



TO: GENERAL COMMITTEE

SUBJECT: TOURISM BARRIE AND CITY OF BARRIE – MAT COLLECTION AGREEMENT RENEWAL

WARD: ALL

PREPARED BY AND KEY CONTACT: S. ROCKEY, BUSINESS DEVELOPMENT OFFICER, EXT. 4339
R. MACDONALD, TOURISM DEVELOPMENT COORDINATOR, EXT. 5184

SUBMITTED BY: S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT

GENERAL MANAGER APPROVAL: A. MILLER, RPP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That Tourism Barrie continue to be the collection agent on behalf of the City of Barrie for the Municipal Accommodation Tax (MAT) as identified in Regulation 435/17 of the *Municipal Act, 2001* and continue as the City's "tourism entity" defined in Regulation 435/17 to receive 50 percent of the MAT as outlined in the conditions of the legislation for a three-year period, expiring on October 31, 2024 with an option to extend for a further one-year to October 31, 2025 subject to the approval of Council.
2. That the annual administrative fee provided to Tourism Barrie to collect the MAT be a flat rate fee of \$35,000 annually rather than a 2 percent MAT administration service fee capped at \$25,000 as previously administered.
3. That the City Clerk be authorized to execute the renewal agreement with Tourism Barrie to collect and remit the MAT under the same general terms and conditions of the existing collection agreement in a form acceptable to the Director of Finance/Treasurer, Director of Economic and Creative Development and the Director of Legal Services under the following principles:
 - a) In adherence with all applicable law under the *Municipal Act, 2001*;
 - b) Remittances be received on a quarterly basis with a verified summary from Tourism Barrie;
 - c) Appropriate fiscal accountability, audit requirements, inspection powers, termination provisions, and any other requirements identified through the applicable legislation to ensure appropriate accountability and oversight; and
 - d) The commitment of Tourism Barrie to continue to support strategic initiatives with the City within the tourism sector in alignment with the Tourism Master Plan and associated implementation program.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this Staff Report is to seek approval for the three-year continuation with an option for a further 1-year extension, for Tourism Barrie to be the recipient of 50% of the MAT per the requirements of Regulation 436/17 of the Municipal Act (The Act) and serve as the collection agent for the MAT and the associated authority for staff to execute the required agreement.
5. In addition, the report further seeks approval for the increase in the administrative fee to be paid to Tourism Barrie to address the costs of collecting the MAT.

Background

6. When the Province of Ontario released their 2017 budget it granted authority to Ontario municipalities to institute a mandatory Municipal Accommodation Tax. Bill 127 was passed on May 17, 2017, which provided the Province with the legislative framework for the Municipal Accommodation Tax (MAT). Following this, the Ministry of Municipal Affairs, Ministry of Finance, and the Ministry of Tourism, Culture and Sport developed the regulatory framework for the administration of the MAT and on December 1, 2017 Transient Accommodation Regulation 435/17 came into effect, providing the necessary provisions for municipalities across Ontario to implement a MAT.
7. The intended purpose of implementing a Municipal Accommodation Tax is primarily to provide stable, predictable, sustainable and performance based funding for sales and marketing programs, but also to increase spending on non-sales related tourism development projects, events and activities.
8. On June 5, 2018, City Council adopted motion 18-G-150 regarding Tourism Service Delivery and MAT Assessment. The following is an excerpt from motion 18-G-150:
 - “1. That a Municipal Accommodation Tax (MAT) as identified in Regulation 435/17 of the Ontario Municipal Act, 2001 be implemented in the amount of 4% of room rates on transient hotel, motel, inns, effective January 1st, 2019.
 2. That Tourism Barrie as the City’s ‘tourism entity’ defined in Regulation 435/17 receive 50% of the MAT as outlined in the conditions of the legislation.”
9. The same motion (18-G-150) allocated the remaining City’s portion of the MAT be allocated to a Tourism Reserve Fund to be used under the following principles:
 - a) The annual administrative fee as a percentage of the MAT negotiated in accordance with paragraph 3 e) of the recommended motion;
 - b) Capital Asset refurbishment or new capital assets that support tourism;
 - c) Studies, strategic initiatives, new product development, or marketing campaigns consistent with the City’s Tourism Sector Master Plan; and
 - d) A minimum annual uncommitted balance of \$100K be maintained to provide a source of stabilization funding if required.
10. Staff in the Business Development Department (now Economic and Creative Development) were to report back to General Committee annually in years 1 and 2 of the agreement, and at minimum, four months prior to the expiration of the agreement (October 2021) in year 3 with a review of the activities of Tourism Barrie, the impact of the MAT, recommendations related to the future application and collection of the MAT.

11. In that same motion, funding of \$110,000 was allocated for Economic and Creative Development to lead, with the support of Tourism Barrie, the completion of a Tourism Sector Master Plan. The Tourism Master Plan was presented and adopted by Council in November 2020 and the associated implementation program is being presented in Staff Report ECD009-21 as complimentary to this report.
12. In February 2019, Council approved the staff recommendation that the proportional allocations for the MAT established for hotel/motel and inns also apply to the MAT for internet-based accommodation sharing platforms with 50% being allocated to Tourism Barrie as the 'eligible tourism entity' and the City's remaining 50% be allocated to the Tourism Reserve Fund. AirBnb is the only internet platform currently remitting MAT to the City.

