

TOURISM



LONDON
C A N A D A

Discover our Spirit!

267 Dundas Street,
Suite 201,
London, Ontario, N6A 1H2
(519) 661-5000

April 20, 2018

Re: **Municipal Accommodation Tax**

To the Chair and Members of the Strategic Priorities & Policies Committee:

On behalf of the General Manager & the Board of Directors of Tourism London please find attached, as per your request, a supplemental report regarding the above captioned.

This report advises that Tourism London will establish a separate reserve fund that would not be integrated with Tourism London's core funding from the City but rather applied, when warranted, to expand business opportunities and ensure that London can compete in a very competitive tourism market. It significantly details how each business unit can benefit from this incremental source of funding.

The London Hotel Association and the London Convention Centre wholeheartedly endorse this initiative and we encourage the Committee to sanction its direction as recommended.

Regards,

John Winston
General Manager
Tourism London

Bob Usher
President
Tourism London

cc: Lori Da Silva, CEO & General Manager, London Convention Centre
Stacy King, President, London Hotel Association

Tourism London

Municipal Accommodation Tax A GROWTH OPPORTUNITY

Tourism London, a membership based organization, which is administered by the City of London staff is London's designated tourism entity. Its sole mandate is to promote the attraction of visitors to the municipality which includes facilitating the development of tourism products in order to stimulate and enhance visitor spending and city-wide economic well-being. 100% of the funding provided by the City of London is used for the exclusive purpose of promoting tourism with a strategic focus on the industry that include culture, leisure travel, sport tourism and meeting and conventions sectors.

ORGANIZATIONAL STRUCTURE

The passing by the City of the *Tourism London By-Law* in 1997, created Tourism as London's *agency of record*. It was commissioned to deliver measurable economic impact on the City through the development and promotion of tourism and conventions. As a para-municipal organization, Tourism London Inc. is governed by a Board of Directors elected by the members of the organization. It is bound by a *Purchase of Service Agreement* with the City of London. All personnel are City of London employees seconded to administer the not-for-profit corporation.

EXISTING CORE FUNDING

Tourism London's annual operating budget is \$2,182,551 which includes an annual city appropriation of \$1,997,607. The balance of the operating budget (\$184,940) is derived from membership revenues, co-op marketing and other promotional activities.

After accounting for administration and operating costs, approximately \$450,000 (22% of the balance of the budget) is allocated to marketing and promotion for the three (3) Tourism London business units: Sports, Conventions and Leisure Travel (Culture & Entertainment). The supplemental funding derived from the Municipal Accommodation Tax (MAT) would allow for a significant expansion of existing marketing initiatives that include incremental investment.

TOURISM PROMOTION DEVELOPMENT FUND

Tourism London will use the monies derived from the MAT to significantly expand opportunities for Tourism London's three (3) business units: Sports Conventions and Leisure Travel (Culture & Entertainment) and remain competitive in the increasingly competitive tourism market sector. In turn, London will reap the economic benefits for expanded tourism opportunities.

To ensure transparency and accountability, it is recommended that MAT funds be deposited into a separate reserve and designated as the Tourism Promotion Development Fund (TPDF) and those funds be used to:

- a) Increase visitations through more robust promotion of London as a destination for leisure travel, music, culture, sports and conventions; London's attractions, entertainment, festivals and special events.
- b) Enhance London's national and international profile.
- c) Support product development and industry growth by funding local existing and new events and attractions that have the capacity and ability to bolster visitations.
- d) Fund bid requirements for major provincial, national and international events without the need for the City of London to identify and provide a source of financing, as it has had to do in past circumstances.
- e) To become more competitive with other provincial and national cities that have previously implemented a model (or are in the process of creating a model) to fund the attraction of events or activities that Tourism London would not otherwise be able to pursue as effectively without access to MAT funding.

In order to ensure that maximum community benefit is derived from the funds generated by the local tourism sector, through the implementation of the MAT, the funding would be entirely dedicated to the above-noted uses in order to enhance the tourism sector, rather than other uses such as infrastructure support or simply maintaining the status-quo by replacing existing operational funding. Arguably, with the ever increasing competitiveness of the tourism sector, maintaining the status quo is not a viable option for ensuring London continues to build upon its past successes in the tourism market.

