



Report to: Development Services Committee

Meeting Date: March 21, 2023

SUBJECT: Destination Markham Corporation Update and Annual General Meeting

PREPARED BY: Chris Rickett, Director, Economic Growth, Culture, and Entrepreneurship
Eric Lariviere, Executive Director, Destination Markham Corporation

RECOMMENDATION:

1. That the report “Destination Markham Corporation Update and Annual General Meeting” be received; and,
2. That Council approve the Destination Markham Corporation 2023 Business Plan; and,
3. That Council approve the Destination Markham Corporation 2023 Budget to a maximum of \$2,179,623; and,
4. That Council approve the Destination Markham Corporation 2021 Financial Statements; and,
5. That Council approve KMPG LLP Chartered Accountants as the auditor for Destination Markham Corporation for 2023; and,
6. That the Council approve the amendment of By-Law No. 1 of Destination Markham Corporation (in a form satisfactory to the City Solicitor), to reflect that the Board of Directors is comprised of thirteen (13) Directors, including:
 - the Mayor and four (4) Members of Council, and
 - eight (8) members of the public; and,
7. That Council approve the appointment of Jennifer Worden to the Destination Markham Corporation Board of Directors, to serve as an independent Director, for a term of four (4) years; and further,
8. 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 an update on the Destination Markham Corporation (DMC) 2022 achievements, and to seek Council’s approval for the 2023 Destination Markham Corporation business plan and budget, and other DMC matters.

BACKGROUND:

The Destination Markham Corporation (DMC) is a non-profit, municipal services corporation established as the destination management organization (DMO) for the City of Markham. DMC’s mission is to promote Markham as a remarkable destination for visitors, including tourists, sport and festival attendees, meeting and conference delegates, and business travellers.

In accordance with governing legislation and the Agreement between the City of Markham and DMC, the City (through Council) is required to provide approval of certain

matters relating to DMC, including the approval of business plans and budgets, the approval of by-laws, the appointment of Directors, and the appointment of an auditor.

Operations

DMC started operations in the spring of 2020, and, as part of Markham's economic recovery plan, DMC led a business support and marketing strategy focused on promoting a 'buy, shop and stay local' campaign.

In 2021, with the persistent pandemic, DMC sustained a wide scope of economic recovery and marketing initiatives to support businesses of the visitor economy and improve consumer confidence.

In 2022, with the reopening of the visitor economy, DMC directed its priorities to start the development of Markham's first Strategic Tourism Master Plan, while building capacity with a focus on growth of Markham's visitor economy.

OPTIONS/ DISCUSSION:

The DMC 2022 business plan laid out the following priorities:

1. STRATEGIC LEADERSHIP & CAPACITY BUILDING

Destination Markham will be positioned to lead Markham's Tourism Destination Management & Development needs into the future.

Strategic Priority #1: To continue building organizational capacity.

Key Goal #1: To create an inspiring vision and strategic plan, and to improve capacity.

2. RESTARTING AND STRENGTHENING MARKHAM'S VISITOR ECONOMY

DMC is recognized as Markham's leading destination organization and primary industry resource

Strategic Priority #2: To restart Markham's visitor economy.

Key Goal #2: To directly impact the restart of the visitor, and continue to build DMC's industry profile as the leading tourism authority in Markham.

3. DRIVING GROWTH

DMC leads towards attracting new business and stimulating a diversified visitor economy

Strategic Priority #3: To drive growth.

Key Goal #3: To develop the market for conferences, meetings, events, and leisure, and to position Markham brand as a destination on the domestic and international market.

4. MARKETING AND COMMUNICATIONS

Residents and Visitors alike share the same sentiment: Markham is an incredible destination for people to visit and stay, to host conferences, meetings, events, for athletes of major sporting events to compete, and for friends and family to visit

Strategic Priority #4: To position the “Markham Brand” and its value proposition in the tourism sector.

Key Goal #4: To promote Markham as a diverse and leading destination in Canada.

In 2022, the reopening of all economic activities resulted in great opportunities and challenges for DMC. Like many organizations, DMC was challenged by the post-pandemic transformative changes in the labour market. At the same time, DMC was able to secure additional funding from FedDev Ontario through the Tourism Relief Fund, for the development of Markham’s inaugural Strategic Tourism Master Plan, and from the My Main Street program for the economic stimuli activations with First Markham Place/First Markham Centre and Main Street Unionville. Finally, with the Municipal Accommodation Tax resuming in April 2022, DMC was able to shift its business priorities to start the development of Markham’s first Strategic Tourism Master Plan, build capacity, focus on growth, and expand towards external markets with the goal of fueling Markham’s visitor economy.