Overview of Legislation - Transient Accommodation Regulation 435/17

13. The following are the key highlights of the Legislation:
 - a) For local municipalities where a DMO (Destination Marketing Organization) program does not exist, at least 50 per cent of their hotel tax revenue would be shared with an eligible tourism entity;
 - b) The Act defines an 'eligible tourism entity' as a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality;
 - c) Any amounts paid to an eligible tourism entity shall be used by the eligible tourism entity for the exclusive use of promoting tourism; and
 - d) The municipality and tourism entity shall enter an agreement respecting reasonable financial accountability matters, including auditing records of Tourism Barrie and records of amounts collected, in order to ensure that the amounts paid to the entity are used for the exclusive purpose of promoting tourism.
14. The Act requires a local municipality to include the following within the respective MAT by-law:
 - a) The name of the tax to be imposed;
 - b) The rate of the tax to be imposed;
 - c) The manner in which the tax is to be collected, including the designation of any persons or entities who are authorized to collect the tax as agents for the municipality and any collection obligations of persons or entities who are required to collect the tax;
 - d) Failing to comply with the by-law:
 - i) interest on the outstanding amount;
 - ii) assessment of outstanding tax, penalties or interest;
 - iii) audit and inspection powers; and
 - iv) the establishment and use of dispute resolution mechanisms.
15. The regulation also provides exemptions for properties owned by the Crown, Universities, Colleges, Post-Secondary Schools, Hospitals, Long-term Care Homes, and other exemptions, as approved by Council. In addition, the regulation allows the municipality to enter into agreements with entities to collect the tax, acting as agents for the municipality, and prescribes a revenue sharing formula where proceeds are shared with the eligible local tourism organization.
16. For reference, the current MAT by-law is attached as Appendix "A" to this Report.

Current Tourism Barrie MAT Collection Agreement

17. The current MAT collection agreement with Tourism Barrie, attached as Appendix “B” to this Report, establishes the terms of collection and remittance to the City, fiscal accountability of Tourism Barrie, and the commitment of Tourism Barrie to jointly support and align with the City on tourism sector strategic initiatives. This agreement is set to expire October 31st, 2021.

Proposed MAT Collection Agreement with Tourism Barrie – 2021- 2025

18. In a letter received August 10, 2021, (attached as Appendix “C”) Tourism Barrie requested that the MAT Agreement between the City and the organization, which provides a minimum of fifty percent of the MAT revenues going towards destination marketing and management, be extended for an almost four-year period, until April 1, 2025.
19. Tourism Barrie requested that the City consider the four-year extension of the MAT Agreement so that the organization has a committed stable revenue source to invest in long-term marketing campaigns, strategies, and technology. Some of Tourism Barrie’s investments in destination marketing strategies in support of the implementation of the Tourism Master Plan would take several years to bring to fruition.
20. Tourism Barrie has satisfied the remittance timing, terms and reporting requirements to the City under the terms and conditions of the agreement.
21. In the same letter, Tourism Barrie offers to continue the service of administering the MAT on behalf of the City of Barrie at the same rate of 2% of funds collected. There is a request to consider lifting the MAT administration service fee cap of \$25,000 to \$50,000 for the duration of the new agreement to address the actual costs of collection, reporting and auditing that Tourism Barrie has incurred to administer the program.
22. Costs to administer the collection of the MAT include both staff and independent 3rd Party to support accounting and auditing functions. In 2019, the hard cost to Tourism Barrie to administer the MAT on behalf of the City totalled \$32,235, which exceeded the \$25,000 cap identified in the agreement. As such, Tourism Barrie absorbed the additional costs of collection within their budget.
23. Due to the pandemic, the costs to Tourism Barrie to administer the MAT in 2020 were approximately \$20,000. However, the 2% administration fee due to reduced MAT revenues did not cover the actual costs of delivering the program.
24. Tourism Barrie anticipates that by 2023, MAT revenues should be reaching 2019 levels and that costs to administer the program will be above 2019 levels, based on cost escalations and auditing and bookkeeping requirements.
25. Following further discussion and agreement by Tourism Barrie, Staff are recommending that a flat rate fee of \$35,000 rather than a percentage would be a preferred and more consistent and efficient manner to reimburse Tourism Barrie for their MAT administration.
26. The remaining principles, terms and conditions of the existing MAT agreement are generally to the satisfaction of both parties and include the following:
- a) In adherence with all applicable law under the Municipal Act, 2001;
 - b) The MAT be collected on a monthly basis and remittances be received to the City of Barrie on a quarterly basis with a verified summary from Tourism Barrie;

- c) Appropriate fiscal accountability, audit requirements, inspection powers, termination provisions, and any other requirements identified through the applicable legislation to ensure appropriate accountability and oversight; and
- d) The commitment of Tourism Barrie to support strategic initiatives with the City within the tourism sector in alignment with the Tourism Sector Master Plan, and associated implementation program.

ANALYSIS

- 27. The primary source of revenue to Tourism Barrie is through the MAT funding. Legislative requirements of the Municipal Act that require 50% of the MAT be shared with an eligible tourism entity – Tourism Barrie is an eligible tourism entity under the definition of The Act as they are a non-profit entity whose mandate included the promotion of tourism in Ontario or in a municipality.
- 28. The Board of Directors believes the four-year commitment of fifty percent of the MAT revenues is needed to ensure the organization will remain vital and has sustainable funding to support long-term plans and expenditures for the tourism sector.
- 29. Staff have recommended a three-year agreement with an option to extend for a further one-years, subject to the approval of Council in alignment with the request of Tourism Barrie.
- 30. The extension of the MAT agreement will allow Tourism Barrie, in partnership with the City, align with the timing of the proposed three-year implementation program for the Tourism Master Plan and be aligned with the timing of Tourism Barrie's Three-Year Strategic Plan.
- 31. Tourism Barrie has indicated a strong interest in working in partnership with the City on advancing the sport tourism recommendations coming out of the Tourism Master Plan for growing the visitor economy. This work includes strategy development, long-term planning, investments and committee work that require Tourism Barrie to have some stability of operational funding.
- 32. Further, amending the agreement to support a flat fee administration structure will ensure consistent funding to support the resourcing needed to complete hotel audits, financial statement audits, reporting and software, while still providing overall value to the City.

