

Strengthening Toronto's ability to attract and host major events through the Toronto Significant Events Investment Program (TSEIP)

Date: February 1, 2019

To: Budget Committee

From: General Manager, Economic Development and Culture

Wards: All Wards

SUMMARY

Significant events have a large economic and tourism impact and play an important role in promoting Toronto as an international destination. Such events can advance City priorities and strategies, create jobs, attract visitors, and leave lasting legacies for the community. Given the volume of such events seeking the City's support, City Council adopted on June 7, 2016 the City of Toronto Bidding and Hosting Strategy for Significant Special Events providing a framework for managing and evaluating significant event opportunities in Toronto. Among the key objectives of the report was a commitment to identify dedicated resources to support competitive event opportunities that provide a high return on investment for the City.

This report recommends that the total new funding included in the 2019 Staff Recommended Operating Budget of \$750,000 gross and \$0 net, fully funded from the Major Special Events Reserve Fund (MSERF) be awarded to support the 2019 successful applicant organizations. It also recommends that a plan to establish ongoing tax base funding for the Toronto Significant Event Investment Program be submitted to the 2020 Budget process for consideration.

RECOMMENDATIONS

The General Manager, Economic Development and Culture, recommends that:

1. City Council award total funding of \$750,000 over 2019, 2020 and 2021, fully funded by the Major Special Events Reserve Fund, to the significant special events listed below, who have applied to the Toronto Significant Events Investment Program and been deemed eligible, subject to the applicants' compliance with Toronto Significant Events Investment Program requirements:

Event	2019 Allocation	2020 Allocation	2021 Allocation	Total
2020 World Masters Athletic Championships	\$125,000	\$125,000	\$0.00	\$250,000
2021 JUNO Awards 50th Anniversary	\$150,000	\$150,000	\$200,000	\$500,000
Total	\$275,000	\$275,000	\$200,000	\$750,000

2. City Council direct the General Manager, Economic Development and Culture to submit a plan to establish an ongoing tax-supported base budget for the Toronto Significant Events Investment Program to the 2020 Budget process.

FINANCIAL IMPACT

The recommendations in this report award \$0.750 million of Toronto Significant Events Investment Program grants to successful 2019 program applicants. \$0.750 million for this program, is included in the Staff Recommended 2019 Operating Budget for Economic Development and Culture, funded by the Major Special Events Reserve Fund (XR1218). The current uncommitted balance of the Major Special Event Reserve Fund is adequate to support this award.

As the Toronto Significant Events Investment Program is not established as a funded program in the tax supported base budget for Economic Development and Culture, but has been supported on a year-to-year basis by one-time reserve funds added to each Budget, it is also recommended that the General Manager of Economic Development and Culture submit a plan as part of the 2020 Budget process, to establish this program as part of the ongoing tax-supported base budget.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In July 2013, City Council established the Major Special Events Reserve Fund as a discretionary reserve fund, initially for the purpose of funding components of the TORONTO 2015 Pan American/Parapan American Games Host City Showcase Program, and thereafter to provide funding and budget stabilization for the non-recurring bidding, municipal service delivery and enhanced City programming costs associated with major special events.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.13>

In fall 2015, the Mayor's Advisory Panel on International Hosting Opportunities was formed to provide advice and recommendations on bidding for and hosting major international events in Toronto. At its meeting of March 9, 2016, Executive Committee referred the Advisory Panel's final report to the City Manager for an assessment of the Panel's recommendations, with direction to report back in the spring of 2016 with a strategy and guiding principles for future event hosting in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.25>

On June 7, 2016 Toronto City Council adopted the City of Toronto Bidding and Hosting Strategy for Significant Special Events providing a framework for managing and evaluating Category A and B event opportunities in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED12.4>

In July 2016, City Council directed the General Manager, Economic Development and Culture, to develop a formal granting process to support significant special events taking place in 2018 and future years. As recommended in the Bidding and Hosting Strategy, a formal grant process would provide a transparent method of intake, evaluation and recommendation for City support and funding to significant events, as defined in the "City of Toronto Bidding and Hosting Strategy for Significant Special Events".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED13.7>

In November 2017, a report to Economic Development Committee on the outcomes of events which received grants from the Major Special Event Reserve Fund for 2016 and 2017 significant events was adopted. The report also provided an outline of the formal granting process, TSEIP to support significant special events taking place in 2018 and future years, as directed by City Council.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED25.1>

As part of the 2018 Budget process, City Council approved funding of \$1,050,000 in 2018 and \$125,000 in 2019 to eight organizations through the TSEIP program for a total of \$1,175,000 for significant events to be funded by the Major Special Events Reserve Fund.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

COMMENTS

Significant special events (such as large festivals, world sporting events, major expositions, etc.) have a large economic and tourism impact and play an important role in developing Toronto as a major tourism destination. In 2017, as reported by Tourism Toronto, Toronto had a record year, both in visits and dollars spent, with 43.7 million visitors who spent a total of \$8.8 billion. Of the total visits, 28.2 million were same day visitors, people who came into the city for dinner, attractions and major events. Of the \$8.8 billion in total tourism spending, domestic visitors accounted for \$2.6 billion, with significant events being a major driver of these visits.

