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Audit & Finance Standing Committee

March 21, 2012

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: 
Brad Anguish, Director, Community and Recreation Services

DATE: January 23, 2012

SUBJECT: Marketing Levy Special Event Reserve Revisions

ORIGIN

- Regional Council June 15, 2010 – HRM Event Strategy

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Halifax Regional Council approve the Revised Marketing Levy Special Event Reserves Business Case (Attachment 1).

BACKGROUND

In June of 2010, Council formally adopted the HRM Events Strategy (Strategy). The Strategy addresses the growth and development of the event sector within HRM, the changing social and economic factors that are impacting special events, and the direction of events within HRM over the next 15 years.

The approval of the Strategy outlined that amendments to the 2007 Civic Event Policy and Granting Framework as well as amendments to the Reserve Business case would be future requirements. Although some of the initial work has been started on the review of the Civic Event Policy and Granting Framework, there is still significant work to be completed to ensure compliance with the Event Strategy objectives and consistency with the Auditor General's recommendations.

DISCUSSION

The Strategy identified the requirement of an additional staff resource to ensure HRM is able to fulfill its new obligations respecting enhanced grant administration, public accountability, and evaluation and monitoring. Due to the nature of the proposed work, the approved Strategy outlined the intention to fund the required staff resource from the Marketing Levy Special Event Reserve (MLSER).

However, the current MLSER Business Case does not permit administration expenditures. As such, an amendment to the MLSER Reserve Business Case is required. Therefore, staff recommends that the MLSER Business Case (Attachment 1) be revised to include item 5 "Administrative Expenses (a maximum of 5% of the annual projected MLSER Reserve Budget)" under the Eligible Expenses section of the business case.

In order to incorporate administrative expenses into the MLSER Business Case, adjustments to the distribution of funding is required. Therefore, the revised MLSER Business Case includes adjustments to the allocations to more accurately reflect actual requests currently received under MLSER. The allocations outlined in the revised MLSER Business Case are Hallmark Events 30%, Commercial Special Events 10%, Major Special Events 30%, National and International Sporting and Mega Events 15%, Major Civic Celebrations and Infrastructure 10% and administrative costs 5%.

BUDGET IMPLICATIONS

The staff resource would not have an implication on the general operating budget, as the position would be permanently funded through the Marketing Levy Special Event Reserve.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the

utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

Not applicable

ALTERNATIVES

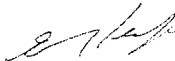
- 1) Council may choose not to approve the revised MLSER Business Case.
- 2) Council may choose to direct staff to fund the staff resource through the operating budget process.

ATTACHMENTS

Attachment 1: MLSER Revised Business Case

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

Report Prepared by: Denise Schofield, Manager, Culture, Events & Community Partnerships, 490-6252



Financial Approval by: _____
Greg Keefe, A/ Director of Finance and Information Technology/CFO 490-6308

Reserves Business Case

Halifax Regional Municipality · Corporate Services · Finance Division · 490-4446 · Fax: 490-4175

Date: October 23, 2001
Revised: March 27, 2007
March 21, 2012
Contact: Director of Community and Recreation Services

Marketing Levy Special Events Reserve - Q315

Purpose

To provide funding to attract and host exceptional Tourism, Culture, & Heritage events, that typically are national or international in caliber and occur on an infrequent basis, where HRM provides a leading and/or hosting role.

Source of Funds

An ongoing transfer of 40% of the Provincial Hotel Sales Tax (Marketing Levy)

The reserve has a ceiling of \$1,000,000 (One Million Dollars).

Application of Funds

The Marketing Levy Special Events Reserve (the Reserve) will be used primarily in support of events that focus on tourism and economic development as the primary outcomes, with quality of life as a secondary outcome.

Variety - The Reserve may be used to support a broad variety of events for the enjoyment of citizens and visitors. The Reserve seeks to provide resources for HRM to attract, support and provide hosting resources for tourism and economic development focused events in the cultural, sports, and heritage sectors, as defined in the events operational framework.

Accessibility - The Reserve will give priority to supporting the “free to the public” elements of events and activities as compared to those elements that are resourced through an admission fee or other revenue sources.