COVID-19 Impacts

- 33. COVID-19 has had a devastating effect on the Tourism Industry including the accommodation sector. The chart below outlines the impact to the sector as it relates to room rate, occupancy and MAT collected, since the inception of the MAT in 2019.

	2019	2020	2021 (Jan-June)
Total available hotel rooms	1,122	1,122	1,122
Total amount of hotel rooms sold in Barrie	285,135	196,875	87,879
Hotel occupancy	69% (up .4% over 2018)	48.1%	43.4%
Average daily room rate	\$114.17	\$92.63	\$83.78

MAT Collected – Hotels	\$1,178,172	\$622,399	\$227,079
2% administration fee	\$23,387	\$12,448	\$4,542
MAT Collected – AirBnB	\$48,905	\$54,728	\$26,693
City of Barrie 50%	\$601,845	\$332,339	\$124,615
Tourism Barrie 50%	\$601,845	\$332,339	\$124,615

34. Current market predictions indicate recovery of the hotel industry to pre-COVID levels is forecasted to stabilize in 2023-2024. Business travel and meeting and conferences are not expected to return to pre-COVID levels until 2024. Through the City's Tourism Master Plan, travel for sport tourism is likely to be the driver of early recovery.

Tourism Barrie Service Delivery

35. Tourism Barrie is focused on delivering the following services:
1. **Frontline and Online Visitor Services:** Travel counselling to current and future visitors delivered by trained and knowledgeable staff.
 2. **Destination Marketing:** The greatest economic impact in tourism is an overnight stay. Tourism Barrie encourages this activity through creative, comprehensive, and integrated marketing campaigns to increase the number of stays in the City of Barrie. In addition, working with the tourism industry businesses and stakeholders to grow tourism, leverage marketing dollars, develop new experiences and increase overnight stays.
 3. **Destination Management:** Tourism Barrie's strategic tourism planning is to bring stakeholders together and provide them with tools to work collaboratively to transform the set of attractions, activities, products and services into a cohesive and compelling travel experience and build the destination.
 - a) **Sports Tourism:** Working with the Canadian Sport Tourism Alliance to support a sport tourism strategy and growth management plan.
 - b) **Meetings in Barrie:** Working with the Barrie Hotel Association and aligning with the City of Barrie's new events and conference facility and other venues.
 - c) **Product and Experience Development & Stakeholder and Community building:** Destination management involves many players, including individual tourism operators, accommodation partners, culinary partners and the DMO itself.
36. Over the past 18-months, Tourism Barrie has focused on supporting the City's tourism-based businesses with COVID response and recovery and informing potential visitors of restrictions and closures under the various stages of stay-at-home orders through the reopening programs. Tourism Barrie's 2020 focus included the following:
- i) Hyperlocal and Hyper-Regional Marketing – Experience Barrie from Home and #RediscoverBarrie, promoting residents to get back out into the community, supporting local businesses, attractions, and outdoor recreation, and promoting the businesses that offered safe services and curbside pick-up. The messaging was in partnership with the City of Barrie's Recovery Plan.

- ii) Digital campaigns messaging enhanced public awareness through comprehensive and integrated marketing campaigns, resulting in community members gaining confidence to shop local and engage in social distancing outdoor activities and accelerating Barrie's recovery.
37. Tourism Barrie provides annual reporting to their Board and membership in addition to the reporting required under the current agreement for MAT collections.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

38. There are no environmental and climate change impact matters related to the recommendation.

ALTERNATIVES

39. The following alternatives are available for consideration by General Committee:

<u>Alternative #1</u>	<p>General Committee could decide to amend the renewal period for the contract with Tourism Barrie for a two-year period, expiring on October 31, 2023 with an option to extend for a further two years to October 31, 2025 subject to the approval of Council.</p> <p>This alternative would provide more flexibility for the next term of Council, however, it provides less financial stability to Tourism Barrie for making commitments to investments in longer-term marketing assets, such as their website and for attracting other funding sources to support marketing and operations.</p> <p>As such, this alternative is not recommended. Further, the terms of the agreement with Tourism Barrie provide for 180-day termination notice for either party, in addition to a 30-day notice period for default on the agreement.</p>
<u>Alternative #2</u>	<p>General Committee could decide to not continue with an agreement with Tourism Barrie for the collection of the MAT funds.</p> <p>This alternative is not recommended given that the collection service is being delivered cost-effectively by Tourism Barrie and meeting the obligations under the agreement. Their relationship with the hotel industry is also strong to be able to effectively support collection of the MAT</p>
<u>Alternative #2</u>	<p>General Committee could choose to not approve the flat rate administration fee of \$35,000 per year and maintain the current 2% variable fee with a \$25,000 cap.</p> <p>This is not recommended as the cost to Tourism Barrie to administer the MAT collection during (non-COVID affected) years has demonstrated that it exceeds the \$25,000 maximum allocation to ensure adequate oversight and reporting as required in the agreement. Further, given that the sector is still in recovery, revenue has not yet stabilized creating inconsistent and difficult to predict funding levels. Providing a base fee, allows for adequate and consistent budget planning.</p>

FINANCIAL

40. On January 1, 2019, the Municipal Accommodation Tax (MAT) came into effect.

41. In absence of a completed Tourism Master Plan at that time, the City's portion of the MAT was directed to a Tourism Reserve Fund with the purpose of funding capital or operating projects that would have a positive impact on the tourism sector through asset development, product development or strategic initiatives.
42. In 2019, the City of Barrie focused MAT spending on the initiation of a Tourism Master Plan, and event support such as the Downtown Countdown, Winterfest, Air Show, along with Waterfront operational enhancements, and hiring a cultural assistant.
43. In 2020, the City of Barrie focused MAT spending on Dunlop Street corridor improvements, completing the Tourism Master Plan, furnishings for the waterfront, supporting the Downtown Countdown, Winterfest and the Ontario Winter Games. The following chart, highlights the City's expenditures to date:

	2019 Actuals	2020 Actuals	Outstanding Commitments 2021
EN1167 - Dunlop Street East Corridor Improvements - Toronto to Mulcaster	-	290,882.34	54,117.66
BD1001 - Tourism Master Plan	44,241.18	65,758.82	602.95
RP1149 - Waterfront Park Furnishings	-	30,000.00	-
Total Capital Commitments:	44,241.18	386,641.16	54,720.61
Intake Form #576 - Tourism Development Coordinator			44,141.21
Intake Form #566 - Wayfinding Master Plan			75,000.00
Intake Form #369 Downtown Countdown Programming Supplier Increases	20,000.00	17,431.23	20,300.00
Intake Form #371 Winterfest Programming Enhancement	20,000.00	20,300.00	20,300.00
Air Show Funding Staff Report 19-G-015	65,000.00		
Waterfront Operational Enhancements Staff Report 19-G-016	25,000.00		
Fund cash contribution to Orillia Staff Report 19-G-159 (Ontario Winter Games)	5,850.00		
Intake Form #356 Culture Assistant	31,122.00		
2020 Ontario Winter Games		28,300.00	
Total Operating Commitments	166,972.00	66,031.23	159,741.21
Total Capital and Operating Commitments	211,213.18	452,672.39	214,461.82
Contribution to the Tourism Reserve	605,382.21	323,780.85	396,000 – (Budget)
Expected Contribution to the Reserve as per 2021 In-Year Forecast			396,000

44. The following chart is the 2021 balance and forecast for the Tourism Reserve:

Tourism Reserve	2021
Beginning Balance - Jan 1, 2021	\$ 265,277
CFWD Capital Commitments	\$ (54,118)
Approved Capital Commitments	\$ (603)
Operating Commitments	\$ (159,741)
Total Commitments / Draws	\$ (214,462)
Contribution to Reserve (Estimate)	\$ 396,000
Forecasted Reserve Balance	\$ 446,816

45. Future projected expenditures for the MAT include the City's bid for the Brier Cup Curling Championships, Wayfinding Signage program for Phase 2, and ongoing support for the Tourism Coordinator.
46. Through the implementation of the Tourism Master Plan, additional expenditures related to a Tourism Development Fund to support sport bidding and other product development opportunities will be identified and brought forward to Council accordingly.
47. As the tourism sector recovers and increased efforts are made to increase the economic impact of tourism, the growth of MAT through increased hotel occupancy and room rates is a key indicator of success. As such, it is expected that the MAT will not only return to pre-pandemic levels, estimated at \$1.2M per annum, it is expected to grow over the long-term.

LINKAGE TO 2018-2022 COUNCIL STRATEGIC PLAN

48. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:
- Growing Our Economy – Support tourism industry growth
 - Offering Innovative & Citizen-Driven Services - Make tax dollars go further
49. Continuing the agreement with Tourism Barrie to serve as the collection agent for the City's MAT, provides efficient use of resources, and ensures a stable commitment to tourism sector development in the City.

Appendix "A" – MAT By-Law



Bill No. 129

BY-LAW NUMBER 2018-

A By-law of The Corporation of the City of Barrie to establish a Municipal Accommodation Tax.

WHEREAS The Corporation of the City of Barrie may, by by-law, impose a tax in respect of the purchase of transient accommodation in the municipality in accordance with Part XII.1 of the *Municipal Act*, 2001, S.O. 2001, Chapter 25, as amended, and the Transient Accommodation Tax Regulation 435/17;

AND WHEREAS The Council of The Corporation of the City of Barrie adopted motion 18-G-150 to establishment a Transient Accommodation Tax to be imposed on the purchase of accommodations of short duration within the City of Barrie, and will generate revenue which may be shared with designated non-profit entities who promote local tourism as further described in Regulation 435/17.

NOW THEREFORE the Council of The Corporation of the City of Barrie enacts as follows:

1. APPLICATION OF TAX

- 1.1 A purchaser shall, at the time of purchasing accommodation, pay an accommodation tax in the amount of four percent of the purchase price of the accommodation provided for a continuous period of less than 30 nights provided in a hotel, motel, or inn.
- 1.2 A provider of transient accommodation shall include on every invoice or receipt for the purchase of transient accommodation a separate item for the amount of tax on transient accommodation imposed on the purchase, and the item shall be identified as "Municipal Accommodation Tax".

2. EXEMPTIONS

- 2.1 The municipal accommodation tax imposed by subsection 1(1) does not apply to:
 - a) The Crown, every agency of the Crown in right of Ontario and every authority, board, commission, corporation, office, or organization of persons a majority of whose directors, members or officers are appointed or chosen by or under the authority of the Lieutenant Governor in Council or a member of the Executive Council;
 - b) Every board as defined in subsection 1(1) of the *Education Act*;
 - c) Every university in Ontario and every college of applied arts and technology and post-secondary institution in Ontario whether or not affiliated with a university, the enrolments of which are counted for the purposes of calculating annual operating grants entitlements from the Crown on accommodations provided to students while the student is registered at and attending the institution;
 - d) Every hospital referred to in the list of hospitals and their grades and classifications maintained by the minister of Health and Long-Term Care under the *Public Hospitals Act* and every private hospital operated under the authority of a license issued under the *Private Hospitals Act*;
 - e) Every long-term care home as defined in subsection 2(1) of the *Long-Term Care Homes Act*, 2007, retirement home and hospices;
 - f) Every treatment centre that receives provincial aid under the *Ministry of Community and Social Services Act*;
 - g) Every house of refuge, or lodging for the reformation of offenders;
 - h) Every charitable, non-profit philanthropic corporation organized as shelters for the relief of the poor or for emergency;
 - i) Short-term shelter accommodation provided by City or its agencies at contracted hotels or motels;

- j) Every tent or trailer site(s) supplied by a campground, tourist camp or trailer park;
- k) Every accommodation supplied by employees to their employees in premises operated by the employer; and
- l) Every hospitality room in an establishment that does not contain a bed and is used for displaying merchandise, holding meetings, or entertaining.

