



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.2.1
Halifax Regional Council
January 12, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

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

DATE: December 22, 2015

SUBJECT: Support for Destination Eastern and Northumberland Shores (DEANS)

ORIGIN

December 16, 2015 meeting of the Audit & Finance Standing Committee, Item No. 9.1.2

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 & Finance Standing Committee that Halifax Regional Council:

- 1) Approve a grant of \$6,400 per year, renewable annually for up to five years, to be paid to Destination Eastern and Northumberland Shores (DEANS) beginning in the 2015-2016 fiscal year and continuing through the 2020-2021 fiscal year;
- 2) That the grant be paid through Destination Halifax; and Destination Halifax and DEANS sign an agreement on how the grant is spent and reported on.

BACKGROUND

A recommendation report from the Community Planning and Economic Development Standing Committee dated November 20, 2015 was before the Audit & Finance Standing Committee pertaining to Support for Destination Eastern and Northumberland Shores (DEANS) was before the Audit & Finance Standing Committee at its meeting held on December 16, 2015 (attachment 1). A supplementary information report dated December 10, 2015 was also provided to the committee for further information (attachment 2).

For further information please refer to the attached committee and staff reports.

DISCUSSION

The Audit & Finance Standing Committee considered the Community Planning and Economic Development Standing Committee report dated November 20, 2015 at its meeting held on December 22, 2015 and forwarded the recommendation to Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

As outlined in the attached committee report dated November 20, 2015 (attachment 1) and the attached staff information report dated December 10, 2015

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are available on the web.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The Audit & Finance Standing Committee did not discuss alternatives.

ATTACHMENTS

1. Community Planning & Economic Development Standing Committee report dated November 20, 2015
2. Staff Information report dated December 10, 2015

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902.490.6521



P.O. Box 1749
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Attachment 1

Item No.
Audit & Finance Standing Committee
December 16, 2015

TO: Chair and Members of Audit and Finance Standing Committee
Original Signed

SUBMITTED BY: Councillor Wayne Mason, Chair, Community Planning and Economic
Development Standing Committee

DATE: November 20, 2015

SUBJECT: Support for Destination Eastern and Northumberland Shores (DEANS)

ORIGIN

Motion passed at the Community Planning and Economic Development Standing Committee meeting on November 19, 2015

LEGISLATIVE AUTHORITY

Section 6 of the Committees Terms of Reference – 'The Community Planning and Economic Development Standing Committee shall have an active interest in the Agencies and Initiatives that support Community and Economic development through-out the Municipality.'

RECOMMENDATION

The Community Planning and Economic Development Standing Committee recommends that the Audit and Finance Standing recommend to Halifax Regional Council:

1. A grant \$6,400 per year, renewable annually for up to five years, be paid to Destination Eastern and Northumberland Shores (DEANS) beginning in the 2015-2016 fiscal year and continuing through the 2020-2021 fiscal year;
2. The grant be paid through Destination Halifax; and
3. Destination Halifax and DEANS sign an agreement on how the grant gets spent and reported on.

BACKGROUND

A staff report was provided to the Community Planning and Economic Development Standing Committee on support for DEANS at the Committee's November 19, 2015 meeting.

DISCUSSION

The Committee considered the report and endorsed the staff recommendation.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached staff report.

COMMUNITY ENGAGEMENT

Community engagement is addressed in the attached staff report.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are addressed in the attached staff report.

ALTERNATIVES

The Committee did not provide alternatives.

ATTACHMENTS

Staff report dated November 4, 2015

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, (902) 490-6520

HALIFAX

P.O. Box 1749
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Item No.
Community Planning & Economic Development Standing Committee
November 19, 2015

TO: Chair and Members of Community Planning & Economic Development Standing Committee

SUBMITTED BY: Original Signed by
Maggie MacDonald, Managing Director, Government Relations and External Affairs

DATE: November 4, 2015.

