



## Town of Huntsville Staff Report

**Meeting Date:** January 16, 2019

**To:** Development Services Committee

**Report Number:** DEV-2019-01

**Confidential:** No

**Author(s):** Scott Ovell, Economic Development Coordinator

**Subject:** Municipal Accommodation - Tax Collection and Remittance - Contractor Services Award

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### Report Highlights

This report provides an overview of the responses to RFP-2018-DEV-34 (Municipal Accommodation Tax – Collection and Remittance Project/Contract).

### Recommendation

**WHEREAS:** the Ontario Restaurant Hotel and Motel Association was the successful respondent to RFP-2018-DEV-34 (Municipal Accommodation Tax – Collection and Remittance Project/Contract);

**THEREFORE IT IS RECOMMENDED THAT:** Council authorize the use of resources from the Municipal Accommodation Tax account # 1-5-82000- 30325 to fund the project;

**AND FURTHER THAT:** A contractor services agreement be prepared and the final terms of said agreement be to the satisfaction of the Director of Corporate Services and the Town's solicitor;

**AND FURTHER THAT:** The Mayor and Clerk be authorized to sign the agreement and any necessary documentation.

### Background

Earlier this fall, after consideration of Report Nos. DEV-2018-167 and DEV-2018-182, Council passed By-law 2018-131, which established a Municipal Accommodation Tax program with an implementation date of April 1st, 2019. Another recommendation of report DEV-2018-167 was to issue a Request for Proposal (RFP) for a third party contractor to act as the collection and remittance agency for the Municipal Accommodation Tax on behalf of the Town of Huntsville.

### Discussion

## Stakeholder Engagement

During our discussions with the Huntsville Hotel and Motel Association respecting the establishment of a MAT program, they consistently indicated their desire that program administration costs be kept to a minimum, thereby ensuring the maximum amount of funds for use towards further tourism and economic development initiatives. In response, staff suggested that a third party collection remittance option should be explored. It was also noted that this approach could also ensure that the proprietary information for each business involved in the program would be kept confidential.

## Request for Proposals

In response to Council's direction, staff issued an RFP for Municipal Accommodation Tax – Collection and Remittance Contract on November 7th, 2018. The RFP closed on November 30th with one proponent responding to the RFP.

## *Highlights of the Response*

The ORHMA proposal outlined the following:

- ORHMA will charge a 1% fee of the total MAT Revenue Collected i.e. if \$1,000,000.00 is collected the service fee will be \$10,000.00
- Charging a one-time \$3,000.00 fee to implement the online MAT reporting Tool
- Providing monthly MAT reconciliation to the Town as well as Annual Reporting/Internal Auditing
- Implementation schedule of 30-60 days
- Responsible for engagement with Hotel and Motel Association to outline collection and remittance methods
  - Although this will require Town staff presence at these engagement sessions staff will not be required to lead and facilitate these meetings.
- Currently working with City of St.Catherines, City of Hamilton and City of London
- As per RFP this will be a 2 year contract with a mutually agreeable option to extend for an additional year

Staff analyzed the response for conformity to the requirements and evaluation criteria set out in the RFP and have concluded that the Ontario Restaurant Hotel and Motel Association (ORHMA) demonstrated that they had the requisite experience related to Destination Marketing Programs (DMP) as well MAT programs to meet the requirements set out in the RFP. They also identified how they would engage local hotels and motels to educate them on the collection and remittance program.

ORHMA has been a leader in the development of Destination Marketing Programs (DMP) across Ontario offering expertise and leadership on how to structure and operate DMP's and is currently working with the City of London as their collection agency for their MAT program.

In view of the above staff are recommending that the Ontario Restaurant Hotel and Motel Association be retained to provide collection and remittance services for the MAT program on behalf of the Town of Huntsville.

## Additional Information

ORHMA has also worked closely with the City of Toronto in the past year, developing by-laws around Short Term Vacation Rentals in the City. Moving forward ORHMA could prove to be valuable partner, providing unique insight as the Town of Huntsville embarks on developing similar legislation in the Community.

## Options

Council could direct staff to reissue the RFP to secure more responses – **Not recommended**

Council could direct staff to collect and remit the MAT program revenue using existing internal staff resources – **Not Recommended**

## Capital

N/A

## Operational

The project is to be funded through the Municipal Accommodation Tax (MAT) Contractor Services Account – 1-5-82000-30325. Currently included in the 2019 Draft Operating and Capital budget is \$5,625.00 to support the implementation of the collection and remittance of the MAT revenue.

As identified in report DEV-2018-182 the Town will be incurring these expenses to get the program operational and once money begins being collected it will be identified in the Transfer Payment Agreement between the Town and the new 'Tourism Entity' that all expenses incurred by the Town to get the MAT program operational will be reimbursed.

## Council Strategic Direction / Relevant Policies / Legislation / Resolutions

GC197 - 17

GC219 - 17

GC145-18

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

## Consultations

Julia McKenzie – Manager of Finance/Treasurer

**Respectfully Submitted:** Scott Ovell, Economic Development Coordinator

**Manager Approval (if required):** Scott Ovell - Economic Development Coordinator

**Director Approval:** Derrick Hammond - Director of Development Services

**CAO Approval:** Denise Corry - CAO