with the remaining centres.

.....Feel Urban VIC's should not be judged just on the numbers as they stand. Should look at the potential to do a better job with a higher degree of focus. Be collaborative and work with other rural Regional Tourism Associations and groups.

.....Feel visitors who come across a VIC may seek hard copy info but most get info online.

.....Would see no problem with closing downtown Halifax VICs. Proprietors usually play the role of the info provider to urban visitors. Enhanced access to a good comprehensive data warehouse of tourism oriented info would be beneficial.

The Halifax Port Authority would not like to see the Cruise VIC closed. Downtown Dartmouth BID would like to see the Alderney Gate VIC moved to a space in the Ferry terminal on the Dartmouth side.

These comments are compiled directly from stakeholder interviews and do not necessarily reflect the opinions of staff.

Data Collection Report

Service Output/Product

- 1) Information for tourist related activities, directions
- 2) Bookings for accommodations, restaurants, events
- 3) Brochures, maps
- 4) Friendliness and advice

Clients

- 1) Out of province visitors/tourists
- 2) Residents travelling in their own province
- 3) Local businesses hoping for tourist spending

Service Volume

| VIC's | No of visitors per year Last 10 years average (max) | No. of visitors per year Last 3 years average | Percent Reduction |
|---------------------------------------|--|--|------------------------------|
| Moirs Mill, Bedford | 4,177 | 2,770 | 34% |
| Argyle Street, Halifax (5 yrs) | 17,618 | 17,103 | 3% |
| Alderney Gate, Dartmouth | 7,501 | 6,352 | 15% |
| Scotia Square (5 yrs) | 1,880 | 2,067 | 10% inc |
| Eastern Passage | 6,370 | 5,049 | 21% |
| Musquodoboit Harbour | 6,134 | 5,222 | 15% |
| Sheet Harbour | 4,078 | 3,485 | 15% |
| Tantallon | 4,318 | 4,355 | 0% |
| Enfield | 4,237 | 2,317 | 45% |
| Sackville | 1,635 | 1,168 | 29% |
| Cruise Pavilion (9 yrs) | 34,151 | 29,402 | 14% |
| TOTAL | 92,099 | 79,290 | 14% |

With over 3.4 Million people (including residents) travelling in Nova Scotia each year of which over 60% (about 2 Million) visit HRM the proportion helped by HRM VIC's is about 4% and is

declining. A survey conducted by staff in 2008 of 17 cities shows that this trend in declining visitors to VIC's is occurring across Nova Scotia and Canada.

As per the data above, 59% of the last 3 years average number of visitors is served by only 2 of the 11 VIC's (Cruise Pavilion and Argyle Street).

Alternatively, HRM web site hits for tourism information in 2009 has increased by 21% over 2008 levels, the first year the Visitor Information Guide was made available on the web.

Service Standards

| VIC | Number of Days Open (2009) |
|---------------------------------|-----------------------------------|
| Moirs Mill, Bedford | 91 |
| Argyle Street, Halifax | 172 |
| Alderney Gate, Dartmouth | 135 |
| Scotia Square, Halifax | 120 |
| Eastern Passage | 136 |
| Musquodoboit Harbour | 138 |
| Sheet Harbour | 107 |
| Tantallon | 129 |
| Enfield | 100 |
| Sackville | 87 |
| Cruise Pavilion | 65 |

The number of days the Centres are open has been determined by a yearly review of visitation patterns. Each VIC tracks visitation monthly, daily and hourly. Additionally, if a major event is known, particular VIC's would be opened or closure delayed to accommodate the event. For example, the Argyle VIC was opened early for the World Junior Hockey tournament; Enfield remained operational longer due to the International Air Show in 2008. Of note, and in support of the staff recommendation, there was no significant uptake of the VIC service during either these events.

Performance Measures

Staff are trained to provide visitors with timely information on local venues and attractions. Informal surveys are also completed.

Cost Allocation

Staff costs in proposed budget for fiscal year 2010/11 are approximately \$508,700 comprised of 1 FT Supervisor, 2 FT Senior Travel Counsellors and 35 seasonal Travel Counsellors. There are numerous computers, phones, furniture and fixtures of negligible value employed in VIC's.

