



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 11.3.1
Halifax Regional Council
March 4, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

for Councillor Lorelei Nicoll, Chair
Community Planning & Economic Development Standing Committee

DATE: February 14, 2014

SUBJECT: Destination Halifax Service Agreement

ORIGIN

Motion passed by the Community Planning and Economic Development Standing Committee at the February 13, 2014 meeting.

LEGISLATIVE AUTHORITY

Section 21 of the Halifax Charter regarding Standing, Special, and Advisory Committees.

The Committee's Terms of Reference – Section 3.4.2 Recommend to Regional Council HRM's appointments and vet service agreements of the agencies, boards and commissions under the mandate of the Standing Committee.

RECOMMENDATION

The Community Planning and Economic Development Standing Committee recommends Halifax Regional Council endorse the Service Level Agreement with Destination Halifax, effective on the date of execution and continuing in force until the first occurrence of March 31st thereafter, unless terminated earlier, with provision for 36 month renewal unless otherwise terminated.

BACKGROUND/ DISCUSSION

A staff report was submitted to the Community Planning and Economic Development Standing Committee at its February 13, 2014 meeting. The Committee supported the staff report and endorsed the staff recommendation with a minor revision to the last line, to provide better clarity around the renewal term.

FINANCIAL IMPLICATIONS

None associated with this report.

COMMUNITY ENGAGEMENT

The Community Planning and Economic Development Standing Committee is a Committee of Regional Council comprised of six Councillors. The meetings are open to the public and the Committee's agendas, minutes, and reports can be viewed at Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

None.

ALTERNATIVES

The Committee did not provide alternatives

ATTACHMENTS

Attachment 1. Staff report dated January 15, 2014

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

Report Prepared by: Sheilagh Edmonds, Legislative Assistant




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Halifax, Nova Scotia
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Attachment 1

**Community Planning and Economic Development
January 23, 2014**

TO: Chair and Members of Community Planning and Economic Development

SUBMITTED BY:  Original Signed
Jennifer Church, Managing Director Gov. Relations & External Affairs

DATE: January 15, 2014

SUBJECT: Destination Halifax Service Agreement

ORIGIN

April 20, 2010 – Motion MOVED by Councillor Uteck, seconded by Councillor McCluskey, directing staff to:

“consider the optimal governance structure for agencies within Halifax Regional Municipality who are performing an economic development function in respect of the new Economic Strategy with the goal being an organizational and governance model best suited to the implementation of the Economic Strategy and that information be brought forward to Council for consideration pending Council endorsement of a 2011-2016 new Economic Strategy.”

Spring 2013 to Present – Further to recommendations made by the Municipal Auditor General, staff drafted a service agreement with Destination Halifax to better coordinate the municipality’s economic strategy efforts and to ensure appropriate levels of accountability with all of its economic development partners.

LEGISLATIVE AUTHORITY

The Halifax Regional Municipality Charter 2008, c. 39, s. 1. (the Charter) confers legislative authority to enter into a contractual relationship with Destination Halifax for the purposes of delivering services as specified in Schedule A to the proposed service agreement.

RECOMMENDATION

It is recommended that Community Planning and Economic Development Standing Committee recommend that Regional Council:

1. Endorse the Service Level Agreement with Destination Halifax, effective on the date of execution and continuing in force until the first occurrence of March 31st thereafter, unless terminated earlier, with provision for three (3) year consecutive renewals, and with the ability for HRM to terminate the agreement with nine (9) months' written notice.

BACKGROUND

March 2001 – The *Halifax Regional Municipality Marketing Levy Act, 2001, c. 51, s. 1* enacted by the Crown in right of Nova Scotia, conferring on Halifax Regional Municipality the authority to enact a municipal tourism marketing levy By-law.

April 2001 – Halifax Regional Municipality By-law H-400, the Marketing Levy By-law came into effect, establishing marketing levy at rate of 1.5% of daily accommodation rental fee.

August 2001 – Memorandum of Understanding (MOU) entered into between the Hotel Association of Nova Scotia (HANS) and the Halifax Regional Municipality, establishing a distribution of 2/3rd of the Marketing Levy to Destination Halifax, 1/3rd of the Marketing Levy to the HRM Special Events Reserve Account.

January 2006 – Halifax Regional Municipality By-law H-400, the Marketing Levy By-law amendment came into effect establishing marketing levy at rate of 2.0% of daily accommodation rental fee.

March 2007 – Motion MOVED by Councillor Walker, seconded by Councillor Karsten, that Regional Council:

“Distribute 60% of the Marketing Levy to Destination Halifax cost centre C711 and 40% to the Special Events Reserve Q315.”

April 20, 2010 – Motion MOVED by Councillor Uteck, seconded by Councillor McCluskey, directing staff to:

“consider the optimal governance structure for agencies within Halifax Regional Municipality who are performing an economic development function in respect of the new Economic Strategy with the goal being an organizational and governance model best suited to the implementation of the Economic Strategy and that information be brought forward to Council for consideration pending Council endorsement of a 2011-2016 new Economic Strategy.”

January 2011 – Municipal Auditor General’s report, ‘Corporate Grants, Donations and Contributions’ released.

February 2013 – Municipal Auditor General’s report, ‘Economic Development through Partnerships – A Performance Evaluation’ released.

Memorandum of Understanding (MOU)

In August of 2001, a Memorandum of Understanding (MOU) was entered into by HRM and the Hotel Association of Nova Scotia (HANS). The MOU outlines partnership principles for the collection and use of funds generated by a contemplated marketing levy. The MOU dealt with the creation of a Destination Marketing Organization (DMO) that was intended to incorporate the mandates and budgets of the Greater Halifax Meetings and Conventions Bureau (GHCMB) and the marketing component of HRM Tourism, Culture and Heritage. The MOU provided for a distribution of 2/3rd of the Marketing Levy to an, as-yet-unnamed, DMO and 1/3rd of the Marketing Levy to the HRM Special Events Reserve Account. Destination Halifax’s (DH) formation, as HRM’s DMO, was triggered by this MOU. In the absence of any formal agreement with HRM, Destination Halifax’s working relationship with the Municipality has been largely defined by this MOU.

See Attachment A: Memorandum of Understanding (MOU) between Hotel Association of Nova Scotia and Halifax Regional Municipality

Tourism Marketing in the Halifax Regional Municipality

Destination Halifax is the dedicated tourism marketing organization for the Halifax Regional Municipality (HRM). Created in April 2002, Destination Halifax is a partnership of the Hotel Association of Nova Scotia, the Halifax Regional Municipality, and the Provincial Department of Tourism. Governed by an independent Board of Directors and funded by the tourism industry at large, a hotel marketing levy and its core partners, Destination Halifax promotes the HRM as a year round destination of choice for business and leisure travellers.

Marketing Levy Act

Following consultation with the tourism industry, Council sought and received enabling legislation authorizing a municipal By-law to levy funds for incremental tourism marketing initiatives in the municipality. In 2001, the Province enacted the *Halifax Regional Municipality Marketing Levy Act, 2001, c. 51, s. 1*.

Under the *Halifax Regional Municipality Marketing Levy Act*, Council may impose a marketing levy on the purchase of accommodation in HRM. The levy rate is set by Council, but cannot be more than two per cent (2%) of the purchase price of the accommodation. Council may use the levy collected to fund a “grant” to any organization “formed to promote the Municipality as a tourist destination, whether such organization is non-profit or otherwise”. The amount of any such grant is left to the discretion of Council.

By-Law H-400

Under the authority of the Marketing Levy Act, Council passed *By-law H-400, the Marketing Levy By-law*. By-law H-400 imposes a levy on the purchase price of the accommodation. For the purposes of the By-Law, ‘accommodation’ was defined as

“the provision of lodging in hotels and motels and in any other facilities required to be licensed under the Tourists Accommodations Act and in a building owned or operated by a post-secondary educational institution where the hotel, motel, facility or building consists of twenty or more (i) rental units, or (ii) rooms, that are offered as lodgings;”

Subject to certain exemptions (set out in By-Law H-400), this marketing levy applies to all accommodations throughout HRM.

See Attachment B: By-law H-400, The Marketing Levy By-law.