DMC took a conservative approach in forecasting its revenues from the municipal accommodation tax, and with lower expenses than anticipated, ended the year with a surplus of \$1,020,489 and an accumulated surplus of \$2.7M.

2022 Destination Markham Corporation Financial Results		
	Approved 2022 Budget	Projected Actual
Accumulated surplus, beginning of year	\$1,689,505	\$1,689,505
REVENUES	\$917,500	\$1,879,474
EXPENSES	\$1,444,200	\$ 858,985
Programs and Services	\$130,000	\$108,766
Business/Market Development	\$230,000	\$113,388
Marketing and Promotion	\$266,000	\$232,861
Operation, Administration, and Salaries	818,200	\$403,970
NET REVENUES 2022	(\$526,700)	\$1,020,489
Accumulated surplus, end of year	\$1,162,805	\$2,709,994

DMC 2022 Key Accomplishments

1. Strategic Leadership and Capacity Building

- Team building with the addition of Nizar Moosa, Business Manager; Ruida Lu, Business/Market Development Manager; Randy Snape, Stakeholder Relations & Marketing Manager; Pamela Tsui, Executive Assistant; Sonia Chow, My Main Street Ambassador; and Viveka Soundarajan, Social Media Coordinator.
- Engaged CBRE Tourism Consulting Team and completed Phase 1 - Environmental Scan and Phase 2 - Vision and Focus of Markham’s inaugural Strategic Tourism Master Plan which will be brought back to Council later this year.

- Completed the acquisition and implementation of DMC IT platform and operating system Microsoft 365, including the migration of all folders to SharePoint.
- Completed hardware equipping for all current and new team members.
- Received Canada Summer Job funding to enhance the development of more digital content for DMC marketing campaigns.
- Implemented DMC own payroll system in partnership with the City finance and payroll team.

2. Restarting and Strengthening Markham's Visitor Economy

- Completed the Safe Travel Stamps Program: DMC Ambassadors outreached to over 1,000 businesses and processed approvals for 501 businesses in Markham to receive the Safe Travel Stamps programs, an activation initiated by Tourism Industry Association of Ontario, in partnership with the World Travel and Tourism Council. The number of stamps in Markham was the highest in Ontario
- Markham Saving Pass – continued program, resulting in over 175 businesses and 6,000 consumers participating.
- My Main Street Project – initiated with support from FedDev Ontario, My Main Street provided support to businesses in First Markham Place(FMP)/First Markham Centre(FMC) and Main Street Unionville. There was total of \$300,000 received, with \$200,000 provided directly to 20 local businesses.
- DMC Partnership Program: Supported 12 business in 2022, contributing a total of \$72,000 to the various businesses for targeted activations to attract visitors in Markham. These included:

○ Astro Amusements	\$8,000
○ Coler Shows	\$9,000
○ CPtrip Services Inc.	\$1,200
○ Dance Grand Prix Canada	\$10,000
○ Markham Arts Council	\$2,136
○ Badminton Canada	\$10,000
○ Steer Friends Car Show	\$8,000
○ Climbing Experience	\$8,000
○ UBIA - Music on the street	\$5,886
○ Asialicious 2022 – Redbook	\$5,248
○ Markham Arts Council	\$4,000

3. Driving Growth

- Activated market development initiatives by engaging the business development team with external markets, including market events at Destination International, Tourism Industry Association of Ontario, Tourism Industry Association of Canada, and the 2022 Annual Sports Events Congress (joining the Pan Am Centre team).
- Development and implementation of DMC's major conference, meetings, and events incentive program, and through this program, supported the 2022 Hakka Conference Markham with \$100,000.

-
- As a major conference that regularly rotates between multiple countries, the World Hakka Conference put Markham on the map for the international conventions. The International Congress and Convention Association (ICCA) has included the World Hakka Conference 2022 in its database.
 - Developed key messages and marketing to support business development activities, including DMC branded tent, boot, banners and swags, purposed for conferences, trade shows, and specific events.
 - Participated to tourism writers FAM tour designated for Markham, in partnership with Central Counties Tourism.
 - Developed a new product and experience, a value proposition combining live jazz music with culinary, featuring some of the best Canadian Jazz artists and Markham's best chefs. The new initiative, "Markham Jazzlicious Winterfest, is designed to drive traffic in Markham's restaurants during the shoulder season.

