

17 January 2011

Mayor and council TSBP

Re: Comments re Shane Sargent/ Bruce Parsons delegation re festivals grants – COW agenda January 18, 2011 item 3.2

In their presentation/submission (as in item 3.2, COW agenda January 18, 2011), Mr. Sargent and Mr. Parsons request over \$150,000 of taxpayers money and other considerations to further almost exclusively private interests.

The presentation talks about the great benefits of festivals and events. And there are good benefits to local businesses.

But whether festivals and events are beneficial to the local tourism businesses is not the real issue.

The real issue is whether grants made by the public for the benefit of private interests are in the public interest. And I submit they are not.

The benefits of the grants accrue to private interests – the tourism businesses – and not to the town, and not to the people in the town. The cost of the grants is borne by the public, most of whom do not benefit.

So granting the requests would not be good public policy and would not be fair to the taxpayers.

My recommendation is that the requests be denied, and that the requestors be reminded that they are welcome to apply for grants through the regular grant application process.

Below please find my comments on the many false and misleading statements in the Sargent/Parsons submission, and also my comments on the 13 “requests”.

Comments on statements in the presentation

I take the overall presentation to be saying something like this: “You (the people) should grant us your (the people’s) money because it will pay you (the people) big benefits.”

The truth is that the grants would not bring net benefit to the public. The truth is that that it is neither fair nor in the public interest to have our money collected as taxes and given to private interests as grants or bonuses.

The submission indicates:

“We want the TSBP to be a major partner.”

I read this as “we want the residents to subsidize the business community so the business community can make more money as the taxpayers get poorer.”

The statement is disingenuous. The presenters don't want a partner – they want the key to the partner's treasury. The residents of TSBP do not want a partner who has a key to the treasury and feels entitled to use it. And the people do not want to be the donor partner.

The submission indicates:

“to develop an event marketing strategystimulate the local economy and increase jobs”

Grants do stimulate the local economy and make new jobs. But paying more taxes to subsidize the tourism industry also destroys economic activity and destroys jobs. So the net impact is quite likely less economic activity and fewer jobs and less prosperity.

But the most important concern is that the tourism operators reap the undeserved, unearned, unwarranted gains while the taxpayers suffer undeserved, unwarranted loss of prosperity. That's just not fair.

So granting does not in fact stimulate the economy, it just transfers money from those who earned it to those who did not earn it and are not entitled to it.

The submission indicates:

“Provide a multiplier effect”

It does but there is also a multiplier effect in the part of the economy destroyed by collecting extra taxes to provide the grants. So the multiplier effect prosperity is shifted from those who earned it to those who did not. Hardly fair.

The submission indicates:

“reinvest general revenue by bringing more people to the beach”

The “Reinvest general revenue” makes it sound like the town is a business and surplus taxes are profits to be “reinvested” in the business. This is a deception. The town's revenues are almost all from property taxes and those revenues are for paying for municipal services, not “reinvestment”. Similarly, parking revenues are for paying for costs, not for “reinvestment”.

The town is not a business and should not be even considering collecting taxpayers money and investing it in commercial operations.

The submission indicates:

“Increase the tax base that helps pay for community amenities and services.”

This is the tax base myth.

We often hear that subsidizing the tourism industry is good because it means more tourism business establishments which means a bigger tax base.

But the fallacy is this. Even if the subsidies do result in increased business operations and higher assessments for some business properties, and even if higher business assessments result in a higher fraction of the total tax levy for those businesses, it is very unlikely that total residential taxes will fall by the same amount as the business taxes go up. This is because along with the business properties assessment increase there will be increased services, increased costs, a bigger expenditures budget, a bigger total levy required, and thus higher residential taxes. So residential taxes could go up to pay the subsidy and go up again to pay for the increase in services. So residents could in effect subsidize twice.

The submission indicates:

[festivals and events] “provides jobs for entry level workers”.

But the forced subsidy also destroys jobs for entry level workers” via the destroyed economy.

The submission indicates:

“boosts appearance and makes community visually appealing”

This is true if you believe a carnival consistently on your doorstep is “visually appealing”

The submission indicates:

“Festivals and events are the most cost effective way to create economic development.”

