



Staff Report P2024-32

Committee 2024-11-18

Council 2024-12-02

Amendments: Yes

Submitted To:	Committee of the Whole
Submitted By:	Summer Valentine, Director, Planning, Building and Economic Development
Prepared By:	Johanna Griggs, Manager Economic Development
Subject:	Tourism Master Plan and Municipal Accommodation Tax

Recommendation

THAT Staff Report P2024 - 32, "Tourism Master Plan and Municipal Accommodation Tax" dated November 18, 2024 be received;

AND THAT the Tourism Master Plan developed by Bannikin Travel & Tourism Ltd. dated November 2024 be endorsed by Council to guide the Town of Collingwood's actions on Tourism, as budget and resources permit;

AND THAT staff be directed to bring forward a by-law to implement a Municipal Accommodation Tax in accordance with the following:

- Apply a tax rate of 4% as of March 1, 2025, in alignment with the Phase 2 STA By-law implementation if possible, on all accommodation providers, regardless of size and composition, including short-term accommodations;
- Enter into a single source, non-standard procurement agreement with the Ontario Resort, Hotel and Motel Association (ORMHA) for collection of the Municipal Accommodation Tax, including from short-term accommodations for a five-year period and after such period the option to bring the services in-house be explored;
- Sixty percent of the net revenue be allocated to an "eligible third-party entity";

- Establish a not-for-profit corporation designated as the legislatively required “eligible third-party entity” that will receive the tourism-related portion of the Municipal Accommodation Tax (60%), including establishment of an interim board of directors representative of key tourism industry stakeholders;

AND THAT Council enable and enact a By-Law to amend By-Law No. 2017-060 to include the establishment of a Municipal Accommodation Tax Reserve Fund with the majority of the funds in the Reserve being used to advance the initiatives identified in the Tourism Master Plan;

AND THAT Council approve the Municipal Accommodation Tax Reserve Fund Policy (Appendix A) to direct the allocation of the reserve funds.

Amendments

At the Committee of the Whole meeting on November 18, 2024, Council members posed several questions regarding the draft Municipal Accommodation Tax (MAT) Reserve Fund Policy direction regarding the division of the municipal portion of the MAT on priorities expenditures. In response, staff offer the following additional contextual information.

The intent of allocating 85% of the municipal portion of the MAT revenue to items identified in the Tourism Master Plan (TMP) is to ensure there are sufficient funds available to implement the TMP’s recommended strategic initiatives. For example, if the total revenue from MAT is \$1,050,000, it would be reasonable to assume administrative costs would be approximately 5% or \$50,000 resulting in net revenue of \$1,000,000. Given 60% or \$600,000 would be provided to the Eligible Tourism Entity (ETE), \$400,000 would remain for municipally-led initiatives. With the proposed 85%/15% allocation of the \$400,000, \$340,000 would be used to fund the implementation of the TMP and \$60,000 would be available to invest in other priority items not directly related to the TMP, but supportive of the tourism industry such as recreational infrastructure, by-law enforcement, or affordable housing.

Based on the prioritization and costing in the TMP, there are 17 “Very High” and “High” Priority items that are estimated to cost upwards of \$250,000, excluding staff resources to oversee and execute the initiatives. Examples of priority items include identifying and implementing short-term actions for improving the sustainability of tourism in Collingwood; identifying and assessing tourism product development opportunities; and identifying gaps in market intelligence and undertaking research to fill these gaps.

Council may amend the MAT Reserve Fund Policy, including the proposed percentage split governing of the expenditure of the municipal portion, now or at any time in the future. Staff would also be in a position proactively to make recommendations on supportable changes, including consideration of the TMP measurable results, milestones, successes and challenges as they evolve, as well as shifting municipal priorities and resource pressures over time.

Staff anticipate bringing forward the enabling bylaw in the near future.

1. Executive Summary

Tourism is an important economic driver in the Town of Collingwood. To ensure that the tourism sector is strategically and sustainably developed, the Town engaged Bannikin to develop an evidence-based Tourism Master Plan (TMP) in alignment with the 2024 Community Based Strategic Plan. The TMP provides recommendations regarding how the Town can best support the Tourism industry to ensure that tourism in Collingwood is developed in a sustainable manner, enhancing the experience of both visitors and residents, creating jobs and increasing local revenue. The TMP focuses on 3 main pillars: 1) destination management, 2) development, and 3) marketing.

Given that significant resources are required to implement the TMP and to realize the benefits of the identified actions for tourism in Collingwood, this Report also provides recommendations related to the implementation of a 4% Municipal Accommodation Tax (MAT) on all transient accommodations in the Town of Collingwood, as supported by the Economic Development Action Plan (2020).

