



Subject: *Tourism Economic Development and Rural Economic Development Funds*
To: Corporate & Residential Services Committee
Date Prepared: 11/5/2022
Related Motions: See Appendix A
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Summary

The Municipality of East Hants has two (2) current funds to promote tourism and economic development in the rural area, the Rural Economic Development Fund (RED) and the Tourism Economic Development Fund (TED). After several years of application inactivity, these funds should be reviewed by Committee to determine if they meet the current needs of Council. Staff are recommending the removal of these funds as Council has a dedicated tourism officer and strategies to drive tourism development along with a team of economic development staff who promote rural development and foster opportunities as they present themselves. There will also be strategies to promote tourism and rural and economic development through the new Economic Development Plan.

Financial Impact Statement

Balances remaining in the TED (\$41,436.30) and RED (\$159,194 - fully committed in current Capital Budget) funds can be transferred to support current Tourism operating and capital costs.

Recommendation

It is recommended that the Corporate and Residential Services Committee recommend to Council to end the Tourism Economic Development Fund and the Rural Economic Development Fund. All remaining balances of both funds will be transferred to the Tourism Operating & Capital reserve fund.

Recommended Motion

Regular Meeting of Council (Policy & In-Camera) - May 9, 2023

Move that the Corporate & Residential Services Committee recommends to Council that Council give notice of intent to repeal the 'Tourism Economic Development Fund' and 'Rural Economic Development Fund' Policies, end the Rural Economic Development and Tourism Economic Development Funds, and transfer all remaining balances to the Tourism & Operating Capital Reserve.

Regular Meeting of Council - May 17, 2023

Move that the Corporate & Residential Services Committee recommends to Council that Council repeal the 'Tourism Economic Development Fund' and 'Rural Economic Development Fund' Policies, end the Rural Economic Development and Tourism Economic Development Funds, and transfer all remaining balances to the Tourism & Operating Capital Reserve.

Background

Tourism Economic Development Fund

In June of 2014, Council created the TED fund to support the creation of tourism destinations within the Municipality. The original intent for this fund was to provide funding to businesses, not for profits, and educational institutions to support them in improving tourism infrastructure. Council allocated \$30,000 annually to this function, with any remainders entering into a dedicated reserve. The current guidelines are attached to the agenda.

Example of events and projects that have been funded through TED include Tidefest and monitoring the structural integrity of the South Maitland Viewing Platform. Council's final funding of Tidefest occurred in 2019/2020 through C19(150) as the festival independently achieved probability.

Over the years, staff have received requests for funding through the TED fund. However, due to a lack of alignment, these applications have not led to the distribution of funds.

The TED has a current balance of \$41,436.30.

Rural Economic Development Fund

The creation of the RED fund was initiated as part of the 2008-2009 operating budget discussions and funded for three subsequent years for \$50,000 (primarily targeted at KSEED). Similar to the TED fund, the RED fund was created to enhance the economic viability of the community and to create employment in the rural areas of the Municipality. This fund was targeted at community organizations and groups seeking to improve and encourage economic development in their community. Initial transfers into this reserve were targeted at a the KSEED project in Kennetcook (a development project with a covered bridge, amphitheater, etc.) that was never brought to fruition. Council, through general funds, funded a short-term municipal office location in Kennetcook to provide support to the KSEED project. Until 2019, Council allocated \$30,000 annually to this function, with any remainders entering a dedicated reserve.

Previous projects that have received RED funding include: a feasibility study for the Walton Warf group in 2008 and funding for the Maitland School Community Hub Association in 2015.

The RED fund has a current balance of \$159,194. This balance is fully committed in the current capital budget to the Walton and Maitland playgrounds and the Rising Tide Shore signage project.

The history of the balances for both the TED and RED funds is included in Table 1 on the final page.

The Guidelines for both funds have been attached as Appendices B and C to this Report.

Discussion

The creation of the TED and RED funds was intended to support community groups in promoting tourism and economic development across the Municipality. Based off of the lack of interest for community groups for this funding and a lack of clear guidelines for fund applicants, both funds have remained relatively underused since their creation. Based off of Table 1, a majority of the funds have been used by the Municipality to maintain and develop our own tourism assets, which Council has discussed as being the more sustainable model for investment at this point in our tourism development. Council ended contributions to this fund in 2019, resulting in a gradual decrease in reserves since this time. Due to the lack of use from external groups, staff recommend ending these funding programs.