4. DMC Branding, Marketing and Key Initiatives

Residents and visitors alike share the same sentiment: Markham is an incredible destination for people to visit and stay, to host conferences, meetings, events, for athletes of major sporting events to compete, and for friends and family to visit.

In 2022, the marketing activities focused on:

- Growing marketing capacity, in alignment with DMC's growth strategy;
- Positioning Markham's brand as a destination for external domestic and international markets (groups and leisure); and,
- Expanding use of high performance digital platforms and targeted marketing programs.

In 2022, the following were the marketing campaigns undertaken:

- January to March 2022: Love Where You Live
- March 2021 to August 2022: #DiscoverMarkhamYourWay
- March 2021 to December 2022: #MyMarkham Pass Savings Pass Campaign
- June to September 2022: Hot Summer Savings, Canada Day Promo, Red Treasure Book/Taste of Asia, Summer Contests with Local Businesses
- September to October 2022: Fall in Love with Markham Fall Campaign
- November to December 2022: Warm Up This Winter in Markham Campaign, It's Time to Markham Brand Campaign

An overview of the 2022 marketing results and key performance indicators are as follows:

- Curated and shared meaningful content from local businesses in Markham.
- Advertising placements in the Globe & Mail, Toronto Star, York Region Metroland Papers, Ethnic Media such as Sing Tao and Ming Pao.
- Radio campaigns with Sing Tao Radio and Fairchild Radio.

-
- Digital advertising campaigns with Toronto Star, Globe & Mail, York Region.com, Sing Tao, Ming Pao, CCUE and the Google Advertising Network.
 - Social media marketing campaigns targeted Markham residents on WeChat, Instagram, Facebook and LinkedIn.
 - Created and grew the Markham Savings Pass to 117 businesses by the end of 2022.
 - Created and shared over 100 blogs featuring hundreds of Markham business.
 - Launched over 1,000 business features across social media to better promote hotels, restaurants and other small businesses, increasing engagement with the local community and further increase consumer confidence.
 - Collaborated with 15 social media influencers to highlight Markham hidden culinary gems, experiences in Markham, events, and showcase Markham Businesses.
 - Partnered with City of Markham on Canada Day event in Downtown Markham.
 - Supported events and festivals that came to Markham including but not limited to:
 - Markham Village Music Festival
 - TD Markham Jazz Festival
 - Spring Fest TO
 - Easter Fun Fest
 - Summer Farmers Market
 - Taste of Asia/Red Treasure Book
 - Kids Fest TO
 - Lucky Lion Night Market
 - Night it Up Night Market
 - Dynamite Night Market
 - Markham Fair
 - Angus Glen Festival of Lights
 - Frozen Fairways
 - Winter Carnival
 - Launched the hashtag #visitmarkham featuring stand-alone business features on retail, restaurants for social media, highlighting business' unique characteristics and strengths.
 - Developed "Explore Markham" content to inspire Markham visitors to get out and explore Markham.
 - Created #GolfinMarkham drone and interview videos featuring our world-class golf courses in Markham, done by a Golf in Ontario influencer.
 - Themed itineraries focusing on regional culinary cuisine to better promote Markham's diversity.
 - Expanded reach of DMC through targeted digital marketing campaigns in both English, Cantonese and Mandarin through paid social media and digital ads on the Toronto Star, Globe and Mail, YorkRegion.com, Ming Pao, Sing Tao, WeChat and the Google Advertising network.
 - Several tools were added to the DMC marketing toolbox:
 - CrowdRiff: this innovative digital platform offers visual storytelling solutions for destination marketers. Over 156,000 images have been added to the DMC CrowdRiff account, all provided by visitors and residents of Markham.

- DMC Website: added an Events Calendar to showcase what's happening in Markham.

In 2022, the key performance indicators were as follows:

- 75.5% increase in unique visitors to visitmarkham.ca (148,952).
- 54.4 % increase in unique page views to visitmarkham.ca (250,961).
- 35.5% increase in Facebook engagements (85,331).
- 41 % increase in Instagram engagements (81,338) and 86.3% increase in followers (7,490).
- 86.3 % increase in Twitter engagement (5,863)

Through these platforms, DMC's reached audience is around 50% from Toronto, Vaughan and Mississauga. Only 12.8 % of DCM's reached audience is from Markham.

