

Item No. 14.3
Halifax Regional Council
June 24, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: June 19, 2014

SUBJECT: Davis Cup and We Day Events

ORIGIN

June 18, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.5

LEGISLATIVE AUTHORITY

Audit & Finance Standing Committee Terms of Reference section 3.8, which states "to review and make recommendations on proposals coming to Halifax Regional Council outside of the Annual budget or tender process including but not limited to:

- New Programs or services not yet approved
- Programs or services that are being substantially altered
- Proposed changes in operating or budget items
- Committing of funds where there is insufficient approved budget, or,
- New or increased capital projects not included in the approved budget
- Increases in project budget due to cost sharing
- Creation or modification of reserves and withdrawals not approved in the approved Budget

RECOMMENDATION

It is recommended by the Audit and Finance Standing Committee that Halifax Regional Council:

1. Approve an event grant of \$65,000 for the 2014 Davis Cup to be funded from the Operating Surplus Reserve, Q328, conditional upon:
 - a. The Province of Nova Scotia providing the same level of funding; and;
 - b. HRM being selected for the event;

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2. Approve an event grant of \$50,000 for We Day Atlantic Canada to be funded from the Operating Surplus Reserve, Q328; and;
3. Authorize the Mayor to provide a letter of commitment outlining the financial commitment and conditions to Free the Children for hosting We Day Atlantic Canada (Attachment 4 of staff report dated May 28, 2014) and to Tennis Canada for hosting the Davis Cup Canada vs. Columbia (Attachment 5 of staff report dated May 28, 2014).

BACKGROUND

A staff report dated May 28, 2014 was before the Audit & Finance Standing Committee pertaining to two event applications which were received by staff from Tennis Canada (Davis Cup) and Free the Children (We Day). Staff noted that, in light of an insufficient balance in the Marketing Levy Special Events Reserve (MLSER) due to Special and Hallmark Events already approved by Regional Council, an alternate funding source is required should HRM choose to support these events. The operating source identified was the Operating Surplus Reserve Q328 as outlined in the Financial Implications section of this report.

Further information can be found in the attached staff report dated May 28, 2014.

DISCUSSION

An amendment to staff recommendation was proposed by Councillor Adams to increase the event grant for the Davis Cup to \$65,000 to ensure that provincial funding is matched. The Audit & Finance Standing Committee approved the amended motion as outlined in the recommendation section of this report.

FINANCIAL IMPLICATIONS

The Operating Surplus Reserve, Q328 is a new reserve and the Reserve Business Case will be developed shortly. As there is no existing business case, Council could approve the withdrawal of the \$115,000 to fund these two grants.

It is anticipated the Reserve Business Case will allow for unbudgeted items to be funded from this reserve.

Operating Surplus Reserve, Q328 Summary:

Projected balance March 31, 2014 (as at May 31/14)	\$6,029,105
Withdrawal per recommendations	(\$115,000)
Revised projected balance, March 31, 2014	\$5,914,105

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are posted online in advance of the meeting.

ENVIRONMENTAL IMPLICATIONS

Environmental Implications were not discussed by the Audit & Finance Standing Committee.

ALTERNATIVES

No alternatives were discussed by the Audit & Finance Standing Committee.

ATTACHMENTS

1. Staff report dated May 28, 2014

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.php> 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: Liam MacSween, Legislative Assistant, 490-6521

Attachment 1

**Audit and Finance Standing Committee
June 18, 2014**

TO: Chair and Members of Audit and Finance Standing Committee
Original Signed
SUBMITTED BY: Brád Anguish, Director, Community and Recreation Services
DATE: May 28, 2014
SUBJECT: Davis Cup and We Day Events

ORIGIN

Special Events Applications received from Tennis Canada and Free the Children.