For complete cost allocation see attached Appendix 1

Revenues

HRM revenues are indirectly affected by increased tourism as commercial and residential assessments may increase due to increased business operation and employment opportunities in the tourism industry.

Increased revenues from sales tax and corporate and personal income tax are directly linked and available immediately to the provincial and federal governments as the tourism industry grows and succeeds.

Environmental Scan

Numerous government and non-government organizations conduct Tourism related activities within HRM boundaries. The Province of NS conducts marketing activities to attract visitors to our province, operates VIC's and partners with Destination Halifax and Regional Tourism Industry Associations. The member supported RTIA's are the most active in the VIC business as one of their key mandates are to direct visitor spending to their membership base. Destination Halifax also conducts marketing efforts to attract visitor and convention business and works with the Hotel Association of NS, HRM and other partners to provide various Tourism related promotions.

Comparative Scan of VIC's

| Jurisdictional Area | Population | Operational Responsibility | Number of VIC's |
|--------------------------------------|----------------|---|-----------------|
| St. John's | 150,000 | Municipality | 1 |
| Charlottetown | 36,000 | Municipality | 1 |
| Moncton | 76,000 | Municipality | 3 |
| Fredericton | 124,172 | Municipality | 3 |
| Halifax Regional Municipality | 370,000 | Various | 15 |
| Ottawa | 870,000 | National Capital Commission | 1 |
| Winnipeg | 653,300 | Destination Winnipeg | 2 |
| Regina | 200,000 | Tourism Regina | 1 |
| Edmonton | 712,391 | Edmonton Economic Development Corporation | 2 |
| **Toronto | 2,800,000 | Tourism Toronto | 0 |
| Vancouver | 600,000 | Tourism Vancouver | 1 |

**** Electronic Self Serve Kiosks**

There are 15 VIC's within HRM boundaries, of which 11 are municipal, 3 are provincial and one is partly funded by a grant from HRM to the Antigonish Eastern Shore Tourism Association. HRM, therefore, has a disproportionately high number of centres as compared to most other jurisdictions.

No other municipality surveyed in Canada is responsible for as many VIC's as HRM.

Nova Scotia has a total of 79 VIC's (2009 number), 58 of which are run largely by several Regional Tourism Industry Associations (RTIA's) and are funded by member fees and other orders of government. The Province operates 9 VIC's around the province including 3 within HRM boundaries: (Halifax Waterfront, Robert Stanfield International Airport and at Peggy's Cove). All major entry points to the Province are currently covered by the Provincial VICs.

PEI, which is geographically similar in size to HRM, has a total of 15 VIC's, 5 run by the Province and 9 by private sector/community organizations who receive some funding from various orders of government and 1 as noted above which is a municipal responsibility.

Analysis of Data Collection

| VIC | Visitors Down | Cost | Tax Grant | Asset Cost | Revenue Increase |
|--------------------------|---------------|----------|-----------|------------|------------------|
| Moirs Mill, Bedford | 34% | \$37,300 | | Yes | Sell or Lease |
| Argyle Street, Halifax | 3% | \$94,500 | | | |
| Alderney Gate, Dartmouth | 15% | \$45,800 | | Yes | Lease |
| Scotia Square, Halifax | 10% increase | \$22,700 | | Yes | Re-utilize |
| Eastern Passage | 21% | \$84,400 | | | |
| Musquodoboit Harbour | 15% | \$68,600 | \$ 1,400 | | |
| Sheet Harbour | 15% | \$62,800 | \$ 4,780 | Yes | Sell or Lease |
| Tantallon | flat | \$66,900 | | | |
| Enfield | 45% | \$38,800 | \$40,500 | | |
| Sackville | 29% | \$24,700 | | Yes | Lease |
| Cruise Pavilion | 14% | \$41,200 | | | |

A location by location analysis follows. Key criteria considered are:

- Redundancy of available VIC alternatives
- Current deficiencies needing additional investment to correct
- Opportunities for partnerships with other entities
- Service volume trends and potential cost savings or revenue opportunities

URBAN VIC'S

Argyle Street

A Provincial VIC exists at the Halifax Waterfront so this location could be considered redundant. As well, it is thought that local hotels can provide the same or similar assistance to tourists. Visitor volume is down 3%. Cost savings to be realized is **\$94,500**.