Historic HRM Financial Support of Destination Halifax – Marketing Levy Share

In 2001, the Hotel Marketing Levy was initially set at 1.5% of the daily room rental fee. At that time, 2/3rd of the Marketing Levy was allocated to Destination Halifax, while 1/3rd was provided to HRM to fund HRM’s Special Events Reserve. In 2006, Council increased the levy to 2%, which is the maximum allowed under the enabling legislation. In 2007, Council adjusted the proportional share formula, allocating 60% of the Marketing Levy to Destination Halifax, while 40% of the Marketing Levy was provided to HRM to fund HRM’s Special Events Reserve.

In 2012, Destination Halifax’s proportional share of the marketing levy revenue was approximately \$1.87 million, representing roughly sixty-nine-point-three percent (69.3%) of Destination Halifax’s total budget of \$2.7 million.

Historic HRM Financial Support of Destination Halifax – Supplementary Grant

The municipality also currently provides Destination Halifax with a (non-levy-based) supplementary grant. In fiscal 2012-2013, Destination Halifax’s (non-levy-based) supplementary grant was \$393,000, representing roughly fourteen-point-five percent (14.5%) of Destination Halifax’s total budget. This supplementary grant is a legacy of the transfer of HRM’s Tourism, Culture and Heritage staff and marketing budget to Destination Halifax.

Destination Halifax 2012 Budget	Amount	Percentage
Marketing Levy Proportional Share	\$1,870,000	69.3%
HRM Supplementary Grant	\$393,000	14.5%
Other Revenues	\$437,000	16.2%
Total Budget	\$2,700,000	100%

HRM funding, therefore, accounted for roughly 84% of Destination Halifax’s total budget in 2012.

DISCUSSION

Auditor General Report on Grants and Contributions

As a “grant” authorized by the Marketing Levy Act, any money transferred to Destination Halifax must be considered in light of the Auditor General’s report, ‘Corporate Grants, Donations and Contributions’, released in January of 2011. The AG’s report highlights the necessity of (a) ensuring that grant expenditures align with corporate strategic objectives within a clearly defined and budgeted amount; and (b) ensuring that public funds are used effectively and efficiently. The Auditor General also recommends increased fiscal transparency, specifically calling for improvements to how HRM reports on the expenditure of public funds for all grants, donations, contributions and sponsorships.

Current Accountability Framework

Destination Halifax currently operates independently of HRM and has no formalized accountability to the municipality. Under the 2001 Memorandum of Understanding between HRM and the Hotel Association of Nova Scotia, the yet-to-be-formed Destination Marketing Organization was to submit long term and annual marketing plans, including budgets, and a business plan to HRM (see Articles 1.4 and 2.8 of the MOU). No other accountability framework was contemplated in the MOU.

Oversight and Management under a Service Level Agreement

Formalizing the business relationship between HRM and Destination Halifax through a service agreement will enable the Municipality to articulate clear expectations, deliverables and measures, in order to ensure that municipal taxpayers receive value for investment. Given the mandatory nature of the marketing levy and exercise of legislative authority involved, HRM has a fiduciary responsibility to oversee the use of the marketing levy funds.

From an oversight and management perspective, the execution of a formal service agreement between HRM and Destination Halifax introduces a number of accountability measures. For example, the service agreement will:

- Articulate clearly defined outcomes and measures;
- Require the preparation and presentation to Regional Council an annual business plan and budget to ensure alignment between the service agreement and HRM corporate outcomes;
- Mandate an annual report on activities and outcomes of the service agreement and key tourism marketing performance indicators;
- Stipulate that audited financial statements be produced in accordance with accounting principles established by the Canadian Institute of Chartered Accountants and be provided to HRM
- Confer on HRM an ability to audit Destination Halifax’s financial records, if an audit was warranted.

To date, service level agreements have been entered into with all eight of HRM's Business Improvement Districts and with the Greater Halifax Partnership.¹ Entering into a service level agreement with Destination Halifax continues this process of formalizing the Municipality's relationships with its economic development partners. This formalization strengthens the municipality's capacity to encourage collaboration and deliver on its Economic Strategy. This approach also helps to align the activities of our economic development partners as proposed in the governance review that was brought forward to the Community Planning and Economic Development Committee in December 2013 and that will be brought before Regional Council in February 2014.

See Attachment C: Draft 2013/14 Service Level Agreement between Destination Halifax and Halifax Regional Municipality

Initial Term, Renewal and Termination – Proposed Service Agreement

The initial term of the proposed service agreement would commence on the date it is signed and would continue in force until the first occurrence of March 31st thereafter, unless terminated earlier. The term of the service agreement would renew for a period of three (3) years, commencing on April 1st of the calendar year in which the initial term expires. The service agreement would continue to be renewed for further three (3) year renewal periods in perpetuity.²

Grounds for termination and notice periods are set out in Article 7 of the agreement. Should significant changes be required as a result of the response to the Auditor General's recommendations, HRM may, at its sole discretion, terminate the agreement by giving nine (9) months' written notice to Destination Halifax.

Deliverables under proposed Service Level Agreement

Under the proposed service agreement, the Municipality would contract Destination Halifax to provide the following services:

- Delivery of a specialized tourism marketing service;
- Leveraging municipal funding to attract investment from various private and public sources;
- Providing a sustained focus on tourism marketing;

¹ Negotiations are ongoing with the Province regarding legislation governing the new Convention Centre. Staff anticipates that Council will have legislative mechanisms for influencing the strategic direction and annual activities of the new Convention Centre. Thus while a service level agreement approach will not be taken, Council will still have the means to influence the Convention Centre in support of the municipality's 2011-2016 Economic Strategy and future strategies.

² The current service level agreement executed by the HRM and the Greater Halifax Partnership (GHP) provides for a five (5) year renewal period. The GHP agreement has, however, been in place for multiple years and has undergone numerous re-drafts to reflect changes in the contractual relationship. Prior to Spring of 2013, GHP's renewal period was three (3) years.

- Providing a subject-matter-expert perspective on various aspects of strategic tourism marketing policy development and implementation;
- Extending the Municipality's reach into the business community and into business-facing programs and tourism services offered by other orders of government; and
- Serving as an independent and objective advisor in raising awareness about challenges and opportunities facing the tourism sector.

Deliverables set out in Schedule A of Destination Halifax's service level agreement are intended to complement, and advance where applicable, Council-articulated economic development objectives set out in HRM's 2011-2016 Economic Strategy. These deliverables provide staff and Council with a mechanism to promote a coordinated approach to economic development that encompasses the work of HRM's destination marketing entity.

Destination Halifax's service agreement deliverables will be reviewed on a periodic basis. Schedule A to the service level agreement will be subject to periodic amendment to reflect changing Municipal priorities. Consistent with the approach historically taken with Greater Halifax Partnership, changes to service-agreement-based-deliverables will be negotiated with Destination Halifax periodically. Mutually agreed upon changes to Schedule A will put forward for Council's consideration in a recommendation report.

See Attachment D: Detailed Service Level Agreement Deliverables

Current Funding Formula – Blended Model: Proportional Share + Supplementary Grant

In 2012 Destination Halifax received ~\$2.26 million in annual funding from HRM. As outlined above, this figure represents the sum of a \$393,000 non-levy-based operating grant and a \$1.87 million levy-based-grant (using a 60% proportional share of the marketing levy revenue).

current supplementary grant (\$393,000)	+	current proportional share (\$1.87 million)	=	current total grant to DH (\$2.26 million)
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Proposed Funding Formula – Modified Blended Model

Staff recommend that, beginning in fiscal 2014-2015, both the supplementary grant value and proportional share percentage be reviewed annually when the Municipality's annual operating budget is approved by Council. This approach is reflected in the attached draft service agreement.

FINANCIAL IMPLICATIONS

By endorsing the Service Agreement there will be no change to the funding formula currently in place with Destination Halifax.

COMMUNITY ENGAGEMENT

Destination Halifax's Board of Management has reviewed and endorsed the attached Service Agreement.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications from this report.