3. TAX COLLECTED BY SERVICE PROVIDER

- 3.1 Providers of transient accommodation shall include on every invoice or receipt for the purchase of transient accommodation a separate item identified as "Municipal Accommodation Tax" for the amount of Municipal Accommodation Tax imposed on the purchase.
- 3.2 Providers of transient accommodation shall collect the Municipal Accommodation Tax from the purchaser at the time the accommodation is purchased and shall remit the Municipal Accommodation Tax to the tax collection agents designated by the municipality pursuant to Section 4 within the time prescribed in any Municipal Accommodation Tax notice and shall include monthly statements in the form required by the tax collection agents detailing the number of rooms sold, purchase price and levy collected.

4. AGENT TAX COLLECTORS

- 4.1 The collection and administration of taxes to be remitted by providers of transient accommodation, pursuant to Section 3, shall be collected by Tourism Barrie, as agents for the municipality, who shall collect the Municipal Accommodation Tax from providers of transient accommodation providers.
- 4.2 The Mayor and City Manager may designate additional tax collection agents for the municipality and enter into agreements with designated collection agents in consultation with the City Clerk, Director of Finance and Director of Legal Services.

5. PENALTIES AND INTEREST

- 5.1 Penalties and interest at the rate applicable to overdue property taxes shall be payable by the providers of transient accommodation on the non-payment of the full amount of the Municipal Accommodation Tax by the due date set out in the notice, and interest may be added on the first day of default and on each month thereafter in which the default continues.

6. LIENS

- 6.1 All Municipal Accommodation Tax penalties and interest that are past due shall be deemed by the City Treasurer to be in arrears, and shall be transferred to the tax collectors' roll of the City to be collected in the same manner as municipal property taxes and shall constitute a lien upon the lands.

7. AUDIT AND INSPECTION

- 7.1 Every transient accommodation service provider shall keep books of account, records, and documents sufficient to furnish the City and its designated tax collectors with the necessary particulars of sales of accommodation, amount of levy collected and remittance.
- 7.2 The City's tax collectors designated pursuant to Section 4 may inspect and audit all books, documents, transactions and accounts of transient accommodation providers and require transient accommodation providers to produce copies of any documents or records required for the purposes of administering and enforcing this By-law, as required.

8. OFFENCE AND PENALTIES

- 8.1 Every person who contravenes any provision of this By-law is guilty of an offence as provided for in subsection 429(1) of the *Municipal Act*, 2001, and all such offences are designated as continuing offences as provided for in subsection 429(2)(a) of the *Municipal Act*, 2001.
- 8.2 A person who is convicted of an offence under this by-law is liable, to a minimum fine of \$500.00 and a maximum fine of \$100,000 as provided for in subsection 429(3), paragraph 1 of the *Municipal Act*, 2001.

- 8.3 A person who is convicted of an offence under this By-law is liable, for each day or part of a day that the offence continues, to a minimum fine of \$500.00 and a maximum fine of \$10,000.00 and the total of all of the daily fines for the offence is not limited to \$100,000, as provided for in subsection 429(3) paragraph 2 of the *Municipal Act*, 2001.
- 8.4 When a person has been convicted of an offence under this By-law, the Superior Court of Justice or any court of competent jurisdiction thereafter may, in addition to any penalty imposed on the person convicted, issue an order:
- a) Prohibiting the continuation or repetition of the offence by the person convicted; and
 - b) Requiring the person convicted to correct the contravention in the manner and within the period that the court considers appropriate.

9. FORCE AND EFFECT

- 9.1 **THAT** this By-law shall come into force and effect on January 1, 2019.

READ a first and second time the 1st day of October, 2018.

READ a third time and finally passed this 1st day of October, 2018.

THE CORPORATION OF THE CITY OF BARRIE

MAYOR – J.R. LEHMAN

CITY CLERK – WENDY COOKE

Appendix "B" - MAT Agreement with Tourism Barrie

**THIS MUNICIPAL ACCOMMODATION TAX
AGREEMENT made as of the 18 day of October 2019**

BETWEEN:

THE CORPORATION OF THE CITY OF BARRIE

(hereinafter called "the City")

- and -

TOURISM BARRIE

(hereinafter called the "TB")

WHEREAS Part XII.1 of the *Municipal Act, 2001* permits the City to impose a transient accommodation tax ("MAT") in respect of the purchase of transient accommodation in the municipality and may enter into agreements with persons or entities to collect the MAT on behalf of the municipality;

AND WHEREAS the Transient Accommodation Tax Regulation 435/17 ("Regulation 435/17") provides that the City shall enter into an agreement respecting financial accountability by the eligible tourism entity receiving the MAT paid by the City, to ensure that amounts paid to the tourism entity are used for the exclusive purpose of promoting tourism ;

AND WHEREAS the MAT will be used by the City of Barrie and the eligible tourism entity to mutually develop a long-term vision for tourism that will align with the economic strategy and Council's strategic priorities for the City of Barrie. A Tourism Sector Master Plan will be developed to define the impact, opportunities, business trends and long term vision for growing the tourism sector within the City of Barrie, ensuring the plan aligns with both existing strengths and future tourism opportunities.

AND WHEREAS on June 18th 2018, the Council for the City of Barrie designated Tourism Barrie (TB) as the agent to collect the MAT for the City and further designated Tourism Barrie as the eligible tourism entity which may receive a portion of prescribed MAT revenues pursuant to Regulation 435/17, and City of Barrie By-Law 2018-129.