Promoting economic and tourism development in the rural area remains an important goal and aligns closely with the Municipality's Key Strategies of Economic Prosperity and Strong Communities. The new Economic Development Plan outlines support for tourism businesses, and businesses in all the geographic areas of East Hants, through Council's current business support service. In addition, it also specifically identifies supporting tourism businesses in recovering from the pandemic and growing their product offerings. The new Plan also lists as a key action continuing to invest and enhance all the village cores' and rural centers' walkability and streetscapes to build socio-economic benefits for the surrounding communities which will help enhance their economic viability, grow employment opportunities, and facilitate development of tourist destinations across the Municipality.

Should opportunities arise that meet the strategic objectives of Council and align with our corporate vision, Council would be able to fund these opportunities from an active budget or through tourism or contingency reserves.

FINANCIAL CONSIDERATIONS

The remaining \$159,194.03 of the RED fund and \$41,436.30 of the TED fund must be allocated to an alternate fund. There is a Tourism Operating & Capital reserve fund that could be used to transfer these funds to.

Alternatives

There are two (2) primary alternatives to the recommendation, leaving both funds as is or resuming contributions to these funds.

Leave Both Funds

Council may choose to leave both funds as is, drawing from the remaining balances when appropriate projects arise. Staff would recommend merging the programs with one governance document with clear funding guidelines approved by Council.

Resume Contributions

Council may choose to reactive these funds, contributing annually to them and seeking out new projects to apply these funds to. Staff would recommend merging the programs with one governance document with clear funding guidelines approved by Council.

Attachments

Appendix A: List of RED and TED Fund Motions

Appendix B: Current TED Guidelines

Appendix C: Current RED Guidelines

Table 1: Financial History of the TED and RED Funds.

Tourism Economic Development (TED) Reserves						
Date	Opening Balance	Transfer to	Transfer from	INTEREST	Description	Ending Balance
2014/2015	-	60,000			Established TED Reserve Council Motion C14(125) to establish TED and to fund \$30,000 each year for both RED and TED	60,000
2015/2016	60,000	30,000				90,000
2016/2017	90,000	30,000				120,000
2017/2018	120,000	30,000	(23,166)	-	16-016 Caboose	126,834
2018/2019	126,834	-	(10,000)	2,698	Tidefest 2018	119,532
2019/2020	119,532		(56,823)	2,117	16-016 Caboose \$7,421 plus 19-006 Tourism Assets \$46,794, Rising Tides Shore Development \$2,607	64,827
2020/2021	64,827	-	(36,179)	201	20-009 South Maitland Viewing Platform C21(142) \$28,865 plus 16-016 Caboose \$6,668 plus 19-006 Tourism Assets \$647	28,850
2021/2022	28,850	-	(16,958)	-	20-009 South Maitland Viewing Platform C21(142)	11,892
2022/2023	11,892	-	-	-	South Maitland Viewing Platform	11,892
Rural Economic Development RED Reserves						
Date	Opening Balance	Transfer to	Transfer from	INTEREST	Description	Ending Balance
2008/2009	-	27,287			Econdev - KSEED	27,287
2009/2010	27,287	50,000			Econdev - RED	77,287
2010/2011	77,287	50,000			Econdev - RED	127,287
2011/2012	127,287	50,000			Econdev - RED	177,287
2012/2013	177,287	5,500				182,787
2013/2014	182,787	-	-	-		182,787
2014/2015	182,787		(60,000)		Established TED Reserve Council Motion C14(125) to establish TED and to fund \$30,000 each year for both RED and TED	122,787
2015/2016	122,787	55,000				177,787
2016/2017	177,787	30,000				207,787
2017/2018	207,787	30,000				237,787
2018/2019	237,787	21,000	-	5,072		263,859
2019/2020	263,859			6,045		269,903
2020/2021	269,903		(84,547)	1,302	20-010 Tourism Asset Maintenance Program \$84,547	186,658
2021/2022	186,658	-	(27,464)		20-010 Tourism Asset Maintenance Program \$27,464	159,194
Committed 2023/2024	159,194	-	(130,000)		22-020 Playgrounds for the Walton and Maitland Tourism	29,194
Committed 2023/2024	29,194	-	(30,000)		21-013 Rising Tide Shore Signage	(806)