

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 17, 2024

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 19, 2023, Agenda Item #2.2, 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 50% portion of the Municipal Accommodation Tax ("MAT") that is overseen by Tourism London is governed by an adjudication committee consisting of 5 Tourism partners, 2 of which are representatives of local hotels. Tourism London's share is used 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, and 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

This report and Tourism London's share of 50% MAT revenues contribute to the following strategic areas of focus in the 2023-2027 Strategic Plan:

- 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. This aligns with the requirements outlined in 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, 2023, Tourism London’s 2023 MAT Reserve Fund Recap shows the following:

| DATE | DESCRIPTION | REVENUES | EXPENDITURES | BALANCE |
|--------------|----------------------|-------------|--------------|-------------|
| Jan 1, 2023 | Opening Balance | | | \$3,032,704 |
| 2023 | MAT funds collected* | \$1,951,841 | | |
| 2023 | Interest earned | \$107,355 | | |
| 2023 | Total | \$2,059,196 | \$224,966 | \$1,834,230 |
| Dec 31, 2023 | Closing Balance | | | \$4,866,934 |

*20% holdback on the total MAT funds collected in 2023 will be reserved for 2024

Open Board Approved MAT Initiatives:

| APPROVAL DATE | OPEN BOARD APPROVED INITIATIVES | BEGINNING BALANCE | 2023 EXPENDITURES | ENDING BALANCE |
|---------------|---|-------------------|-------------------|----------------|
| Jun-19 | Convention Bid Incentives | \$100,000 | \$41,143 | \$58,857 |
| 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 | \$1,693 | \$10,057 |
| Apr-21 | Stay a Little Longer 2.0 ¹ | \$130 | \$0 | \$130 |
| Apr-22 | 2022/23 FISU Rowing | \$85,000 | \$0 | \$85,000 |
| Sep-22 | 2022 U Sports Vanier Cup ¹ | \$9,780 | \$6,780 | \$3,000 |
| Jan-23 | Imagine Van Gogh ¹ | \$60,000 | \$60,000 | \$0 |
| Jun-23 | Sunfest International Presenters Network: Building a Global Networking Hub at TD Sunfest '23 ¹ | \$35,000 | \$35,000 | \$0 |
| Jun-23 | TD Sunfest World Music and Jazz Festival ¹ | \$55,000 | \$55,000 | \$0 |
| Aug-23 | Only in OEV Fridays ¹ | \$15,250 | \$15,250 | \$0 |
| Aug-23 | Folk Music Ontario and Music Declares | \$10,100 | \$10,100 | \$0 |

| | | | | |
|-------------------------------|---|------------------|------------------|------------------|
| | Emergency Transportation Pilot Program ¹ | | | |
| Total Open Initiatives | | \$492,010 | \$224,966 | \$267,044 |

Note 1. These initiatives are complete, and any balance is not required and will be closed.

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 2023 audit was completed with the finalized audited statement submitted to Civic Administration (see Appendix C).

Conclusion

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

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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, 2023

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Revenues | | |
| Municipal accommodation tax (Note 6) | \$ 1,951,841 | \$ 1,998,369 |
| Interest earned | 107,355 | 40,046 |
| Total Revenues | \$ 2,059,196 | \$ 2,038,415 |
| Expenditures | | |
| 2023 Brier Men's Curling Championships | - | 400,000 |
| Convention Bid Incentives | 41,143 | 25,000 |
| Folk Music Ontario and Music Declares Emergency Transportation Pilot Program | 10,100 | - |
| HockeyFest Game On | - | 30,000 |
| Imagine Van Gogh | 60,000 | - |
| Only in OEV Fridays | 15,250 | - |
| Product & Industry Development | 1,693 | - |
| Sunfest International Presenters Network: Building a Global Networking Hub at TD Sunfest '23 | 35,000 | - |
| Stay a Little Longer 2.0 | - | 82,427 |
| TD Sunfest World Music & Jazz Festival | 55,000 | - |
| Vanier Cup | 6,780 | 90,220 |
| Total Expenditures | \$ 224,966 | \$ 627,647 |
| Excess of revenue over expenditures for the year | \$ 1,834,230 | \$ 1,410,768 |

The accompanying notes are an integral part of these financial statements