AUGMENTING PERFORMANCE

There are areas of focus that require frequent upgrade and ongoing investment to ensure that Tourism London has the necessary tools to compete for visitor consideration. The TPDF would serve to augment London's existing marketing and promotional capabilities by supporting the following (not at all an all-inclusive list):

- **Social Networks** - establish robust and effective pages/promotions on social networking sites including Twitter, Facebook, You-tube and Instagram by retaining the services of a social media coordinator consultant to maintain existing social networking sites to ensure timely feeds and posts that attract interest and increase awareness of London's activities as well as grow followers.
- **Visitor Guide** - enhance editing, design, distribution and production to improve content as well as broaden guide availability.
- **Website** - ensure that londontourism.ca continues to apply the latest technological innovations and design; increase currency of content and improve accessibility for all users across all devices; enhance multilingual capacity on key pages; increase search engine optimization.
- **Destination Videos** – develop an enhanced library for leisure travel, music, culture, sports, meetings and conventions (placed on-line, trade shows, conferences and events)
- **Industry Training and Development** – In partnership with Fanshawe College's Concierge Program, establish a training course for desk and front line staff at London hotel

properties, attractions and event venues and provide collateral tools to assist visitors; skills improvement in the areas of customer service, technology and marketing/social media.

- **Product Development and Industry Workforce Resources** – Assist industry partners with financial assistance in obtaining the tools needed to develop their tourism products in London
- **Signage** – Develop a way finding, signage strategy in partnership with the City to guide visitors to our major venues and attractions.

SPORTS TOURISM

London is recognized nationally as a major sport tourism destination. In the past 17 years. London has hosted 20 major events that have generated approx. \$120M in economic activity.

MAT funding would:

- **Increase bidding and hosting capacity.**
- **Fund bid fee requirements.**
- **Increase customer service to local sports organizations, general public requests and event rights holders.**
- **Offer additional financial support toward an events budget**
- **Allow London to host familiarization tours with NSOs and PSOs to attract additional events.**
- **Increase marketing and sponsorship initiatives in Canada's major centres (Toronto, Vancouver, Ottawa and Montreal) and internationally to promote London as a premier sporting destination.**
- **Allow for the attendance of sport tourism conferences outside of Canada for additional educational opportunities and to market London as a major hosting destination.**
- **Fund the application of the Sport Tourism Assessment Model (STEAM) to gauge the economic impact of major events hosted in London.**

LEISURE TRAVEL (CULTURE & ENTERTAINMENT)

London is rapidly becoming known as a music/culture destination and Tourism London is applying financial and staff resources, within its current limited funding envelope, to ensure that this high yield visitation sector of the tourism economy becomes a major contributor to the local economy. Additionally, new and unique attractions such as The Factory, East Park Wave Pool, and The Rec Room will serve to attract more family visitations and over-night stays. Additional funding presents a "game changing opportunity" to grow London's vibrant music, entertainment and cultural sectors as well as promote a growing cluster of family entertainment and culinary offerings.

MAT funding would:

- **Fund bid fee requirements**
- **Increase bidding and hosting capacity for future events in the culture and entertainment sectors.**
- **Increase marketing and promotional campaigns to promote London as a family entertainment destination.**
- **Create seasonal campaigns to package and profile entertainment and event offerings.**
- **To procure bulk media buys that would be re-allocated annually and leveraged for additional funding to promote London's growing music scene.**
- **Leverage funding opportunities for new festival development (event incubation) with other partners.**
- **Provide the financial resources to accurately report the economic impact of festivals, events and attractions for both gated and non-gated events.**

CONVENTIONS

Tourism London is the primary marketing agency tasked with attracting city-wide conventions to London. With full-time representation in the GTA and a full-time Ottawa representative, funded jointly by Tourism London and the London Convention Centre, London is well represented in the two (2) cities where the head offices of most of the targeted sector associations are headquartered. However, due to major financial incentives provided by jurisdictions that have had a hotel tax program in place for some time, London has not been able to compete with the inducements provided by those jurisdictions due to lack of funding for a competitive incentive program.

At a recent meeting of 27 Tourism offices, commissioned to attract the meeting and convention business, Tourism London was the only organization that did not have a hotel tax to leverage new business prospects.

A recent review of lost bid opportunities shows that 29 events (2016-2021) could not be secured due to our inability to compete with other jurisdictions that provided financial subsidies. This represents a loss of over 12,500 delegates representing approx. 37,500 room nights and approx. \$12.5M in delegate spending.

MAT funding would:

- **Provide hosting grants to incentivize local association ambassadors to host their national convention in London.**
- **Make available cash incentives, evaluated on a case-by-case basis, to associations that offer city-wide business opportunities.**
- **Increase industry partnership participation at major industry events.**

- Enhance interactive website features, advertising, social media and video production.
- Support and market local cultural programs and experiences for convention delegate spouses/partners that reflect London's unique characteristics.
- Provide for the attendance of major client events in Toronto and Ottawa.
- Provide funding to support familiarization tours (FAM) for 3rd party convention organizers that act as agents for major associations/improved incentives, deliverables for FAM/site inspections.
- Fund bid fee requirements.

