

Staff Report



To	Committee of the Whole
Service Area	Office of the Chief Administrative Officer
Date	Wednesday, April 3, 2024
Subject	Municipal Accommodation Tax Update and Administration Policy

Recommendation

1. That the Municipal Accommodation Tax Administration Policy, included as Attachment-1 to Report 2024-132, dated April 3, 2024, be approved.
 2. That the annual Destination Animation Program, as outlined in Attachment-1 to Report 2024-132, dated April 3, 2024, to commence second quarter (Q2) 2024, be approved.
 3. That the annual Gather Here Sponsorship Program as outlined in Attachment-1 to Report 2024-132 dated April 3, 2024, to commence in Q2 2024, be approved.
 4. That the Destination Gaps and Needs funding Program as outlined in Attachment-1 to Report 2024-132, dated April 3, 2024, to commence in Q2 2024, be approved.
 5. That the authority to award funding programs through the Municipal Accommodation Tax Administration Policy be delegated to the Deputy Chief Administration Officer of Public Services, as outlined in Attachment-1 to Report 2024-132, dated April 3, 2024.
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Executive Summary

Purpose of Report

The purpose of report 2024-132 is three-fold:

1. Provide an update to Council on Tourism activities that have occurred since the City started collecting the Municipal Accommodation Tax (MAT) in September of 2022.
2. Establish the roles and responsibilities of the Tourism Entity (Destination Marketing Guelph (DMG)) and the City's Tourism and Destination Development (TDD) division in delivering on Council-approved strategies.
3. Outline in detail and recommend for Council's approval the Municipal Accommodation Tax Administration Policy (MATAP) and associated three funding streams for community-led tourism product development (Attachment-1).

Key Findings

- The City has been collecting the MAT at the rate of 4 per cent on eligible overnight accommodations since September 1, 2022.
- As required, the Guelph Chamber of Commerce was established as the not-for-profit Tourism Entity and created DMG to facilitate this work.
- Anticipated revenues each year are between \$850,000 and \$1 million dollars, split between the City and DMG.
- A collaborative partnership has been established between DMG and the City's TDD division to best leverage MAT collections with a "no wrong door" approach to supporting the tourism industry.
- Supported by industry and community engagement, TDD and DMG have undertaken new programming and branding activities to position Guelph as a must-see visitor destination in Ontario.
- To facilitate this work and meet the expectations of the tourism industry, City staff have developed the MATAP to set the guidelines for monitoring the MAT reserve fund and annual operating budget as well as to outline how strategic investments will be made to grow the visitor economy in Guelph.
- This includes three funding streams, offered in partnership with DMG, to incent community-led tourism product development and event attraction efforts.

Strategic Plan Alignment

The outcomes and objectives outlined through the MATAP and the associated funding programs support the goal of growing Guelph's economy through the implementation of the [Economic Development and Tourism Strategy](#) as well as supporting action 11.1.3 as outlined in the [Future Guelph Strategic Plan \(2024-2027\)](#). There will also be opportunities to contribute to the objectives of making downtown a vibrant place for everyone and the City Building initiative to grow and care for our community spaces and places through investments made in placemaking, wayfinding, and partnered activations of public space.

Future Guelph Theme

People and Economy

Future Guelph Objectives

People and Economy: Grow Guelph's economy

Financial Implications

The MAT is an alternate revenue source and there are no impacts to the property tax levy from the recommendations. The multi-year budgets for 2024-2027, as adopted, account for funding the initiatives as outlined within the recommendations. It is anticipated there will be an uncommitted annual transfer of approximately \$100,000 to the MAT reserve fund for other initiatives identified through the MATAP, to be approved by Council as opportunities present themselves.

Should Council not approve the recommendations outlined in Report 2024-132, the tax will continue to be collected and deposited within the MAT reserve fund per By-law (2022)-20691.

Report

The Municipal Accommodation Tax

On [February 28, 2022](#), Council approved the implementation of the MAT, a four per cent tax on all qualifying transient accommodations in the City of Guelph. Collection of the MAT began on September 1, 2022. Per provincial legislation ([Ontario Regulation 435/17](#)), the City entered into a Financial Accountability Agreement with the Guelph Chamber of Commerce to serve as the required not-for-profit Tourism Entity. Through this agreement, DMG was created and contracted to perform the duties associated with destination marketing. Anticipated annual MAT revenues are currently between \$850,000 and \$1 million, which are split 50/50 between the City and DMG, and are outlined within the City's multi-year budget period.