Significant special events can also advance City priorities, create jobs, attract visitors, and leave lasting legacies for the host community. The City of Toronto regularly

receives unsolicited requests for support from event organizers, ranging from non-financial requests such as a letter of support for a bid, to the waiving of fees for municipal services and facilities, and, frequently, requests for financial support or sponsorship.

Each year, the City of Toronto receives many requests for support from organizers of significant special events. A reliable measure of such demand is the Province of Ontario's Celebrate Ontario Blockbuster Event Bid and Event Hosting funding program. Since 2011, the Blockbuster program has supported 40 significant special events in the City of Toronto, with total funding allocated over that period of just over \$10 million. Every year, total demand on the program is well in excess of the program's available resources.

City's History of Hosting Significant Special Events

In anticipation of the Pan Am and Parapan Am Games, the Major Special Events Reserve Fund (MSERF) was created by Council in 2013 for such non-recurring expenses associated with bidding for and hosting special events. Following the Pan Am and Parapan Am Games, the Mayor's Advisory Panel on International Hosting Opportunities produced a report entitled "Bringing the World to Toronto," details found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.25>. An important conclusion of the panel was that the City should, in addition to attracting major events that move around (i.e. World Juniors) develop its own home-grown globally recognized events (i.e. TIFF).

Subsequently, in June 2016, City Council approved the City of Toronto Bidding and Hosting Strategy for Significant Special Events to guide priorities and evaluate requests that would source funds from the MSERF.

On June 7, 2016 Toronto City Council adopted the City of Toronto Bidding and Hosting Strategy for Significant Special Events providing a framework for managing and evaluating Category A and B event opportunities in Toronto. The staff report and strategy can be found at:

<http://www.toronto.ca/legdocs/mmis/2016/ed/bgrd/backgroundfile-92769.pdf>

Objectives for the strategy include:

- Position Toronto as a preferred host for significant events that have or could have a notable international profile;
- Implement a proactive approach to developing, promoting, and incentivizing competitive event bids;
- Respond to event bid opportunities as efficiently as possible in order to maximize the impact and legacy of the 2015 Pan American / Parapan American Games;
- Identify dedicated resources to support competitive event opportunities that provide a high return on investment for the City; and,
- Work closely with partners to increase the development of expanded event hosting capabilities in Toronto.

This strategy adopts the Strategic Hosting Principles proposed by the Mayor's Advisory Panel on International Hosting Opportunities as an evaluative framework for assessing the merits of a Category A or B event bidding or hosting opportunity for which the City is asked to provide some level of commitment– including financial contributions, institutional resources, or political support.

Over 2016-17, City Council awarded funding of \$1.9 million from the MSERF to six organizations for bid development, event enhancement and event hosting.

As part of the 2018 Operating Budget, City Council approved funding of \$1,050,000 in 2018 and \$125,000 in 2019 to eight organizations through the TSEIP program for a total of \$1,175,000 for significant events, funded by the MSERF.

Moving Forward

Among the key objectives of the City of Toronto Bidding and Hosting Strategy for Significant Special Events was a commitment to identify dedicated resources to support competitive event opportunities that provide a high return on investment for the City.

Currently, funding for the Toronto Significant Events Investment Program is temporary and dependent on a one-time reserve fund source with no ongoing tax base budget funding. In 2020, the General Manager of Economic Development and Culture will submit for consideration during the Budget process, a plan to phase in tax supported operating budget funding over three years beginning in 2020. Permanent funding for the ongoing TSEIP is required to provide greater predictability and stability to TSEIP, which will allow for the more clarity to applicants and reviewers alike in managing funding request. In turn, event organizers will benefit from more timely decisions and more time to plan their events.

A possible scenario to achieve this starting in 2020 is that \$1.5 million of new permanent tax-supported funding be added annually for TSEIP using a three year phase-in funding model to transition away from the Major Special Event Reserve Fund as the only source of funding, as outlined below.

Funding Source	2020	2021	2022
Major Special Events Reserve fund (MSERF)	\$1,000,000	\$500,000	\$0
New Tax Based Funding	\$500,000	\$1,000,000	\$1,500,000
Total Program	\$1,500,000	\$1,500,000	\$1,500,000

This proposal, would include planned withdrawals from MSERF for TSEIP from 2019 through 2022 to a total of \$2.25 million. Moving TSEIP funding to the tax base will ensure a stable and predictable source of funds to meet the demand for City financial support from the program, as more applications are anticipated for such events as the EDIT Festival and Toronto Biennial of Art.

EDC will also request that some distributions from 2018 and future year end surpluses to MSERF continue. This would allow a steady inflow of funding to support future major events and attractions which would exceed a regular annual award base budget

provision (e.g. large festivals, world sporting events, major expositions, upcoming 2026 FIFA World Cup).

Last year, City Council granted the City Manager authority to enter into bid agreements for hosting the 2026 FIFA World Cup, which helped to secure the United 2026 North American bid group as the successful Host Nation in June 2018. While Canada has been named a partner in the successful United Bid, host cities will be selected in late 2020. Toronto is one of three Host Candidate Cities expressing an interest in hosting 2026 FIFA World Cup, along with Montreal and Edmonton). Should Toronto be successful in its bid to host a portion of the 2026 World Cup, it is expected that MSERF or a similar source of one-time funds will be needed to support the City's efforts in preparing for the event, currently estimated at a total cost of \$30 million.

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SIGNATURE

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