Scotia Square

A Provincial VIC exists at the Halifax Waterfront so this location could be considered redundant. As well, it is thought that local hotels can provide the same or similar assistance to tourists. Space could be used for an alternate use to improve customer service. Cost savings to be realized is **\$22,700**

Cruise Pavilion

A Provincial VIC exists at the Halifax Waterfront so this location could be considered redundant. The Port Authority is mandated to provide this service not HRM. The Cruise Line, the Province and Destination Halifax partner with the Port to provide a Welcome Program for Cruise visitors. Total spending by all of these partners is \$40,000, or \$10,000 each. About 40% of visitors have pre-booked shore excursions and the remainder enjoy a walkabout map which is provided by the Port. The VIC here is in a poor location not in the direct traffic route of visitors and although there is no charge for the space, the numbers using the service is down 14%. Cost savings to be realized **\$41,200**.

Alderney Gate

A Provincial VIC exists at the Halifax Waterfront so this location could be considered redundant. As well, it is thought that local hotels can provide the same or similar assistance to tourists. The VIC here is in a poor location not in the direct traffic route of visitors. There is a revenue opportunity for HRM to lease the space. The number using the service is down 15%. Cost savings to be realized is **\$45,800**.

Bedford - Moirs Mill (HRM owned Heritage Building)

There is limited parking at this site and the building is not handicapped accessible. The location is not on a major corridor entry point. This is a Heritage facility which may need significant future capital investment/repairs as has been required in the past. A revenue opportunity exists if the asset was sold or leased. The number using the service is down 34%. Cost savings to be realized is **\$37,300**.

SUBURBAN/RURAL VIC'S

Sackville Metro Link Station

There is limited parking for visitors at this site and there are security issues associated with the fact that this is a transit terminal. A revenue opportunity exists if the space were leased. The number using the service is down 29%. Cost savings to be realized is **\$24,700**.

Eastern Passage (Fisherman's Cove)

This site is not on a major corridor entry point. Fisherman's Cove receives the rent revenue for this space in the amount of \$10,000. In recent years, this revenue was returned to HRM in order to deal with an outstanding and overdue property tax account which is now current. There are some culture and heritage links with this site and therefore a need to evaluate for Community Relations and Cultural Affairs linkages. The number of visitors using the service is down 21%.

Cost savings to be realized is **\$84,400**.

Tantallon

There is a Provincial VIC at Peggy's Cove. There are no public washroom facilities/no water at this site which must be rectified. This site is not on a major corridor entry point. Visitor numbers are flat. Cost savings to be realized is **\$66,900**.

Enfield (Aviation Museum)

There is a Provincial VIC at the Airport-1 km away which represents a major entry point for air travellers into HRM. As this is a museum there is a need to evaluate the VIC/Museum partnership for Community Relations and Cultural Affairs linkages. The number of visitors using the service is down 45%. The Museum receives 100% property tax exemption of \$40,500 per year. Cost savings to be realized is **\$38,800**.

Musquodoboit Harbour (Railway Museum)

This VIC is not on a major corridor entry point. As this is a museum there is a need to evaluate the VIC/Museum partnership for Community Relations and Cultural Affairs linkages. This location needs to upgrade the public washrooms (the system has septic problems) and more parking and ongoing maintenance. The number of visitors using the service is down 15%. The Museum receives a property tax exemption of \$1,400 per year. Cost savings to be realized is **\$68,600**.

Sheet Harbour - MacPhee House Museum (HRM owned Heritage Building)

This VIC is not on a major corridor entry point. As this is a museum there is a need to evaluate the VIC/Museum partnership for Community Relations and Cultural Affairs linkages. This property may need future significant capital investment/repairs. The Museum receives 100% property tax exemption of \$4,780 per year. The number of visitors using the service is down 15%. Cost savings to be realized is **\$62,800**.

General Observations

HRM has spent approximately \$17.6 Million on tourism related promotion via VICs, DH and Special Events over the last 5 years. Of this amount \$4.5 Million was from the general rated tax base. The remainder is from the Hotel Marketing Levy revenues.