ALTERNATIVES

1. CPED can choose to recommend to Regional Council that HRM increase or decrease the level of financial support provided to Destination Halifax.
2. CPED can choose to recommend to Regional Council that HRM employ a different funding model for Destination Halifax (e.g. a proportional-share-only model that eliminates the supplementary grant or a dollar-value-only model that eliminates the supplementary grants and does not tie Destination Halifax funding to the marketing levy).
3. CPED can choose not to recommend that Regional Council approve the attached Service Level Agreement. If CPED chooses not to recommend that Regional Council approve the attached Service Level Agreement, it is recommended that CPED recommend that Council authorize disbursement of a portion of the funds approved in the budget for Destination Halifax so that they can continue to provide the on-going programs and services while a Service Level Agreement is being finalized.
4. CPED can choose to recommend amendments to the Service Level Agreement. If CPED chooses to approve the attached Service Level Agreement with amendments, it is recommended that CPED recommend that Council authorize disbursement of a portion of the funds approved in the budget for Destination Halifax so that they can continue to provide the on-going programs and services while a Service Level Agreement is being finalized.

ATTACHMENTS

Attachment A: Memorandum of Understanding (MOU) between Hotel Association of Nova Scotia and Halifax Regional Municipality

Attachment B: *By-law H-400, the Marketing Levy By-law*

Attachment C: Draft 2013/14 Service Level Agreement between Destination Halifax and Halifax Regional Municipality

Attachment D: Detailed Service Level Agreement Deliverables

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.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: Scot Sheffield, Government Relations & External Affairs – 490-3941
Maggie MacDonald, Government Relations & External Affairs – 490-1742

Original signed

Report Approved by: Jennifer Church, Managing Director Government Relations & External Affairs – 490-3677

Original Signed

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

MEMORANDUM OF UNDERSTANDING

between

The Halifax Regional Municipality

and

The Hotel Association of Nova Scotia

Whereas: The Halifax Regional Municipality (HRM) Council has approved a resolution requesting that the Province of Nova Scotia introduce enabling legislation that would provide HRM with the authority to levy a hotel room tax;

Whereas: The HRM Council has approved the form of the legislation enabling the HRM to levy the hotel room tax;

Whereas: The HRM Council has endorsed the concept of a Destination Marketing Organization (DMO) that will coordinate tourism marketing efforts in the Municipality;

Whereas: The details of the collection and expenditure and governance of the tax will be addressed by the HRM Council in the form of a By-Law following Provincial approval of the enabling legislation;

Whereas: The Hotel Association of Nova Scotia (HANS) has been the initiator of the DMO concept and the raising of its funding through a hotel room tax; and

Whereas: HANS and HRM will be an integral component in the planning and implementation of the activities of the DMO; therefore:

The Senior Staff of the HRM, in consultation with the HANS, have agreed to recommend the following principles to HRM Council with respect to the establishment of a Destination Marketing Organization:

- 1.1 HANS is responsible for defining the make-up of the Board of Directors of the DMO. Earlier discussions between HRM and HANS should be used as guidance. HRM will require 2 (two) representatives (1 elected, 1 staff) on the Board. The transition of HRM staff and resources will be subject to the approval of the Deputy CAO, Dan English.

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

With respect to the implementation of the hotel room tax, the Halifax Regional Municipality, the Hotel Association of Nova Scotia have established the following principles:

- 2.1 The hotel tax rate will be established at 1.5% of the daily room rental fee, applicable to all tourism accommodation properties containing 20 or more rental rooms (final room number will be determined in consultation with the industry);
- 2.2 All adjustments to the setting of the tax rate and applicable property size will require the approval of Council considering the recommendation of the DMO.
- 2.3 The tax revenues collected will be distributed 1/3 to the HRM Special Events Reserve Account and 2/3 to the DMO for marketing purposes;
- 2.4 The DMO will be consulted when consideration is being given to expending funds from the Special Events Reserve for the purpose of bidding for events;
- 2.5 That when the Special Events Reserve reaches a balance of \$1 million the surplus will be deposited into a "Tourism Opportunity Fund Reserve". The purpose of this reserve is to provide additional resources for opportunities in tourism development that will create incremental growth in the tourism industry within HRM; e.g. research to guide HRM's tourism development, development of Signature Attraction(s), participation in development of new meeting and convention facilities. The fund would only be accessed with the approval of Council considering the recommendation of the DMO.
- 2.6 The applicable funds to be distributed to the DMO will be paid in advance, on a monthly basis, based on the previous year's performance for that month. Corrections will be made on a monthly basis.

2.7 The hotel tax is understood to be the source of incremental marketing funds and it is intended that all stakeholders will maintain their level of funding support currently associated with the existing marketing organizations prior to the establishment of the DMO.

2.8 The DMO will submit an annual business plan and budget in accordance with HRM business planning cycle.

Agreed and accepted on this 23rd day of August, 2001, in the Halifax Regional Municipality
by

Original Signed by

Dan English
Deputy CAO, Halifax Regional Municipality

Original Signed by

Paul Stackhouse
President, Hotel Association of Nova Scotia

HALIFAX REGIONAL MUNICIPALITY

BYLAW NUMBER H-400

RESPECTING MARKETING LEVY

BE IT ENACTED by the Council of the Halifax Regional Municipality under the authority of *the Halifax Regional Municipality Marketing Levy Act* as follows:

Short Title

1. This By-law shall be known as By-law H-400 and may be cited as the Marketing Levy By-law.

Definitions

2. In this by-law,
 - (a) “accommodation” means the provision of lodging in hotels and motels and in any other facilities required to be licensed under the *Tourists Accommodations Act* and in a building owned or operated by a post-secondary educational institution where the hotel, motel, facility or building consists of twenty or more
 - (i) rental units, or
 - (ii) rooms,that are offered as lodgings;
 - (c) “Municipality” means Halifax Regional Municipality;
 - (d) “operator” means a person who, in the normal course of the person’s business, sells, offers to sell, provided and offers to provide accommodation in the Municipality;
 - (e) “Purchase price” means the price for which accommodation is purchased including the price in money, the value of the services rendered and other consideration accepted by the operator in return for the accommodation provided, but does not include the goods and services tax.

Application of Levy

3. (1) A marketing levy is hereby imposed in the Municipality, the rate of which shall be 2.0 per cent of the purchase price of the accommodation.

- (2) The levy imposed under this By-law, whether the price is stipulated to be payable in cash, on terms, by installments or otherwise, must be collected at the time of the sale on the total amount of the purchase price and must be remitted to the Municipality at the prescribed times and in the prescribed manner.
- (3) If a person collects an amount as if it were a levy imposed under this by-law, the person must remit the amount collected to the Municipal at the same time in the same manner as levy collected under this Bylaw.

Exemption From Levy

4. (1) The marketing levy shall not apply to
 - a) a person who pays for accommodation for which the daily purchase price is no more than Twenty Dollars;
 - b) a student who is accommodated in a building owned or operated by a post-secondary educational institution while the student is registered at and attending a post-secondary educational institution;
 - c) a person who is accommodated in a room for more than thirty consecutive days;
or
 - d) a person and the person's family, accommodated while the person or a member of the person's family is receiving medical treatment at a hospital or provincial health-care centre or seeking specialist medical advice, provided the person provides to the operator a statement from a hospital or provincial health-care centre that the person or a member of the person's family is receiving medical treatment at the hospital or centre or from a physician licensed to practice medicine in the Province of Nova Scotia that the person or a member of the person's family is seeking specialist medical advice and as a result thereof the person or a member of the person's family is in need of and the duration of the accommodation.
- (2) This By-law and the marketing levy imposed hereby shall not apply to accommodations containing fewer than 100 rooms until April 01, 2004.

Registration Of Operator

5. (1) Every operator of a facility providing accommodations to which this by-law applies shall apply for and be issued a registration certificate by the Municipality.
- (2) Where an operator carries on business at more than one place, he shall obtain a registration certificate in respect of each individual place of business.
- (3) The registration certificate shall be displayed in a prominent place on the premises.

(4) Where an operator changes his address, he shall forthwith return his registration certificate to the Municipality for amendment.

(5) Where an operator changes the name or nature of his business, he shall forthwith return his registration certificate to the Municipality for a new one.

(6) Where an operator ceases to carry on business in respect of which a registration certificate has been issued, the certificate shall thereupon be void, and he shall return the same to the Municipality within 15 days of the date of discontinuance.

(7) Where a registration certificate is lost or destroyed, application shall be made to the Municipality for a copy of the original.

(8) A registration certificate granted under subsection (1) is not transferable.