2. Analysis

Due to the inter-related nature of the TMP and the MAT, the analysis portion of this Report is divided into two main sections, brought together with a cohesive conclusion.

Section 1: Tourism Master Plan (TMP)

1.1 Background - Tourism Master Plan

Tourism is crucial to Collingwood's economy, driving revenue, job creation, and business growth in sectors like hospitality, transportation, and retail. Tourism represents 35% (4,715¹) of jobs in Collingwood and has seen growth of approximately 764 jobs between 2020 and 2023². The industry represents approximately 500³ businesses in Collingwood and the Town welcomes an average of 4,000,000⁴ visitors each year. By attracting visitors, it stimulates spending on accommodations, dining, and attractions, benefiting local businesses. The industry supports a variety of jobs, from hotel staff to tour guides, fostering a diverse workforce. Additionally, tourism promotes investment in community assets such as recreational infrastructure and placemaking initiatives that revitalize the area and further stimulates economic growth.

Cultural preservation is also essential, as tourism highlights Collingwood's heritage and natural attractions, helping to conserve historical sites and local traditions for future generations. A sustainable tourism sector enhances the local business environment, which in turn improves quality of life and attracts new residents given people interested in relocating often first visit as tourists.

The Economic Development Action Plan emphasizes the importance of tourism to the local economy and includes objectives related to growing the economic impact of the tourism industry and implementation of a MAT but does not provide a comprehensive strategy.

¹ Town of Collingwood Community Profile 2023

² 2024 Lightcast – Analyst: Economy Overview: Growing and Declining Industries

³ County of Simcoe June 2024 Business Counts

⁴ Tourism Simcoe County Enveronics Data Report 2024

Collingwood has benefited from the organic growth of tourism throughout the years, for example a thriving downtown, a wide range of restaurants, retail shops and events. Without the visitor economy, many local businesses would not be economically viable and able to keep their doors open to residents. However, it is important that the growth of the sector does not have a negative impact on the community due to overtourism and unsustainable practices. This need emphasizes the importance of having a strategic plan to guide the Town's actions to encourage sustainable growth of the industry, which can include actions like promoting visitation in low season, focusing on attracting visitors that spend more rather than simply focusing on growing the number of visitors, encouraging tourists to be responsible visitors, respecting the Town's culture and environment, and introducing new products to redirect the geographical impact of visitors.

In order to strategically approach investment in the tourism sector, a Tourism Master Plan (TMP) was initiated in February 2024, supported by a grant in the amount of \$25,000 from Regional Tourism Organization 7 (RTO7) to fund 50% of the project costs. Through a comprehensive and transparent Request for Proposals (RFP) process, Bannikin was selected to lead the project.

An internal steering committee was established at the start of the project to inform and oversee the development of the TMP. This committee was made up of town staff and one external tourism leader, including:

- Summer Valentine (Director, Planning, Building. & Economic Development at the Town of Collingwood)
- Karen Cubitt (Director of Parks, Recreation, and Culture at the Town of Collingwood)
- Johanna Griggs (Manager of Economic Development, Town of Collingwood)
- Karen Clegg (Economic Development Coordinator, Town of Collingwood)
- Bill Sullivan (CEO, Regional Tourism Organization 7: BruceGreySimcoe)

The project goal was for the Town of Collingwood to have an evidence-based and actionable tourism master plan to guide its work over the next 3+ years. To achieve this goal, five objectives were identified, which included:

1. To gather insights, input, and feedback from stakeholders in the destination;
2. To co-create a vision for tourism in the Town of Collingwood that resonates with its stakeholders;
3. To clarify and confirm the Town of Collingwood's destination management role and responsibilities;
4. To develop strategies and related actions that are achievable by the Town of Collingwood within a 3+ year timeframe, pending appropriate resourcing; and
5. To consider alignments between the Tourism Master Plan and other relevant work, including the potential implementation of a Municipal Accommodation Tax.

The TMP builds upon numerous existing strategies and reports, considering tourism's intersections with economic development, transportation, climate change, recreation, and cultural planning. Key documents reviewed include but are not limited to the Town's Official Plan, Climate Change Action Plan, Community-Based Strategic Plan, regional tourism frameworks, and accommodation studies.

The TMP emphasizes tourism's role as a significant economic driver and highlights important infrastructure considerations such as housing, transportation, signage, parks, recreational spaces, and waterfront development. Collaboration with neighboring regions and alignment with ongoing master planning projects, including the Affordable Housing Master Plan, Master Mobility and Transportation Master Plan (in progress) and Downtown Visioning and Master Plan, are also intersecting components of the TMP.

Tourism Master Plan Summary

The TMP considers social, economic, and environmental factors to ensure that tourism development in Collingwood is both sustainable and beneficial for the community. The

TMP serves as a blueprint for responsible growth, supporting the long-term success of the local tourism sector.

