
Subject: Analysis of Niagara Region's Role in Tourism

Report to: Planning and Economic Development Committee

Report date: Wednesday, November 6, 2019

Recommendations

1. That Report ED 12-2019 Analysis of Niagara Region's Role in Tourism **BE RECEIVED** by the Planning and Economic Development Committee (PEDC).
2. That Staff's recommendation to fund a Special Event Bid Fund **BE REFERRED** for consideration as part of the 2020 budget process.

Key Facts

- The Region's Economic Development division's role in tourism was crafted at the 2016 Tourism Summit and adopted through PEDC on April 19, 2017 and by Council on April 27, 2017, as follows: "to ensure tourism is part of the Region's Economic Development Strategy by facilitating discussions on transportation access initiatives, developing a Regional Wayfinding plan, promoting five scenic routes and supporting event bids; to advocate on behalf of industry stakeholders; and to undertake investment attraction initiatives which contribute to tourism outcomes for Niagara."
- Prior to 2010, the Region had a budget of approximately \$500,000 with an average of 5 staff, plus additional staff for the Niagara Gateway Information Centre kiosk operations, dedicated to tourism initiatives including the Tourism Niagara website (www.tourismniagara.com), the operations of the Niagara Gateway Information Centre, producing marketing materials, and supporting tourism economic and product development.
- With the formation of the Regional Tourism Organization for the Niagara region (RTO 2), known as the Tourism Partnership of Niagara (TPN), in 2010, Niagara Region Economic Development Corporation's (NEDC) role declined. The new regional economic development division formed in March 2012 had no tourism mandate, at the direction of Regional Council.
- The TPN is an independent, industry-led, not-for-profit organization responsible for working with tourism partners to enhance and grow Niagara's tourism products and marketing activities.
- This report is in response to a request by PEDC to look at gaps in tourism and areas where Niagara Economic Development could be involved, along with the associated resource implications.

Financial Considerations

As part of the 2016 budget process, \$100,000 was identified to be included in the Region's Economic Development division's budget for tourism initiatives. The budget of \$100,000 was to action the identified priorities, named in ED 5-2016 Tourism Strategy Business Case and Budget Initiation, subject to the submission of a formal business case.

The base budget amount dedicated to tourism was reduced to mitigate budget pressures through the 2017 and 2018 budget processes. Currently the base tourism budget includes \$15,000 for the annual lease of the Niagara Gateway Information Centre. The lease started in 2018 will expire in 2022.

Since 2012, Economic Development has not had a line item in their budget, over and above the Gateway lease, specifically dedicated to advancing tourism activities.

Activities funded by Economic Development in addition to the Gateway lease are evaluated based on the potential economic impact of the project.

For each priority activity identified below, the subsequent staffing and budgetary implications are noted.

The only unfunded gap between the approved mandate and current activities is a Special Event Bid Fund. Through this report, staff recommends that a request to establish an annual Sport Event Bid Fund for the amount of \$300,000 be referred for consideration in the 2020 budget process.

The potential financial implication should be considered in context of the new budget commitments previously endorsed by Council and new budget pressures outlined by staff, as summarized in the following table presented to Budget Review Committee to illustrate the potential levy impact estimated for the 2020 budget.

	Council Report	Levy Amount (M\$)	Levy Increase %
Previously identified reports			
Suicide Prevention Initiative	PHD 8-2019	0.200	0.05%
Waterfront Investment Program – Base funding	CSD 40-2019	1.000	0.27%
Smarter Niagara Incentive Program – Base funding	CSD 40-2019	0.600	0.16%
Brock LINC request for funding	ED 9-2019	1.500	0.41%
Niagara Regional Transit - phase in cost	PW 56-2019	4.754	1.30%
NRPS 2019 position hiring deferral	BRC-C 7-2019	0.706	0.19%
Long-Term Care Home Redevelopment capital funding	CSD 53-2019	5.620	1.54%
GO Project - Station Operations	CSD 17-2019	1.410	0.39%
Canadian Coalition for Municipalities Against Racism and Discrimination	CAO 14-2019	0.142	0.04%
EMS Central Hub capital funding	CSD 40-2019	0.390	0.11%
Potential request to-date		\$16.323	4.46%

Analysis

It was agreed by Regional Council on February 26, 2015 to allocate up to \$50,000 for a study on the Niagara tourism industry. A report came back to Council on November 12, 2015 (ED 4-2015 Tourism Industry Analysis and Options Study) on the analysis, outreach and identified priorities for future roles for the Region of Niagara in tourism.