Return and Remittance of Levy

6. (1) The Municipality may at any time require a return of sales and levy collected by any person selling accommodation, such return to cover any period or periods.

(2) Subject to the provisions of subsection (1), unless otherwise provided, all operators shall make separate monthly returns to the Municipality.

(3) A separate return shall be made for each place of business, unless a consolidated return has been approved by the Municipality.

(4) The returns by operators shall be made and the levy shall be remitted to the Municipality by the 15th day of the month following the collection of the levy by the operator.

(5) If an operator during the preceding period has collected no levy, he shall nevertheless make a report to that effect on the prescribed return form.

(6) Where an operator ceases to carry on or disposes of his business, he shall make the return and remit the levy collected within 15 days of the date of discontinuance or disposal.

Records

7. (1) Every operator shall keep books of account, records and documents sufficient to furnish the Municipality with the necessary particulars of

(a) sales of accommodation,

(b) amount of levy collected, and

(c) disposal of levy.

(2) All entries concerning the levy in such books of account, records and documents shall be separate and distinguishable from other entries made therein.

(3) Every operator shall retain any book of account, record or other document referred to in this section until the Municipality authorizes its destruction.

(4) Where a receipt, bill, invoice or other document is issued by a person selling accommodation, the levy shall be shown as a separate item thereon.

Calculation of Levy

8. Where an operator sells accommodation in combination with meals and other specialized services for an all-inclusive package price, the purchase price of the accommodations shall be deemed to be the purchase price of the accommodations when such accommodations are offered for sale in the same facility without such specialized services.

Refund of Levy Written Off

9. (1) The Municipality may refund to an operator who sells accommodation a portion of the amount sent by the operator to the Municipality in respect of levy payable on that sale under this Bylaw, if

(a) the operator, in accordance with this Bylaw, remits the levy required under this Act to be levied and collected for the sale,

(b) the purchaser subsequently fails to pay to the operator the full amount of the consideration and levy payable on that sale, and

(c) the operator writes off as unrealizable or uncollectible the amount owing by the purchaser.

(2) An operator may deduct the amount of the refund payable to the operator under this section from the amount of levy that the operator is required to remit under this Bylaw.

(3) If an operator who has obtained a refund under subsection (1) or made a deduction under subsection (2) recovers some or all of the amount referred to in subsection (1) (c) with respect to which the refund was paid or the deduction was made, the operator must add an amount to the levy to be paid or remitted by the operator under this Bylaw with respect to the reporting period in which the recovery was made.

Refund of Levy Collected In Error

10. (1) If the Municipality is satisfied that a levy or a portion of a levy have been paid in error, the

Municipality shall refund the amount of the overpayment to the person entitled.

(2) If the Municipality is satisfied that an operator has remitted to the Municipality an amount as collected levy that the operator neither collected nor was required to collect under this Bylaw, the Municipality must refund the amount to the operator.

Claim For Refund

11. (1) In order to claim a refund under this Bylaw, a person must

- (a) submit to the Municipality an application in writing signed by the person who paid the amount claimed, and
- (b) provide sufficient evidence to satisfy the Municipality that the person who paid the amount is entitled to the refund.

(2) For the purposes of subsection (1) (a), if the person who paid the amount claimed is a corporation, the application must be signed by a director or authorized employee of the corporation.

Interest

12. Interest payable under the By-law shall be payable at the rate of 4% above the prime rate as set by HRM banker calculated on a daily basis

Inspection, Audit and Assessment

13. A person appointed by the Municipality may enter at a reasonable time the business premises occupied by a person, or the premises where the person's records are kept,

- (a) to determine whether or not
 - (i) the person is an operator, or the premises are accommodations within the meaning of this Bylaw, or
 - (ii) this Bylaw is being and have been complied with, or
- (b) to inspect, audit and examine books of account, records or documents.

Offense

14. A person who contravenes any provision of the By-law is guilty of offence punishable by summary conviction and on conviction is liable

- (a) on a first conviction, to a fine of not less than \$500 and not more than \$1,000, and

- (b) for a subsequent conviction for the same or another provision of this regulation, to a fine of not less than \$1,500 and not more than \$5, 000.

Administration of Bylaw

15. This Bylaw shall be administered on behalf of the Municipality by the Treasurer and any persons designated by the Treasurer.

Effective Date

15. This By-law shall take effect from the 1st day of April, 2002.

MAYOR

MUNICIPAL CLERK

I, Vi Carmichael, Municipal Clerk for the Halifax Regional Municipality, hereby certify that the above noted by-law was passed at a meeting of the Halifax Regional Council held on, February 12, 2002.

Vi Carmichael, Municipal Clerk

No. 1 Amended by H-401
Added Subsection (2) to Section 4

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Amending Subsection (1) of Section 3

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Services Agreement

Between:

Halifax Regional Municipality

And

Destination Halifax

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This **Services Agreement (the “Agreement”)** made this **[Day #]** day of **[Month]**, **[Year]**.

BETWEEN:

HALIFAX REGIONAL MUNICIPALITY, a body corporate,
(hereinafter called the “Municipality”)

OF THE FIRST PART

- and -

Destination Halifax Society
a body corporate,
(hereinafter called “Destination Halifax”)

OF THE SECOND PART

WHEREAS Halifax Regional Council has endorsed collaboration and alignment of key stakeholders around a common vision to grow the economy;

AND WHEREAS Destination Halifax is a non-profit society established as a Destination Marketing Organization (DMO) to coordinate tourism development, market the Municipality and optimize the economic activity generated by the tourism industry;

AND WHEREAS Destination Halifax and the Municipality have historically enjoyed a productive working relationship;

AND WHEREAS the Municipality has authority to levy a hotel marketing levy under the Halifax Regional Municipality Marketing Levy Act, 2001, c. 51, s. 1, and exclusive authority to allocate the levy collected;

AND WHEREAS the hotel marketing levy is intended to promote the Municipality as a tourism destination, including tourism-marketing, special events, tourism-related infrastructure and tourism-sector development opportunities within the Municipality;

AND WHEREAS the Municipality seeks to support implementation of its Economic Strategy and realize the economic growth objectives of population growth, employment and income level growth and growth in the business tax base;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto promise and agree as follows:

SECTION ONE DEFINITIONS

Section 1.01 **Definitions**

- (a) "Chief Administrative Officer" means the Chief Administrative Officer of Halifax Regional Municipality or a designate;
- (b) "Council" means the Halifax Regional Council;
- (c) "Employee" includes agents, officers, servants, assigns and heirs;
- (d) "Fiscal Year" means the annual period ending on March 31 of each year, or such other period as the Municipality may establish upon notice to Destination Halifax;
- (e) "Initial Proportional Share" means sixty per cent (60%) of the Marketing Levy;
- (f) "Marketing Levy" means the total tax revenues collected by the Municipality, in a given Calendar month, pursuant to the Halifax Regional Municipality Marketing Levy Act. 2001, c. 51, s. 1.
- (g) "Mayor" means the Mayor of Halifax Regional Municipality or a designate;
- (h) "Municipality" means the Halifax Regional Municipality;
- (i) "Operating Grant" means the combined value of the Supplementary Grant and the Proportional Share payable to Destination Halifax in a given Fiscal Year.
- (j) "Partners" means the Province of Nova Scotia, the federal government, the Municipality, and Destination Halifax's tourism industry members;
- (k) "Proportional Share" means a percentage-based proportional share of the Marketing Levy, set by Council pursuant to Sections 4.03 of this Agreement, payable to Destination Halifax in a given Fiscal Year;
- (l) "Services" means the services provided by Destination Halifax to the Municipality as stipulated in Sections 3.02 through 3.05;
- (m) "Standing Committee" means the Community Planning and Economic Development Standing Committee of Halifax Regional Municipality; and
- (n) "Supplementary Grant" means a grant, set by Council pursuant to sections 4.04 and 4.05 of this Agreement, payable to Destination Halifax in a given Fiscal Year.

