



Town of Huntsville Staff Report

Meeting Date: July 25, 2019

To: Corporate Services Committee

Report Number: DEV-2019-19

Confidential: No

Author(s): Scott Ovell, Economic Development Coordinator

Subject: Municipal Accommodation Tax - Financial Policy

Report Highlights

This report outlines a financial policy that contains recommendations on how the Municipality should allocate its portion (30%) of the Municipal Accommodation Tax Revenue.

Recommendation

That: a Municipal Accommodation Tax Reserve Account be established for the Town of Huntsville's portion of thirty percent (30%) of the Municipal Accommodation Tax Revenue;

And Further That: The Municipal Accommodation Tax Financial Policy, attached as Schedule "A" to report DEV-2019-19, be adopted by Committee.

Background

In September of 2018 report [# DEV-2018-167](#) was presented to Council outlining the proposed implementation plan for the Municipal Accommodation Tax program. The report highlighted items such as: organizational model, tax rate, funding breakdown between parties, collection method, and possible uses of the funds retained by the Municipality.

Additionally, in October 2018, Council endorsed report [# DEV-2018-182](#) outlining the parameters of the MAT By-Law, and directing staff to create a policy which guides how the municipally retained MAT funds could be spent.

As identified in the Transfer Payment Agreement (TPA) which was ratified by Council on May 27th, 2019, the Town of Huntsville will receive 30% of MAT revenue collected and the Huntsville Municipal Accommodation Tax Association (HMATA) will receive the remaining 70%. The TPA also outlines parameters as to how Council would like to see HMATA spend their portion of the revenue, and further details reporting and communication requirements between parties.

During consultation regarding the establishment of the program, stakeholders expressed the desire that the Town develop a Reserve Fund or Financial policy to guide the Town's objectives related to the MAT revenue. Best practices research also suggests the creation of a Reserve Fund Policy to outline how the Municipality plans to spend the MAT revenue, with the primary objective to fund Economic Development and Tourism related projects or initiatives.

Discussion

To align priorities, reduce duplication between organizations, and ensure that both parties work in unison, the Town should create a Reserve Fund and policy which outlines the Town of Huntsville's plan to allocate their portion of the MAT revenue. This will also allow staff and Council to proactively plan how to best utilize this revenue to enhance Tourism and Economic Development opportunities in Huntsville.

Use of Funds

As identified in previous reports, staff, stakeholders and the Municipal Accommodation Tax Working Group felt that the municipal portion of the MAT revenues should be allocated to Municipal tourism and economic development projects or initiatives such as but not limited to:

- a. **New Tourism Infrastructure, such as, but not limited to:**
 - I. Way Finding Signage
 - II. Biking or hiking/walking trails
 - III. Capital investment in new Tourism Attraction or Facility

- b. **Capital Investment to enhance a Municipally owned recreation or tourism facility, such as, but not limited to:**
 - I. Muskoka Heritage Place
 - II. Arenas or Sports fields
 - III. Parks and Trails
 - IV. Algonquin Theatre

- c. **Economic Development Programming, such as, but not limited to:**
 - I. Workshops or Seminars for employees or business owners
 - II. Workforce Development Initiatives
 - III. Community Improvement Programs
 - IV. Investment or New Resident Attraction Programs
 - V. Partnership Initiatives and efforts to form new alliances
 - VI. Initiatives that will streamline municipal approval processes

- d. **Support Community Events and Organizations , such as, but not limited to:**
 - I. Enhanced Funding to Small Community Grants
 - II. Chamber of Commerce Support
 - III. IRONMAN 70.3
 - IV. Support 3rd party events or organizations

- e) **Leverage existing resources to create Public and Private Sector Partnerships**

It is anticipated that a full year of MAT collection could generate approximately \$700,000.00 in revenue. Both HMATA and Town staff have identified the need to work collaboratively with each other and community partners to maximize the potential of this new initiative.