In this report, the analysis which was done by PKF Consulting Inc, a CBRE company, noted that stakeholders agreed that the “Region should play a role in Niagara’s tourism sector however there were variances as to how to the Region would be the most effective without duplicating the work of other stakeholders”.

It was accepted through a resolution of Regional Council at the April 27, 2017 meeting that the Economic Development division’s role in tourism be approved as follows:

“To ensure tourism is part of the Region’s Economic Development Strategy by facilitating discussions on transportation access initiatives, developing a Regional Wayfinding plan, promoting five scenic routes and supporting event bids; to advocate on behalf of industry stakeholders; and to undertake investment attraction initiatives which contribute to tourism outcomes for Niagara.”

The top seven tourism priorities were identified in Report ED 4-2015 as:

1. Transportation/Access infrastructure
2. Wayfinding Signage

3. Economic Development Strategy
4. Facilitation/Coordination
5. Planning and Policies
6. Special Event Bid Fund
7. Marketing as required

The 2015 report recommends that the Region take a lead role in transportation/access infrastructure, wayfinding signage, economic development strategy, facilitation/coordination, policy and planning and a supportive role in a special event bid fund and marketing.

Economic Development's ability to advance these seven priorities is limited by budget allocations and staffing resources. The Economic Development Officer position has a 20% time allotment to assist in advancing economic initiatives in support of the tourism sector.

1. Transportation/Access Infrastructure

The report recognizes a need for a "Regional champion" to drive transportation and access initiatives. The following are examples of initiatives where Economic Development has acted in a champion role:

- Airports - marketing and development support at the Niagara District Airport;
- Airports – funded and managing RFP for the future business model feasibility study;
- Metrolinx GO initiatives – promo partners meeting in 2017, GO and AGCO initiative advancement in 2019;
- Coordination of the Southern Ontario Airports Network (SOAN) meeting forum with industry stakeholders in spring 2019;
- Managing the lease negotiations and annual business planning of the Niagara Gateway Information Centre.

Budget required to advance: Can be accommodated within the current Council approved base budget and supported through the current role of Economic Development Officer.

2. Wayfinding Signage

Limited and inconsistent wayfinding and signage across the region was identified by the stakeholders as a significant issue for Niagara's tourism sector, and it was identified that the Region could provide a key role in its co-ordination and implementation.

It was suggested that the Transportation Master Plan (TMP) through Public Works provides a platform to address both the transportation/access and wayfinding/signage issues identified. Wayfinding is currently included as a priority in the TMP work plan with associated budget requests to action.

Budget required to advance: Initiatives supported by Public Works and the Transportation Master Plan workplan. Any additional funding required will be submitted for Council approval through future budget requests.

3. Economic Development Strategy

It was recommended that the Region's Economic Development Strategy be coordinated with the tourism stakeholders to "brand" Niagara as a place to visit, live and invest. As part of the development of the Economic Development Strategy in 2018, two (2) tourism stakeholder roundtables, as well as a number of one-to-one interviews, were conducted.

The following action items which impact the tourism sector are included in the Strategy:

- Tourism is identified as a priority sector, alongside manufacturing and agri-business;
- Supporting creation of a business case for expanded services in Niagara with Metrolinx;
- Research into the impact of development charges on economic development, including impact to the Tourism sector;
- Supporting advocacy efforts for development of a fully integrated intra-regional transit system.