I doubt that this is true. But even if it is, it is not relevant, because creating economic development is not a legitimate role of the town or a legitimate use of taxes. Taxes pay for services and programs clearly beneficial to the community. And swiping the

resident's money destroys an economy. Governments are the worst ones to be trying to use tax revenues to create economic development. Governments are the worst ones to decide which economic ventures should fail and which should survive. The municipality has no business meddling in the economy. Even though meddling can benefit the few who receive grants, it will lead to unnecessary losses of prosperity to many, and overall a net loss in prosperity. Open competition market forces are best at maximizing prosperity. The town should not even consider that it is better than open market forces.

And the issue is not whether festivals and events are "the most cost effective way to create economic development". The issue is whether the requested grants would be in the public interest.

The submission indicates:

"Why festivals and events?Community civic pride."

Robbing the residents of their hard earned dollars and giving them to those who did not earn the dollars and are not entitled to those dollars is nothing to be proud of.

The submission indicates:

"Benefits of Festivals and Events....Supports the economic development study and plan"

What economic study and plan? If the economic study and plan says rob the resident's and give the money to those who did not earn it of course the festivals proposal supports the "plan". But that doesn't mean the requested grants are in the public interest. Ask those on the edge - especially those on small water systems who are about to lose their beloved homes - how they feel about the benefit of having even more of their money swiped.

The submission indicates:

"Benefits of Festivals and Events....Reinforces the area's image of explore the bruce"

The *explore the bruce* image is the image of exploring the natural assets of the bruce, including the secluded trails and the quiet rivers and the sometimes tranquil waters. Festivals and events don't fit in with that image.

The submission indicates:

"Benefits of Festivals and Events....Promotes charities, community groups and organizations"

That is a benefit to the charities, and to community groups, and that's good. But it is not a benefit to taxpayers and so taxpayers should not be forced to pay to generate that benefit. Donations to charities and community groups must remain voluntary.

The submission indicates:

“Benefits of Festivals and Events.... “New jobs for the community”

Also lost jobs lost because of loss of economic activity as a result of extra taxes paid to fund grants.

The submission indicates:

“Benefits of Festivals and Events....Supports local restaurants, service groups and cultural centres”

Festivals and events do these things but people should have a choice of whether they wish to support local restaurants, service groups and cultural centres. The support should not be forced. (as with a tax to fund grants).

The submission indicates:

“Promotes local and national artists through music.”

But people should have a choice of whether to buy the goods, not be forced. And extra taxes take money out of local and national economies and hurts local and national workers who would have prospered had the extra taxes been left with the residents to spend as they wished (with their money).

The submission indicates:

“Benefits of Festivals and Events....Brings awareness to community groups (showcasing what they bring to a community) while raising money for community groups and charities.”

Again this is a benefit to community groups and charities, but the taxpayers should not be forced to pay to benefit community groups and charities.

The submission indicates:

“Benefits of Festivals and Events....\$34,000 in parking and fuel revenues”

So what? Festivals are good for the tourism businesses. That doesn't mean granting money is good for the residents. And the more people at the beach and in the town the higher the costs. I doubt that increases in parking revenues make up for increases in costs – sanitary, policing, by-laws officers, etc.. So I expect there may be a net detriment to the towns accounts.

The submission indicates:

“Return on investment “facts”...A festival with an attendance of 30,000 people will have 6,000 cars looking to park for the event that is \$90,000 in potential revenues”

What about the revenues we would have got without the grant? Or without the festival.. What about the extra costs to the residents to serve the 30,000? What about the loss of ambience from 30,000 people fighting for a spot on the beach and throwing garbage in our front yards? Does that have a value? What about the loss of enjoyment of property from waiver of a bunch of otherwise protective bylaws? Does that have a value? Is that included in the so-called return on investment analysis?

The “return on investment facts“ page is a deception attempt. It attempts to convince us is that a good return, to businesses, on the total invested (including the grants) is the same as a return to taxpayers on their their investment (grants, loss of by-law protection, loss of enjoyment). This is of course false. The return to businesses is positive. The return to taxpayers on their investment is negative.