SUBJECT: Support for Destination Eastern and Northumberland Shores (DEANS)

ORIGIN

On July 23, 2015, MOVED by Councillor Watts, seconded by Deputy Mayor Nicoll

That the Community Planning and Economic Development Standing Committee request a staff report in regard to HRM entering into a 5-year service agreement with Destination Eastern and Northumberland Shores (DEANS) in regard to providing a yearly contribution of \$6,400.
MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter - CHAPTER 39 OF THE ACTS OF 2008 Sec 71(1) (c)

RECOMMENDATION

It is recommended that CPED recommend to Regional Council that:

- (1) a grant of \$6,400 per year, renewable annually for up to five years, be paid to Destination Eastern and Northumberland Shores (DEANS) beginning in the 2015-2016 fiscal year and continuing through the 2020-2021 fiscal year;
- (2) the grant be paid through Destination Halifax; and
- (3) Destination Halifax and DEANS sign an agreement on how the grant gets spent and reported on.

BACKGROUND

Tourism Industry in Nova Scotia

A \$2 billion industry, Nova Scotia tourism supports more than 24,000 jobs province wide. In the report of the Commission on Building Our New Economy, Goal #14 - Tourism Expansion states that "As Nova Scotia's leading source of service sector exports, gross business revenues from tourism will reach \$4 billion (approximately double the current level.)" In the next 6 months, Tourism Nova Scotia will complete a 10-year strategic planning exercise to double tourism revenues to \$4 billion.

Tourism in Halifax

In 2014 tourism in the municipality employed the equivalent of 16,400 full time workers with a payroll of over \$250 million. <http://www.novascotia.com/about-nova-scotia/regions/halifax-metro> has more details about tourism in "Halifax Metro".

Structure of Support for Tourism in Nova Scotia and Halifax

There are organizational players in the tourism sector at the provincial, regional and local levels.

Provincially, Tourism Nova Scotia (TNS) was established in 2012 to increase collaboration between industry and government in developing a more innovative and globally competitive approach. TNS works with industry to increase the number of visitors to the province and to encourage them to spend more and stay longer, leading to increased revenue and industry profitability.

TNS's Core Business Areas are research, marketing, sales & media relations, and tourism development & partnerships. TNS markets Nova Scotia outside the province with the aim of getting people to choose Nova Scotia as a destination.

TNS is a crown corporation. Advised by a board of industry and business leaders with international marketing and business development experience, the TNS CEO has responsibility for the province's long-term tourism strategy, ensuring implementation, monitoring, progress and adjustments as needed. The CEO oversees the development and implementation of an annual tourism plan, including marketing, advertising, product development, partnerships and research, and the measurement and dissemination of tourism performance results in the province, focusing on marketing metrics and economic impact.

TNS partners with regional bodies including "Regional Tourism Industry Associations" (RTIAs) and "Destination Marketing Organizations" (DMOs). DEANS is an example of an RTIA. DEANS is also a DMO. Destination Halifax is a DMO.

RTIAs offer programs for the tourism industry, including production of literature, familiarization tours, consumer shows and regional promotions, and marketing opportunities to leverage marketing dollars. RTIAs collaborate with municipalities and business groups to deliver visitor information services and collect visitor statistics. In planning the new tourism strategy, TNS is reviewing the roles of RTIAs. It is not yet clear if or how RTIA roles might change.

DMOs are directly responsible for marketing the destination brand to visitors through travel and tourism product awareness. DMOs promote economic development by increasing visits from tourists and business travelers, generating overnight lodging, visits to restaurants, attractions, shopping revenues and convention sales.

RTIAs and DMOs work to get people who come to Nova Scotia to spend time and money in the province.

Destination Halifax (DH)

Destination Halifax is a partnership of the Hotel Association of Nova Scotia, Halifax and TNS. Governed by an independent Board and funded by the hotel marketing levy, its core partners, and the tourism industry at large, DH promotes Halifax as a year round destination for business and leisure travelers.

DH focuses its efforts on sales and marketing. Some other Canadian DMOs have evolved into destination "management" organizations.

Under the *Halifax Regional Municipality Marketing Levy Act*, Halifax imposes a 2% levy on purchases of accommodation. 60% of the levy proceeds flow to DH and 40% go to Halifax for Special Events.

The 2015 DH budget revenue of \$ 2.57m included \$1.78m from the Levy, \$386k from Halifax, \$146k from members and \$75k from TNS. DH planned to spend \$2.3m on marketing and \$270k on administration.