To better align priorities, staff suggested that, as the Town's Economic Development Strategy has been budgeted for this calendar year, the Town partner with HMATA to create a community-based Tourism and Economic Development Strategy.

This overall plan would identify goals and objectives for both organizations while simultaneously providing a road map for long term success for the program. These discussions are still in the initial phases and any recommendations will be brought to Council for discussion and approval.

MAT Program Status

Collection of the Municipal Accommodation Tax began on April 1st, 2019 and as of the end of May a total of \$73,973.62 has been collected. Once the board was established, the Huntsville Municipal Accommodation Tax Association began meeting in late April 2019, and now have been formally incorporated as a Non-Share-Capital Corporation, adopted corporate by-laws and board governance documents, Mission, Vision and Values and lastly have begun discussions on how to best develop long term strategy.

Options

- Create a MAT Reserve Fund and Financial Policy (**recommended**)
- Council could choose not to create a MAT Reserve Fund and Financial Policy (**not recommended**)
- Council could choose to alter the Municipal Accommodation Tax Financial Policy
- Council could choose to defer the Municipal Accommodation Tax Financial Policy

Capital

As identified above the MAT revenue should only be used to address matters that improve or enhance Tourism and Economic Development opportunities within the community. It is understood that some capital projects could have associated maintenance costs that should be considered prior to execution. Alternatively, if there are capital projects identified in a Tourism Strategic Plan developed by HMATA, both organizations could partner or support these projects if they meet the objectives or their respective strategies.

Operational

As identified in the TPA, the Town will continue to support the Huntsville/Lake of Bays Chamber of Commerce, through the Town's portion of the MAT revenue. It is understood the IRONMAN 70.3 could be funded through this same revenue source until the expiration of that contract. As financial obligations such as IRONMAN expire, should organizations wish to continue these events/programs they would apply to HMATA for funding.

In the 2019 operating budget, the following items could have been financed by MAT Revenue instead of the tax levy:

Town of Huntsville Operating Budgets:

	<u>2018 Budget</u>
• Marketing/Events (Chamber) -	\$50,000.00
• Tourism Services (Chamber) -	\$32,000.00
• Ironman Licensing Fee -	\$25,000.00
• Fee for Service (port Sydney Chamber) -	\$5,000.00
• 55+ Games (1 instalment of \$30,000.00)-	\$30,000.00
Total	\$142,000.00

Council Strategic Direction / Relevant Policies / Legislation / Resolutions

Council Strategic Direction / Relevant Policies / Legislation / Resolutions

GC197 - 17

GC219 - 17

GC145 - 18

292-18

59-19

By-law 2018-131

Regulation 435/17 of the Ontario Municipal Act, 2001

2017 Town of Huntsville Strategic Plan 2017 and Beyond Economic Development

GOAL #1: Collaborate with private sector and the broader community to create an economic development strategy that will diversify and strengthen the year round economy, and guide investment of time and resources.

- Engage stakeholders to generate innovative and actionable ideas to stimulate a year round economy
- Develop brand strategy to market Huntsville as an ideal place to live and work
- Identify opportunities and tools that would help ensure a vibrant downtown

Financial Management and Governance

GOAL #3: Ensure Municipal operations are streamlined, efficient and effective

Objectives

- Apply business model thinking to Municipal operations to identify potential efficiencies within the municipal system.
- Identify and pursue shared services opportunities with other area municipalities

Attachments

[Schedule A - MAT Financial Policy](#)

Consultations

Municipal Accommodation Tax Working Group
Huntsville Municipal Accommodation Tax Association
Julia McKenzie - Manager of Finance/Treasurer
Yvonne Aubichon - Director of Corporate Services

Respectfully Submitted: Scott Ovell, Economic Development Coordinator

Manager Approval (if required): _____

Director Approval: Kirstin Maxwell - Director of Development Services

CAO Approval: Denise Corry, Chief Administrative Officer



CORPORATE POLICY

SECTION: Economic Development	EFFECTIVE DATE: XXXXX
SUBJECT: Municipal Accommodation Tax Budget Principles	POLICY NUMBER: XXXXX