**SECTION TWO
APPOINTMENT OF DESTINATION HALIFAX**

Section 2.01

Appointment of Destination Halifax

- (a) The Municipality hereby appoints Destination Halifax for the term of this Agreement to undertake on behalf of the Municipality, the Services, which are more particularly set out in section 3, as an independent contractor, on the terms and conditions set out in this Agreement, and Destination Halifax hereby accepts such appointment.
- (b) The Parties agree that economic prosperity is dependent upon broad-based participation, engagement and support of various community, private sector and government organizations having an interest in matters related to the economic development of the Municipality and that Destination Halifax, through its Board of Directors, will promote the Municipality as a tourist destination.
- (c) The Parties acknowledge that the Municipality seeks to use Destination Halifax as a means of delivering destination marketing programming to further its economic interests and to carry out strategies to encourage economic growth by increasing visits from tourists and business travelers.
- (d) Destination Halifax agrees that the Municipality's Operating Grant is to be used exclusively to provide the Services.
- (e) The parties acknowledge that Destination Halifax's mandate extends to other areas of the Province in cases where Destination Halifax partners with the Province in marketing the Municipality as a provincial tourism destination.
- (f) Destination Halifax acknowledges that its mandate, pursuant to this Agreement, extends to the entirety of the Municipality, including urban, rural and suburban areas.
- (g) Destination Halifax acknowledges that its membership shall be as inclusive as possible, extending to all service providers in the tourism and hospitality sector within the Municipality.
- (h) Destination Halifax acknowledges that the Municipality's Operating Grant is conditional upon Destination Halifax demonstrating, through regular reporting activities, that its operations achieve the level of service specified in this Agreement and that its efforts lead to measureable outcomes, as set out in Schedule A of this Agreement.
- (i) The Parties acknowledge that Schedule A of this Agreement may, by mutual consent, be amended, from time to time, to reflect changing strategic priorities and the value of the Operating Grant authorized by Council.
- (j) Destination Halifax acknowledges that failure to achieve agreed upon outcomes may result in the reduction or elimination of future funding by the Municipality.

**SECTION THREE
DUTIES AND RESPONSIBILITIES OF
DESTINATION HALIFAX**

Section 3.01 Geographic Scope of Activities

Destination Halifax shall conduct its activities in a manner that will contribute to tourism sector development in, and destination marketing of, rural, urban and sub-urban areas of the Municipality.

Section 3.02 Strategic Advice and Information

Destination Halifax shall provide, undertake or maintain the following strategic advice and information services:

- (a) Through experienced staff, and upon request, advise the Municipality on tourism sector development in support of economic development;
- (b) In conjunction with Partners, develop, and periodically update, a multi-year tourism and hospitality sector strategy for the Municipality;
- (c) In conjunction with Partners, develop efficiency metrics and outcome measures to gauge the effectiveness of Destination Halifax's destination marketing efforts.

Section 3.03 Marketing and Promotion

Destination Halifax shall provide, undertake or maintain the following marketing and promotion services:

- (a) Market the Municipality as:
 - i) a world-class community in which to visit, live, work and conduct business;
 - ii) Atlantic Canada's preeminent location for meetings, conventions and major events;
 - iii) Atlantic Canada's marquee port-of-call;
 - iv) Atlantic Canada's hub for year round individual travel itineraries and experiences;
 - v) Atlantic Canada's hub for group tour travel itineraries and experiences;
- (b) Provide visitors and site selectors with appropriate, timely and convenient destination information;

- (c) Provide messaging and media relations support to the tourism sector.

Section 3.04 Sector Development

Destination Halifax shall provide, undertake or maintain the following sector development services:

- (a) Provide a platform through which industry stakeholders can advance individual business priorities and work collaboratively to grow the tourism sector;
- (b) Stage relevant and effective professional development programming for the tourism industry;
- (c) Foster marquee festivals and events that will provide an increased opportunity for destination animation and draw tourists to the Municipality.

Section 3.05 General

Destination Halifax shall provide, undertake or maintain the following general services:

- (a) In conjunction with Municipal staff, prepare and present regular reports to the Standing Committee and Council on the status of Destination Halifax activities and initiatives;
- (b) In conjunction with Municipal staff produce an annual business plan and budget consistent with the terms of this Agreement;
- (c) Leverage the Municipality's investment in Destination Halifax by partnering with the private sector and other levels of government to fund Destination Halifax's activities.

Section 3.06 Performance Measures

Destination Halifax shall conduct its activities in a manner that will contribute in whole or in part to attaining key deliverables and performance measures as defined in this Agreement. The key deliverables and performance measure detailed in Schedule A of this Agreement will be used as a basis for the periodic review specified in Section 4.12.

Section 3.07 Change in Scope of Services and Reasonable Accommodation

The parties to this Agreement acknowledge that, due to changes in economic conditions or the Municipality's corporate direction, the annual agreed scope of Services provided may change. Where the Municipality desires Destination Halifax to undertake work or services beyond the annual agreed scope of Services, the Municipality shall request in writing to Destination Halifax's Board of Directors that such work or services be undertaken. The Board shall accommodate any reasonable request by the Municipality upon consideration of potential impacts on Destination Halifax's existing priorities, budgets and availability of staff resources.

Indemnification by Destination Halifax

Destination Halifax agrees to indemnify and hold harmless the Municipality, its Mayor, Council, and Employees from and against all loss, claims, actions, damages, costs, liability and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from this agreement ("Losses"), howsoever caused, by Destination Halifax, its directors, or Employees, or by anyone permitted by Destination Halifax to be on premises owned or occupied by Destination Halifax, except for any Losses caused solely by the negligence or willful misconduct of the Municipality or any Employee of the Municipality. Such indemnity will survive the expiration of this Agreement. Should the Municipality be made a party to any litigation commenced against Destination Halifax, then Destination Halifax agrees to pay all expenses including legal fees incurred or paid by the Municipality in connection with such litigation.

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**SECTION FOUR
DUTIES AND RESPONSIBILITIES OF
THE MUNICIPALITY**

Section 4.01 Hotel Marketing Levy Administration

The municipality shall be responsible for administering the hotel marketing levy under the Halifax Regional Municipality Marketing Levy Act. 2001, c. 51, s. 1, including, but not limited to

- (a) collection of tax revenues payable pursuant to the Act (i.e. collection of the Marketing Levy);
- (b) administration of By-law H-400, the Marketing Levy By-law; and
- (c) allocation of revenues levied pursuant to the Act (i.e. allocation of the Marketing Levy), in support of the promotion of the Municipality as a tourist destination.

Section 4.02 Purpose of Proportional Share

In recognition of the Services provided by Destination Halifax the Municipality shall provide Destination Halifax with an annual Proportional Share of the Marketing Levy collected by the Municipality.

Section 4.03 Setting Proportional Share

The Proportional Share of the Marketing Levy payable to Destination Halifax shall be:

- a) equal to the Initial Proportional Share until approved otherwise by Council;
- b) subject to Council's exclusive discretion;
- c) determined by Council each Fiscal Year at such time as the Municipality's annual operating budget is approved by Council, and at any other time that Council so desires.

Section 4.04 Changes to Proportional Share

If, pursuant to Section 4.03 Council approves a change to the Proportional Share, the change shall be effective commencing nine (9) calendar months after the Council resolution approving the change.

Section 4.05 Purpose of Supplementary Grant

In recognition of the Services provided by Destination Halifax the Municipality shall provide Destination Halifax with an annual Supplementary Grant.

Section 4.06 Amount of Supplementary Grant

The amount of the annual Supplementary Grant shall be:

- a) subject to Council's exclusive discretion;
- b) determined by Council each Fiscal Year at such time as the Municipality's annual operating budget is approved by Council;

Section 4.07 HST

The parties agree that where Services are subject to harmonized sales tax pursuant to the Excise Tax Act (Canada), the Municipality shall pay such tax to Destination Halifax in addition to the Operating Grant and Destination Halifax shall remit all such harmonized sales tax in accordance with the provisions of the Excise Tax Act.

Section 4.08 Interim Financing – Supplementary Grant

On or before April 1st of each Fiscal Year, the Municipality shall deposit in Destination Halifax's operating account interim financing in an amount equivalent to ten percent (10%) of the prior Fiscal Year's Supplementary Grant.

Section 4.09 Second Installment – Supplementary Grant

- (a) Each Fiscal Year the municipality shall remit a second installment equal to twenty-five (25) percent of the value of the current Fiscal Year's Supplementary Grant, less the amount of the interim financing installment made pursuant to section 4.08.
- (b) The second installment shall be payable within thirty (30) calendar days of Council approval of the Municipality's operating budget for the current Fiscal Year;
- (c) Where the value of the interim financing payment exceeds twenty-five (25) percent of the value of the current Fiscal Year's Supplementary Grant, the difference shall be deducted from the first quarterly installment payable pursuant to section 4.10.