Business Planning

DMC 2023 business plan is taking into consideration the following considerations:

- The visitor economy is now reopening and, in general, trends positively.
- Hotel key indicators for 2022 reflects that there is a positive recovery when compared to 2019:

Markham's Hotel 2022 Indicators				
YEAR	Occupancy %	RevPar	ADR	TotRev
2022	72.5%	\$116.52	\$160.82	\$97,282,483
2019	76.4%	\$105.61	\$138.21	\$97,983,852
Variance	-3.9%	+\$10.91	+\$22.61	-\$701,369
***Source: Central Counties Tourism/				

- Anticipating an increase in hotel room inventory in Markham in the near future. Courtyard by Marriott Toronto Markham has reopened in Q1 2022 after pandemic closure. Edward Village's conversion to Delta by Marriott is currently underway. Three hotels are currently in planning / construction phases: Home2 Suites, Tru by Hilton and Sandman Signature.
- Business travel, including transient and meetings/conferences, has been slow to recover in the Greater Toronto Area and all over Canada. International visitations to Canada continue to be impacted by global pandemic and global conflicts. International overnight arrivals to Canada are at 66% of pre-pandemic level, as of November 2022.
- In comparison to pre-pandemic patterns, the booking window for travel has shortened and more bookings are made close-in. The industry is also noticing the growth of leisure trips - mixing leisure and business.
- The tourism industry is facing ongoing workforce challenges on recruitment and retention due to multiple factors such as limited availability of affordable housing and lack of affordable transportation options.

- The current economic environment and a possible recession are prompts for a conservative approach in forecasting the revenues and monitoring the results.

The proposed total budget for 2023 is \$2.2M, and will be broken out on the following priorities.

Key strategic pillars, goals and deliverables for 2023.

1. PILLAR #1: Destination Management, Organizational Development and Internal Governance | Budget: \$593K

Strategic goals:

- Ensure DMC is a leading authority in destination management capable of growing Markham's visitor economy.
- Provide the resources and support tourism related businesses need to thrive in Markham.
- Enhance the visitor and resident experience in Markham by collaborating with stakeholders, community and all level of governments.

Key deliverables:

- Complete the Strategic Tourism Master Plan (2024-2027) and activate its implementation.
- Enhance capacity including but not limited to hiring CRM and database administrator and event coordinator to align with 2023 business priorities, and start the implementation of the Tourism Master Plan.
- Uplift DMC's profile in the industry, to the stakeholder groups and visitors, as the leading destination management organization in Markham.
- Build capacity aligned with 2023 business priorities.

2. PILLAR#2: Research and investment attraction | Budget: \$427K

Strategic goals:

- Collect and analyze meaningful visitor data to support product development, investment attraction, and marketing.
- Broaden Markham's reach and renown as a destination.
- Attract future tourism investment to Markham.

Key deliverables:

- Connect with businesses/stakeholders that contribute to visitor's economy and to build Familiarity (FAM) tours for stakeholders, event producers, associations and other priority lead markets.
- Complete the development and activation of a comprehensive destination points and resources mapping industry tool (CRM), based on sound research, systemic data collection, and analytics.
- Develop and deliver programs, workshops, webinars, newsletters and encourage collaboration with stakeholders and identify champions within the community

3. PILLAR #3: Product and Experience Development | Budget: \$723k

Strategic goals:

- Establish a diverse mix of exciting and engaging tourism products and authentic experiences.
- Develop the hard and soft infrastructure to support Destination Markham's key visitor segments.

Key deliverables:

- Develop and implement Destination Markham's growth strategy and improve incentive support programs.
- Create DMC's inaugural Conference, Meeting, and Event Office (CMEO) and attract major conferences, meetings and events /initiatives in Markham.
- Develop the market for conferences, meetings, events, sports, and attractions by representing DMC at various summits and conferences.
- Invest in the development of destination products and experiences.

4. PILLAR #4: Destination Marketing | Budget: \$436K**Strategic goal:**

- Build a unifying and appealing brand for DMC that generates awareness of Markham as a unique visitor destination.

Key deliverables:

- Continue developing a unifying brand strategy and campaign that makes Markham synonymous in different categories with a focus on diversity.
- Build marketing capacity and continue to develop DMC marketing support to DMC's growth initiatives.
- Enhance the guest experience for people who are already visiting, to incentivize longer stays and to increase spending into Markham's economy.
- To continue improving DMC web capacity with additional B2B and B2C public and stakeholder facing tools.