DH and Halifax have a "Service Agreement" which outlines both partners' "duties and responsibilities"

Destination Eastern and Northumberland Shores (DEANS)

DEANS is a registered non-profit organization recognized as a partner with TNS. DEANS covers the Northumberland Shore (Pictou & Antigonish) and the Eastern Shore – Eastern Halifax and Guysborough County including 12 municipal units. See <http://www.threeshoresnovascotia.com/eastern-shore>

Budget – Income: For the current fiscal year DEANS' income of \$375,000 comes from municipalities (\$75,000 - 20%), TNS (28%), memberships (3%), industry and other grants (52%).

A formula based on population (25%) membership investment (25%) and tourism product (50%) determines municipal contributions. The largest is just over \$14,000, the smallest \$500.

Given the disparity in size between Halifax and the other DEANS municipal supporters, the funding formula does not work for Halifax. DEANS set Halifax's suggested contribution at \$6400. This amount is fifth highest of the municipal contributions. (In the past, HRM provided \$5,000 to the Antigonish & Eastern Shore Tourism Association, a predecessor organization to DEANS,)

Budget – Expenditures: In its 2015-16 budget of \$377,595. DEANS plans to spend 60% on marketing projects, 31% on salaries and 9% for office expenses such as rent and utilities.

Staffing: Deans has 2 full time staff. The Managing Director is based in Pictou. The Marketing and Communications Officer is based in Head of Chezzetcook. DEANS also has a part time Visitor Services Coordinator and several seasonal students who work throughout the region.

DEANS goals include:

- increasing tourist visitation to the Eastern Shore and the Northumberland Shore
- providing quality membership services and programs to its members
- increasing awareness, recognition and appreciation of tourism as a significant economic contributor
- having a solid and sustainable financial base for its operations

DEANS seeks to

- implement marketing programs generating a measurable return
- market tourism product to Atlantic Canada, concentrating on Halifax, Moncton, North Sydney (Newfoundland ferry) and Charlottetown corridors.
- promote the shores to the New England States in partnership with TNS

- promote the Eastern and Northumberland Shores as unique destinations
- assist members with marketing opportunities
- leverage strategic partnerships to benefit the industry and development of the destinations

DEANS' current projects include;

- production of two regional visitors guides
- support for 9 Visitor Information Centres: 2 in Eastern Halifax (Musquodoboit Harbour and Sheet Harbour - Middle Musquodoboit closed this season), 4 in Guysborough, 1 in Antigonish and 2 in Pictou (Halifax VICs received \$11,450 in 2014 for and \$7,000 on 2015 for 2 VICs.)
- support for festivals (2 Eastern Halifax festivals received \$1,500 in funding from DEANS)
- project management for ACOA's STEP (Strategic Tourism Enhancement Program) (See below)
- work with ACOA for funding for the Accelerated Market Readiness program
- commissioning a comprehensive regional marketing strategy from the agency Colour
- WHERE magazine
- entry signage into Eastern Shore in partnership with other members
- Recipe Calendar highlighting the culinary experiences on the Shores
- site visits, by the Marketing & Communications Officer, to members and non-members
- attendance at meetings representing the tourism industry
- partnership with the Royal Nova Scotia International Tattoo
- campaigns with the Nova Scotia Motorcycle Guide
- media relations and familiarization tours
- increased social media campaign
- videos for both the Northumberland and Eastern Shores
- updates to rewardyoursenses.ca website
- attendance at Trade Shows – purchase of larger buys with a discounted rate to industry; ie Saltscares Expo – 18 participants, 3 from Eastern Halifax with a total savings to industry of \$1,600.

STEP project - The working committee will present a final report by January 2016. There will be some follow up after this report is presented and probably a phase 2 of this project. There will be some business cases presented for funding. DEANS is working on submitting a second application to ACOA under the Accelerated Market Readiness program that will assist operators with direct marketing.

In its territory DEANS focuses on working with smaller operators. In rural eastern Halifax DEANS works to complement what DH does for the more urban parts of the municipality.

Tourism on the Eastern Shore has declined recently. In 2000, 30,000 room-nights were sold. In 2012 the number dropped to 17,200 room-nights.

DEANS, in collaboration with ACOA, is working to reverse the decline:

- In May 2013, ACOA announced \$13, 736 for a community tourism market readiness assessment of NS's Eastern Shore (+\$13, 736 from the province)
- In January 2015, ACOA announced an additional \$44,375 to develop a tourism plan (+\$12,625 from local businesses, Halifax and the District of St. Mary's)

On July 23, 2015, DEANS presented on its work to CPED which passed the motion noted above.