The TMP provides recommendations about how the Town can best support the Tourism Industry to ensure that Collingwood is developed in a sustainable manner, enhancing the experience of both visitors and residents, creating jobs and increasing local revenue. This project focuses on the Town of Collingwood, while taking the regional, provincial and national context into consideration, including alignment with other relevant initiatives and work. The TMP also identifies the roles and responsibilities of the municipality and its partners for local tourism delivery that supports a vision that aligns with the goals and objectives all the organizations and businesses that contribute to the tourism sector.

The following table outlines the three pillars of progress that are identified in the TMP, as well as strategies to achieve anticipated outcomes. There are a total of 32 initiatives further detailed in the TMP that address the pillars of progress which have been prioritized based on resource demands, timelines and strategic importance. It should be noted that there is an expectation that many of the items will be done in collaboration with others and should a MAT be introduced, the Eligible Tourism Entity (ETE) would be engaged to undertake specific initiatives through a revenue sharing agreement.

Pillar of Progress	Strategies
<p>1. <u>Management</u>: the planning and organization, communication, decision-making, monitoring and evaluation of tourism and tourism-related matters.</p>	<p>A. Establish a governance structure and set the operational foundation for tourism</p> <p>B. Develop a system for monitoring and evaluating the impact of tourism in Collingwood</p> <p>C. Communicate to stakeholders on a regular and ongoing basis</p>

<p>2. <u>Development</u>: the targeted investment of time, energy, and resources into projects that will build upon the destination’s strengths and improve the visitor experience.</p>	<p>A. Gather the information needed to make informed decisions about tourism development</p> <p>B. Co-develop and enhance tourism product</p> <p>C. Increase access to and enjoyment of tourism experiences</p>
<p>3. <u>Marketing</u>: the building of awareness amongst prospective visitors to Collingwood of everything that the destination has to offer.</p>	<p>A. Establish a clear tourism brand identity and destination position for Collingwood</p> <p>B. Ensure that visitors have the information needed to make decisions across their journey</p> <p>C. Ensure that visitor expectations are being set, met, and exceeded</p>

A detailed review of the pillars of progress, strategies, and anticipated outcomes is contained in Appendix B.

1.2 Recommendation

Staff recommend that Council endorse the TMP in principle as a guiding document for strategic investment in the tourism industry, including allocation of specified resources should a Municipal Accommodation Tax be approved.

1.3 Options (Not Recommended)

An alternative option is to not endorse the Tourism Master Plan, which would leave the municipality without strategic direction regarding how best to support the tourism industry. Council could also choose to endorse the TMP with amendments, in which

case staff would recommend referral back to staff to consider any Council desired changes and provide staff opinions in an amended report.

1.4 Financial Impacts

Given that resources to implement the TMP are required, staff will report back to Council with a workplan once available resources are secured, including the implementation of a Municipal Accommodation Tax.

Section 2: Municipal Accommodation Tax

2.1 Background – Municipal Accommodation Tax

Municipal Accommodation Tax (MAT) is a tax levied on the purchase of transient accommodations within a municipality. The tax does not apply to incidental fees and charges unrelated to the purchase of accommodation, such as room or laundry services, parking, food, etc. The funds collected through the tax are intended to be used to promote tourism and to support tourism-related activities and projects. MAT is governed by Provincial [O. Reg. 435/17: Transient Accommodation Tax](#). The regulation outlines the rules and procedures for the collection and remittance of the tax.

Report [P2023-08 Consideration of a Municipal Accommodation Tax](#) was approved by Council on April 17, 2023. It provided staff with direction to move forward with further investigation of a MAT, including consultation of the community and industry stakeholders, and a future recommendation of whether to implement the MAT, along with associated governance structures and process options. The report also includes additional background information for reference.

Recognizing that the benefits of tourism also have a cost (e.g. heavier use of parks, trails, beaches, infrastructure, etc.), the objectives of a MAT are to increase investment in the tourism sector in Collingwood, provide additional support to tourism operators and industry, and ensure Collingwood remains competitive with other destinations to maintain and grow market share of tourism receipts. The legislation does not restrict

what the municipal portion of the revenue can be allocated towards, but best practices indicate that it should generally be allocated to initiatives that support the tourism industry either directly or indirectly.