Aligning VIC's with the Customer Service division of BPIM does not allow for as much of a tourism focus as it did in the past. The creation of Destination Halifax in 2003 and its funding through the Hotel Marketing Levy lent the opportunity for a real focus to HRM's tourism strategy and has created a first class Destination Marketing Organization to the benefit of HRM taxpayers. In a recent (Dec 2009) Best Practices and Benchmarking Study conducted by the Destination Marketing Association of Canada (DMAC), however, DH is identified as a DMO in the group of 22 participants across Canada which does not operate any VIC's. The average number of VIC's operated by DMO's in the study was 2.

HRM has more VIC's compared to any other jurisdiction in Canada particularly when compared to the number in the urban core.

As a geographically dispersed municipality, rural VIC's are important to HRM rural stakeholders and the economic spinoffs are leveraged more intensely by a local VIC as the community group usually accesses federal and provincial funding for seasonal employment. There seems to be a combination of focus in the Suburban/Rural VIC's to preserve a culture and heritage aspect in concert with a VIC aspect.

Greater coordination among Provincial VIC's, Regional Tourism VIC's and Destination Halifax would be beneficial. Currently, all entry points into Nova Scotia are serviced by Provincial VIC's.

All stakeholders feel the personal touch is more important than an improved web site.

RECOMMENDED APPROACH

Funding Changes

1) HRM should close the following urban VIC's effective with the upcoming tourist season:

Argyle Street
Scotia Square
Bedford - Moirs Mill

Cruise Pavilion
Alderney Gate

2) The Sackville Metro Link location should be closed. This is the least utilized of the suburban VIC's (in fact of all the VIC's) and has no cultural or community based links to be considered.

3) HRM should facilitate the Regional Tourism Industry Associations to operate the VICs within their respective Provincially mandated jurisdiction. The Antigonish-Eastern Shore Tourist Association (AESTA) is responsible for the area which currently covers Sheet Harbour, Musquodoboit Valley, and Eastern Passage. Destination Southwest Nova Association is responsible for the area which currently covers Tantallon.

4) Some Community Relations and Cultural Affairs (CRCA) funding might be provided for those VIC's which are linked to museums, collections and/or social heritage sites. This should be reviewed by HRM's CRCA staff in consultation with the Regional Tourism Industry Associations and DH.

5) Provide notice to all stakeholders at the conclusion of the 2010 season that HRM will not be offering VIC services.

Revenue Opportunities

- 6) Bedford Moirs Mill should either be sold or leased.
- 7) Space at Alderney Gate should be leased.
- 8) Space at Sackville Metro Link should be leased.

Customer Service Opportunity

- 9) Space at the Scotia Square location could be used to improve customer service.

Other-Destination Halifax

10) Recommend Destination Halifax work directly with the RTIAs to coordinate the VIC requirements within their respective areas of responsibility. HRM should establish an MOU or Service Level Agreement with Destination Halifax. Coordination of effort and funding for Tourism development in HRM should be assigned to one entity the most likely of which is Destination Halifax as per the original principle as stated in the MOU of 2002.

Analysis of Recommended Approach

Priority Alignment

Visitor Information Centres contributes to Community Outcome Areas and Goals:

A Safe and Welcoming Community

- HRM is a welcoming destination for all residents and visitors

Diverse Recreation, Leisure and Cultural Choices

- Preserve, develop and celebrate HRM's arts, culture and heritage

Economic Prosperity

- HRM has built strong partnerships with community partners and other orders of government

Visitor Information Centres has no direct link to any current Council Focus Areas.

Stakeholder/Client impact

Visitors and Travellers

Staff anticipate that there will be negligible effect as there are already sufficient sources

of information for these stakeholders from multiple sources.

Destination Halifax

There will be a need for DH to reallocate some priorities within its budget to provide for the appropriate level of VIC's at their discretion and in accordance with best practices

Regional Tourism Industry Associations

Should VIC be adopted, there may be a need for RTIA's to increase membership or fees to cover funding for their new VIC's.

Private Sector Tourism industry

In Suburban/Rural areas there could be concern that reduced VIC's will lead to less tourist traffic and spending within these less travelled areas of HRM.

Downtown BID

Does not anticipate any impact with reduction of downtown VIC locations.

Halifax Port Authority

Currently works with the Cruise lines, Destination Halifax and NS Tourism to welcome some 128,000 cruise visitors to HRM. The Welcome Program is funded by these four and costs approximately \$40,000 per year. HRM's VIC is additional to this. About 60% of cruise customers want to "walk about". The other 40% have pre-booked shore tours. The Port provides a downtown Halifax walking map. HRM is not charged for the space at the Cruise pavilion.

