

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic Development

Subject: Municipal Accommodation Tax – Tourism London Annual Report

Date: September 19, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, Tourism's London annual report on the expenditures of Municipal Accommodation Tax revenues **BE RECEIVED** for information.

Previous Reports Pertinent to This Matter

- Strategic Priorities & Policy Committee, September 20, 2022, Agenda Item #2.8, Municipal Accommodation Tax – Required Annual Report
- Strategic Priorities & Policy Committee, July 28, 2021, Agenda Item #2.2, Municipal Accommodation Tax – Required Annual Report
- Strategic Priorities & Policy Committee, August 11, 2020, Agenda Item #2.1, Municipal Accommodation Tax – Required Annual Report
- Strategic Priorities & Policy Committee, June 25, 2018, Agenda Item #2.2, Municipal Accommodation Tax – Required Agreements and By-laws
- Strategic Priorities & Policy Committee, May 7, 2018, Agenda Item #3.3, Municipal Accommodation Tax – Implementation
- Community & Protective Services Committee, May 1, 2018, Agenda Item #2.1, Short Term Accommodations
- Strategic Priorities & Policy Committee, January 29, 2018, Agenda Item #3, Transient Accommodation Tax

Executive Summary

The portion of the Municipal Accommodation Tax ("MAT") that is overseen by Tourism London is governed by an adjudication committee consisting of 5 Tourism stakeholders, 2 of which are representatives of local hotels. The purpose of which, is to help grow tourism in London by funding supplemental promotion and product development activities that will attract overnight stays, stimulate visitor spending and community economic development; finance hosting and bidding costs for major one-time or recurring Provincial, National or International events including meetings and conventions.

Linkage to the Corporate Strategic Plan

Strategic areas of focus include:

- Economic Growth, Culture, and Prosperity, and
- Well-Run City.

Analysis

1.0 Background Information

On November 2, 2018, the Corporation of the City of London and Tourism London entered into a Municipal Accommodation Tax Financial Accountability Agreement (the Agreement), where 50% of the net proceeds of the Municipal Accommodation Tax shall be deposited into a fund controlled by Tourism London as the City's designated tourism entity in accordance with O. Reg. 435/17. Tourism London's portion of the fund supports the tourism industry in London, including:

- Expansion opportunities for Tourism London's business units
- The pursuit of the following objectives and outcomes:
 - increase visitations to the City of London;
 - enhance London's national and international profile;
 - support product development and industry growth;
 - fund bid requirements for major events without additional funding from the City of London; and
 - to become more competitive with other provincial and national cities in Canada.

On February 19, 2019, Tourism London’s Board of Directors approved the Terms of Reference for the Municipal Accommodation Tax (MAT) Adjudication Committee (see Appendix A), which includes:

- MAT Overview and Objectives
- Committee Composition
- Mandate
- Meetings
- Reporting
- Confidentiality

On May 28, 2019, Tourism London’s Board of Directors approved the MAT Funding Criteria and Funding Eligibility (see Appendix B).

The Municipal Accommodation Tax Financial Accountability Agreement requires “the preparation of an annual report to City administration and Tourism London members on expenditures and initiatives that have received monies from the Fund.” This report is intended to fulfill this requirement.

Financial Impact

As of December 31, 2022, Tourism London’s 2022 MAT Reserve Fund Recap shows the following:

DATE	DESCRIPTION	REVENUES	EXPENDITURES	BALANCE
Jan 1, 2022	Opening Balance			\$1,621,935
2022	MAT funds collected*	\$1,998,369		
2022	Interest earned	\$40,046		
2022	Total	\$2,038,415	\$627,647	\$1,410,768
Dec 31, 2022	Closing Balance			\$3,032,703

*20% holdback on the total MAT funds collected in 2022 will be reserved for 2023

Open Board Approved MAT Initiatives:

APPROVAL DATE	OPEN BOARD APPROVED INITIATIVES	BEGINNING BALANCE	2022 EXPENDITURES	ENDING BALANCE
Jun-19	Convention Bid Incentives	\$100,000	\$0	\$100,000
Jun-19	Ottawa/Toronto Client Events	\$40,000	\$0	\$40,000
Jun-19	Convention FAM Trips	\$70,000	\$0	\$70,000
Jun-19	Product Development and Industry Training	\$11,750	\$0	\$11,750
Apr-21	Stay a Little Longer 2.0	\$82,557	\$82,427	\$130
Aug-21	2023 Brier Men's Curling Championships	\$400,000	\$400,000	\$0
Feb-22	Hockeyfest 2022	\$30,000	\$30,000	\$0
Feb-22	CMAO 2022 Awards and Festival (Final Installment)	\$25,000	\$25,000	\$0
Apr-22	2022/23 FISU Rowing	\$85,000	\$0	\$85,000
Sep-22	2022 U Sports Vanier Cup	\$100,000	\$90,220	\$9,780
Total Open Initiatives		\$944,307	\$627,647	\$316,660

As per the Agreement, the Tourism London Board will include an annual audited statement of the MAT Reserve Fund to the City as part of the audited financial statements submitted annually by Tourism London to the City. The 2022 audit was completed with the finalized audited statement submitted to Civic Administration (see Appendix C).