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AND WHEREAS the City, and Tourism Barrie (hereinafter "the Parties"), wish to engage in an agreement to develop and promote Barrie as a tourist destination through the implementation and management of the MAT, as further described in this Agreement, which is a tax levied by the City as permitted by legislative authority from the Province of Ontario;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements herein contained, each Party hereto agrees with each other Party as follows:

1. **Definitions**

Whenever used in this Agreement, including the recitals set out above, the following words and terms have the meanings set out below:

- (a) "Annual MAT Budget" means the annual budget to be prepared by TB as approved by the TB board in consultation with the City, as part of the annual budgeting process, including the marketing funds and operational costs;
- (b) "Base Funding Remitted to TB" means the minimum annual amount of funding that must be reallocated to TB as per Reg. 435/17.
- (c) "Commencement Date" means January 1, 2019, being the date established by the City on which the application of the MAT to all Room Revenue is effective;
- (d) "MAT" means a Municipal Accommodation Tax in an amount equal to four percent (4%) of Room Revenue, subject to exclusions as prescribed by City of Barrie #2018-129, attached as Schedule "A", which may be amended by Council from time to time;
- (e) "MAT Account" means the account to be established and maintained by TB pursuant to Section 5 of this Agreement;
- (f) "Destination Marketing" means the sales and marketing of the City of Barrie as a tourist destination in accordance with a Tourism Sector Master Plan;

- (g) "Tourism Reserve Fund" means the City's portion of the MAT that will be used under the principles and purposes laid out in section 5 of this agreement.
- (h) "Eligible Accommodator" means the provider of transient accommodation for a continuous period of less than 30 nights, provided within the City of Barrie, unless it is exempt under City of Barrie By-Law # 2018-129;
- (i) "Guest(s)" means a guest who purchases a Room from an Eligible Accommodator. For greater certainty, the term "Guest(s)" shall exclude guests who have occupied an Eligible Accommodator's conference rooms or other facilities but who have not purchased or occupied a Room for overnight accommodation;
- (j) "Marketing Fund" means the 50% of the yearly MAT that is reallocated for the specific purpose of sales, marketing and destination development to promote Barrie as a tourist destination;
- (k) "Barrie" means that geographic area designated as within the boundaries of the City of Barrie for purposes of charging and collecting a municipal accommodation tax;
- (l) "Remittance Form" means the remittance form provided by TB to each Eligible Accommodator, which each Eligible Accommodator shall complete and deliver to TB online or by mail, with the Eligible Accommodator's payment of the MAT;
- (m) "Room" shall mean a room which provides overnight accommodation at a Eligible Accommodator's Facility;

- (n) "Room Revenue" means the aggregate of the amounts charged to Guest(s) for the use and occupation of rooms for the remittance period in question, excluding no-show revenue, cancellation charges, as well as all taxes and incidental charges incurred at the election of a guest such as charges for food and beverage, in-room movies, telephone, facsimile, internet access, room service, mini-bar charges;
- (o) "Taxes" means collectively any applicable harmonized sales tax, a 4% Municipal Accommodation Tax, or any other similar value added tax that may hereafter be imposed by any governmental authority on goods and services;
- (p) "Term" means the period commencing on the Commencement Date to October 31, 2021 including the date on which the MAT agreement is otherwise terminated by the City or TB.
- (q) Tourism Working Group means the group comprising of; 2 City Councillors, Director of Business Development, Director of Creative Economy, Director of Recreation Services, Director of Finance, A representative from the BIA, 2 representatives from the Hotel Association, 2 representatives from Tourism Barrie and 1 member from the Sports and Tourism Advisory Committee. This group will be involved in the development and implementation of a Tourism Sector Master Plan and assisting Invest Barrie and Tourism Barrie to identify opportunities and initiatives to advance the tourism sector.
- (r) The Consumer Price Index (CPI) means the measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
- (s) Third Party Accommodation Sharing Platforms ("Third Party MAT") means online internet platforms that connect individuals or businesses that are looking for accommodation with those that have accommodation available. Arrangements are often made at a cost to the purchaser or guest.

2. **Engagement of TB and Payment of MAT**

City of Barrie hereby engages TB to administer and enforce the MAT in accordance with the terms of this Agreement. In consideration of the foregoing, commencing on the Commencement Date, and subject only to the exclusion provided for in City of Barrie By-Law #2018-129, each Eligible Accommodator shall pay to TB the MAT thereon in accordance with the provisions of Section 4 of this Agreement. The MAT shall be described as the "Municipal Accommodation Tax" upon all guest invoices and shall be applicable to all Room Revenue generated by each Eligible Accommodator Facility on and after the Commencement Date.

3. **Exclusions to MAT**

The MAT shall not apply to Room Revenue for thirty consecutive days or greater or any other legislative exclusions as per City of Barrie By-Law #2018-129.

4. MAT Payment/Remittance

- (a) TB shall instruct each Eligible Accommodator to collect the MAT and any applicable tax, effective January 1, 2019 upon all guest invoices, and to remit amounts collected for the remittance period to Tourism Barrie as required below.
- (b) TB shall require Eligible Accommodators to include on every invoice and receipt for the purchase of transient accommodation a separate item for the amount of tax on the transient accommodation imposed on the purchase and to identify this item as "Municipal Accommodation Tax"; and
- (c) TB shall require Eligible Accommodators to submit the Remittance Form which shall include a certification by an officer of the Eligible calculating the MAT is the same as the Room Revenue which the Eligible Accommodator has used in its calculation of Taxes on Room Revenue for the remittance period; and
- (d) TB shall require Eligible Accommodators to provide a cheque or EFT for the applicable amount of the MAT Remittance owing for the remittance period. The payment of MAT shall be due on the 30th day of the following month. TB may extend in writing the due date permitting quarterly remittance for small Eligible Accommodators with less than 10 rooms or as otherwise approved by the City Treasurer. In the event an Eligible Accommodator fails to make any required payment by the date provided for herein, the provisions of Section 7 will apply.

