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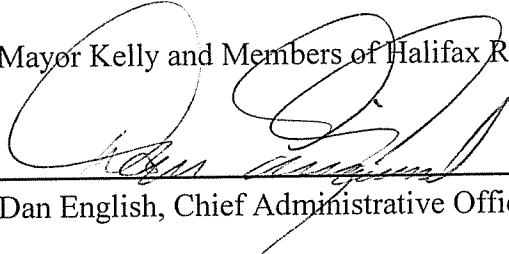


PO Box 1749
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Halifax Regional Council
August 1, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer

DATE: July 25, 2006

SUBJECT: **2014 Commonwealth Games Economic Benefits Plan**

ORIGIN

- May 9, 2006 HRM Council motion to approve the International Bid Budget in respect to the 2014 Commonwealth Games bid.
- May 30, 2006 report to Council on HRM's share of the 2014 Commonwealth Games International Bid Budget indicated that an independent economic analysis would be undertaken to assess the potential impact of the Games.

RECOMMENDATION

It is recommended that Halifax Regional Council, conditional upon the Federal and Provincial Governments committing to cost share to a total of \$100,000, approve an increase to the 2006 Economic Development Operating Budget, E600 6999, in the amount of \$150,000 to undertake an independent economic analysis of the 2014 Commonwealth Games. Funding for HRM's anticipated 1/3 share would be through a withdrawal from the Strategic Growth Reserve Q126 for \$50,000.

BACKGROUND

HRM, the federal and provincial governments are committed to providing strategic investment that will continue to build opportunities for prosperity. The 2014 Commonwealth Games has this potential. The overall effort to stage the multi-sport games in Halifax, an historical first for Canada east of Montreal, could provide transformational impetus to growth in the region and elevation of its reputation, visibility, and profile internationally. The Games involve 71 countries. In addition to the 2014 Games, each sport represented at the Games must hold an international event in Halifax prior to the start of the Games. During the bid process alone, most of the countries will be visiting the region. The investment required over some 6 years to support the Games, provide facilities and enhance regional infrastructure, along with associated legacy impacts, will be long-lasting and profound.

Submitting a bid on behalf of Canada to host the 2014 Commonwealth Games has a significant cost contribution implication for the potential funding partners from Government, nationally, provincially and municipally. An appropriate Economic Benefits Plan is recommended in order to ensure funding partners have a context of fiscal responsibility and tax payer investment due diligence for decision making and to ensure the business and community benefits derived from participating in the Games bid and potentially hosting of the event are maximized to the fullest extent.

Prior to finalizing the extent of the Federal, Provincial and Municipal investment in the future of sport development and health promotion associated with the 2014 Commonwealth Games, the three levels of government are committed to ensuring that investment levels and expenditure commitments will be substantiated within the broad context of economic impact and benefit to the Halifax Regional Municipality, the province of Nova Scotia, the Atlantic region and Canada.

DISCUSSION

The 2014 Commonwealth Games Bid Committee has informed Council that the lasting legacy of the Commonwealth Games, if the bid is successful, will include:

- Economic benefits
- New municipal, provincial and federal tax revenues
- Job creation
- Sustainable infrastructure
- Additional leveraging opportunities
- Community benefits such as health promotion and new affordable housing
- Expertise gained in event planning, promotion and staging
- Knowledge transfer
- Community spirit
- International branding and recognition

Organizers have indicated that the bid, separate from the Games hosting, has its own distinct benefits and the region will still benefit from spin-off and other activities associated with participation in the bid process, including:

- Facility condition studies that will be useful for future purposes
- Venue plans that will reduce future development costs
- Regional transportation plans
- Economic benefit from the percentage of the International Bid cost spent locally
- International profile
- Collaboration and improved inter-governmental relationships
- Expertise in International bidding
- Community pride

Most of the benefits identified above can be quantified and assessed in economic terms through the preparation of an economic impact analysis. The analysis can be used to confirm that government investment made in support of the International Bid and, if the bid is successful, hosting of the Games, is based on due diligence in ensuring the estimated benefits exceed the estimated costs and are a good investment for taxpayers. The analysis can also be used as a basis for engaging the business community in determining how investment made in the Games can be utilized to maximize commercial benefits locally, regionally and nationally.