LEGISLATIVE AUTHORITY

Audit & Finance Standing Committee Terms of Reference section 3.8, which states "to review and make recommendations on proposals coming to Halifax Regional Council outside of the Annual budget or tender process including but not limited to:

- New Programs or services not yet approved
- Programs or services that are being substantially altered
- Proposed changes in operating or budget items
- Committing of funds where there is insufficient approved budget, or,
- New or increased capital projects not included in the approved budget
- Increases in project budget due to cost sharing
- Creation or modification of reserves and withdrawals not approved in the approved Budget

HRM Charter, Section 79 (1) (av); The Council may expend money required by the Municipality on a grant or contributions.

.....Recommendation on Page 2

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend that Halifax Regional Council:

1. Approve an event grant of \$50,000 for the 2014 Davis Cup to be funded from the Operating Surplus Reserve, Q328, conditional upon:
 - a. the Province of Nova Scotia providing the same level of funding; and
 - b. HRM being selected for the event;
2. Approve an event grant of \$50,000 for We Day Atlantic Canada to be funded from the Operating Surplus Reserve, Q328; and;
3. Authorize the Mayor to provide a letter of commitment outlining the financial commitment and conditions to Free the Children for hosting We Day Atlantic Canada (Attachment 4) and to Tennis Canada for hosting the Davis Cup Canada vs. Columbia (Attachment 5).

BACKGROUND

In recent weeks, two (2) event grant applications were received for consideration for funding from the Marketing Event Special Event Reserve (MLSER). An application was received from Free the Children for the 2014 event We Day Atlantic Canada and from Tennis Canada for the upcoming tennis tournament the Davis Cup. HRM staff requested that both organizations also send letters of invitation for consideration. (Attachments 1 & 2).

The MLSER is an operating reserve generated through a hotel tax levy. HRM receives 40% of the total revenue generated from the hotel tax levy for the purposes of supporting event and economic development (the other 60% supports the operation of Destination Halifax).

For the 2014/15 fiscal, the Special Events Advisory Committee has recommended funding to Regional Council for: 9 Hallmark events; 20 annual tourism/sporting events; and 2 international sporting events (World Men's Curling Championship and Web.com/ GOLFest). After Regional Council's approval, HRM has provided funding support in the amount of \$1,510,500 leaving a balance of \$21,933 in the reserve.

As the current balance of the MLSER is significantly below either of the two requests, an alternate funding source is required should HRM choose to provide funding support to these events.

DISCUSSION

Typically, requests for event grants are considered by the Special Events Advisory Committee (SEAC). However, as there is insufficient funding available in MLSER to consider the request, it does not fall under mandate of SEAC outlined in its terms of reference. Rather, since it is a request for "committing funds where there is insufficient approved budget", the terms of reference for the Audit & Finance Standing Committee require that this request be considered by

them. Further, both events have requested that a decision on HRM support be made by the end of June.

We Day Atlantic Canada

We Day is an event initiative of Free The Children, an international charity and educational partner, that works with schools to implement the We Act program to promote the spirit of volunteerism in the young. Since 2007, students across Canada have raised over \$37 million for over 1,000 charitable causes and volunteered 9.6 million hours in their local communities. Free the Children is a not for profit organization and has partnered with the Nova Scotia Department of Education and Early Childhood Education for this event. Students and teachers earn free attendance to the event by volunteering.

In 2013, Halifax was selected as the location for the Atlantic Canada event which was held on November 27th at the Halifax Metro Centre. In 2013, Regional Council approved funding in the amount of \$50,000 from the MLSER. Over 8,000 youth and educators from 248 schools from across Atlantic Canada attended the event with the support of 500 volunteers.

In 2013, the We Day team booked 471 rooms at the Delta Halifax and Delta Barrington for We Day staff, talent, and honoured guests, excluding all other participants who attended the event. We Day is scheduled for November 28, 2014, at the Metro Centre with an estimated attendance of 8,000. The 2014 theme is the empowerment of women with an emphasis on economic empowerment and training.