2.2 Options

Through Ontario Regulation 435/17: Transient Accommodation Tax, there are several key decision points related to implementing a MAT that are within the purview of the municipality. These include:

- Application of MAT (type and size of accommodation, with some limitations)
- Tax rate
- Collection process (internal or external)
- Collection frequency (i.e. monthly, quarterly, annually)
- Penalties for infractions (amount/percentage)
- Designation of Eligible Tourism Entity
- Allocation above 50% to an Eligible Tourism Entity
- Allocation of municipal portion
- Implementation Timeline

Application of MAT

The application of a MAT can be extended to any transient accommodation which is defined as an overnight stay of less than 30 days. Staff recommends that MAT apply to all transient accommodations, including hotels, motels, resorts, bed and breakfasts, and short-term accommodations (STAs). As the STA licensing program is new, information about the requirement to collect and remit the MAT should be included in communications and education campaigns related to STAs as well as part of the licensing application process because the requirement to collect MAT may influence the decision to pursue an STA license. Staff recommend that MAT exclude owner use of timeshares/fractional ownership properties, hospitals, long term care homes, dorms, boat slips, shelters for relief or emergency services and accommodations supplied by employers to their employees in premises operated by the employer. The legislation

limits the application of a MAT on “the purchase of transient accommodation at a university or a college of applied arts and technology or post-secondary institution”.

Alternatively, Council can decide to apply MAT to a subset of the transient accommodations based on various qualifiers including type of accommodation (i.e. hotel, motel, resort, STA), the size of the accommodation (i.e. number of rooms) and/or the location. Staff feel strongly that a consistent approach to the application of MAT is the most equitable approach given that all accommodators will benefit from the additional investment in tourism due to the MAT.

Tax Rate

The Regulation allows the municipality to determine the tax rate applied to transient accommodation. The majority of Ontario municipalities have implemented a 4% tax rate, which is staff’s recommendation. It is noted that some municipalities implemented lower rates, some a phased approach (i.e. 2% in year 1, 3% in year 2, 4% in year 3) and some have increased their rates in recent months, including the Cities of Toronto (6%) and London (5%). The Town of Blue Mountains, City of Barrie and City of Orillia have all implemented MAT at a 4 % rate.

Despite the staff recommendation, Council may select a different tax rate. However, should the rate be higher than 4%, it could negatively effect the competitiveness of Collingwood given neighbouring communities would have a lower MAT rate, reducing the economic impact of the tourism industry in Collingwood. Should the rate be lower, Collingwood could be a more competitive destination for overnight accommodations, but there would be less resources to invest in strategically developing the industry and retaining market share.

Collection Process and Frequency

Staff recommend engaging the Ontario Resort, Hotel and Motel Association (ORHMA) to collect MAT on behalf of the Town. ORHMA collects MAT on behalf of numerous municipalities and provides value added services beyond collection. As such they have

the expertise, tools and resources to seamlessly collect and remit the revenue on behalf of the Town. Value added services include creating communication for operators and guests, online FAQs, hosting information sessions for accommodation providers with details on MAT, providing a secure reporting portal for each operator, providing reports on STA licensing for compliance purposes, monthly collection reports and EFT payments.

Collection and remittance through ORMHA would be on a monthly basis for traditional accommodations and quarterly for Short-Term Accommodations based on the terms of collection provided by ORMHA.

The costs associated with engaging ORHMA include a one-time set up fee of \$3,000 plus HST, 1.8% of the monthly remittance to the Town of traditional accommodations and 5% of the quarterly remittance to the Town of Short-Term Accommodations. The costs for collection from STAs is higher due to the more complicated nature of working with STAs given there are exponentially more operators to collect from.

Internal collection has been discussed among staff and, given the complexities of introducing a MAT, it was felt that ORMHA would be a more cost-effective approach in the short-term. The Town can transition to internal collections in the future, once systems have been in place for a period of time and should it be deemed to be more efficient from both cost and human resource perspectives. It should be noted that the revenue distribution between the Town and the ETE is calculated based on gross revenue less reasonable costs to the municipality for collection and administration of the tax (net revenue), which would include the above-mentioned costs for engaging ORMHA.

Alternative options (not recommended) include mandating the ETE to collect and remit MAT on behalf of the municipality. However, the same rationale applied to the Town not collecting the MAT would apply and be amplified given the organization would need to establish financial systems in addition to protocols and processes for collection.

Alternatively, given that Blue Mountain Village Association (BMVA) has processes in place for collecting, they could be approached to discuss their interest in offering this service for Collingwood.

Penalties for Infractions

It is recommended that a rate of 1.25% per month be applied to late MAT remittance in line with penalties imposed by the Town on property taxes. This would allow for a consistent approach to collection of overdue taxes across the municipality and is in line with the approach other municipalities have taken. However, the Town can choose to impose set fines or alternative penalties for infractions.

Designation of Eligible Tourism Entity

The MAT Regulation requires that at minimum 50% of the net revenue be remitted to an ETE, which is defined as a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality. For clarity the regulation also specifies that promotion of tourism includes the development of tourism products.