Study Components

In order to ensure that the most is made of the economic benefits presented by the Commonwealth Games opportunity, staff is recommending that an Economic Benefits initiative be undertaken. The Economic Benefits initiative would be comprised of three parts as follows:

1. Economic Impact Analysis: a review of best practices and analysis of the benefits and costs associated with the Bid, the investment leading to the Games, the Games themselves and the legacy accruing to the region.
2. Economic Benefits Strategy: the development and implementation of an action plan to engage the business community and build on the economic opportunities afforded by the activities associated with the bid process and the Games events.
5. Communications Planning: the development of strategy and materials to convey information on the impact analysis and on ways to maximize business participation and promote economic opportunities through the activities associated with the Games.

Staff anticipate the work described above to be undertaken in two steps as follows:

Step 1: Economic Impact Analysis and Communications

This Study component would entail:

- the review of best practices from similar events;
- a review of existing literature and studies;
- the preparation of the economic impact analysis;
- a review of communications successes and lessons learned from similar events; and
- the development of materials and product to communicate the results of the impact analysis.

A staff report submitted to Council's May 30 meeting referred to an independent economic analysis being undertaken to support the business case, support the Games bid and provide a basis for negotiations among the three levels of government on the subject of cost sharing. This would be achieved through the first Study component described above. As the economic assessment would be undertaken by the funding partners, it would be separate from the Halifax 2014 Bid Budget.

A detailed economic assessment is essential in supporting negotiations and decision making on the subject of cost sharing for overall costs. As time is of the essence in retaining consulting services and completing the first stage of the work, and given Council's summer schedule, staff are seeking Council's authorization to withdraw from a Reserve account so that an RFP can be issued and consulting services can be retained in order to complete the first study component by the end of September, 2006.

Step 2: Economic Benefits Plan and Communications

This Study component would entail the preparation of:

- an economic and business benefits plan; and
- communications material and product to convey information about business and other opportunities associated with the bid for and/or hosting of the Commonwealth Games.

The second component would build upon information provided from the first and is anticipated to take longer to develop and complete. Staff from the three levels of government are working to develop a plan to engage the business community in identifying ways to promote business opportunities and to ensure the economic benefits potential presented by the Games is achieved by capitalizing on the strengths of this area, the province, Atlantic Canada and Canada. This initiative needs to begin soon in order to capitalize on opportunities presented by the bid process. Work will also begin on the development of a plan in the event Halifax 2014 wins the bid to host the Games. Terms of reference, cost estimates and details on cost-sharing for preparation of the Economic Benefits Plan are currently underway and staff will be returning to Council with a report and recommendation on this Study component in the fall.

The consultants ultimately engaged to undertake each study component would work closely with a Steering Committee comprised of representative stakeholders such as government funding partners and Halifax 2014 to communicate key information on study findings to Council and other stakeholders.

BUDGET IMPLICATIONS

Staff estimate the cost to undertake the first Study component to be in the order of \$150,000, and have assumed one-third cost sharing by provincial and federal funding partners. HRM's share (\$50,000) can be supported by way of withdrawing from the Strategic Growth Reserve, Q126, to leverage equivalent provincial and federal cost-sharing. Staff from Financial Services has confirmed both compliance and availability of funds from the Reserve.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the municipality's Multi-Year Financial Strategy, the approved Capital budget, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. If approved, there will be no net increase to the 2006 Operating Budget as the \$150,000 cost of the project would be offset by \$100,000 from the Federal and Provincial governments, and \$50,000 from the Strategic Growth Fund.

ALTERNATIVES

1. Council may choose not to support the undertaking of an independent Economic Impact Analysis as described under Step 1. Staff do not recommend this as the undertaking of the analysis demonstrates due diligence on the part of government.
2. Council may choose to direct that staff take no further action on the Economic Benefits Plan described under Step 2. Staff do not recommend this as the full business benefits derived from the Games will not be maximized without a plan.
3. Council may choose to request additional information and/or support the undertaking of studies but direct that they be funded through other means.

ATTACHMENTS


N/A

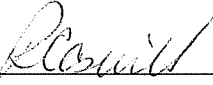
Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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