5. Dedicated Funds/MAT Account

- (a) All monies paid to TB on account of the MAT shall be deposited to the credit of an account (the "MAT Account") in a Canadian chartered bank and shall be segregated and kept separate and apart from other monies belonging to or managed by TB. Any funds disbursed from the MAT Account will be in accordance with this Agreement.
- (b) TB shall maintain proper books and accounts so as to identify the MAT paid by each Eligible Accommodator held in the MAT account as well as details of eligible accommodators that are in arrears.
- (c) TB will provide quarterly reports to the City for reporting purposes, including details of MAT revenues collected, funds disbursed and fund balances on hand as well as details of Eligible Accommodators that are in arrears and other information as required for monitoring collection activity. The City may request additional or more frequent reporting as deemed necessary by the City.
- (d) TB as the City's "tourism entity" defined in Regulation 435/17 will receive 50% of the MAT as outlined in By-Law 2018-129 for the purposes of marketing and destination development. The other 50% collected is the City's portion. Amounts collected by TB will be transferred to the City on or before the end of the second month following the Quarterly end on a

calendar year basis. Schedule as follows:

Quarter	Remittance Due Date
1 st Quarter (January-March)	May 31st
2 nd Quarter (April-June)	August 31t
3 rd Quarter (July-September)	November 30th
4 th Quarter (October-December)	February 28th

- (e) TB will charge an annual service fee not to exceed 2% or \$25K indexed annually to CPI of the total MAT collected per annum.
- (f) The City will not supplement any MAT funds to be remitted by an Eligible Accommodator to TB that remain unpaid, and will not supplement any reduction in MAT funds as budgeted by TB in any year.
- (g) TB shall use the MAT only for the purposes of destination marketing which includes TB's reasonable costs incurred in connection with fulfilling its obligations under this Agreement ("Costs"). The amount of the Costs shall be included in the annual MAT budget and may be subject to audit by the City. TB shall maintain proper accounts and records with respect to its administration of the MAT Account including invoices for fees and disbursements debited to the MAT Account as provided for herein. TB's obligation to use the MAT received from the City only for the purposes of destination marketing shall survive the expiry or earlier termination of this Agreement.
- (h) This agreement does not preclude the City of Barrie from entering into MAT Collection Agreements with third party accommodation sharing platforms. The City of Barrie will retain discretion over how such funds are to be collected and utilized.

6. **MAT Collected from Third Party Accommodation Sharing Platforms**

The City may from time-to-time receive MAT in the form of payments from Third Party Accommodation Sharing Platforms ("Third Party MAT") pursuant to separate agreements between the City and such Third Party Accommodation Sharing Platforms. The City shall remit 50% of Third Party MAT it receives to TB in accordance with the provisions of this agreement except 5(e) which is only applicable to money directly collected by Tourism Barrie. TB shall use the remitted Third Party MAT for the same purposes as MAT as set out in Section 5 (g) of the Agreement.

7. **Audit of MAT remittances**

- (a) All Eligible Accommodators are required pursuant to By-Law #2018-129

to maintain all books, records, documents, transactions and accounts with the necessary particulars of sales of accommodation, amount of MAT collected and remitted which shall be available for inspection and audit by TB's designated auditor at the expense of TB or by the City's designated auditor at the expense of the City, with reasonable notice, for the purposes of administering and enforcing the MAT. In the event that such audit reveals that the Eligible Accommodator has failed to remit the correct amount to TB, TB shall provide an invoice to the Eligible Accommodator for payment.

8. **Payment Arrears**

- (a) TB will administer collection processes and methods as directed by the City Treasurer in order to collect any funds that remain unpaid by Eligible Accommodators; TB shall take all reasonable steps in enforcing the collection of unremitted MAT funds.
- (b) Past due amounts payable by an Eligible Accommodator pursuant to this Agreement shall bear penalties and interest at the rate applicable to property tax arrears. Penalties will be added on the first day of arrears and monthly interest will be charged on the first day of each month thereafter until paid in full.
- (c) Past due MAT and penalties and interest charges shall be deemed by the City Treasurer to be in arrears and may be transferred to the tax collectors' roll of the City to be collected from the Eligible Accommodator in the same manner as municipal property taxes and shall constitute a lien upon the lands. Amounts transferred will continue to incur interest charges as applicable for property tax arrears. Amounts collected by the City and due to TB will be transferred to TB on a quarterly basis.

9. **Default**

In addition to and not in substitution for any other rights or remedies that the City may have with respect to such matter, in the event any Eligible Accommodator defaults in the performance of any of its obligations pursuant to this Agreement and such default is not remedied within ten (10) business days of written notice of such default:

- (a) The defaulting Eligible Accommodator's rights to membership in TB and to participate in a marketing program shall be suspended until the default has been remedied.

10. **Marketing Fund**

50% of the total MAT collected will be redirected to TB as the "tourism entity" defined under Regulation 435/17 for marketing and destination development, yearly integrated marketing plan with estimated expenditures will be prepared by TB in consultation. This plan will be required to be developed annually and submitted to the City as part of the annual budgeting process and will include the following:

- (a) TB shall maintain a budget and financial records with detailed information on marketing and destination development.
- (b) The commitment of Tourism Barrie to support strategic initiatives with the City within the tourism sector in alignment with the Tourism Sector Master Plan once completed.

11. Annual Audit Report

- (a) TB shall undertake an annual audit conducted by a certified public accountant that includes a separate reporting of the MAT Account, including the MAT received by each Eligible Accommodator and remitted to TB; and amounts expended from the MAT account pursuant to Section 5 of this Agreement. Copies of annual audit reports will be provided to the City by end of the second quarter of the following year.
- (b) Throughout the Term of this Agreement, TB shall maintain their books, records, documents, transactions and accounts associated with the MAT, available for inspection and audit by the City with reasonable written notice. Such audits shall be at the expense of the City.

