

Federation of Canadian Municipalities 2023 Annual Conference and Trade Show

Date: September 9, 2020
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

In 2016 the City of Toronto was selected by the Federation of Canadian Municipalities (FCM) as the host city of the 2020 FCM Annual Conference and Trade Show. The 2020 event was cancelled on March 25, 2020 due to the COVID-19 pandemic. FCM has offered the City of Toronto the ability to host the conference in 2023, and now requires a City Council resolution to move forward.

This report outlines anticipated 2023 host city obligations and related financial implications and seeks authority to enter into agreements with FCM to host the 2023 conference. The FCM conference is the largest gathering of municipal officials in Canada providing an opportunity to showcase the City of Toronto as FCM's largest member.

Given the uncertainty surrounding COVID-19 and its impact on traditional in-person conference formats at this point in time the format of the 2023 conference is still not confirmed. FCM is working on identifying format options ranging from full in-person to fully virtual which would impact the role and responsibilities of the host city, and the related financial and logistical implications.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the hosting of the 2023 Federation of Canadian Municipalities (FCM) Conference and Trade Show and direct the City Manager to negotiate and execute any required agreements with the FCM, in a form satisfactory to the City Solicitor.

2. City Council authorize the use of the 'Corporate Conference Reserve' for the purposes of hosting the FCM 2023 Annual Conference and Trade Show.
3. City Council direct the City Manager to report back on the costs and the City's required financial contributions for the FCM 2023 Annual Conference and Trade Show once the format of the conference is known and as part of a future budget process.
4. City Council request that the Federation of Canadian Municipalities Board of Directors, in consultation with recent host cities, review the scope and cost of the annual conference to host cities to identify possible expenditure reductions and significant increases to the revenue generation capacity of the conference including through additional sponsorship sales with the goal of reducing any host city's net contribution, in recognition of the impact of the fiscal pressures caused by the COVID-19 pandemic.

FINANCIAL IMPACT

City staff estimate that the total cost of hosting a fully in-person FCM 2023 Conference and Trade Show would at a minimum be \$1.3 million less recoveries (2023 dollars, assuming a 2% inflation rate). Recoveries are anticipated to include a per delegate reimbursement from FCM and fundraising by the City in the form of sponsorships. Both recoveries are variable depending on the scope of the event and success in securing sponsorships.

The per delegate reimbursement for a fully in-person conference (with regular attendance and at current rates) and sponsorships could result in an offset of approximately \$400,000 and result in an estimated minimum net cost of approximately \$900,000 to the City. This estimate is based on Toronto's host city experience in 2020, inflated to 2023 dollars, and again assumes a healthy rate of sponsorship recoveries. If the conference is fully virtual (or includes a substantial virtual scope), it is expected that the cost to host would be significantly less as there would be no in-person events (e.g. social events), study tours and transportation, and hospitality related expenditures.

Estimates noted above assume a similar delivery model as 2020 which include a dedicated conference organizer and temporary support staff. Other than these dedicated resources, it is anticipated that a majority of staff resources utilized will be within the approved staff complement in 2023 and provided to the conference as an in-kind contribution.

The Corporate Conference Reserve (XQ0012) was established in 2008 in order to fund conferences hosted by the City starting with the 2010 FCM Conference and Trade Show. Based on a 2020 projected year end reserve balance of \$1.3 million and annual replenishments in line with historical replenishments of \$0.150 million, there should be sufficient funds to cover the anticipated draw for the conference.

Any recoveries for per delegate reimbursement and sponsorships will be put into the reserve upon receipt. A specific request for use of the reserve will be made for consideration as part of a future budget submission once the format of conference is known.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On March 7, 2019 and February 19, 2020, City Council approved the 2019 and 2020 operating budget for the City Manager's Office which both included hosting the Federation of Canadian Municipalities conference.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2>
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

On November 8, 2016, City Council authorized the City Manager to negotiate and execute any required agreements with the Federation of Canadian Municipalities to host the 2020 Federation of Canadian Municipalities Conference and Trade Show.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX18.6>

On January 29, 2008, City Council established the 'Corporate Conference Reserve' account for the purpose of hosting conferences by the City of Toronto, including the Federation of Canada Municipalities conference:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX16.8>

COMMENTS

FCM 2020

Due to the COVID-19 pandemic, FCM cancelled the 2020 Annual Conference and Trade Show and will instead be hosting a virtual Annual General Meeting on October 15, 2020.

The City had finalized plans and contracts for many of its FCM 2020 host obligations including study tours, transportation between City led events and hotels, the companion program, and social events. A majority of contract related costs were fully recovered as they were cancelled using 'force majeure' clauses (as cancellation was out of the City's control). The largest cost incurred included the dedicated staff resource to plan the conference and associated expenditures.

Hosting FCM 2023

The FCM conference is the largest gathering of municipal officials in Canada providing an opportunity to showcase the City of Toronto and its policies, programs and services. Toronto is FCM's largest member. According to FCM a full in-person conference may contribute between \$4.5 million and \$6 million to Toronto's economy. City staff anticipate a minimal economic benefit associated with a fully virtual conference.

FCM has already selected host cities out to 2025 but has indicated that the City has the opportunity to also host in 2023 (rather than waiting until 2026).