2023 BUDGET

The DMC 2023 Business Plan proposes that:

- DMC will complete its inaugural Tourism Strategic Master Plan and activate its implementation.
- DMC will continue to build its capacity to establish the infrastructure to respond to the current needs of the businesses in the visitor economy and its growth.
- DMC will sustain its focus towards a growth strategy and invest in market development for conferences, meetings and events, products and experiences development.
- DMC will propose a balanced budget, with expenses not exceeding the forecasted municipal accommodation tax and other projected revenues.

The following provides an overview of the proposed 2023 DMC budget.

2023 Budget Summary	
REVENUES	\$
Municipal Accommodation Tax	2,000,000
Grants	104,623
Other Revenues/Interest	75,000
Total revenues	2,179,623
EXPENSES	\$
Programs and services	
Programs and stakeholder services	73,000
Partnership support program	125,000
Business/market development	
Business development	325,000
CME incentive program	150,000
Marketing and Promotion	
Professional fees	120,000
Marketing & promotion	237,511
Digital platforms and resources	35,000
Operation and administration	
Business planning	99,932
Operations and administration	184,000
Salaries and wages	831,180
Total Expenses	2,179,623

DMC Budget Forecast

DMC proposes the following three (3) year budget forecast, still following a conservative approach, with gradual increase for the municipal accommodation tax (MAT) revenue of 2.5% and 5% from interest. It also assumes that expenses will not exceed the revenue from the MAT for a balance budget every year. The balance of the reserve will scale from \$2.7M in 2023 to \$3.3M by the end of 2026.

Using MAT as the revenue baseline and projection provided by City of Markham Finance staff, the following are some assumptions for the budget forecast:

- Proposed budget FY 2023 includes other revenues from grants and other earned income.
- Revenues forecast 2024-2026 use the municipal accommodation tax historical revenue + 2.5%.
- Expenses forecast for business priorities focused on building capacity, market, and product and experience development.

DMC Budget Forecast 2023-2026							
				Proposed	Forecast		
				2023	2024	2025	2026
Reserve Beginning				\$ 2,709,994	\$ 2,845,494	\$ 2,987,768	\$ 3,137,157
REVENUES MAT/GRANTS/OTHER				\$ 2,179,623	\$ 2,051,563	\$ 2,102,852	\$ 2,155,423
EXPENSES				\$ 2,179,623	\$ 2,051,563	\$ 2,102,852	\$ 2,155,423
Destination Management				\$ 593,132	\$ 615,469	\$ 630,856	\$ 646,627
Research and investment attractions				\$ 426,600	\$ 410,313	\$ 420,570	\$ 431,085
Product and Experience Development				\$ 723,700	\$ 615,469	\$ 630,856	\$ 646,627
Destination Marketing				\$ 436,191	\$ 410,313	\$ 420,570	\$ 431,085
Net Income				\$ -	\$ -	\$ -	\$ -
Balance Reserve +5% interest				\$ 2,845,494	\$ 2,987,768	\$ 3,137,157	\$ 3,294,015

FINANCIAL CONSIDERATIONS

The DMC Board of Directors has built into the budget flexibility and agility to deliver on its goals, objectives and deliverables as defined above. This includes earmarking funds to drive growth, and to improve Markham position as a destination for conferences, meetings, and events on the domestic and international markets.

The DMC Board of Directors voted in favour of the aforementioned 2023 Business Plan and Budget of \$2,179,623. It is seeking Markham Council's approval of the plan and budget to ensure business continuity and to move forward with plan implementation.

The proposed budget will be funded through the municipal accommodation tax, government grants, and earned income from various initiatives. It is designed to preserve the current reserve balance of \$2.7M + and projected increase of 5% from interest.

A copy of DMC's audited financial statements for 2021 is attached. A copy of DMC's audited financial statements for 2022 will be presented to Council in April 2023, as part of the City of Markham's consolidated financial statements.

HUMAN RESOURCES CONSIDERATIONS

Human resource decisions will be made to fill critical positions and will investigate synergies with City staff.

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

RECOMMENDED BY:

Chris Rickett
Director, Economic Growth, Culture
and Entrepreneurship

Arvin Prasad
Commissioner, Development
Services

ATTACHMENTS:

- DMC 2021 Audited Financial Statements
- 2022 Annual Report and 2023 Business Plan and Budget