The July presentation to CPED was not the first time that the work of DEANS came before a committee of Council. In May, 2014, a CPED report on DEANS went to Council. The report recommended that Regional Council direct DH to work with DEANS to build the tourism industry in the eastern part of Halifax through the provision of advice and in-kind services as appropriate and report back to CPED. The Council discussion requested that the CAO's office find \$6,400 to contribute to the DEANS operating budget. The amended motion passed and in July 2014, Halifax granted \$6,400 to DEANS from the GREA budget.

Relationships

DEANS has recently become a member of Destination Halifax.

There are other tourism organizations in Halifax. These include the Seaside Tourism and Business Association (a member of DEANS), and the St. Margaret's Bay Regional Tourism Association.

There is no equivalent to DEANS covering the western part of the municipality. The organization that did do is defunct. Parts of what it did are now done directly by Tourism Nova Scotia.

DISCUSSION

The background information provided above tries to show that:

- Tourism is an important industry in both Nova Scotia and Halifax.
- The tourism sector is about to undergo significant change.
- There are many players in the sector and the relationships between them can be complicated.

Importance

Halifax already recognizes the importance of the tourism sector. The municipality

- supports Destination Halifax with a significant annual grant
- commits the majority of the proceeds of the Hotel Marketing Levy to DH
- uses the municipal portion of the levy to fund events, many of which attract visitors to Nova Scotia
- is providing significant support for the construction of the new Convention Centre
- will, partnering with the province, have ongoing responsibility for the management of the centre
- supports the Halifax Gateway a key player in airport and cruise ship development

DH is a significant player in Nova Scotia tourism. With a new leader in place and an influential board, DH is well positioned to be a big part of the planning underway to double the size of the tourism sector.

The Service Level Agreement between DH and Halifax puts relations between the two organizations on a firm foundation. Overall, support for the tourism sector in Halifax through DH is clear and strong.

Change

As TNS prepares a strategy to double the size of the tourism sector, Halifax should speak with one voice on tourism. Given municipal support for DH and the service agreement between the municipality and DH, Halifax has effectively selected DH to be that voice. Given that DEANS has become a member of DH, DEANS clearly sees a role for DH in the "big picture."

As noted above, TNS is reviewing the roles of RTIAs as part of its thinking about a new approach to tourism. It is not clear how the roles of RTIAs like DEANS will evolve.

Relationships

TNS currently sets the overall direction for the tourism sector in Nova Scotia. The development of a new strategic plan will not change that. DH has carved out a clear role for itself in the tourism sector in Halifax. That role will continue going forward. DEANS has a role now. As the new tourism sector strategy develops, DEANS' role and that of other RTIAs may evolve.

DEANS has requested support. DEANS focuses on a specific part of DH's overall territory. DEANS works with small operators. DEANS and DH are developing a relationship. Whatever Halifax does to support

DEANS should strengthen the relationship between DH and DEANS so that both organizations are prepared to play appropriate roles in the plans to double the size of the tourism sector.

Where does a grant to DEANS fit into this picture? The \$6,400 proposed for a grant to DEANS is small. It is just over 8.5% of DEANS' municipal contributions or less than 2% of the DEANS budget. It is less than 0.5% of DH's share of the Hotel Marketing levy.

At this stage of the development of the new tourism strategy, it would seem to make sense to support DEANS in a way that can be modified as change in the big tourism picture takes place. To achieve that end, support for DEANS in the context of ongoing support for DH would seem a sensible approach.

Recommendation

Given the points made in the "Background" section of this report and in the "Discussion" section so far, it is recommended that CPED recommend to Regional Council that:

- (1) a grant of \$6,400 per year, renewable annually for up to five years, be paid to Destination Eastern and Northumberland Shores (DEANS) beginning in the 2015-2016 fiscal year and continuing through the 2020-2021 fiscal year;
- (2) the grant be paid through Destination Halifax; and
- (3) Destination Halifax and DEANS sign an agreement on how the grant gets spent and reported on.