On May 14, 2013, Regional Council passed a motion to direct staff to continue to engage youth both in their communities and online to better understand the current trends and issues of youth across HRM. Free the Children initiatives support the engagement of youth and the We Day event has a successful track record across Canada and North America of empowering and informing youth. This request aligns with HRM's mandate to provide effective means for reaching youth groups and delivering youth programs.

Free the Children is requesting funding in the amount of \$100,000 for the 2014 We Day Atlantic Canada event. However, no additions or enhancements to the 2014 program for We Day were included to support the increase in funding request. Therefore, it is recommended that funding support in the amount of \$50,000 be provided.

Davis Cup Canada vs. Columbia

The Davis Cup began in 1900 as a competition between USA and Great Britain. It is now the world's largest annual international team competition in sport, with 122 nations taking part in 2014. The event is a professional international team tennis event in which the one country plays against another country for a home and away tournament. The Davis Cup is scheduled for September 12-14, 2014, at the Halifax Metro Centre and would pin Canada against Columbia. Currently Canada is ranked 8th ahead of both the US and Great Britain.

The event estimates the 2014 attendance to be 10,000 people and supported by 100 volunteers. The event will be ticketed with an approximate cost of \$25 per day for entry. The event estimates that it will generate 1,000 room nights and the estimated budget is \$463,000.

Hosting fees are routinely required for national/ international sporting events and are typically paid by the host governments. The municipal hosting fee request for the Davis Cup is \$100,000. The financial commitment from HRM is only required if Halifax is selected for the event destination. Further, Tennis Canada requested additional funding support from the Province of Nova Scotia.

In terms of international sporting events, HRM has previously funded the bids associated with the 2008 IIHF World Hockey Championships (\$250,000) and the ICF World Senior Canoe Championships in 2009 (\$200,000). Furthermore, HRM has committed a hosting fee of \$300,000 for the 2014 PGA Web.com Golf Fest and \$150,000 for the 2015 Men's World Curling Championships. HRM has also funded national sporting events such as \$15,000 for the 2010 Senior Men's Baseball Championship and \$130,000 in total for the Canadian Interuniversity Sport (CIS) Men's Basketball Championship in 2011 and 2012.

A Sport Tourism Economic Assessment Model (STEAM) report by Events Nova Scotia in consultation with Tennis Canada (Attachment 3) states the net increase in economic activity in the province as a result of the initial expenditures of the event would be \$791,099. As well, the total level of taxes supported by the 2014 Davis Cup is estimated at \$285,787. Of this, \$130,867 is allocated to the federal government, \$125,292 to the provincial government and \$19,893 to municipal governments across Nova Scotia.

Staff has consulted with Nova Scotia Tourism Agency and Destination Halifax on the funding request for the Davis Cup Canada vs. Columbia. Both agencies raised concerns regarding the lack of out-of-town attendees and that the requested amount did not reflect the economic forecast provided by the STEAM analysis. However, based on HRM's reputation for hosting international sporting competitions and the potential for global recognition that results in hosting an event of this calibre, a hosting fee in the amount of \$50,000 from HRM is recommended, conditional upon the same level of funding (or more) being provided by the Province of Nova Scotia.

Grant Agreements

Staff will draft event agreements between respective applicants should they be awarded funding support. The agreements will be negotiated prior to the payment of the hosting fee and will outline all conditions and benefits to HRM (i.e., media coverage, promotions and advertising opportunities).

FINANCIAL IMPLICATIONS

The Operating Surplus Reserve, Q328 is a new reserve and the Reserve Business Case will be developed shortly. As there is no existing business case, Council could approve the withdrawal of the \$100,000 to fund these two grants. It is anticipated the Reserve Business Case will allow for unbudgeted items to be funded from this reserve.