With the introduction of MAT, the regional landscape related to tourism marketing and promotion is shifting. There does not currently exist an ETE that is dedicated to promotion of tourism on behalf of the Town of Collingwood. Through consultation with the industry, sentiments were expressed related to ensuring that the funds raised through a MAT in Collingwood be directed back into promotion of the industry in Collingwood. Recognizing the interconnected nature of tourism in Southern Georgian Bay, there was also an interest in ensuring that a portion is earmarked for regional marketing and product development but that a dedicated organization would be preferred.

Staff have had discussions with South Georgian Bay Tourism regarding their interest in repositioning the organization to be solely focused on Collingwood. This would require redrafting of the organization by-laws and establishment of a new board of directors.

Staff have sought legal advice regarding this approach and were advised of the following:

- There is the risk of undisclosed or uncrystallized liabilities for which the restructured not-for-profit (NFP) would remain liable, and which would then attach to the funds advanced from the Town.
- There would be the risk of uncertainty in confirming all the relevant information being provided and ensuring changes to the organization were properly approved.
- There would not be significant cost savings with respect to the proposal and the added costs of undertaking due diligence in review of the existing NFP could end up costing more than establishing a new NFP.

As such staff recommends establishing a new NFP with a mandate that includes tourism promotion in Collingwood and enter into a revenue sharing agreement with the not-for-profit for a period of 3 years. The NFP would be governed by a Board of Directors consisting of tourism industry representatives with a diverse skills set, including an appointed member of Council. This approach would allow the Town to structure the organization to ensure appropriate governance and board composition through governing bylaws, including a mix of industry representation and skills. The NFP would be a separate entity, not governed by Council, that would be required to enter into an agreement with the Town respecting reasonable financial accountability matters in order to ensure that amounts paid to the entity are used for the exclusive purpose of promoting tourism as required in the legislation.

Recognizing that there will be a need for runway for the organization to establish themselves, it is recommended that administration of the organization at the outset be outsourced to an existing tourism entity that has the skills, knowledge and expertise to hit the ground running such as Regional Tourism Organization 7 or Tourism Simcoe County. This approach enables the organization to leverage existing expertise in the short-term rather than endeavoring to find a staff person with all of the required skill sets

or retain multiple staff which would be more costly. Should this option be supported, staff will ensure that proper procurement is followed.

Alternatively, Council could choose to phased-in approach by engaging an existing NFP organization with a mandate that includes tourism promotion to act as the ETE for the first two years of MAT implementation, after which time the Town could revisit the need to establish a new NFP. Initial discussions with some existing ETEs have indicated that additional human resources would likely be required and that they may be challenged to bring on staff on an interim basis. With this option, it is recommended that a Collingwood based industry advisory group be appointed to provide input to the interim ETE regarding how the promotional portion of the funds are allocated. Should this option be chosen, procurement policies would be followed in the selection of the ETE.

Additional options for consideration that are not recommended include issuing a Request for Expressions of Interest from ETE to receive the promotional portion of the funds or appointing an existing ETE such as Regional Tourism Organization 7, Tourism Simcoe County or the Blue Mountain Village Association for an indefinite amount of time. While these organizations have significant capacity and expertise, none are focused solely on supporting the tourism in Collingwood, which the tourism operators have indicated is the preferred approach. Furthermore, it would be advantageous to have an on the ground representative to leverage local knowledge and foster and maintain relationship with operators, which some of these entities are not able to provide over the long term.

Allocation Above 50% to an Eligible Tourism Entity

Through consultations, the Tourism industry has advocated for a greater portion of the revenue be allocated to the ETE for marketing and product development, preferably 75% to 100%. The MAT Regulation requires that at least 50% of net revenues be flowed to the ETE, with the remainder being provide to the municipality. Therefore, flexibility exists for Council to determine the percentage division. Staff are

recommending that 60% of the net revenue be provided to the ETE because it would ensure that a majority percentage of the revenue is directly allocated to developing tourism products and marketing the destination. Furthermore, the ETE could develop grant programs to directly fund tourism operators and organizations.

However, it is within the Town's purview to remit any percentage above 50% to the ETE, up to 100%. Given that the Town is responsible for a number of the tourism infrastructure and products including parks, trails, and special events and has an interest in supporting strategic priorities that contribute to the tourism landscape such as transit and housing, it is important that some of the revenue be available to the Town to invest in these areas given they would be outside the mandate of the ETE.

Allocation of Municipal Portion of the MAT

The MAT Regulation allows the municipality to utilize their portion of the MAT revenue at their discretion. However, through industry consultations, stakeholders expressed a keen interest in ensuring that the municipal portion of the funds are transparently allocated towards initiatives that support the tourism sector and ensure that the funds raised do not replace existing funding. Best practices, including guidelines from the United Nations World Tourism Organization, along with the TMP support this rationale.

