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Item No. 06
Halifax Regional Council
February 16, 2016

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by Director

Brad Anguish, Director, Parks & Recreation

DATE: January 26, 2016

SUBJECT: Web.com Nova Scotia Open Update Report

INFORMATION REPORT

ORIGIN

June 16, 2015, Regional Council motion:

MOVED by Councillor Craig, seconded by Councillor McCluskey that Halifax Regional Council amend the October 22, 2013 Regional Council motion to provide for cost sharing in an amount not to exceed \$300,000 in 2015 and for staff to return with a report with respect to funding for the option year (2016).
MOTION PUT AND PASSED UNANIMOUSLY.

LEGISLATIVE AUTHORITY

- *Halifax Regional Municipality Charter*, Section 79, (1) The Council may expend money required by the Municipality for(av) grants and donations...
- Marketing Levy Special Events Reserve (Q315) Business Case

BACKGROUND

At the October 22, 2013 meeting, Regional Council approved funding from the Marketing Levy Special Events Reserve (MLSER) in the amount of \$300,000 for each year to fund one-third of the hosting fee for a Web.com PGA Tour Stop in 2014, 2015 and with an option for 2016. The event was held at the Ashburn Golf Course in July of 2014 and 2015.

In June 2015, Regional Council made a housekeeping amendment to the original motion for the 2015 event funding and also requested a report regarding funding for the optional year (2016).

On December 7, 2015, Halifax Regional Municipality (HRM) received communication from Web.com advising that the Web.com Nova Scotia Open event would not be held in Halifax in the summer of 2016. Reasons for this decision were cited as changing promotional companies and the short timeline to secure sponsorship.

DISCUSSION

Hosting major events such as the Web.com Tour provide significant economic benefits and valuable exposure for the Municipality.

Overview of 2015 Event

In order to further evaluate the Return on Investment (ROI) to the three funding agencies, the Province of Nova Scotia conducted a Sports Tourism Economic Assessment Model, Professional Version (STEAM PRO) at the 2015 event. While the STEAM calculates information on event attendance and budget/expenditures provided by the event organizer; the STEAM PRO incorporates additional data collected on-site, including the origin and opinions of the spectators, participants, organizers and volunteers.

Among the 194 valid surveys completed, 72% were spectators with the remainder split between participants, organizers and volunteers. Results state the five day event was attended by a total of 12,485 spectators and that 73% of spectators came from the HRM or within 40km, while the majority (14%) of other spectators came from within Nova Scotia.

The combined spending of out of town spectators and participants, in combination with the expenditures made by the organizers through hosting the 2015 Nova Scotia Open, totaled \$1.9 million. This generated an estimated \$4.1 million in economic activity for the Province of Nova Scotia, of which \$2.9 million occurred in Halifax. The event was also viewed live by over 3.9 million viewers on NBC's Golf Channel.

Optional 2016 Event

In late August 2015, Sportbox, the Ontario based promoter of the 2014 and 2015 Web.com Nova Scotia Open events, submitted a final report as per the terms of their grant agreement. The final report stated the event model that existed in 2014 and 2015 was not sustainable long term due to two factors; the lack of corporate support in Halifax, and the shifts in the Canadian and US currency rate. The latter, in particular, increased budgetary pressures as the event broadcasting fee and the prize purse fee are paid in US dollars.

The report proposed a revised model in which the Canada Cup event would be eliminated; and instead of the live Golf Channel coverage, Sportbox would build a 30 minute tourism feature to air on Global Television in the weeks before the event in domestic and international markets. However, the fee request of \$ 300,000 remained the same for the 2016 event.

Staff representing municipal, provincial and federal funding partners agreed that without the Golf Channel broadcast, a key marketing tool to promote Halifax as an event destination; and the loss of Canada Cup; the event with the highest attendance numbers of the week, the rights and benefits package was significantly reduced relative to the requested investment and further discussions were necessary.

However, in September, 2015, staff was informed that Sportbox had chosen not to extend their agreement with the PGA Tour and would not be organizing the event for 2016. Staff was then contacted by Web.com directly regarding the viability of delivering an event for 2016. The Board of Ashburn Golf Club, the location of the two previous events, requested confirmation of the Club as the venue for the 2016 event by early December 2015. Attempts by Web.com to secure a sponsor were unsuccessful under the specific timeframe. Therefore, Web.com chose to not proceed with the event in Halifax for 2016.

Web.com and the Web.com Tour have not selected an alternative Canadian city to replace Halifax for the 2016 tour stop. They are currently reviewing options for the delivery of the Nova Scotia Open for 2017 and have indicated they expect to submit a formal proposal in the coming months.

FINANCIAL IMPLICATIONS

The reservation in the amount of \$300,000 in the Marketing Levy Special Event Reserve (MLSER) Q315 will be released for the 2016/17 fiscal year.

COMMUNITY ENGAGEMENT

None

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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