The submission indicates:

“return on investment factsAccording to Festivals and Events Ontario and Ministry of tourism this event marketing campaign could bring \$20 million in economic impact in 2011.”

“\$20 million in economic impact” is an absolutely meaningless expression. And I doubt very much if the Government of Ontario said that at all. Neither Festival Events Ontario nor the Sauble chamber have the credentials or the credibility to even talk about economic impact.

But the economic impact of festivals and events is not relevant anyway. The relevant indicator is detriment to residents of their forced expenditure.

The submission indicates:

“Cost to TSBP – Zero. Return on investment – priceless.”

This copycat slogan is not even cute in this context. The return on investment from a residential taxpayers perspective is negative, not priceless. With a proposal of over

\$200,000 of taxpayers money and other considerations forcibly “invested”, and no return of value, it’s easy to see that return on investment would be very negative. It certainly wouldn’t be “priceless”.

The submission indicates:

“Cost to TSBP – Zero. Return on investment – priceless....Local businesses and residents greatly benefit”

This is false. The truth is that local businesses benefit from grants and residents bear the pain.

The submission indicates:

“Benefits Creating a legacy for this council”

The legacy of the last council (or more fairly legacy of the 5 member majority clique of the last council):

- tried to ram a completely unnecessary 70 million dollar sewers system down our throats, contrary to the public interest
- stole our hard earned money and used it to the benefit of tourism businesses, contrary to the public interest
- tried to destroy the quiet rural ambience of sauble beach and turn it into wasaga beach (see the cuesta growth strategy proposal for sauble beach) , contrary to the public interest
- trumpeted their contempt for the residents of sauble beach

In the October election the candidates in ward 3 who campaigned on a platform of using taxes to subsidize events and festivals did not do that well. This indicates that maybe the residents of ward 3 do not want to pay grants to the private sector.

The legacy of the new council is shaping up to be one of responding to the residents.

The submission indicates:

“Benefits of Festivals and Events.... According to the Ontario tourism study,
89% of the people surveyed said the events enhanced the quality of life for the people living in the area and 73% agree that events like sandfest need more funding from local government.”

That does not mean that quality of life is enhanced for the people living in the area. It means that that is what the survey respondents said. If I wanted to know if quality of

life is enhanced for people in the area the last thing I would do is a survey and I certainly would not survey people not living in the area.

And that 73% say sandfest needs more funding from local government does not in any way suggest that taxing residents and giving to tourism industry is good public policy or is in the public interest. It means that was the survey responses to a particular survey question. Nothing more.

The submission indicates:

“Benefits of Festivals and Events....We can leverage more marketing revenue from the province.”

The province is the people of Ontario, which includes the people of sauble beach. Leveraging taking more from the people of sauble (via the provincial government) to give to the area tourism industry is a benefit for the tourism industry, but not the public.

My comments on the specific requests are as follows:

1. That, Council agrees to allow the Sauble Beach Chamber of Commerce to apply for a Special occasion permit under the Significant Event designation for all of its events.

This is ludicrous. They are asking for permission to serve liquor at all events outside of licensed premises. This must be denied. They would never get a special occasion permit for all events anyway as permits are for occasional special events only and are not granted for personal gain

2. That, Council agrees to close a portion of Lakeshore Blvd from Main street to the entrance of the Municipal parking lot beside Mars Cosmic Fries Tuesday nights from July 6 to August 31 from 6:00 pm until 10:00 pm each night for a 50's 60's street dance.

This would be OK if there are no objections from residents and as long as no by-laws, including but not limited to noise, are waived for the Tuesday night events. The by-laws are duly made for the protection of the citizen's. Waiving bylaws is unacceptable because it removes that protection at cost to the residents.

3. That, Council considers the partnership with the Public Works Department to assist and supply with event infrastructure needs as in-kind.

Use of the term “partnership” is extremely dishonest. What the delegation is asking for is town employees to do some festival work, at the added expense to the taxpayers. This is just unacceptable taxation of the many for the benefit of a few.