Budget required to advance: Can be accommodated within the current Council approved base budget. A Long Term Master Plan will be developed in 2020 as one of Regional Council's Strategic Priorities.

4. Facilitation and Coordination/Planning and Policy

It was identified in the 2015 report that there is a need to improve the facilitation of economic efforts/awareness of tourism across the region and within the industry. The following are activities the Economic Development division is engaged in now, or in the recent past, to improve tourism coordination across the stakeholders.

- Hosted the Niagara Tourism Summit in 2016;
- Invested in the development of the PKF Consulting Inc. report on Tourism Trends and Opportunities 2015;
- Participate as a member of the Tourism Partnership of Niagara's Sub Regional Partners committee;
- On-going Hamilton-Niagara partnership activities. This investment marketing partnership was developed as a result of collaboration during the 2015 Pan Am Games;
- Engaging in investment attraction initiatives that would benefit the tourism sector;
- Managing the promotion of the Niagara 2021 Canada Summer Games business development opportunities and cultural programming;
- Preparing the Niagara Tourism Profile 2019 research paper and promoting it through outreach to tourism stakeholders;

- Liaising with the industry stakeholders and supporting organizations across 12 municipalities.

Budget required to advance: Can be accommodated within the current Council approved base budget and supported currently through the Economic Development Officer and the Manager of Research and Analysis.

5. Special Event Bid Fund

Municipalities in Niagara have seen recent success in the attraction of large events, most with a focus on sport tourism. At this time, no event bid fund exists to support municipalities, venues or sports organizations in pursuing these bids. Any support provided to date has been either through a direct request to Regional Council, or through departmental requests.

The 2015 PKF Consulting report defines this priority as a potential Convention, Sport and Special Event Fund to actively pursue and bid on major events and/or create signature events. The report claims that Meeting and Convention and Sport Tourism events represent the top opportunity areas for driving new visitation to Niagara region that is not primarily leisure driven.

Although the Economic Development division does not have annual funds dedicated to event bid support, the department has been able to support the following activities over past years by repurposing budget which had been allocated to other projects:

- \$50,000 for hosting the Tourism summit in 2016;
- \$20,000 to support Niagara Integrated Film Festival (NIFF) in 2016;
- \$25,000 for hosting of Economic Developers Association of Canada annual conference in 2017;
- \$5,000 to support the U18 Women's Hockey Championships in 2016;
- \$6,000 to support the Scotties Tournament of Hearts in 2017;
- \$185,000 for expenses related to the preparation of the Canada Summer Games bid to the Niagara Sport Commission between 2016 and 2017;
- \$40,000 to support FIBA 2018 in St. Catharines;
- \$225,000 commitment for the 2020 Brier bid in 2018, the process and subsequent expenditures associated with the Brier bid were funded from the economic development operating budget;
- \$20,000 towards the development of the Centre for Sport Capacity's Made-in-Niagara Sport Tourism report in 2019.

The Canada Summer Games investment of \$20 million, for legacy project capital infrastructure, is not included in the above, as it does not flow through the Economic Development budget

Due to Regional Council's focus on sport tourism and the recent Sports Tourism report, this area will focus only on sport event bids. Regional Council approved a proposal to

have Brock's Centre for Sport Capacity undertake an analysis of the current state of sport tourism and advise on best practices for a future role for the Region in sport tourism. Report ED 7-2019 Brock University Centre for Sport Tourism Capacity Report on Sports Tourism contains 6 recommendations on the role the Region should take, with one of them focused on the creation of an event bid fund.

On August 7th, 2019 at Planning and Economic Development Committee, staff were directed to circulate this report back to sport tourism stakeholders for feedback on the recommendations. High-level feedback from stakeholders in economic development, tourism and from sport venues suggested the following:

- There is a need for the Region to create an event bid fund.
- There is a need for the Region to provide assistance with bid preparation.
- There were mixed opinions/indifference on whether this support needs to be external to the Region.

