



Report to: Council

Meeting Date: July 14, 2020

SUBJECT: Destination Markham Corporation Update / Request for Funding Approval and Delegated Authority Approval

PREPARED BY: Christina Kakaflikas, Director, Economic Growth, Culture & Entrepreneurship
Shane Manson, Senior Manager, Revenue & Property Tax
Lisa Riegel, Assistant City Solicitor

RECOMMENDATION:

1. That the report “Destination Markham Corporation Update / Request for Funding Approval and Delegated Authority Approval” be received; and,
2. That Council approve the Contribution Agreement between Destination Markham Corporation (DMC) and Tourism Industry Association of Ontario (TIAO) for FedDev Regional Economic Recovery and Relief Fund (RRRF) funding, in a form approved by the City Solicitor, and the expenditure by DMC of the RRRF funding substantially in accordance with the budget set out in this report; and,
3. That Council delegate authority to the CAO of the City of Markham to approve DMC budgets, contracts and expenditures up to a value of \$100,000, as more particularly set out in this report; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide a progress update on the Destination Markham Corporation (DMC) including successful application for funding from the FedDev Regional Economic Recovery and Relief Fund (RRRF), and to seek Council’s approval of the funding agreement and expenditure of RRRF funds.

This report also seeks Council’s approval to delegate authority to the CAO of the City of Markham to approve certain budgets, contracts and expenditures in connection with DMC on behalf of the City of Markham, as more particularly set out in this report under “Delegated Authority”.

BACKGROUND:

On April 28 2020 Council approved an Agreement between the City of Markham and DMC; DMC corporate By-Law No. 1; the appointment of Directors to the DMC Board of Directors; and the approval of an auditor for DMC. The Agreement and DMC corporate By-Law No.1 establish the governance, strategic and operational foundation necessary to allow DMC to conduct the activities and affairs of the corporation in accordance with its mandate and objectives and applicable laws and regulations.

In response to the COVID-19 pandemic, as part of Markham's economic recovery plan, the DMC Board was requested to lead a marketing strategy focused on promoting a 'buy local, shop local and stay local' campaign.

Since April, the Destination Markham Board has achieved the following:

- Consulted with key stakeholders including the Main Street Unionville Business Improvement Area, the Markham Village Business Improvement Area, the Markham Board of Trade, York Region, York Region Arts Council, and Central Counties Tourism
- Established an Economic Recovery Subcommittee
- Elected a Chair, Treasurer and Secretary
- Endorsed the Digital Main Street ShopHERE program
- Successfully applied for FedDev Regional Recovery and Relief Funds (RRRF) of \$470,090.25 to provide immediate assistance to enable Markham business recovery. The intent of fund is to provide financial relief to allow the launch of dedicated marketing campaigns to drive visitor activity back into the community as the economy reopens.

OPTIONS/ DISCUSSION:

FedDev Regional Economic Recovery and Relief Fund (RRRF) Funding

On May 31st, 2020 the Honorable Mélanie Joly, Minister of Economic Development and Official Languages, announced that the Tourism Industry Association of Ontario (TIAO) would receive \$30 million in FedDev Ontario RRRF funding to provide financial relief to destination marketing organizations (DMOs) across southern Ontario that have experienced significant revenue shortfalls. At its Board meeting on June 9th, the DMC Board authorized an application for funding to TIAO. Subsequently on June 18th, TIAO advised DMC that its application ("DMO Application") for RRRF funding was successful and that DMC would receive a total of \$470,090.25 in funding.

In order for DMC to receive the RRRF funding, DMC was required to enter into a "Contribution Agreement" with Tourism Industry Association of Ontario (TIAO). Execution of the Contribution Agreement was time-sensitive and, therefore, authorization was obtained by the DMC Board via signed resolution.

In accordance with the Agreement between the City of Markham and DMC, DMC is not permitted to spend funds unless such funds are included in a budget approved by the City. In addition, the City's approval is required for any agreement entered into by DMC with a value of \$50,000 or greater. Therefore, in order for DMC to utilize the RRRF funds, the City must approve the Contribution Agreement and the RRRF funding budget. Pursuant to the Contribution Agreement and the DMO Application, the RRRF funding will be utilized by DMC substantially in accordance with the economic recovery priorities and budget set out below (as further refined by the DMC Board):

1. Assisting Businesses with Re-opening

DMC's first priority is to help businesses to re-open under the guidelines set out by the Province. DMC will focus on key essential areas to assist businesses.

Partnering to Leverage Investments

Tourism businesses in Markham have been severely affected by the pandemic. Most are temporarily closed and those that have remained open have experienced significant revenue losses. New safety procedures and protocols are adding unbudgeted expenses to businesses that are already suffering greatly. Added to this, marketing and beautification budgets for critical items that draw visitors to Markham attractions have been negatively impacted and reduced. To address this shortfall, DMC would like to leverage stakeholder investments to support businesses and related stakeholders. The result would be enhanced resources and to support such investments as interactive light displays, pole and street banners, flowers, and entry structures and signage, and investments in protective equipment and infrastructure.

Process Support

COVID-19 has pulled the tourism industry together in remarkable ways. For example, stakeholders and businesses have demonstrated support for one another by collaborating and sharing information. However, the majority of tourism related businesses are small, and the sheer volume of information makes it difficult to determine accuracy and challenging to understand how to implement and communicate the protocols necessary to reopen.