Section 4.10 Quarterly Installments – Supplementary Grant

Subject to receipt of quarterly invoices from Destination Halifax, the Municipality shall deposit in Destination Halifax's operating account, the balance of the approved Supplementary Grant for the current Fiscal Year according to the following schedule:

- (a) On or before July 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year;
- (b) On or before October 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year; and
- (c) On or before January 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year.

Section 4.11 Monthly Installments – Proportional Share

The Municipality shall deposit in Destination Halifax's operating account, the Proportional Share

of the Marketing Levy revenue collected by the Municipality according to the following schedule:

- (a) On or before January 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from December 1st to December 31st, inclusive.
- (b) On or before February 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from January 1st to January 31st, inclusive.
- (c) On or before March 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from February 1st to February 28th, inclusive;
- (d) On or before April 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from March 1st to March 31st, inclusive;
- (e) On or before May 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from April 1st to April 30th, inclusive;
- (f) On or before June 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from May 1st to May 31st, inclusive;
- (g) On or before July 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from June 1st to June 30th, inclusive;
- (h) On or before August 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from July 1st to July 31st, inclusive.
- (i) On or before September 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from August 1st to August 31st, inclusive;
- (j) On or before October 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from September 1st to September 30th, inclusive;
- (k) On or before November 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from October 1st to October 31st, inclusive; and
- (l) On or before December 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from November 1st to November 30th, inclusive.

Section 4.12

Review

The Municipality may undertake periodic review of this Agreement to ensure that the deliverables provided by Destination Halifax meet the expectations and outcomes set out in this

Agreement and are in accordance with the Municipality's corporate direction.

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**SECTION FIVE
FINANCES, RECORDS AND INFORMATION SERVICES**

Section 5.01 Registry of Joint Stocks

Destination Halifax shall maintain active status as a Society pursuant to the *Societies Act*.

Section 5.02 Accounting Records

Destination Halifax shall maintain a complete and proper set of accounting records following the Generally Accepted Accounting Principles as established from time to time by the Canadian Institute of Chartered Accountants.

Section 5.03 Municipal Audit

The Municipality shall have the right, at its own expense, and with reasonable notice, to audit or examine the books of account and records maintained by Destination Halifax pursuant to this Agreement,

Section 5.04 Annual Financial Reports

- (1) Destination Halifax shall provide to the Municipality within forty-five (45) days of Destination Halifax's year end, unaudited financial statements.
- (2) Destination Halifax shall provide to the Municipality within ninety (90) days of Destination Halifax's year end, audited financial statements.
- (3) Audited financial statements, produced pursuant to subsection 2, shall be in accordance with Generally Accepted Accounting Principles as established from time to time by the Canadian Institute of Chartered Accountants.
- (4) Audited financial statements, produced pursuant to subsection 2, shall be approved by Destination Halifax's membership, in accordance with its by-laws.

Section 5.05 Leveraging Private Sector and Other Funding Support

Destination Halifax shall seek financial and in-kind support from the private sector, federal government and provincial government to facilitate implementation of its destination marketing role. The Municipality will support this effort by endorsing Destination Halifax through such avenues as direct correspondence and support in the electronic and print media.

Section 5.06 Other Reports

Destination Halifax shall, when requested, prepare and furnish to the Municipality, such other reports, board minutes, articles of incorporation, by-laws or statements as the Municipality may reasonably require.

**SECTION SIX
DESTINATION HALIFAX MEMBERSHIP**

Section 6.01

Board of Directors

Throughout the term of this Agreement, the Board of Directors of Destination Halifax shall be comprised of representatives as outlined in its bylaws, and shall include from the Municipality:

- (a) one voting representative of Council;
- (b) the Mayor as a voting member; and
- (c) the Chief Administrative Officer as a voting member.

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**ARTICLE SEVEN
TERM/TERMINATION**

Section 7.01 Commencement and Initial Term

- (a) The initial term of this Agreement shall commence on the date of execution of this Agreement by the Mayor and Municipal Clerk, and shall continue in force until the first occurrence of March 31st thereafter unless terminated earlier as set out herein.
- (b) The term of this Agreement shall be renewed for a period of thirty-six (36) months, commencing on April 1st of the calendar year in which the initial term expires, and shall continue to be renewed for further renewal periods of thirty-six (36) months.
- (c) The renewal periods will continue until either:
 - i) one party notifies the other party that it elects not to renew this Agreement and such notification shall be at least six (6) months prior to the end of the initial term or any renewal term; or
 - ii) this Agreement is otherwise terminated pursuant to any other section of this Agreement.

Section 7.02 Termination without Notice

Notwithstanding the initial term or any renewal term in section 7.01, this Agreement may be terminated immediately and without notice by the Municipality if:

- (a) the enabling statutory authority or the required approvals under which the Municipality has entered into this Agreement are repealed, rescinded, or amended by the Province of Nova Scotia;
- (b) it is determined by the Municipality that Destination Halifax has failed to maintain its active status as a Society, so as to substantially limit or deprive the Municipality of the authority to hereunder confer rights or assume obligations;
- (c) the Municipality and Destination Halifax agree in writing to terminate this Agreement; or
- (d) an event of default specified in section 7.04 occurs.

Section 7.03 Termination with Notice

Either party may terminate this Agreement by providing nine (9) months written notice to the other party.

Section 7.04

Events of Default

The following constitute events of default:

- (a) Destination Halifax becomes bankrupt or insolvent, goes into receivership, or takes the benefit of any statute from time to time being enforced relating to bankrupt or insolvent debtors;
- (b) An order is made or resolution passed, by the Board of Destination Halifax, for winding up or for the dissolution of Destination Halifax, or it is dissolved;
- (c) Destination Halifax ceases actual bona fide operation for a period of ninety (90) consecutive calendar days, as determined solely by the Municipality;
- (d) Destination Halifax has knowingly submitted false or misleading information to the Municipality, which shall be determined solely by Municipality; or
- (e) Destination Halifax is in breach of the performance of, or compliance with, any term, condition, or obligation on its part to be observed or performed hereunder, as determined solely by the Municipality and
 - i) notice of default has been given to Destination Halifax; and
 - ii) the default is not remedied within fifteen (15) business days after receipt by Destination Halifax of notice of default, or
 - iii) a plan satisfactory to the Municipality to remedy such an event of default is not implemented within ninety (90) calendar days and fully and diligently carried out.

Section 7.05

Remedies on Default

If an event of default specified in section 7.04 occurs, the Municipality may, in addition to any other remedies otherwise available at law, exercise either or both of the following remedies:

- (a) Terminate forthwith any obligation by the Municipality to disburse money pursuant to Section 4, including any unpaid installment outstanding prior to the date of such default; and
- (b) Require Destination Halifax to pay to the Municipality all or part of the Operating Grant disbursed, pro-rated to the date of default.

SECTION EIGHT INSURANCE

Section 8.01 Insurance

Destination Halifax shall be responsible for obtaining and maintaining at its sole cost and expense:

- (a) Insurance on all real property including, but not limited to, contents, buildings, leasehold improvements, fixtures and equipment, whether owned, leased or rented, or for which Destination Halifax may otherwise be responsible, in amounts, and against such risks, as Destination Halifax may deem advisable, but in any event, no less than in an amount equal to the full replacement value;
- (b) Commercial General Liability Insurance in a form at least as broad as the current Insurance Bureau of Canada Commercial General Liability insurance or its equivalent, with a company licensed to do business in Nova Scotia, including but not limited to legal liability, contractual obligations, bodily injury, death and property damage, and a cross liability clause with respect to operations and activities of Destination Halifax, in amounts and against such risks as Destination Halifax may deem advisable but in any event, no less than \$2,000,000 (Two Million Dollars) in limits. Should the activities or operations of Destination Halifax extend to those events (whether public or private) which may include alcohol, then the required liability limits shall be no less than \$5,000,000 (Five Million Dollars) with alcohol not excluded; Halifax Regional Municipality shall be included as Additional Insured on this policy;
- (c) Directors and Officers Liability Insurance for Board and Directors of Destination Halifax in amounts, and against such risks, as Destination Halifax may deem advisable, but in any event, no less than \$2,000,000 (Two Million Dollars) in limits;
- (d) Any other such other insurance coverage as Destination Halifax may deem prudent and advisable.