Conclusion

This report presents the required annual report details as required by the Municipal Accommodation Tax Financial Accountability Agreement between The Corporation of the City of London and Tourism London.

Prepared by: Cheryl Finn
General Manager, Tourism London

Recommended by: Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic Development

Appendix "A"



TOURISM LONDON MAT ADJUDICATION COMMITTEE TERMS OF REFERENCE

1. MAT OVERVIEW AND OBJECTIVES

The purpose of the Municipal Accommodation Tax ("MAT") is to help grow tourism in London by funding supplemental promotion and product development activities that will attract overnight stays, stimulate visitor spending and community economic development; finance hosting and bidding costs for major one-time or recurring Provincial, National or International events including meetings and conventions.

The objectives of the MAT include the following:

- To attract overnight visitations and spending to London
- To increase the Provincial, National and International profile of London
- To increase community economic growth, business partnerships and legacy development for London
- To support events and activities that align with Tourism London's and the City of London's strategic areas of focus
- To support events and activities that improve visitor appeal and create engaging experiences

2. COMMITTEE COMPOSITION

The Committee will be composed of at least five (5) members of the Board, two (2) of whom shall be drawn from representatives of the City's hoteliers. A chair of the Committee shall be selected from its members. The Chair will preside at all meetings of the Committee but where the Chair is unable to attend, the chair of the meeting will be selected from Committee members then in attendance.

3. MANDATE

The Committee shall operate within the following terms of reference:

- To review funding requests received by it through the existing internal Tourism London departmental processes
- To recommend to the Executive Committee for submission to the Board for approval funding requests that meet one or more of the objectives set forth above and are within the funding limits established by the Board from time to time and with such conditions or terms as the Committee considers appropriate to the application
- To ensure that funding requests are evaluated on the basis of clear and efficient use of MAT funds based on criteria established by the Committee from time to time and consistent with the objectives set forth above and, where applicable, with measurable financial and economic impact projections and results
- To reject funding requests that:
 - are not made by Federally or Provincially incorporated entities in good standing
 - are fundraising events or events with a primarily charitable purpose
 - are for operational costs or ongoing program costs
 - do not demonstrate adequate financial or operational strength

4. MEETINGS

The Committee shall meet at the call of the Chair

5. REPORTING

The Committee shall provide regular reports to the Board of the activities of the Committee and annually shall provide to the Board a summary report

6. CONFIDENTIALITY

To ensure impartial decision making, members of the Committee will be required to sign a confidentiality and conflict of interest declaration

Appendix "B"



TOURISM LONDON MAT FUNDING CRITERIA

The provision of financial assistance will be considered by one or more measures if the approved event/initiative:

1. Generates economic or social benefit for London;
2. Engenders a positive profile for London either regionally, provincially, nationally or internationally;
3. Attracts out of town attendees, industry delegates and other visitors;
4. Provides reasonable attendance estimates;
5. Demonstrates clear and measurable economic value;
6. Support product development and industry growth.

Funding allocations will be considered on a year to year basis in the context of an existing event/initiative or brand new event/initiative and will not be provided for core operating expenses or capital purchase costs but may be offered for activities such as:

1. Strategic marketing;
2. Adding new elements to an event;
3. Rental equipment to improve visitor experience or enhance capacity;
4. BID Incentives.

Funding Eligibility

Submissions for funding support must demonstrate that the applicant:

1. Is a legally constituted entity;
2. Provides a business plan and a history of financial viability where applicable or as may be required from time to time;
3. Makes available audit or notice to reader documentation where applicable or as may be required from time to time.

With the provision of further review.

Appendix "C"

Tourism London Schedule 1: Municipal Accommodation Tax

For the year ended December 31, 2022

	2022	2021
Revenues		
Municipal accommodation tax (Note 6)	\$ 1,998,369	\$ 783,117
Interest income	40,046	38,717
Total Revenues	\$ 2,038,415	\$ 821,834
Expenditures		
2023 Brier Men's Curling Championships	400,000	-
Canadian Country Music Awards	-	350,000
CMAO Awards & Festival	25,000	10,000
HockeyFest Game On	30,000	30,000
Merry Market	-	25,000
Product & Industry Development	-	1,376
Road to Rock the Park	-	15,000
Stay a Little Longer 2.0	82,427	285,027
Support Local 2.0	-	30,835
Vanier Cup	90,220	-
Total Expenditures	\$ 627,647	\$ 747,238
Excess of revenue over expenditures for the year	\$ 1,410,768	\$ 74,596

The accompanying notes are an integral part of these financial statements