OBJECTIVE:

The primary purpose of this policy is to ensure that funds from the Municipal Portion of the Municipal Accommodation Tax (MAT) Program are directed towards Tourism and Economic Development related initiatives and used in an accountable and responsible manner. This policy is intended to provide decision making guidelines for use by staff and Council. The fundamental goal of this policy is to ensure that revenue being collected through the MAT program is being directed to advance Tourism and Economic Development opportunities for the businesses, citizens and visitors to Huntsville.

POLICY:

Types of Funding

The two ways MAT revenue may be utilized are as follows:

- a) Direct Monetary Support (i.e. cash funding to support a project or initiative); and/or
- b) In-Kind Contributions based on the provision of Town property/facilities, materials or resources (i.e. staff time) to support a program or partnership and may or may not include the provision of cash funds. Note: Cost of property/facilities will be based on Council Approved User Fee By-Law.)

Budget Development Principles:

The following outlines the basic principles that must be met and demonstrated by an initiative or project in order for it to be funded through the Municipal Accommodation Tax Revenue:

- a) **New Tourism Infrastructure, such as, but not limited to:**
 - I) Way Finding Signage
 - II) Biking or hiking/walking trails
 - III) Capital investment in new Tourism Attraction or Facility

b) Capital Investment to enhance a recreation or tourism facility, such as, but not limited to:

- I) Muskoka Heritage Place
- II) Arenas or Sports fields
- III) Parks and Trails
- IV) Algonquin Theatre
- V) Canada Summit Centre i.e. specialized equipment

c) Economic Development Programming, such as, but not limited to:

- I) Workshops or Seminars for employees or business owners
- II) Workforce Development Initiatives
- III) Community Improvement Programs
- IV) Investment or New Resident Attraction Programs
- V) Partnership Initiatives and efforts to form new alliances
- VI) Initiatives that will streamline municipal approval processes

d) Support Community Events and Organizations, such as, but not limited to:

- I) Enhanced Funding to Small Community Grants
- II) Chamber of Commerce Support
- III) IRONMAN 70.3
- IV) Support 3rd party events or organizations

e) Leverage existing resources to create Public and Private Sector Partnerships

Ineligible Funding Projects

Programs, projects or initiatives that are considered part of the Town of Huntsville's core business unrelated to Tourism and Economic Development shall not receive funding through the MAT revenue, without consultation with the Huntsville Municipal Accommodation Tax Association, unless it can be demonstrated that the costs directly relate to incremental costs relating to the organization or event. Examples of these are:

- a) Salaries Wages and Benefits**
- b) Ongoing Public Works Road Maintenance and Repair**
- c) Capital Projects - Roads, Stormwater Management**
- d) Capital Repairs to Existing Municipal Facilities**
- e) Operating Costs of existing Municipal Facilities**

Budget Process

- a) A Municipal Accommodation Tax Reserve Fund shall be set up where all revenue collected through the MAT program shall be allocated to. This revenue shall be dispersed at Council's Discretion to help fund projects/initiatives that meet the funding principles of this policy.

- b) As per the Transfer Payment Agreement with the Huntsville Municipal Accommodation Tax Association (HMATA), Town Staff (Economic Development Coordinator) would prepare a draft MAT budget and present it to their board for input to reduce possible duplication and or identify possible partnerships. HMATA does not have the authority to veto any of the items identified in the draft budget. The approval of the budget will be the responsibility of Council.

SCOPE:

This policy applies to all staff and members of Town of Huntsville Council when processing, evaluating and approving expenditures that will be funded from the MAT Program

RESPONSIBILITY:

Primary: Economic Development Coordinator

Secondary: Town of Huntsville Council

DRAFT