Tourism in the City of Guelph

In 2016, a final report for the [DestinationGUELPH](#) assessment was submitted after meaningful engagement with leaders in Guelph's tourism sector and members of Council who collaborated to identify strategic activities and themes that would contribute to building a strong destination. The initiatives outlined by the steering committee included:

- Stewarding the Guelph story,
- Strengthening the reputation of Guelph festivals and events,
- Building a downtown Guelph destination, and
- Growing the Guelph sports tourism opportunity.

Subsequently, based on this seminal assessment, staff developed the Council-approved Economic Development and Tourism Strategy (2022-2026) with the implementation of the MAT identified as a priority to fund and facilitate this work and leverage opportunities for the tourism industry. With this funding and the establishment of DMG, the City's TDD staff, together with the Executive Director of DMG, have been able to evaluate what will make the collaboration between the City and DMG most effective in the Guelph context.

The "no wrong door" approach for tourism operators arising from this unique relationship and agreement between the City's TDD and DMG provides for seamless and coordinated tourism support. With limited accommodations in the City and modest expectations for MAT revenues, this collaborative approach to tourism marketing and destination development will allow staff to better leverage investment and steward the shared Guelph story in order to connect meaningfully with tourism operators, visitors, and residents.

To facilitate this structure without duplication of effort, clear roles and responsibilities have been identified through three primary work portfolios to advance the City's strategic goal of becoming a must-see visitor destination in Ontario. These portfolios, the lead organization, and the associated activities are presented below.

Table 1: Roles and responsibilities of each organization

Work Portfolio	Lead Role	Supporting Role
Destination Marketing	DMG	TDD

Work Portfolio	Lead Role	Supporting Role
Destination Management	TDD	DMG
Destination Development	TDD	DMG

The activities associated with Destination Marketing will be performed primarily by DMG and include:

- Marketing and ad buys with traditional and digital media.
- Influencer and earned media campaigns.
- Packaging and promotion opportunities with accommodation partners.
- Event and conference attraction.
- Sponsorship and funding programs for for-profit organizations and major events.

The activities associated with Destination Management will be performed primarily by TDD and include:

- Visitor information services.
- Group servicing and promotions.
- Network communications.
- Familiarization tours for frontline staff.
- Maintenance of visitor-oriented wayfinding and placemaking portfolios.

And the activities associated with Destination Development will be led primarily by TDD and include:

- Training and network development programs.
- Visitor-oriented strategic development.
- Visitor-oriented infrastructure investments.
- Tourism product development funding programs for not-for profit organizations.

Since collections began in September 2022, TDD and DMG staff have focused on building capacity in these areas while prioritizing engagement with the tourism network. This work is detailed below.

Destination Development and Management Activities

TDD staff created and implemented new programming opportunities for the tourism network to provide education and business opportunities including:

- Four workshops for industry training with representatives from 30 different tourism operators who attended at least one workshop. Participants rated the experience and content an average four out of five approval rating (five representing "very satisfied").
- One roundtable to collect industry feedback, which included 31 attendees representing a cross-section of the local tourism industry. Participants rated the experience and content an average 4.41 out of five approval rating.
- The launch of the Explore Guelph Pass that provides visitors discounts at local food and beverage providers.

- A Familiarization Tour that brought frontline staff from local accommodations as well as the Guelph Museum to downtown businesses for in-person experiences so that they can share authentic recommendations with visitors for a more personalized customer service experience.

These pilot initiatives will become part of regular annual programming and TDD will continue to explore opportunities to better serve the tourism industry and visitors.

Destination Assessment

In 2023, DMG undertook two consultant-led studies for a Visitor Survey and a Destination Assessment to provide refreshed and updated data from Guelph's most recent tourism profile completed in 2017. This survey was an important benchmark for post-pandemic visitation and to frame the next steps for the new brand and visitor-oriented marketing strategy.

Key findings from the visitor survey include:

- The majority of visitors (52 per cent) are coming from the Greater Toronto Area.
- Visitors are getting younger, with the majority (41 per cent) in the 18-34 age group.
- Visitors are still primarily visiting friends and relatives, but there is growth and opportunity in the business and leisure markets.