DMC intends to work directly with business operators, in a coordinated fashion with the relevant stakeholders, to provide business owners with tools and support so that they can create, communicate, and implement their reopening protocols.

Pivoting Business

COVID-19 has changed the way in which tourism is delivered and those businesses that can adapt to the change while still providing an incredible experience will be on the leading edge of the recovery curve. Online, timed ticketing, virtual, and social distanced experience – to name a few – require detailed, well-conceived plans. Training is needed to enable owners and staff to successfully market and implement these new tools.

DMC will work with stakeholders including the Ontario Tourism Education Corporation (OTEC) and others to provide direct development and training to businesses in Markham so that they are positioned for success.

1. Consumer Education

Consumers will need to be made aware of the protocols and procedures put in place by Markham's many tourism-related businesses so they feel confident to venture out into the community. For this reason, DMC in coordination with stakeholders will use RRRF funds to develop and implement a consumer education marketing campaign that will highlight the safety measures put in place. Armed with knowledge, local residents and those from

throughout the region will feel safe to revisit their favourite local places and act as tourists in their own backyards.

2. Marketing Campaigns Fueled by Compelling Content

With businesses safely re-opened and consumers having confidence with the measures in place to keep them safe, the next step will be to promote the compelling stories of the businesses that make up the tourism sector in Markham. DMC will develop and implement a phased communications and marketing plan in collaboration with its stakeholders including BIAs, York Region Arts Council and Central Counties Tourism and others. The focus will be on telling interesting, diverse, unique, personal, and/or behind-the-scenes stories and sharing content that will motivate consumers to visit and spend in the City of Markham.

TIAO RRRF Budget:

#	Markham Tourism Business Recovery Plan	RRRF Funding Request
A	1. Assisting Businesses to Reopen	
	- <i>Partnering to Leverage Investments</i>	\$100,000
	- <i>Process Support</i>	\$30,000
	- <i>Pivoting Business</i>	\$40,000
	2. Consumer Education	\$70,000
	3. Marketing Campaign- Compelling Content	\$70,000
<i>Subtotal</i>		<i>\$310,000</i>
B	Staffing	
	- <i>Stakeholder Relations Coordinator</i>	\$70,000
	- <i>Marketing Coordinator</i>	\$70,000
<i>Subtotal</i>		<i>\$140,000</i>
Total RRRF Funding Request (A + B)		\$450,000

Although Destination Markham applied for \$450,000 in funding, TIAO approved DM for \$470,090.25. The approximately \$20,000 in additional funding is required to be allocated to fund Markham's participation in the "Great Taste of Ontario Road Trip - Covid19 Culinary Tourism Recovery Plan" slated to launch in the fall.

The initial 90% of the total value of the Contribution (\$423,081.23) was received on July 2nd, 2020. The remaining 10% of the total value of the TIAO Contribution will be disbursed to DMC upon completion of the final report to TIAO.

Staff recommend that Council (on behalf of the City) approve the Contribution Agreement and the RRRF funding budget set out above.

Delegated Authority

In accordance with the Agreement between the City of Markham and DMC:

- (i) DMC is not permitted to spend any funds, unless such funds are included in a budget approved by the City; and
- (ii) DMC is not permitted to make any grants, purchase any goods, expend any funds or enter into any agreement or contract on behalf of DMC which is of a value of \$50,000.00 or greater without the City's approval.

In order to enable DMC to carry out its objectives and mandate in a timely and effective manner, Staff recommend that Council delegate authority to the CAO of the City of Markham to approve (on behalf of the City):

- (i) any budget approved by the DMC Board in support of Markham's economic recovery plan, which is of a value of up to \$100,000, and is funded by proceeds of the municipal accommodation tax (MAT) distributed to DMC or any other funding source permitted by the Agreement between the City of Markham; and
- (ii) any grants, purchase of goods/services, expenditure of funds, agreement or contract agreement or contract approved by the DMC Board which is of a value between \$50,000.00 and \$100,000.

The delegated authority to the CAO of the City of Markham to approve budgets in support of Markham's economic recovery plan is an interim measure until Council approves DMC's annual operating budget, which is required to be submitted to the City for approval.

FINANCIAL CONSIDERATIONS

The TIAO funding of \$470,090.25 will enable DMC to assist and support local businesses during the reopening and recovery period. This funding along with the DMC ability to utilize up to \$100,000 of DMC's portion of the MAT proceeds (and other funding sources) subject to the approval of the CAO of the City of Markham will assist with the City's overall economic recovery plan.

HUMAN RESOURCES CONSIDERATIONS

None

ALIGNMENT WITH STRATEGIC PRIORITIES:

Engaged, Diverse, and Thriving City
Stewardship of Money and Resources

BUSINESS UNITS CONSULTED AND AFFECTED:

Economic Growth, Culture & Entrepreneurship

Finance Department

Legal Services Department

RECOMMENDED BY:

Joel Lustig
Treasurer

Christina Kakaflikas
Director of Economic Growth, Culture &
Entrepreneurship

Arvin Prasad
Commissioner, Development Services

ATTACHMENTS:

none