The TMP articulates a comprehensive strategy to sustainably support and grow the tourism sector in Collingwood, which requires significant resources to implement. There are also priority corporate initiatives that are not articulated in the TMP but do have positive impacts on the tourism industry such as affordable housing and enhanced public transportation. As such, it is recommended that a Use of Municipal Accommodation Tax Reserve Fund Policy be approved in order to provide additional clarity related to the allocation of the municipal portion of the MAT. An example of this type of policy is the Town of Blue Mountains' [Use of Municipal Accommodation Tax and Reserve Fund Policy](#).

A draft policy tailored for the Town of Collingwood is attached as Appendix A and includes guidelines and details regarding how funds from the Town's portion of MAT revenue could be directed toward tourism-supportive initiatives and how the funds should be used in an accountable, transparent, and responsible manner.

The goal of the draft policy is further supported by key funding principles as detailed below:

- Ensure the funds collected through the Town of Collingwood's MAT program are used in an accountable, transparent and responsible manner.
- Ensure the funds collected through the Town of Collingwood's MAT program are primarily used to support and manage tourism activities, services and initiatives either directly or indirectly.
- Ensure the funds allocated towards initiatives that support the tourism industry are in line with the following principles that an initiative or project must meet and demonstrate in order to be funded through the MAT reserve:
 - o To pursue the goals and implement recommendations as outlined in the Tourism Master Plan, as amended from time to time.
 - o To support investment in tourism related initiatives to more effectively manage tourism in Collingwood to the benefit of residents and visitors.
 - o To support investments into tourism related products, including recreational infrastructure, to help more effectively develop tourism products to the benefit of residents and visitors.
 - o To support the promotion and marketing of the Town of Collingwood as a leading destination for tourism with an emphasis on increasing the economic impact of tourism on the local economy.
- Recognize that there are priority corporate initiatives that are not articulated in the Tourism Master Plan but do have positive impacts on the tourism industry, the policy specifies that annually no more than 15% of available reserve funds can be allocated to initiatives outside of the Tourism Master Plan that have a positive impact on the tourism industry such as affordable housing, parks and trails infrastructure, by-law enforcement, and transportation.

In addition, the draft Policy also references the creation of a MAT Reserve Fund and includes a list of ineligible funding examples as related to the Town's delivery of core business operations for items such as:

- Existing staff salaries and wages.
- Existing operating costs, including costs for existing municipal facilities, infrastructure, programs and services. For further clarity, MAT cannot replace existing funding but can augment funding for existing programs.

The draft policy includes a review cycle on an as needed basis which would allow Council to make changes to the policy should there be a pressing need to redirect reserve funds or other trigger for re-evaluation of the Town's approach to the municipal revenue portion.

Implementation Timeline

Fiscal prudence would suggest that the MAT be enacted as soon as possible to initiate additional revenue generation. However, there are key considerations that must be taken into account when determining the implementation date including implementation of MAT in neighbouring communities, legalization and licencing of STAs and appropriate notice to the accommodations sector as well as potential visitors.

Staff have worked closely with neighbouring communities to align the approaches to MAT in a consistent manner in order to create a more cohesive ecosystem across the region, alleviating potential advantages and disadvantages from one community to another. The Town of Blue Mountains has formally approved implementation of a 4% MAT starting January 6, 2025, and the Town of Wasaga Beach is currently undertaking community consultations regarding implementing a MAT in 2025. As such, alignment with these timelines is recommended.

Staff recommend that the MAT come into effect once the STA Phase 2 licencing is in place to ensure fair application of MAT on all transient accommodation. It is equally as important to ensure that adequate notice is provided to the accommodation providers to

allow them sufficient time to put the appropriate process in place to collect, track and remit the MAT revenue as well as provide notice to guests regarding the additional fess on their room rates. It is recognized that any group bookings (i.e. bookings with 10 or more rooms) made before the MAT comes into effect would not be subject to the tax as many groups book their stays in advance and it would not be fair to apply the tax if it was not in effect when the group booking was made.

Council could choose to implement MAT separately from STA licencing, however, leveraging the education campaign and communication to licensees as part of Phase 2 would be advantageous and ensuring consistent application to all transient accommodations would remove unfair competitive advantages. Council could also decide not to allow the exemption of preexisting group bookings which would increase revenue but could also negatively impact the visitor experience from a customer relations standpoint if the booking was made without knowledge of the additional costs associated with MAT. These options are not recommended by staff.