From the destination assessment, it was determined that visitors connected with Guelph's unique "vibe", finding assets like Downtown Guelph and the food and beverage scene to be strong draws, supported by Guelph's great location for local and regional exploration. It was confirmed that resources like better visitor-oriented wayfinding, tourism product development initiatives with corresponding experience packaging, as well as expanded group servicing and attraction are priority actions for destination development initiatives.

Brand Development and Marketing Strategy for Tourism

Led by DMG, and in collaboration with community interest holders, the City's TDD, The Letter M Marketing, and Pearl Street Communications, a new visitor-oriented brand was launched with the tagline, "Guelph: Gather Here."

The updated logo and accompanying brand were built to acknowledge all the things that the residents of Guelph love about living here:

- The community-oriented festivals and events.
- The ample outdoor and recreation space.
- The locally driven food and beverage scene.
- Our charming and historic downtown.

It was expressed by interest holders that these treasured Guelph experiences were made better when shared. Gathering to create, play, and celebrate is just as important for those who live here as it can be for those who visit, which has been identified as a core tenant of any successful destination brand.

Figure 1: Guelph: Gather Here Logo



The resulting logo, pictured above, will be used on all visitor-facing material developed by DMG and TDD while the former Visit Guelph brand and logo will be retired.

Brand Launch

Through February and March of 2024, the community was asked to share their favourite ways to gather in Guelph under the “How Do You Gather” campaign. This campaign provided for a soft launch of the new brand during this time of transition. Through April 2024, the brand will officially go live, with an updated visitor-facing website that connects residents and visitors with unique itineraries, signature Guelph experiences, and encourages overnight stays at local accommodations through discount codes and enhanced offerings.

The Municipal Accommodation Tax Administration Policy and Funding Programs

The proposed MATAP (Attachment-1) was developed to create a process and structure around Council’s approved activities outlined in report [Municipal Accommodation Tax - \(2022\)-09](#). The MATAP outlines the key activities that are required to support destination management and destination development, as the TDD’s primary portfolios of work. The MATAP also outlines three funding streams for investment in tourism product development that are offered collaboratively with DMG.

The funding programs were developed with a series of objectives and outcomes to provide a streamlined approach to investing in community-led tourism product development which will contribute to the City’s goal of building a must-see visitor destination in Ontario. These programs are open to both for-profit and not-for-profit organizations. The objectives of the funding streams prioritize:

- Attracting visitors for overnight, extended stays at local accommodations (this is a priority consideration as the MAT revenue is generated by this sector).

- Strong collaboration among local and regional partners.
- Advancing downtown attraction efforts.
- Increasing or enhancing sport and event offerings within the City.
- Advancing efforts to promote inclusion, diversity, equity, and accessibility in the Tourism sector.

A high-level overview of the three proposed funding programs is outlined below. Attachment-1 provides a more detailed outline of the programs, how they will be evaluated, and how staff will measure outcomes.

The **Destination Animation Program** will create and leverage partnerships within the industry while increasing Guelph's destination attractiveness with year-round tourism products through project funding. This program will support local organizations with up to \$5,000 per eligible project.

An example of this kind of project could include a local food or heritage tour. Local organizers could also apply to this fund for new or enhanced events that appeal to visitors.

The **Gather Here Sponsorship Program** will encourage larger-scale event attraction in Guelph for travelling conferences, sporting events, and cultural properties with demonstrated economic impact and overnight stays. A maximum of \$25,000 will be made available for most eligible events. Applications that qualify as a major event with funding asks greater than \$25,000 will be evaluated on a case-by-case basis and may require separate Council direction and approval.

An example of a successful application to this program would be a national tournament or conference with over 200 room nights booked.

The **Destination Gaps and Needs Fund** will work with tourism industry interest holders to evaluate destination gaps and use incentive funding programs to address visitor needs where able. These programs will likely change each year to remain responsive to the expectations of the community and visitors. Staff will pay for services on behalf of organizations up to a maximum of \$5,000, dependent on program objectives and outcomes.

An example of an initiative from this fund would be a marketing material development program where staff contract a graphic designer to support pamphlet development that is AODA compliant and visitor-oriented on behalf of a tourism operator.