PERFORMANCE MEASURES

As with all Tourism London projects, the initiatives undertaken with support from this fund would include a detailed measurement mechanism of key performance indicators (KPI) that would include:

- Annual Conference Board of Canada London Economic Impact Analysis of tourism.
- Accommodation Revenue (derived from the Impact Analysis).
- Accommodation Occupancy.
- Accommodation average daily rate.
- Web Site analytics/visitor interactions.
- Twitter/Facebook/ Instagram Followers.
- Economic impact assessment analysis for festivals, sport events, conventions and attractions.

GOVERNANCE & ACCOUNTABILITY

The Tourism London Board is sector driven with community leaders represented from the following areas: accommodations, attractions, education, transportation, arts and culture, business, sports, restaurants, music and two (2) members of Council. This Board will endorse the priorities that have the potential of generating incremental business and approve the application of the MAT funding and the key performance indicators.

A Management Committee consisting of five (5) Board members, including two (2) hoteliers, would serve to oversee the following:

1. The collection, disbursement and accounting of the TPDF in consultation with the City's administration.
2. Review and approve all expenditures from the TPDF in consultation with the Board.
3. Develop a funding allocation plan in support of Tourism London's strategic marketing plan.
4. Prepare an annual report to the City and Tourism London members/ accommodation partners on expenditures and initiatives that have been funded by TPDF.

5. Direct the hiring of professionals (e.g. auditors, lawyers) as required to assist in the management of the TPDF.
6. Endorse and set the priorities to generate incremental business and approve the application of funds.
7. Establish geographic priorities (e.g. provincial, Canada, Great Lakes States, overseas (China)).

EXPECTED CONCLUSIONS:

Enhanced spending and performance will serve to:

- **Facilitate incremental business opportunities that otherwise could not be successfully attained.**
- **Increase day and overnight visitations, and grow revenue, improve occupancy and average daily rates for the London hospitality industry.**
- **Increase the number of city-wide conventions and delegate spending.**
- **Stimulate an increased interest in London to host significant national and international sporting, culture and entertainment events.**
- **Leverage investment, increase economic growth and job creation.**
- **Contribute to branding London as a vibrant, liveable city and stimulate assessment growth.**

Various studies conclude that an accommodation tax is a proven and successful business strategy that fuels tourism growth and leverages funding that has the capacity to yield more tourism revenue for the community.