Fisherman's Cove Development Association

Would not welcome removal of the VIC. Sees it as an important part of providing heritage information to school children and visitors. The organization would lose approximately \$10,000 in rent paid by HRM for the space for the VIC.

Musquodoboit Harbour Heritage Association

Visitors travelling into Halifax from the #7 Highway would find a large gap of information about how to best access the city, where to stay and what events to go to. Would not like to see VIC removed. This site is a focal point and a point of pride for the community. Serves multiple purposes and benefits many community organizations. Kiosks would be too impersonal as a tool to provide information. Museum staff would likely try to fill the void but are not properly trained to do so.

Sheet Harbour Chamber of Commerce

Would like to see the VIC fulfill a dual role of visitor services and referral to the local businesses and as a community focal point for off season events. Would like the VIC and museum site to be a community "hub of activity". An information kiosk would not work for this community. Should the funding from HRM cease or the RTIA not take over the

VIC, the Chamber would take over the responsibility once more.

Atlantic Canadian Aviation Museum

Would see withdrawal of the VIC as the demise of the Museum.*(staff do not concur)*

Financial plan

The staff recommendation would result in annual operating savings in 2010/11 of approximately **\$266,000** and potential revenue gains for leased space or property sold. Further closures and transfers of responsibility would create an additional saving in 2011/12 of **\$327,000**.

BUDGET IMPLICATIONS

For the 2010/11 Budget year:

Direct Costs *(close Urban VIC's and Sackville)*

| | |
|-----------------------|------------------|
| Staff and Maintenance | \$166,000 |
| Direct overheads | <u>\$100,000</u> |

| | |
|----------------------|------------------|
| Total savings | \$266,000 |
|----------------------|------------------|

Indirect Costs (redeployed within HRM)

| | |
|--------------------------------|-----------|
| Management time (estimate 30%) | \$ 29,000 |
|--------------------------------|-----------|

For the 2011/12 Budget year:

Direct Costs *(close/transfer funding of remaining VIC's)*

| | |
|-----------------------|------------------|
| Staff and Maintenance | \$150,000 |
| Direct overheads | <u>\$177,000</u> |

| | |
|----------------------|------------------|
| Total savings | \$327,000 |
|----------------------|------------------|

| | |
|-------------------------------------|------------------|
| Total Savings over two years | \$593,000 |
|-------------------------------------|------------------|

Additional revenues from leased space or property sales undetermined at this time.

The direct cost savings include 35 seasonal employees and 3 FTE's (1 non union supervisor and 2 NSUPE staff). The direct cost savings for the 3 full time staff would not be realized until fiscal year 11/12.

Resources to evaluate the Community Relations and Cultural Affairs linkages will need to be provided within the CCRA division to complete the review project.

These savings for 2010/11 can only be realized if the staff recommendation is adopted by April 30, 2010.

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

Alternative 1: Close all VIC's for the upcoming season

Stakeholder/Client impact

Those Suburban/Urban VIC's (Sheet Harbour, Enfield) who make application to the federal and provincial government for student summer employment funding have already made those applications and might be unable to provide work as per their application.

The Culture and Heritage nature of these VIC's would suggest that reasonable notice of one year should be given, providing opportunity for alternative models to be explored.

Financial Impact

Savings would be for the total of \$593,000 in VIC spending for the 2010/11 fiscal year less working notice costs for staff of an estimated \$109,000.

Alternative 2: Transfer operational responsibility for all VIC's for the upcoming season to Destination Halifax (re-offer to DH and/or local Regional Tourism Industry Associations jointly to take over the operations of all)

Stakeholder/Client impact

This alternative would have significant practical implications for Destination Halifax. With an annual operating budget of \$2.6 million it would be extremely challenging to adjust their plans and absorb the operation of the VIC's within such a short time frame. In addition, once responsibility was transferred closures might still occur and HRM would have little influence over how or where.

Financial plan

Savings would be for the total of **\$484,000** in VIC spending for the 2010/11 fiscal year.

Alternative 3: Stop the \$400,000 Operating Grant to Destination Halifax and transfer operational responsibility for all VIC's for the upcoming season to Destination Halifax as above, but also transfer all existing operating funding (\$593,000).