Timing (if approved)

The Destination Animation Program and the Destination Gaps and Needs Fund will launch in Q2 2024 to provide financial support to projects and activities occurring in 2024. A secondary program intake will launch in fourth quarter (Q4) 2024 to support 2025 projects.

The Gather Here Sponsorship Program will launch in Q2 2024 and will remain open as a rolling deadline to accommodate for the long-term planning typically associated with larger, travelling events.

Measuring and Reporting Success

As a part of the Economic Development and Tourism Department business plan and KPI dashboard for the Corporate Strategic Plan, staff will report on the annual

collections of the MAT as well as the number of successful awards made through the proposed funding streams. The reports will include commitments made by TDD and DMG.

An annual information report will be provided to Council in March with details on the awarded projects through the funding programs.

Financial Implications

The MAT is an alternate revenue source and there are no impacts to the property tax levy from the recommendations. The multi-year budget for 2024-2027, as approved, accounts for funding initiatives as outlined within the recommendations. It is anticipated there will be an uncommitted annual transfer of approximately \$100,000 to the MAT reserve fund for other initiatives to be approved by Council as opportunities present themselves and in alignment with the MATAP. Should Council not approve the recommendations outlined in Report 2024-132, the tax will continue to be collected and deposited within the MAT reserve fund per By-law (2022)-20691.

Without Council's approval of the MATAP, staff will have limited ability to action the initiatives outlined in the Economic Development and Tourism Strategy (2022-2026) along with corresponding initiatives in the Future Guelph Strategic Plan (2024-2027). There will also be no financial support for tourism operators and limited investment in community assets that grow the visitor economy and contribute to the quality of place and quality of life for residents.

Consultations and Engagement

Since the implementation of the MAT in September 2022, several opportunities for engagement with the City's tourism industry have occurred.

Tourism Roundtable

Hosted in November 2023, the Tourism Roundtable was held and engaged over 30 organizations representing many sectors that contribute to the visitor economy. TDD staff worked with Regional Tourism Organization 4 (RTO4) to host the feedback session and establish a state of the industry to evaluate where investments in programming, funding opportunities, and infrastructure could best be made to support operators who are still recovering from the impacts of the COVID-19 pandemic.

From this engagement session, primary themes emerged including:

- The need for targeted financial support in the Tourism industry.
- Interest in opportunities for industry and sub-sector collaboration.
- A review of current communication channels and identification of best practices to continue engagement with operators.
- Boosting volunteer opportunities and familiarization of Guelph's visitor economy to better serve event attendees.
- Collaborative co-marketing opportunities to expand reach to new audiences.

Tourism Advisory Committee

The City's Tourism Advisory Committee was consulted in January 2024 on the proposed funding streams, including the objectives, expected outcomes, evaluation criteria, and requirements for submission. The Committee was positive and

supported the funding streams and strategic framework as proposed within Attachment-1.

Place Branding Workshops

As noted above, to support the development of the “Guelph: Gather Here” logo and brand package, a group of community interest holders were brought together to identify the important experiences within Guelph that contribute to its reputation not just for visitors, but its residents. This group represented Tourism operators from priority sectors that included but was not limited to food and beverage, recreation, accommodations, and festivals. The feedback collected from this activity was further distilled into a brand and logo development panel where design feedback was solicited for the final product shown above.

Municipal Engagement: Internal and External

TDD staff consulted with several Ontario municipalities that offer tourism-specific funding programs to explore process, policy, and lessons learned. A summary of these findings is provided in Attachment-3. The programs were mostly open to both not-for-profit and for-profit organizations and the funding to support the programs came from both the MAT and/or the tax levy, although the MAT was more common. The City’s collaboration and close integration with DMG is what makes the proposed MATAP unique in Ontario.

Internal staff departments were consulted to ensure alignment between other municipal funding streams (Community Grants administered by the Equity and Community Investment Division), finance policies, as well as legal and legislative requirements.

Attachments

Attachment-1 Municipal Accommodation Tax Administration Policy

Attachment-2 Municipal Accommodation Tax Update and Administration Policy Presentation

Attachment-3 Municipal Comparators for Tourism Funding Programs

Departmental Approval

This report along with the draft policies and programs were reviewed by several department representatives in Culture and Recreation, Finance, Legal Services, and Strategic Initiatives and Intergovernmental Services.

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