Marketing Levy Special Event Reserve Guidelines - Eligible Events

1) *Hallmark Events* - The Reserve will be used to fund current annual Hallmark Events including: The Halifax International Busker Festival, The Royal Nova Scotia International Tattoo, and the Nova Scotia International Air Show. Starting fiscal year 2007/08 the annual Hallmark events will be funded at a minimum of current funding levels or no greater than a total of 30% of the annual Marketing Levy Special Events Reserve budget.

2) *Commercial Special Events* - The Reserve will be used to fund commercial special events. In any given budget cycle, no more than 10% of the annual Marketing Levy Special Events Reserve budget shall be used to fund commercial special events such as major outdoor concerts, professional sporting activities as defined in the operational framework

3) *Major Special Events* -The Reserve will be used to fund major special events and conferences. In any given budget cycle, no greater than 30% of the Marketing Levy Special Events Reserve budget shall be used to fund major special events and conferences as defined in the operational framework.

4) *National and International Sporting and Mega Events* - The Reserve will be used to fund National and International Sporting and Mega Events. In any given budget cycle, no greater than 15% of the Marketing Levy Special Events Reserve budget shall be used to fund National and International Sporting and Mega Events as defined in the operational framework

5) *Major Civic Celebrations and Infrastructure* - The Reserve will support initiatives such as HRM Twinning, Memorials, Commemorations, Anniversaries, and other significant special functions. Also, the MLSER will support such miscellaneous expenses including float and repair to event related equipment and sites. In any given budget cycle, no greater than 10% of the Marketing Levy Special Events Reserve budget shall be used to support these items.

Eligible Expenses:

- 1) Expenses related to making a Bid
- 2) HRM Services Costs related to hosting an event
- 3) HRM Capital Costs - Event Related Infrastructure and/or Improvement of HRM Owned Properties and Venues associated with hosting of qualifying special events.
- 4) Program costs (shall not exceed 1% of the annual MLSER budget)
- 5) HRM Administration including salaries (a maximum of 5% of the annual MLSER budget)

Funding Limitations:

- HRM may pay up to 1/3 of the municipal service costs associated with the event. Contributions from other levels of government will be considered in HRM's deliberations.

- HRM may pay up to 1/3 of the program costs associated with the event. Contributions from other levels of government will be considered in HRM's deliberations.

- Emphasis will be given to those events that occur in the November 1st to April 30th time period.

- Events which have broad appeal and community interest will be given priority. It should be noted, events that are completely gated and raise revenues from that gate must clearly indicate a reason for the HRM to provide a grant.

Not Considered for Funding:

- Competitions, Banquets and Dinners associated with conferences and events
- Events which seek to enhance the image of an illegal activity
- Events which are designed to promote a specific political or social perspective or agenda

Funding Requirements:

- Event must meet the requirements of the HRM Marketing Levy Special Events Reserve Business Case. Event organizers must provide a full detailed program and a detailed budget before the HRM funding commitment is determined.

In exceptional circumstances when requests for funding from the Reserve fall outside the above guidelines, a separate report may be created for Regional Council consideration subject to approval of the HRM Events Committee.

If a grant is given to a major event that generates a profit, if the event organizer wishes to repay the grant in part or in whole, this can occur. Additionally, there may be special events that generate a profit where HRM's contribution as approved by the HRM Events Committee and Regional Council may be contingent upon repayment in full or in part.

Approval Process

All requests for withdrawals must be initiated by Community & Recreation Services. Finance is responsible for ensuring availability of funds and appropriateness of expenditure prior to Council approval. These approvals are primarily done through the annual budget process or on an individual basis prior to being approved by Council.

Decisions on applications for funding will be made by the HRM Events Committee with the guidance and support of staff of the Community & Recreation Services Department. Only applications which are in compliance with the Marketing Levy Special Events Reserve Business Case will be considered by the HRM Events Committee, and applications will be scored in accordance with the criteria approved by the HRM Events Committee. Community & Recreation Services in cooperation with Finance will prepare an annual Marketing Levy Special Events Reserve Budget, and will be responsible for monitoring projections (actual versus budgeted expenditures). The Marketing Levy Special Events Reserve Budget will be approved by HRM Council annually as part of HRM's Budget and Business Plan.

HRM will undertake a review of the Marketing Levy Special Events Reserve Guidelines at a minimum of every 5 years.

Approval

CAO