4. That, Council give permission to host fireworks at Sauble Beach on July 1st.

As long as it is on private property and obeys all laws no permit is needed July 1st. If the request is to have a fireworks display on town property, a proper request with full details should be submitted before a decision is made.

5. That, Council allow in partnership with the local Fire department to have smores and spider dog cooking in certified steel portable fire pits during Sandfest Saturday August 6th. This event will be supervised by the Local Fire Department and sponsored by the Family Channel.

This would be Ok if it were done on private property and if the local fire department is paid by the organizers. But if the organizers want by-laws waived then the request should be denied.

6. That, Council considers having a 40 foot by 100 foot tent on the Beach during Sandfest and Lobster and Laughs Event.

This is of no public benefit to residents. It is another cost to residents, and so would not be in the public interest. Recommend deny this request. It is mischievous to ask to put a big tent on the beach and offer absolutely no detail about what the proposed purpose is. Council members and residents should not have to ask.

7. That, Council Renew the \$60,000 Special Events contract for an additional two years from May 15th 2011 to May 15th 2013.

This contract should never have proceeded in 2010 as it was not in the public interest. And it certainly should not be renewed. And the \$20,000 budgeted in the 2010 budget for payment in 2011 should be cancelled (request 12).

8. That, Council wave the Dynamic Beach By law during the Festivals Dates of 2011.

Waving the dynamic beach law is a cost to the residents just like having their cash swiped or paying for in-kind services provided. Waving by-laws is of benefit to the few and at the expense of many. That's why we have a duly developed dynamic beach bylaw. And noise bylaws. To protect the people.

9. That, Council considers entering a service agreement with the Sauble Beach and Warton Chamber of Commerce to supply graphic arts services by new employee Allison Taylor.

This is just another grant request for even more taxpayer funds for the benefit of private interests. The request should be denied as it is not in the public interest.

10. That, Council considers in-kind support for all Festivals and Events within the TSBP. Including, Winterfest, Bruce Rodeo, Freezefest, 24 weeks of Summer and Wiarton Willie.

In kind support is exactly the same as cash support. Both make the residents poorer and the tourism operators richer. This cannot be in the public interest. The request should be denied.

11. That, Council directs staff to host a Festivals and Events workshop with TSBP Staff Councillors, Stakeholders, Partners, Wiarton and Sauble Beach Chamber. The workshop would be to address concerns from past events and future events, to establish better lines of communication and a working partnership.

Except for a few modest events that are truly community events, and are clearly for the public good, town staff should not even be involved, and support should not be forcefully extracted from the residents. The residents do not want to be a “donor partner”.

12. That, council accept this presentation and disburse 2nd payment to the Chambers for the remaining portion of the Special Events Coordinator's contract of \$20,000.

Council might note, but should not accept, the festivals presentation, and council should not disperse the \$20,000 payment to the chambers. It would not be in the public interest and council is under no contractual obligation to do so.

13. The Special Events will make application to the Town's Grant Program for all Festival and Events in the amount of \$ 60,000.

This is not a request but more an announcement. The application, if it comes to the town, should be decided on whether the grants would be fair and in the public interest.

In the January 4, 2011 COW Mr. Sargant produced a document with some “creative accounting” to try to get more money from the people. But for the watchful eye of CFO Neifer this may have succeeded.

I submit to council that the January 18 presentation is just as “creative”. Councillors should be wary.

The last slide in the “Festivals” presentation quotes proverbs 29: 18

“Where there is no vision, the people perish”

I read this as the presenters telling us: “if you don’t endorse our vision and grant us our requests, you will suffer”.

The people of Sauble clearly have a different vision. It includes:

- No growth or modest-at-most growth consistent with the quiet rural small community ambience that we treasure.
- Freedom from worry that if we turn our backs for a minute the chambers will swoop in and raid the treasury
- a council that is responsive to the people and to the public interest (indications are that we have this in the 2010 – 2014 council)
- modest economical services including low cost septic systems (and excluding unnecessary 70 million dollar sewer systems)

The people have a vision. And the people will not perish. As long as council keeps an eye on the public interest, the community will flourish.

Craig Gammie
Sauble Beach