If Council would like to advance on the establishment of a formal fund for event bids, it is staff's recommendation that an effective way to venture into this is to start with the formation of an event bid fund with specific criteria and timelines for applying that can be shared with all interested parties.

At this time, it is recommended that economic development staff manage the fund and provide bid assistance to those accessing the fund, as they have been currently.

It is proposed that the bid fund amount to \$300,000 annually. This amount is suggested as good practice from the Brock Centre for Sport Capacity's report when comparing other communities' practices who have seen recent success in sport tourism.

It is recommended that this bid fund's eligibility be specifically evaluated by economic impact potential. National and international bids, which attract tourists from outside of the province, who will stay longer and spend more money, would have the greatest impact.

There is still an identified need for local area municipalities to consider sport grants at a municipal level to incentivize attraction of regional and provincial sport events.

In the future, Regional Council can consider the appetite to fund operational and event bid funding for an arm's length organization (as recommended in Brock's Centre for Sport Capacity Sport Tourism report) dependent upon the reported success of the bid fund over this remaining term of Council.

Budget required to advance: \$300,000 referred to the 2020 budget process for the creation of a dedicated sport event bid fund managed by Economic Development and promoted to stakeholders for the attraction of national and international events. If

approved, criteria for evaluation would be established based on good practice in economic impact in other communities. Economic Development staff would be involved in supporting and monitoring the bids that access this fund.

6. Marketing as required

The PKF Consulting Report suggests that the Region recognize the TPN and various Destination Marketing Organizations (DMOs) as having the primary “consumer-facing” marketing role, while providing marketing assistance for small municipalities, if required. There is a gap in this suggestion as the DMOs do not cover every municipality in the region.

The Province, through the RTO (Tourism Partnership of Niagara), provides marketing funds to assist marketing efforts across the region. The Tourism Partnership of Niagara works with the five local DMOs covering the region to manage the Niagara “brand” for leisure marketing.

It is staff’s recommendation that the Region does not take an active role in tourism marketing as this would duplicate the mandate of the TPN.

For example: 5 Scenic Trails Mapping – A request came to the Region’s Economic Development division for support in the design and creation of a regional Scenic Drives map. Report ED 10-2019 5 Scenic Trails Mapping Request was brought forward to the Planning and Economic Development Committee on September 11th with a recommendation to refer the request for \$50,000 for the design and implementation of the 5 Scenic Trails map to the 2020 budget process.

This motion was defeated, and as such, the scenic trails mapping will not be moving forward as part of the 2020 budget and work plan for Economic Development.

Budget required to advance: None, as it is staff’s recommendation not to take an active role in tourism marketing as there are many stakeholders locally with the mandate and expertise to execute in this area.

Governmental Partners

The role of the Region in tourism has an impact on the local municipal members of the Team Niagara Economic Development group, the Tourism Partnership of Niagara, and the 5 Destination Marketing Organizations (DMOs) across the Region.

The recommendations on the Region’s role in tourism noted above allow for the Region to take an active role in leading and supporting the tourism sector in ways that do not compete with existing stakeholders.

Alternatives Reviewed

The alternative is for Niagara Region not to take an active role in tourism and leave the work to be done by the five Destination Marketing Organizations (DMOs), the Tourism Partnership of Niagara, the sports venues, the local area municipality's Economic Development offices, a private sector tourism group, or other organizations involved in tourism.

Other Pertinent Reports

1. ED-1-2015 - Grimsby Gateway Centre and Future Tourism Opportunities
2. ED-4-2015 - Tourism Industry Analysis and Options Study – Summary
3. ED 5-2016 - Tourism Strategy Business Case and Budget Initiation
4. ED 4-2017 – Niagara Tourism Strategy – Tourism Summit Follow Up Report
5. CAO 20-2018 – Brock Sport Tourism Proposal
6. ED 7-2019 – Brock University Centre for Sport Capacity Report on Sports Tourism
7. ED 10-2019 – 5 Scenic Trails Mapping Request

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Appendices

None