12. Indemnification

- (a) TB indemnify and save harmless the City from any demands from taxation authorities for taxes to be remitted by TB respectively arising from their activities associated with the MAT funds.
- (b) TB shall not be liable to the City for any unremitted MAT funds owed by Eligible Accommodators that remain unpaid.

13. Confidentiality

Any confidential business information of an Eligible Accommodator received by the Parties Specifically through MAT procedures from an Eligible Accommodator, such as pricing and cost information, shall be kept confidential by the Parties and shall be used only for the purposes of this Agreement. Any such confidential business information shall not be shared with other Eligible Accommodators and shall be kept by TB in separate segregated confidential files for each Eligible Accommodator. The City is subject to the *Municipal Freedom of Information and Protection of Privacy Act*; information held by or on behalf of the City shall be administered in accordance with the Act.

No party to this Agreement may assign this Agreement without the prior written consent of all of the other parties.

This Agreement shall ensure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

14. Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, all such further acts, documents and things as the other Parties may reasonably require for the purpose of giving effect to this Agreement.
15. Time shall be of the essence in this Agreement.
16. Rights and obligations under this Agreement which by their nature should survive will remain in effect after termination or expiration hereof.
17. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

18. **Termination**

- (a) This Agreement may be terminated by TB and the City upon a minimum of one hundred and eighty (180) days-notice to all parties to this Agreement.
- (b) All parties may terminate this Agreement in the event of default by any party, and such default not being remedied within the time prescribed (30 days) in a written notice.
- (c) All parties may terminate the agreement immediately in the event of insolvency or bankruptcy of another party.

19. **Rights on Termination**

On the termination of this Agreement, TB shall prepare a final audit report and transfer any unused MAT funds to the City. The City may authorize disbursements of the MAT funds at the City's discretion pursuant to Regulation 435/17 for commitments made by TB in association with the MAT funds up to the date of termination.

20. **Notices**

Any notice, payment or other communication required or permitted to be given under this Agreement shall be in writing and shall be sufficiently given if delivered in person or by mailing by prepaid registered post, or by e-mail. All such notices shall be deemed to have been delivered to and received by the addressee: (a) on the date of receipt if delivered in person or by prepaid registered post; or (b)

received on the date of its transmission, if delivered by e-mail, provided that if such day is not a business day or if it is received after the end of normal business hours on the date of its transmission then it shall be deemed to have been given and received at the opening of business in the office of the addressee on the first business day next following the transmission thereof if delivered by e-mail.

21. Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

22. Severability, Remedies, Waiver

In the event that any one or more provisions contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The remedies contained herein are cumulative and in addition to any other remedies at law or equity. Failure to enforce, or waiver of a breach of, any provision contained herein shall not constitute a waiver of any other breach of such provision.

23. Entire Agreement

This is the complete and exclusive statement of the contract between the Parties and this agreement replaces and supersedes any other agreement among the Parties with respect to the subject matter hereof with effect as and from the Effective Date. Any undisbursed funds received by, paid to or held by TB under any prior agreement shall be held separately and managed in accordance with the terms of that prior Agreement. No waiver, consent, modification, amendment or change of the terms contained herein shall be binding unless in writing and signed by all Parties hereto. In case of a conflict between the terms and conditions on the face of this document and the terms and conditions contained on any invoice or other documents, the terms and conditions of this Agreement shall control.



IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers duly authorized in that behalf on the date below indicated.

Appendix "C" – Agreement Extension Request – Tourism Barrie



August 10, 2021

Ms. Stephannie Schlichter
Director, Business Development, Invest Barrie
City of Barrie
70 Collier Street,
Barrie, ON, L4M 4T5

Dear Ms. Schlichter,

On behalf of the Board of Directors, I am writing to thank you for bringing forward to Mayor and Council the consideration to extend the Municipal Accommodation Tax (MAT) Agreement with Tourism Barrie, which expires in October 2021. In addition, Tourism Barrie is offering to continue the service of administering the MAT on behalf of the City of Barrie at the same rate of 2%. The only request is that there is a consideration to lifting the MAT administration service fee cap of \$25,000 to \$50,000 for the next four years.

Tourism Barrie is requesting that the MAT Agreement between the City of Barrie and the organization, which provides a minimum of fifty percent of the MAT revenues going towards destination marketing and management, be extended for the next four years until April 1, 2025.

Tourism Barrie is asking the City of Barrie to consider the four-year extension of the MAT Agreement so that the organization has a committed stable revenue source to invest in long-term marketing campaigns, strategies, and technology. Tourism Barrie's investments in the destination marketing strategies recommended in the Tourism Master Plan would take several years to bring to fruition.

The extension of the MAT Agreement will allow Tourism Barrie to start to implement, in partnership with the City of Barrie, the recommendations in the Tourism Master Plan and Tourism Barrie's Three-Year Strategic Plan. Sport Tourism is one of the recommendations in the Tourism Master Plan for growing the visitor economy which also requires long-term planning, investments and committee work to bring the STAT Pro Report's recommendations to completion. Industry reports suggest the tourism industry will have fully recovered from the pandemic in 2023 and 2024, and Tourism Barrie will require heavy investments in technology which takes about a year of planning and working with suppliers.

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As you may be aware, the primary source of revenue to the organization is through the MAT funding provided by the City of Barrie to Tourism Barrie. The Board of Directors believes the four-year commitment of fifty percent of the MAT revenues is needed to ensure the organization will remain vital and has sustainable funding to support long-term plans and expenditures and keep its staff motivated to continue their employment with the organization.

The Board of Directors would be pleased to meet with you at any time to discuss the MAT Agreement, the Tourism Master Plan rollout and growing the visitor economy.

Sincerely,

A handwritten signature in cursive script that reads "Louise Jackson".

Louise Jackson
President
Tourism Barrie

Cc'd Board of Directors