Operating Surplus Reserve, Q328 Summary:

Projected balance March 31, 2014 (as at May 31/14)	\$6,029,105
Withdrawal per recommendations	<u>(\$100,000)</u>

Revised projected balance, March 31, 2014

\$5,929,105

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

1. Audit and Finance may choose to recommend that Halifax Regional Council not approve the recommendations as outlined.
2. Audit and Finance may choose to recommend that Halifax Regional Council amend the proposed grant award pending budget capacity.

ATTACHMENTS

Attachment 1: We Day Atlantic Canada Letter of Invitation
Attachment 2: Davis Cup Canada vs. Columbia Letter of Invitation
Attachment 3: Davis Cup Canada vs. Columbia STEAM Analysis
Attachment 4: Proposed We Day Atlantic Canada Letter of Commitment
Attachment 5: Proposed Davis Cup Canada vs. Columbia Letter of Commitment

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

Report Prepared by: Paul Forrest, Coordinator, Events & Cultural Initiatives, 490-6979
Original Signed

Report Approved by: Denise Schofield, Manager, Regional Recreation & Culture, 490-6252

Financial Approval by: Original Signed
Greg Keefe, Director of Finance & ICT/CFO, 490-6308

Attachment 1: We Day Atlantic Canada Letter of Invitation



Elizabeth Taylor
Events & Cultural Initiatives
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

03 June 2014

Dear Ms. Taylor,

I'm writing to you on behalf of Free The Children, and its signature youth empowerment event We Day, to request the consideration of the Halifax Regional Municipality Council for the hosting fee of We Day Atlantic Canada 2014. We are seeking to cover the hosting fee amounting to \$100,000 to assist in bringing youth leaders, educators, and the regional business community together at the Halifax Metro Centre to celebrate their power to affect local and global change.

This fall, Free The Children is thrilled to bring We Day back to Atlantic Canada on November 28, 2014, once again welcoming over 8,000 incredible change-makers to We Day who have committed to taking one local and one global action to make their world a better place.

We would be honoured to once again host this unparalleled youth empowerment event at the Halifax Metro Centre, celebrating the incredible change Atlantic Canadian youth are making both globally and within their own communities. The Halifax Regional Municipality's continued support will not only offset our venue costs, enabling youth and educators to attend We Day free-of-charge, but will continue to help create meaningful change in the lives of local youth and the future leaders of Atlantic Canada.

Thank you for your consideration.

Yours sincerely,

Original
Signed

Dalal Al-Waheidi
Executive Director, We Day



Attachment 2: Davis Cup Canada vs. Columbia Letter of Invitation



LEADING THE GROWTH OF TENNIS IN CANADA
NOUS ASSURONS LA CROISSANCE DU TENNIS AU CANADA

June 2, 2014

Elizabeth Taylor
Events & Cultural Initiatives
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Dear Ms. Taylor,

It is my pleasure to advise you of an exciting opportunity to enhance the City of Halifax's image as a sports-oriented community.

Davis Cup tennis is the largest single sport team competition in the world, involving more than 125 countries on an annual basis. Canada is currently ranked No. 8 in the world and our exciting young team is trying to earn a berth in the prestigious Davis Cup World Group for a fourth consecutive year. Only 16 teams in the world qualify each year for the World Group.

Canada started the year among the elite 16 teams, but was defeated in the first round while on the road in Tokyo, Japan in February. This has forced the team to play a World Group play-off to keep their spot in the upper echelon of the competition for 2015. Canada drew Colombia as their opponent for this play-off and was awarded home court advantage. The World Group play-off tie will be held from September 12-14 and we believe that this is an exceptional opportunity to bring this event to Halifax.

Halifax has an incredible reputation for hosting international sporting events, and particularly for showing extreme patriotism towards national teams. We believe that this same passion and support from the community can be transferred to tennis. Despite bringing tennis to Halifax several times before, including a lower level zonal Davis Cup tie in 1998, we have never hosted a professional tennis event at this high a level before. We strongly feel the time is now right to expand our reach and bring this exciting event to a new market and build a program that is sustainable as we have done in other cities in Canada.