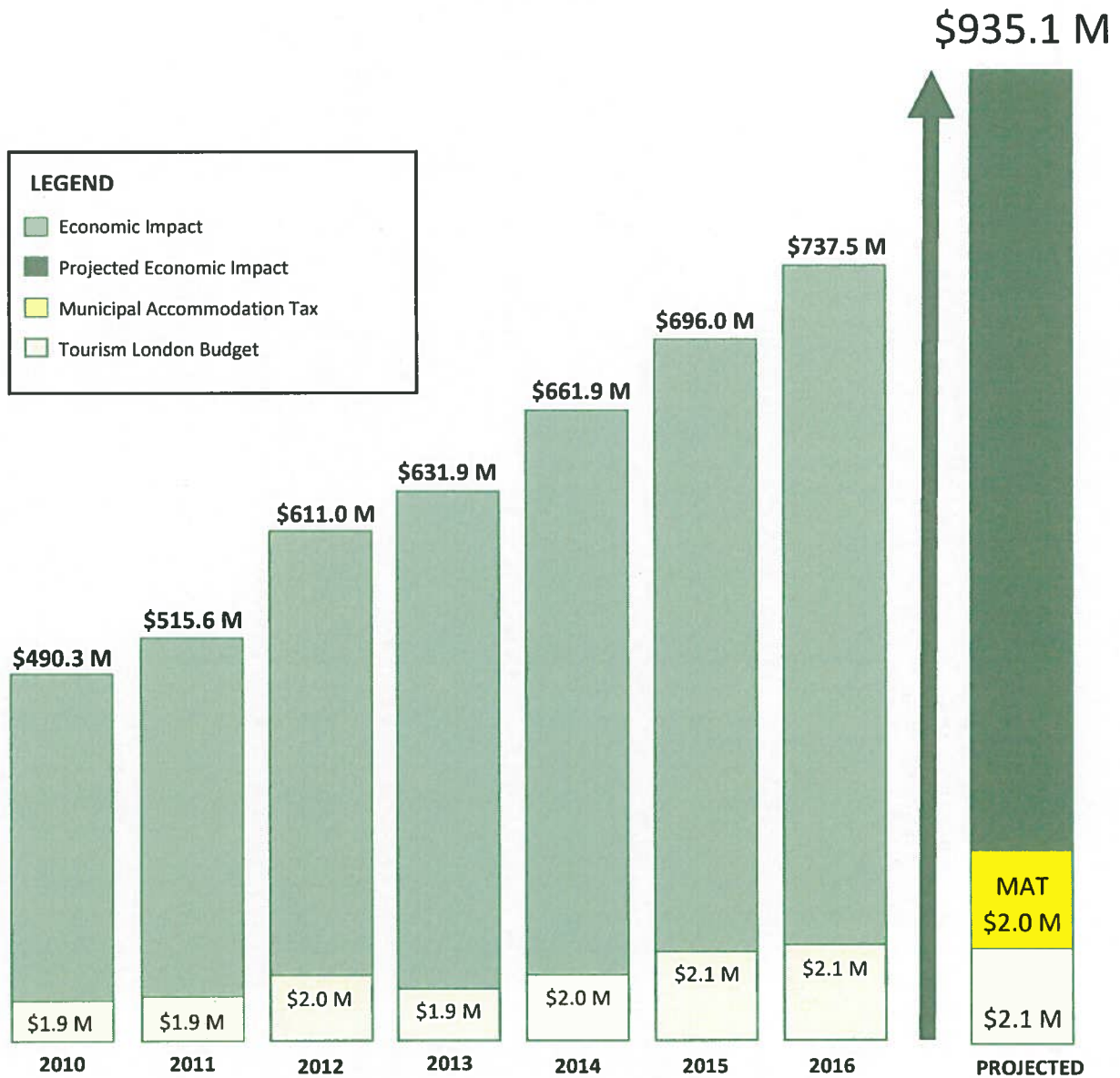
By focusing on the promotion and development of tourism and destination travel by tourists, conventions, delegates and business travellers, attracting major sport and cultural events to London will not only stimulate economic growth and job creation but substantially proliferate London's reputation as a nationally recognized visitor destination.

Currently in Ontario, the cities of Toronto, Ottawa, Niagara Falls, Kingston, Sault Ste. Marie and Hamilton have implemented a hotel levy. Mississauga, Sudbury, Brockville, Windsor Thunder Bay, North Bay, Niagara-on-the Lake, Wawa, Peterborough, Kitchener-Waterloo, St Catherine's and Barrie are in the process of implementation.

The application of a Municipal Accommodation Tax (MAT) will significantly advantage London to its tourism activities because it would enhance its ability to compete successfully for "the business" against its competitor cities in Ontario and throughout the country that have and will have a similar source of funding. This is a growth opportunity that can and will contribute exponentially to economic development in London and in the process bolster civic pride and quality of life for all citizens.

Economic Impact & Growth Chart for Tourism in London

(\$ millions)



	2010	2011	2012	2013	2014	2015	2016	PROJECTED
Economic Impact	\$490.3 M	\$515.6 M	\$611.0 M	\$631.9 M	\$661.9 M	\$696.0 M	\$737.5 M	\$935.1 M
Municipal Accommodation Tax	-	-	-	-	-	-	-	\$2.0 M
Tourism London Budget	\$1.9 M	\$1.9 M	\$2.0 M	\$1.9 M	\$2.0 M	\$2.1 M	\$2.1 M	\$2.1 M



April 19, 2018

To: The Mayor and Members of Council

From: The London Hotel Association

Re: Municipal Accommodation Tax

Pursuant to a meeting of the hotel General Managers and subsequent survey of all members of the London Hotel Association (LHA), please be advised that a substantial majority of the membership strongly endorse the implementation of a (London) Municipal Hotel Tax for the purpose of promoting and developing the tourism economy in London.

It being further noted that the LHA recommends that the City contribute their portion of the revenues into a Tourism Infrastructure Development Fund (TIDF) to finance the improvement and expansion of existing facilities to enhance event attraction and visitations.

We also support Tourism London's recommendation that their portion of the revenues be placed into a Tourism Promotion Development Fund (TPDF) that would be used to enhance London's tourism sector and not replace existing operational funding. To do that would merely maintain the status quo and would severely limit their ability to compete for new business opportunities.

Yours in Hospitality,

A handwritten signature in cursive script that reads "Stacy King".

Stacy King
President, London Hotel Association