2.3 Financial Impacts

Based on the [Municipal Accommodation Tax Model and Report](#) commissioned in 2023, analysis of traditional accommodators (using a 4% tax) suggests that in an unfavourable scenario, revenues collected from this cohort could approach \$880,000 per year, while in a favourable scenario, the revenues collected could exceed \$1,400,000 annually.

The analysis of STAs has more variables including the unknown impacts of this regulation on both the number of short-term rentals in Collingwood, and the wide price ranges found within this stock. The analysis showed that there are approximately 408 STAs currently operating and that in an unfavourable economic scenario, revenues could approach \$400,000 per year, while in a favourable scenario, revenues could exceed \$1,000,000 per year. This analysis does not take into consideration the cap of 200 STA licences endorsed by Committee of the Whole on November 4, 2024, decision to be ratified by Council on November 18, 2024. With a maximum of 200 STAs, it would be reasonable to assume that the annual revenue would be approximately \$200,000 to

\$500,000 per year since the original analysis was based on 408 illegal STAs operating in Town.

Note that in all scenarios, the analysis took a conservative approach when considering the variables used (i.e. room rates, occupancy rates) to give the most confidence possible on what a “minimum” MAT collection might approach. It should also be noted that the analysis was a point in time exercise and does not consider inflationary costs or future development of transient accommodations.

There are currently initiatives that the Economic Development Department undertakes to support the tourism industry such as promotion of the Craft Beverage sector and hosting the Discover Collingwood App that would be transitioned to the ETE should MAT come into effect. This could result in a reduction of expenses in the Economic Development Division of approximately \$30,000 per year.

The Regulation requires at least one (1) payment be provided to the ETE in each of the fiscal years the tax is collected. As such, the Town can choose to collect MAT throughout 2025 and remit payment to the ETE at year end or provide the organization with a working loan at the outset to initiate operations which would be recovered from future payments. Staff recommend that working loan be provided given that the if funding is not provided to the ETE until year end the organization would not be operational until 2026 which would impact timing for significant investment in promotion of Collingwood and likely leave the municipality open to criticism from the tourism industry. Terms for all payments would be detailed in the agreement between the Town and the ETE.

Conclusion

In conclusion, staff recommend that the TMP be endorsed in principle as a guide for investing resources in further developing tourism in the Town of Collingwood in a sustainable manner, including consideration of the economic, social and environment elements. Implementation of a MAT as articulated above would ensure that there is a

consistent revenue stream to successfully implement the strategies and recommendations in the TMP, ultimately benefiting both residents, visitors and local businesses.

3. Input from Other Sources

Tourism Master Plan

To develop the TMP, a research and consultation plan was developed with inputs from Bannikin and the internal Steering Committee, resulting in 15 primary questions and 30 supplementary questions to guide the research. Research methods included conducting five types of primary research involving stakeholder and community consultation, and four types of secondary research, including a best practice review and jurisdictional scan.

Primary Research (Stakeholder and Community Consultation) included:

- **Industry and Resident Survey:** Conducted in May 2024, gathering 743 responses (457 residents, 79 industry members, and 137 others) to assess perceptions and feedback on Collingwood's current and future tourism landscape.
- **Key Informant Interviews:** 16 interviews were held with 19 participants, including the members of Council, subject matter experts, and others with significant tourism knowledge in Collingwood.
- **Industry Table Talks:** Facilitated two table talks with 15 industry participants representing accommodations, retail, events, beverage producers, and tour operators.
- **Community Focus Groups:** Conducted two focus groups with 10 residents, ensuring diverse representation, including long-term and new residents, to capture a range of perspectives.
- **Public Open House:** Bannikin shared research highlights and the draft strategy framework, and the 62+ attendees had an opportunity to discuss potential resources for implementing the plan.

The results of the primary research are included in the TMP.

Secondary Research included:

- **Background Document Review:** Analyzed over 20 local and regional documents related to arts, community, planning, economic development, recreation, and tourism to gather critical insights and alignments and inform the research and engagement strategy.
- **Global Trends and Best Practices:** Reviewed 18 documents on destination stewardship, systems thinking, travel trends, and evaluation methods to understand the tourism context and sustainable development approaches for Collingwood.
- **Market Research:** Analyzed data from Environics, Regional Tourism Organization 7, and Skift Advisory's Ontario travel consumer survey. This provided insights into visitation patterns, source markets, and neighboring municipalities like the Town of Blue Mountains, Town of Wasaga Beach, and Clearview Township.
- **Jurisdictional Scan:** Investigated Canmore (AB), Stowe (VT), and Niagara-on-the-Lake (ON) to assess tourism products, target markets, and sustainable destination management relevant to Collingwood's context.

The results of the secondary research are included in the TMP.