The profile of Davis Cup in Canada has grown tremendously over the past three years as our team has experienced great success. After reaching the World Group in 2012 for the first time in eight years,

Canada held a first-round tie against France in Vancouver that set a new standard for hosting these events at home. Despite losing that tie, Canada was able to remain in World Group for 2013 after a play-off victory, and went on a Cinderella run to the semifinals last year. After hosting both Spain and Italy at home in early 2013, and winning both match-ups, Canada played world No. 1 Novak Djokovic and the Serbian team on the road last September. Throughout the course of the year, the team built up a following and a fanbase that resulted in nearly 500 fans travelling to Belgrade to cheer them on. Davis Cup is also now broadcast nationally on Sportsnet and TVA Sports, helping to increase fan and media interest across Canada.

A great deal of this success has come from the excitement surrounding our players. The Canadian team is centered on ATP World Tour star Milos Raonic, who last year became the first Canadian male to ever be ranked in the Top 10. His dedication to Davis Cup over the years has helped the team reach these heights. He is strongly supported by our No. 2 singles player Vasek Pospisil, also a Top 30 player, and doubles legend Daniel Nestor who currently sits at No. 7 in the world. These players, both individually and as a team, have helped create a national awareness and excitement about tennis that we have never experienced before. We would love to give the people of Halifax the chance to see these talented players live in action.

The three ties we hosted in Vancouver were sold out and drew fans from across the Province of British Columbia, and approximately 10% of attendees from out of Province. On average, the matches drew a national audience of more than 600,000 on Sportsnet and TVA, with extensive coverage on live TV from the visiting country's national broadcaster. We feel that an event in Halifax could increase the out of Province spectator percentage to closer to 15%, and we can confirm that Sportsnet, TVA and the national Colombian broadcaster have all committed to airing the tie live on their networks.

We have managed to establish great relationships with the Municipal governments in the other regions across the country where we have hosted these events and we hope to do the same with you should we bring the event to Halifax. We are requesting generous support of \$100,000 in order to bring this world-class event to Halifax and make it a success. As our deadline for selecting a host city is at the middle of this month (June 10) and we are hoping to receive feedback on this request as soon as possible. We appreciate that this ask is coming with very short notice, but it was only recently that we were informed of the venue's availability and this exciting opportunity became a possibility. Furthermore, it is a challenging aspect of the Davis Cup format that does not afford us much time between ties to make these hosting decisions. Nor is it always a guarantee that the event will be in Canada given the home/away format of the competition.

Tennis is a growing sport in Halifax and increasing participation and awareness across this region is a priority for Tennis Canada. We have assisted with the construction and opening of two facilities in Nova Scotia (three in the Maritime region) over the past two years. These facilities have provided the

community with greater access to the sport and have increased the province's involvement with tennis. This event can help grow this relationship with tennis even further as it will generate excitement for not only existing recreational players, but also encourage more active participation by all.

For a better idea of the thrilling atmosphere created by hosting a Davis Cup tie, please take a look at a video created highlighting the success of the tie against France in 2012:

<http://video.tenniscanada.com/video/28/canada-vs-france-davis-cup-recap>

Please do not hesitate to contact me at 416-560-6600 or at kmurumets@tenniscanada.com as we are anxious to provide you with any and all information you may require to make a prompt decision. Local members of our team have had preliminary discussions with your staff and look forward to working with them further to making Davis Cup in Halifax a tremendous success.

Thank you for your consideration.

Yours truly,

Original signed

President & CEO
Tennis Canada

Attachment 3: Davis Cup Canada vs. Columbia

**2014 Davis Cup Canada vs Columbia
(Halifax, Nova Scotia)**

**Economic Impact Analysis – STEAM Report
Halifax, Nova Scotia
May 2014**

The combined total of visitor, capital and operational spending as a result of hosting the **2014 Davis Cup Canada vs Columbia** are estimated to total **\$738,495**. These expenditures are expected to generate a total of **\$1,674,221** of economic activity in the province, of which **\$1,139,531** will be in Halifax.