Currently, there is uncertainty surrounding COVID-19 and its legacy on traditional in-person conference formats which require travel and encourage large group settings. Many conferences have made the shift to virtual programming in 2020 and it is probable that FCM 2023 will include virtual components. FCM is working on identifying format options for future conferences ranging from full in-person to fully virtual and in between which would impact the role and responsibilities of a host city, and the related financial and logistical implications. The format for 2023 is still unknown.

Also a consideration are the health and safety obligations that may be required for conferences going forward. FCM has indicated that they anticipate most of the costs associated with health or distancing protocols would be borne by FCM and not the municipality given the division of roles and responsibilities.

Roles and Responsibilities - FCM Annual Conference and Trade Show Federation of Canadian Municipalities

Ultimately FCM is responsible for the planning and delivery of the Conference and Trade Show, including:

- The selection of host venues and hotels for an in-person conference.
- The ultimate format of the conference.
- Sponsorship for FCM, including approving host City sponsors.
- Approving study tours and the companion program.

Host City

Host cities are currently responsible for a number of elements including direct costs and in-kind support (such as staff time) for the following items. Many of these could be offered virtually.

- Promoting the host city at the prior year's conference.
- Hosting social events including conference breakfasts/breaks, the gala reception and dinner, and a joint (with FCM) or a standalone mayor's welcome reception.
- Organizing study tours and the companions program.
- Providing shuttle transportation as part of study tour and companions program, and if hotels and conference venues are more than 0.7kms apart.
- Event support planning and implementation (including the requirement to establish a local organizing committee, have a host city coordinator and organizing volunteers for various conference-related duties).

FCM anticipates that the scope of host city responsibilities may change due to enhanced health and safety protocols going forward should they be required. For example:

- Study tours and companion program - increased social distancing on tours, more pre-recorded or on-demand site visits/virtual tours, reduction in scope of the companion program.
- Social events - possible reduction in scope (attendance, meals served, etc.) or elimination of events based on local circumstances.

Cost Considerations

The cost of undertaking host city responsibilities will depend in part on the size and format (ranging from fully in-person to fully virtual) of the conference, including the number of delegates and on the options chosen for social events by a host city. As noted above, much of the costs of an in-person conference are driven by the host city responsibilities set out by FCM including the social events and the transportation that may be required between the hotels and the convention venue. The transportation required between hotels and the convention venue is fully dependent on FCM's selection of these facilities. If the conference is fully virtual (or includes a substantial virtual scope), it is expected that the cost to host would be significantly less as there would be no in-person events (e.g. social events), study tours and transportation, and hospitality related expenditures.

In March 2020 the FCM Board of Directors also considered the provision of child care services at its conference with a request for staff to study the matter further and report back on its future. The service was provided on a trial basis over three years (2017-2019). In 2017 and 2018 a user fee was in place with the remaining costs covered by FCM. In 2019 there was no user fee and all costs were voluntarily covered by the host city. Depending on a future decision (and possible user fees), this may result in further costs to FCM, a host city or both.

Cost to the host city are in part offset by a per-delegate allocation from FCM (\$161/delegate in 2020) and through any private sector sponsorships that are raised by the host municipality. However a host city's ability to fundraise is highly variable given all of its sponsorship efforts must comply with the FCM sponsorship policy (including avoidance of conflict with FCM's ongoing sponsorship arrangements) and must be approved by FCM. Alignment and collaboration is important to maximize revenue and ensure that this work respects both the FCM and the City's relationships.

Changes to the programming as a result of format and new health and safety protocols would also directly impact the level of attendance, the cost of registration (and associated per-delegate allocation) set by the FCM Board, and thus the costs and recoveries related to hosting.

As the fiscal environment for municipalities remains precarious into 2021 and beyond, it will be important for both FCM and host cities to closely examine the scope of the conference, including consideration of conference expenses as well as the opportunities to generate revenues, and associated policies, procedures and guidelines to identify the ways in which costs can be reduced and recoveries maximized. Cost reductions and increased recoveries such as sponsorships would directly benefit the host city while also reducing cost pressures on FCM and its member municipalities. It is important to ensure there is transparency in the host city agreement, FCM guidelines (including sponsorships), and decision making processes to ensure that both parties can mutually benefit as they work together to deliver a successful conference.

Host City Implementation

Actual events in Toronto are anticipated to be planned over a two year period. Events such as the study tours and host city reception and gala provide an opportunity to use, leverage and profile City facilities and programs.

The City's implementation approach, including required staffing resources, will need to be confirmed once FCM determines the format (including virtual components). It should be noted that in 2020 the City had a staff host planning committee led by a designated conference coordinator whose primary role will be planning all host city responsibilities and ensuring coordination with and between FCM conference planning activities and City divisions. Beyond this the majority of staff resources utilized were to be within the approved staff complement and provided to the conference as an in-kind contribution.

A formal 2023 host city conference steering committee will be established in cooperation with members of Council who are serving on the FCM Board of Directors. These councillors will provide a link back to FCM, be responsible to assist in the planning of host city responsibilities and promote Toronto as host city for the 2023 conference to FCM members and other orders of government.

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SIGNATURE

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