FINANCIAL IMPLICATIONS

Under this recommendation, the municipality will incur an additional cost of \$6400 per year for 5 years. The funding source for 2015/16 will be E400 Intergovernmental Relations through use of current year savings. Funding for 2016/17 and forward will be subject to Council approval through the budget process. The funds will be paid out to Destination Halifax who will in turn pay the money to DEANS.

COMMUNITY ENGAGEMENT

There has been no community engagement in the preparation of this report, beyond discussions with DH and DEANS officials.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from the request.

ALTERNATIVES

Council could:

- (1) recommend that DEANS apply for a grant from an existing Halifax program. Staff explored this possibility when considering the previous DEANS application. Existing programs do not offer the stability DEANS seeks over a five year period. Staff do not recommend this alternative.
- (2) turn down the proposal for a grant to DEANS. Since DEANS does useful work and Council has already approved a one year grant, staff do not recommend this alternative.
- (2) make a direct grant to DEANS. Since the grant amount is small, it would be difficult to justify the paperwork necessary to allocate, monitor and report on such a grant, annually, for five years when the simpler process of working through DH is possible. Staff do not recommend this alternative.
- (3) recommend the grant to DEANS but ask DH to find the yearly \$6400 from the annual grant it receives from the municipality or from the proceeds of the Marketing Levy. Although this option is possible, given the pressures on the existing DH budget, staff do not recommend this alternative.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Chris Bryant, Senior Advisor, GREA , 902.490.3729

Report Approved by: Original signed
Maggie MacDonald, Managing Director, GREA, 902.490.1742

Financial Approval by: Original signed
Amanda Whitewood, Director of Finance & ICT/CFO, 902.490.6308



P.O. Box 1749
Halifax, Nova Scotia
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Attachment 2
Audit & Finance Standing Committee
Dec 16, 2015

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed
Maggie MacDonald, Managing Director, Government Relations & External Relations

DATE: December 10, 2015

SUBJECT: Support for Destination Eastern and Northumberland Shores (DEANS)

INFORMATION REPORT

ORIGIN

Community Planning & Economic Development Standing Committee - July 23, 2015:

MOVED by Councillor Watts, seconded by Deputy Mayor Nicoll

That the Community Planning and Economic Development Standing Committee request a staff report in regard to HRM entering into a 5-year service agreement with Destination Eastern and Northumberland Shores (DEANS) in regard to providing a yearly contribution of \$6,400.

Community Planning & Economic Development Standing Committee - November 19, 2015

It is recommended that CPED recommend to Regional Council that:

(1) a grant of \$6,400 per year, renewable annually for up to five years, be paid to Destination Eastern and Northumberland Shores (DEANS) beginning in the 2015-2016 fiscal year and continuing through the 2020-2021 fiscal year;

(2) the grant be paid through Destination Halifax; and

(3) Destination Halifax and DEANS sign an agreement on how the grant gets spent and reported on.

From the Action Summary (Minutes not approved yet)

9.1.3 Support for Destination Eastern and Northumberland Shores (DEANS)

Staff recommendation approved.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter - CHAPTER 39 OF THE ACTS OF 2008 Sec 71(1) (c)

BACKGROUND

Full background for the DEANS support request is included in the original report to the November 19, 2015 Community Planning and Economic Development Standing Committee.
(See <http://www.halifax.ca/boardscom/SCcped/documents/SupportforDEANSWebcopy.pdf>)

DISCUSSION

There is a detailed discussion in the November 19, 2015 CPED Report on DEANS.

FINANCIAL IMPLICATIONS

Note that if the first year of the five year grant is 2015/16, the fifth and final year will be 2019/20 and not 2020/21 as included in the approved CPED recommendation.

Questions have arisen about the availability of funds to support the CPED adopted recommendation.

For 2015/16, \$6400 is available in E400 – Intergovernmental Relations as noted in the original report and confirmed on December 10 in an e-mail from the Executive Assistant in the Chief Administrator's Office.

For future years – 2016/17 through 2019/20 – provision will be made for these funds in the budget of Government Relations & External Affairs as part of the budget of the Chief Administrator's Office. Those funds will be subject to budget approval and, of course, the continued existence of and satisfactory performance by DEANS.

COMMUNITY ENGAGEMENT

None.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Chris Bryant, Senior Advisor, GRE – 902.490.3729