Municipal Accommodation Tax

In March 2023 Staff completed a scoped market study with McSweeney and Associates, a reputable economic development consulting firm with over 20 years of experience in over 150 communities. The [Municipal Accommodation Tax Model and Report](#) was completed to identify an estimated amount of revenues that the Town of Collingwood might conservatively expect upon implementation of a MAT.

Staff researched municipalities across Ontario, including internet research and multiple virtual interviews with tourism staff that have implemented a MAT to understand how

those municipalities have approached it, as well as the successes and challenges that they faced.

Staff also met with neighbouring municipalities to understand their intentions and discuss a coordinated regional approach to MAT, including rate and timelines for implementation. Within the regional context, the Town of Blue Mountains is implementing a 4% MAT as of January 6, 2024. Fifty percent of the revenue will be provided to the Blue Mountain Village Association to market the entire Town of Blue Mountains. The Town of Wasaga Beach is starting to explore the opportunity to implement a MAT in 2025.

Tourism organizations including the Tourism Industry Association of Ontario, Ontario Ministry of Tourism Culture and Gaming, Tourism Simcoe County, Regional Tourism Organization 7 and South Georgian Bay Tourism have also been consulted.

Staff met with accommodation providers individually and in group settings on multiple occasions to discuss implementation of a MAT including objectives, timelines, applicability, governance, and strategic considerations. The June 2023 and February 2024 Mayor's Roundtables on Economic Development focused on bringing together the tourism industry to discuss a MAT and a public survey was conducted in November 2023, which received 294 responses. The survey results were mixed with a slightly higher rate of respondents being supportive of a MAT. The full survey report can be provided upon request.

Resourcing the TMP was also included as part of the discussion at the TMP Open House hosted on September 10, 2024 where 80% of respondents indicated that visitors should be required to contribute to the management, development and marketing of Collingwood as a destination.

Internally, discussions have taken place with Finance and Clerk Services in regard to the implementation and administration of a MAT. As noted previously in this Report, a legal opinion was sought and provided regarding MAT governance through a NFP.

This report was reviewed by Department Heads on October 29 and November 5, 2024, and the content responds to the advice received.

4. Applicable Policy or Legislation

Ontario Regulation 435/17

[Ontario Regulation 435/17: TRANSIENT ACCOMMODATION TAX](#) provides the municipality with the authority to impose a tax in respect of the purchase of transient accommodation in the municipality. The regulation outlines the framework for which the municipality can enact the tax including requirements of revenue sharing, limits to imposing the tax and requirements to enter into agreements with an ETE.

Economic Development Action Plan

Under the objective “Promote Collingwood as a Great Place to Live and Work”, the [Action Plan](#) notes the Town should “grow participant spending and satisfaction with experiences that celebrate Collingwood” and that the Town should “increase revenue stemming from the broader tourism, hospitality, culture and retail sectors”. The plan also notes that the Town should “consider levying a MAT to help fund infrastructure and product development efforts.”

2024 Community Based Strategic Plan

The Community Based Strategic Plan includes the goal of growth and diversification of Collingwood’s economy, including the completion and implementation of the Tourism Master Plan as well as continuing to support four season tourism, building on and leveraging Town assets and amenities. The recommendation within this report also help to achieve the following items specified in the CBSP:

- Support integrated and people-scaled development that enhances livability
- Foster belonging through arts, culture, and events
- Enhance the downtown and waterfront as a place to be

- Maintain the Town's strong financial health and assets

5. Considerations

2024-2028 Community Based Strategic Plan: Advances pillar(s) below:

- Sustainable Connected Vibrant Responsible
- Services adjusted if any Economic Development
- Climate Change / Sustainability: Not Applicable
- Communication / Engagement: Public Engagement has occurred
- Accessibility / Equity, Diversity, Inclusion: Not Applicable
- Registered Lobbyist(s) relating to content: Not Applicable

Next steps and future action required following endorsement:

- Staff to bring forward a TMP workplan for Council approval
- Staff to bring forward a bylaw to enact the Municipal Accommodation Tax in accordance with the content of this report

6. Appendices and Other Resources

Appendix A: FIN-POL-2024-03 Municipal Accommodation Tax Reserve Fund Policy

Appendix B: Tourism Master Plan

Appendix C: Tourism Mater Plan Overview

Appendix D: Municipal Accommodation Tax Model and Report, March 2023

Resource 1: P2023-08 Consideration of a Municipal Accommodation Tax

7. Approval

Prepared By:

Johanna Griggs, Manager, Economic Development

Reviewed By:

Summer Valentine, Director, Planning, Building and Economic Development

CAO Comments:

Endorsed by CAO Skinner on November 13, 2024 to proceed to COW

Amended Report Endorsed by Summer Valentine, Acting CAO on November 26, 2024
to proceed to Council