The **2014 Davis Cup Canada vs Columbia** is estimated to provide a total of **8.0** jobs for Halifax and an additional **4.4** jobs for the remainder of the province. These jobs will create a total of **\$492,232** in wages and salaries for Nova Scotia as a whole.

The net increase in economic activity in the province as a result of the initial expenditures of the event is **\$791,099**.

The total level of taxes supported by the **2014 Davis Cup Canada vs Columbia** is estimated at **\$285,787**. Of this, **\$130,867** is allocated to the federal government, **\$125,292** to the provincial government and **\$29,629** to municipal governments across Nova Scotia. The level of municipal taxes supported within Halifax Regional Municipality is estimated to be **\$19,893**.

Attachment 4: Proposed We Day Atlantic Canada Letter of Commitment

Dalal Al-Waheidi
Executive Director, We Day
233 Carlton Street
Toronto, ON
M5A 2L2

Date

Dear Ms. Al-Waheidi,

The Halifax Regional Municipality is pleased with Free the Children's interest in returning to the Municipality for the 2014 We Day Atlantic. Halifax Regional Council has pre-approved funds for payment of a hosting fee, in the amount of \$50,000 and subject to an initial hold back percentage as per the HRM event grant process.

The payment of the hosting fee would be contingent on the following:

- Logo inclusion on all promotional materials related to Halifax Regional Municipality as the host of the We Day Atlantic;
- Activation opportunity (to be determined); and
- A commitment to formalize a partnership agreement prior to hosting the event and prior to payment of the hosting fee, that outlines all partnership rights and benefits awarded to the Halifax Regional Municipality, should it be awarded the hosting rights.

Halifax has the hotels, venues, suppliers, volunteers and talent to make the 2014 We Day Atlantic as successful as the 2013 event which so positively captivated the youth of our Region.

Regards,

Mayor Mike Savage

Attachment 5: Proposed Davis Cup Canada vs. Columbia Letter of Commitment

Kelly D. Murumetsm, President & CEO,
Tennis Canada
1 Shoreham Drive, Suite 100
Toronto, Ontario
M3N 3A6

Date

Dear Ms. Murumets,

The Halifax Regional Municipality is pleased with Tennis Canada's interest in the Municipality as a host city for the Davis Cup Canada vs. Columbia. Should the Halifax Regional Municipality be awarded the hosting rights, Halifax Regional Council has pre-approved funds for payment of a hosting fee, in the amount of \$50,000 and subject to an initial hold back percentage as per the HRM event grant process.

The payment of the hosting fee would be contingent on the following:

- Davis Cup Canada vs. Columbia being successful in achieving the same level of additional funding support from the Province of Nova Scotia;
- HRM being selected as the site for the 2014 Davis Cup;
- Logo inclusion on all promotional materials related to Halifax Regional Municipality as the host of the Davis Cup Canada vs. Columbia;
- Activation opportunity (to be determined); and
- A commitment to formalize a partnership agreement prior to hosting the event and prior to payment of the hosting fee, that outlines all partnership rights and benefits awarded to the Halifax Regional Municipality, should it be awarded the hosting rights.

Our region has a successful track record hosting major sporting events. Such events as the 2008 IIHF World Hockey, TELUS World Skins Game in 2012, the Men's Canadian Curling Championship, and setting the highest attendance record for a Brier held east of Winnipeg in 2003; highlight our vibrant sports community, our enthusiastic fan base and warm hospitality.

Halifax Regional Municipality has the enthusiasm and the international experience to make the Davis Cup Canada vs. Columbia event a success. We look forward to partnering with you should we be successful in securing the event.

Regards,

Mayor Mike Savage