Section 8.02 Commercial General Liability Insurance

Commercial General Liability Insurance obtained and maintained by Destination Halifax pursuant to section 8.01 shall:

- (a) name the Municipality as an Additional Named Insured;
- (b) contain a cross liability clause with respect to operations and activities of Destination Halifax;
- (c) include legal liability, contractual obligations, bodily injury, death and property damage as insured perils; and
- (d) comply with insurance coverage standards as established from time to time by the Insurance Bureau of Canada.

Section 8.03

Certificate of Insurance

- (a) At time of signing of this Agreement, Destination Halifax shall provide the Municipality with a Certificate of Insurance evidencing coverage and liability limits as outlined in 8.01 with Halifax Regional Municipality named on the policy as Additional Insured.
- (b) It is the responsibility of Destination Halifax to provide the Municipality with updated Certificates of Insurance.

Section 8.04

Suits and Claims

- (a) Destination Halifax shall notify Halifax Regional Municipality, Risk and Insurance Services Division, in writing, as soon as possible after such time Destination Halifax becomes aware of any claim or possible claim against the Municipality and/or Destination Halifax which involves Destination Halifax. Such notification can be made either by fax to 902 490 7413 or by email to riskins@halifax.ca. Notices of Intended Action or other legal documents should be couriered to Risk and Insurance Services c/o Legal, Risk and Insurance Services, 3rd Floor Duke Tower, 5251 Duke Street, Halifax, NS, B3J 3A5.
- (b) Destination Halifax shall notify the Municipality in writing as soon as possible after it becomes aware of any injury occurring in, on or about premises owned or occupied by Destination Halifax, which could reasonably be expected to result in a claim being made against the Municipality or Destination Halifax and of all claims against the Municipality and/or Destination Halifax which involve premises owned or occupied by Destination Halifax. Incident and Accident Reports should be sent via the same channels as 8.04(a).
- (c) Destination Halifax shall take no steps (such as the admission of liability) which would operate to bar the Municipality from obtaining any protection afforded by any policies of insurance it may hold or which will operate, to prejudice the defence in any legal proceedings involving the Municipality or Destination Halifax, or otherwise prevent the Municipality from protecting itself against any such claim, costs, demands or legal proceeding.
- (d) Destination Halifax shall fully cooperate with the Municipality in the defence of any claim, investigation, demand, or legal proceeding.

**SECTION NINE
EMPLOYEES**

Section 9.01 Personnel

All personnel involved in the management, administration and operations of Destination Halifax including, without limitation to the foregoing the Executive Director, will be Employees of Destination Halifax. The wages, salaries and benefits of such Employees shall be paid solely and directly by Destination Halifax, unless otherwise stated and agreed upon in writing. Destination Halifax shall be responsible for the supervision, instruction, and training of such Employees.

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SECTION TEN GENERAL PROVISIONS

Section 10.01 **Notices**

- (a) All notices, demands, requests, approvals or other communication of any kind which a party hereto may be required or may desire to serve on the other party in connection with this Agreement shall be served personally or sent by registered mail. Any such notice or demand so served by registered mail shall be deposited in the Canadian mail with postage thereon fully prepaid, registered and addressed to the party so to be served as follows:

Any notices intended for the Municipality shall be delivered and addressed to:

**Municipal Clerk
Halifax Regional Municipality
1841 Argyle Street
P.O. Box 1749
Halifax, NS B3J 3A5**

Any notices intended for Destination Halifax shall be delivered and addressed to:

**Destination Halifax
1800 Argyle Street, Suite 802
Halifax, NS B3J 3N8**

- (b) Except in the event of a postal service strike or lockout (in which event the parties hereto agree to temporarily utilize other reasonable methods of communicating any notices), service of any notice or demand so made by registered mail shall be deemed complete on the date of actual delivery as shown by the registry receipt or at the expiration of the seventh business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other party as aforesaid, designate a different mailing address or different or additional persons to which all such notices or demands are thereafter to be addressed.

Section 10.02 **Validity of Provisions**

In the event anyone or more of the provisions contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and this Agreement shall otherwise be enforceable to the fullest extent permitted by law.

Section 10.03 **Waiver and Modification**

No consent or waiver, express or implied, by a party of any breach or default by the other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver of any other breach or default hereunder. Failure on the part of a party to complain of any act, or failure to act, on the part of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party

of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except upon the written consent of both parties.

Section 10.04 Successors

The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto; provided however, this Agreement shall at all times remain personal to Destination Halifax and may not be assigned by Destination Halifax without the prior written consent of the Municipality.

Section 10.05 Remedies

The Municipality shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance to enforce its rights hereunder.

Section 10.06 Headings

The headings used in this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision of this Agreement.

Section 10.07 Interpretation

Where the context so requires, words used in the singular shall include the plural and vice versa.

Section 10.08 Entire Agreement

This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to this agreement entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which either party may have had relating to the subject matter hereof.

Section 10.09 Confidentiality

It is agreed by the parties that this Agreement is a public document for the purposes of Part XX of the Municipal Government Act ("Freedom of Information and Protection of Privacy") and that any information, document, or record, in any form, provided to the Municipality by Destination Halifax pursuant to this Agreement is subject to FOIPOP.

Section 10.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Nova Scotia.

Section 10.11 Time of Essence

Time is of the essence in the performance of the obligations of this Agreement and of each provision hereof.

IN WITNESS HEREOF the parties hereto have properly executed this Agreement as of the day and year first above written.

SIGNED, SEALED and DELIVERED:

DESTINATION HALIFAX SOCIETY

Witness

President & CEO

Witness

Chair of the Board
(I have authority to bind Destination Halifax)

HALIFAX REGIONAL MUNICIPALITY

Witness

Mayor

Date:

Witness

Municipal Clerk

Date:

Schedule A – Service Agreement Deliverables (Destination Halifax)		
	Key Deliverables in the Service Agreement	Measures
1.1 Advice	<i>3.02 (a) Through experienced staff, and upon request, advise the Municipality on tourism and destination marketing matters</i>	<ul style="list-style-type: none"> Attend meetings and/or provide reports to Council, Standing Committee and HRM's Senior Management Team (SMT) as requested Develop a bank of market intelligence to assist in tourism sector decision-making By fiscal year end of each year, produce an annual market overview report on the municipality's tourism and hospitality industry (inclusive of SWOT analysis)
1.2 Strategy	<i>3.02 (b) In conjunction with Partners, develop, and periodically update, a multi-year tourism and hospitality sector strategy for the Municipality</i>	<ul style="list-style-type: none"> Source research and analysis to support a tourism strategy that aligns to HRM's brand strategy Identify tourism and hospitality markets and visitor segments with high rates of return and develop approaches for capitalizing on these markets/segments Align tourism development with broader municipal economic development goals and objectives (e.g. Atlantic Gateway, infrastructure investment, quality of place and branding) Engage Partners in clearly defining respective roles and responsibilities vis-à-vis strategy implementation Track, monitor and report on progress toward achieving implementation of multi-year strategy's goals & objectives
1.3 Benchmarking	<i>3.02 (c) In conjunction with Partners, develop efficiency metrics and outcome measures to gauge the effectiveness of Destination Halifax's destination marketing efforts.</i>	<ul style="list-style-type: none"> Source periodic best practices research on benchmark cities that engage in destination marketing No less than once every 2 years, participate with and deliver results of a destination marketing organization (DMO) Best Practices Performance Report as sanctioned by the Destination Marketing Association of Canada Develop and implement mechanisms for tracking outcome measures Benchmark DH's performance (against prior year performance and against comparable benchmark cities) 3% increase in air passenger capacity 75% air passenger arrival load factor for year end 3% increase in duration of average stay for meetings, major events and conventions travellers 3% increase in duration of average stay for individual/leisure travelers