Stakeholder/Client impact

This option would have less impact on Destination Halifax since a fully funded service would be transferred, however they would still be required to adjust their current plans and budget to account for the \$400,000 operating grant reduction. Once responsibility was transferred closures might still occur and HRM would have little influence over how or where.

Financial plan

HRM would realize a net savings of \$400,000, however HRM's operating Grant commitment would increase from \$400,000 to \$593,000, still without any Service Level Agreement.

Alternative 4: Keep the Cruise Pavilion location within the Urban Core

Stakeholder/Client impact

The Halifax Port Authority would welcome the retention of this VIC. None of the partners (Cruise Line, Port Authority, Province and DH) already providing funds of \$40,000 in total (\$10,000 each) would need to increase their funding allotment to the Welcome Program for cruise passengers.

Financial plan

Savings would be reduced by \$41,200 for the 2010/11 fiscal year and beyond.

Alternative 5: Replace closed VIC's with an Electronic Information Kiosk

Stakeholder/Client impact

In 2008/09, Destination Halifax and HRM co-managed a project to examine a new approach to providing Visitor Information Services within HRM. The Project Champions were the Board of DH and Halifax Regional Council. A working group comprised of representation from DH, HRM, NS Tourism, Culture and Heritage, NS Provincial IT resources, HANS and local accommodations business recommended a three tiered approach.

- 1) Develop a Web Portal that would interface with existing sites to generate and return user requests when visiting an information centre. Search criteria would access existing web services and databases in existence today such as novascotia.com, check-ins, halifaxinfo.ca, edining.ca etc.
- 2) Allow access to Web Portal from existing sites, VIC's or any operator/proprietor serving visitors
- 3) Create a dedicated Visitor Concierge Station for self service by Visitors
- 4) Add Visitor Concierge Station to existing fully functional VIC's with dedicated staff

Financial plan

Project costs:

| | |
|---------------------------------------|-----------|
| Web Portal Development | \$120,000 |
| Hosting and maintenance costs | \$ 45,000 |
| Communication costs | \$ 50,000 |
| Cost per Kiosk (\$15,000 to \$20,000) | \$175,000 |
| Project Management | \$ 75,000 |
| Staffing and rental costs | TBD* |

*Dependent on number of VIC's with dedicated staff to assist visitors

ATTACHMENTS

APPENDIX 1 - Financial Analysis

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.

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APPENDIX 1

VISITOR INFORMATION CENTRES ANALYSIS

| | Proposed 2010/11 Operating Costs | Proposed 2010/11 Direct Overheads | Totals | Museum Tax Grants | Asset Maintce Risk | Potential Revenue Recoveries |
|--------------------------|---|--|------------------|-------------------------|--------------------------|------------------------------------|
| Bedford | \$23,900 | \$13,400 | \$37,300 | | YES | Sell or lease |
| Cruise Pavilion | \$25,000 | \$16,200 | \$41,200 | | | |
| Scotia Square | \$11,400 | \$11,300 | \$22,700 | | | Reuse |
| Argyle Street | \$62,700 | \$31,800 | \$94,500 | | | |
| Alderney Gate | \$26,200 | \$19,600 | \$45,800 | | YES | Lease |
| Sackville | \$17,100 | \$7,600 | \$24,700 | | | |
| Subtotal | \$149,200 | \$99,900 | \$266,200 | | | |
| | | | | | | |
| Tantallon | \$27,400 | \$39,500 | \$66,900 | | | |
| Enfield | \$17,100 | \$21,700 | \$38,800 | \$40,500 | | |
| Musquodoboit Harbour | \$30,800 | \$37,800 | \$68,600 | \$ 1,400 | | |
| Eastern Passage | \$41,000 | \$43,400 | \$84,400 | | | |
| Musquodoboit Valley * | \$ 5,000 | | \$ 5,000 | | | |
| Sheet Harbour | \$28,500 | \$34,300 | \$62,800 | \$ 5,000 | YES | Sell or lease |
| Subtotal | \$166,900 | \$176,700 | \$326,500 | | | |
| | | | | | | |
| TOTALS | \$316,100 | \$276,600 | \$592,700 | \$46,900 | | |

*Grant to Antigonish Eastern Shore Tourism Association