<p>2.1 Site Selection</p>	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> • <i>a world-class community in which to live, work and conduct business</i> 	<ul style="list-style-type: none"> • Align destination marketing efforts with Partners' integrated media campaigns designed to promote the Municipality as a world class community; • Expand scope and range of recruitment network to reach site selectors and business community "influencers" • Generate 2-3 site selector leads for business attraction Partners (annually)
<p>2.2 Meetings and Conventions</p>	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> • <i>Atlantic Canada's preeminent location for meetings, conventions and major events</i> 	<ul style="list-style-type: none"> • Develop and implement year round campaign using various media to promote meetings, major events and conventions travel • Develop and implement a "return to Nova Scotia" program targeted to meetings and convention delegates • Expand scope and range of recruitment network to reach meetings and conventions "influencers" • Pursue cooperative marketing opportunities with regional, national and international meetings and conventions partners • 30,000 room nights • 125+ meeting and conventions bookings (annually) • 25% foreign / 75% domestic target mix for M&C bookings • 25% increase in foreign (non-domestic) booking activity 3% increase in duration of average stay for meetings, major events and convention travellers
<p>2.3 Port of Call</p>	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> • <i>Atlantic Canada's marquee port of call</i> 	<ul style="list-style-type: none"> • Develop and implement year round campaign using various media to promote cruise travel • Develop and implement a "return to Nova Scotia" program targeted to cruise passengers • Expand scope and range of recruitment network to reach cruise "influencers" • Pursue cooperative marketing opportunities with regional, national and international port-of-call partners • Promote upgrading of cruise passenger facilities • Develop and implement strategy to extend the cruise season • 3% increase in cruise ship passenger arrivals • 3 additional ship arrivals during June-August period • 3% increase in cruise turnaround business

<p>2.4 Individual Travel</p>	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> • <i>Atlantic Canada's hub for year round individual travel itineraries and experiences.</i> 	<ul style="list-style-type: none"> • Expand scope and range of recruitment network to reach individual/leisure travel "influencers" • Develop and implement year round integrated media campaign to promote individual/leisure travel (multiple mediums) • Pursue cooperative marketing opportunities with regional, national and international individual/leisure travel partners • Promote consistent air/ground access between the Municipality and key regional, national and international markets • 10% growth in leisure travel accommodation room nights sold • 2% capture of DH web site traffic by destination-planning-software
<p>2.5 Data Management</p>	<p>3.03 (b) Provide visitors and site selectors with appropriate, timely and convenient destination information</p>	<ul style="list-style-type: none"> • Develop and implement strategies to provide content that is accessible from multiple platforms (e.g. personal computers (PCs), personal digital assistants (PDAs), cell/mobile devices etc.) • Develop and implement strategies to provide content that can be integrated with multiple operating systems (e.g. distributed applications/middleware/hardware) • Build awareness of DH web site and vacation planning tools • Develop and implement web-based analytics to generate customer profiles/database • Showcase broad range of HRM offerings across all tourism and hospitality sectors serviced by DH • Develop and implement strategies to populate DH web site with visitor-contributed content • Develop and implement strategies to populate DH web site with industry-partner-contributed content, including content provided by the Municipality • Facilitate sales transactions with tourism operators and other tourism sector service providers • 15% growth in DH website traffic • 5% growth of e-Halifax database • 3 minute average stay on DH website • 4+ page views per visit to DH website • 15% growth in Facebook audience • 35% growth in Twitter audience

<p>2.6 Media Relations Resource</p>	<p><i>3.03 (c) Provide messaging and media relations support to the tourism sector.</i></p>	<ul style="list-style-type: none"> • Develop, evaluate and update key messages and communications strategies/deliverables for all DH markets • Review/edit DH publications and internal/external communications to ensure messages are consistent, on target and brand compliant. • Monitor social media usage patterns and evolve media strategy to reflect research and trends • Work with industry partners to leverage their key messages, seeking opportunities for cross-promotion and collaboration on media opportunities • Build relationships with targeted media through a variety of means (e.g. host media familiarization tours, source/write/solicit story ideas, facilitate media interview requests, attend key media events, maintain database of qualified media contacts, etc.) • Assist members with assessment of direct media inquiries to assign the best product/market match • Produce, and disseminate to industry stakeholders, quarterly media values snapshot • 40+ site visits by targeted media • \$3M of unpaid ad rate values • \$1.1 million in overall circulation • 5% increase in articles published over previous year (1850 articles)
<p>3.1 Stakeholder Platform</p>	<p><i>3.04 (a) Provide a platform through which industry stakeholders can advance individual business priorities and work collaboratively to grow the tourism sector</i></p>	<ul style="list-style-type: none"> • Develop and implement a strategy aimed at increasing the level of tourism sector engagement (e.g. member appreciation event, social media forum, partnership opportunities catalogue, peer recruitment program etc.) • Work with industry partners to capitalize on high value, high potential tourism sector investment/growth opportunities and respond to threats facing the sector • Ensure emerging needs of business are shared with economic development partners through regular meetings, electronic media or other means • Foster opportunities for collaboration among complementary industry stakeholders (cooperative marketing, bundling of experiences/products, etc.) • Broaden tourism industry representation among DH membership through targeted outreach • Increase overall satisfaction with membership benefits by facilitating active engagement (member appreciation event, social media forum, partnership opportunities catalogue, etc.) • Work with partners & contribute to a visitor survey to identify the tourism

		<p>industry's strengths, issues and challenges (Province's Visitor Exit Survey – conducted every four years)</p> <ul style="list-style-type: none"> • Build the image and influence of the tourism industry by communicating industry success stories • Forge strategic alliances with key tourism sector organizations • Promote a tourism and hospitality sector view in significant regional decisions wherever the visitors and/or operators/service providers are impacted <ul style="list-style-type: none"> • 40% membership survey participation rate • 95% membership retention rate • 175+ membership base • 95% membership satisfaction rating • 10+ new full members recruited
<p>3.2 Professional Development</p>	<p><i>3.04 (b) Stage relevant and effective professional development programming for the tourism industry</i></p>	<ul style="list-style-type: none"> • Develop and deliver tourism sector training for industry stakeholders • Cross-promote tourism sector speaking engagements/training sessions hosted by Partners <ul style="list-style-type: none"> • 50+ average participant level (per session) • 85% program satisfaction evaluation • 6-8 member orientation sessions (annually) • 4+ half-day seminar/workshops with topics relevant to DH's primary areas of market concentration • 1+ social media education session (annually)
<p>3.3 Destination Animation</p>	<p><i>3.04 (c) Foster marquee festivals and events that will provide an increased opportunity for destination animation and draw tourists to the Municipality</i></p>	<ul style="list-style-type: none"> • In Accord with HRM's major event hosting strategy, pursue cooperative marketing opportunities with regional, national and international destination animation partners • Support strategies to identify and attract large-scale/high-profile destination animation opportunities to HRM (sporting/cultural events, festivals, exhibitions etc.) • In conjunction with HRM staff, support the Municipality's major events hosting strategy • Work with event hosts to increase participation rates for marquee festivals and events • Provide in-kind support such as marketing, logistical and networking assistance for major events including, but not limited to, the Web.com tour stop, if awarded, and the Nova Scotia International Tattoo

4.1 Reports	<p><i>3.05 (a) In conjunction with Municipal staff, prepare and present bi-annual reports to Standing Committee and Council on the status of Destination Halifax activities and initiatives</i></p>	<ul style="list-style-type: none"> • Quarterly status reports for the CAO • Bi-annual (Q2/Q4) Service Agreement report to Standing Committee • Bi-annual (Q2/Q4) Service Agreement report to Council
4.2 Business Plan	<p><i>3.05 (b) In conjunction with Municipal staff, and following the Municipality's business-planning time frame, produce an annual business plan and budget consistent with the terms of this agreement</i></p>	<ul style="list-style-type: none"> • Produce business plan and budget by Feb 28th • Identify/track outcome measures monthly; report bi-annually • Provide quarterly review and feedback on alignment with business plan
4.3 Leverage Funding	<p><i>3.05 (c) Leverage the Municipality's investment in Destination Halifax by partnering with the private sector and other levels of government to fund Destination Halifax's activities</i></p>	<ul style="list-style-type: none"> • Leverage the Municipality's grant by partnering with the private sector and the federal/provincial government • 95% renewal of private sector investment • Maintain an 82% (HRM) /18% (non-HRM) funding mix (expressed as a percentage of overall Destination Halifax funding)