



City of
Peterborough

To: Members of the General Committee

From: David J. Potts, Commissioner, Legislative Services

Meeting Date: January 6, 2025

Report: Incorporation of a Municipal Services Corporation as an Eligible Tourism Entity, Report LSOCS25-001

Subject

To recommend that Council adopt the proposed business case study for the incorporation of a municipal services corporation as an eligible tourism entity, which is presented for consideration following public consultation.

Recommendation

That Council approve the recommendation outlined in Report LSOCS25-001 dated January 6, 2025 of the Commissioner, Legislative Services as follows:

That Council adopt the proposed business case study in the form comprising Appendix A to Report LSOCS25-001 respecting the establishment of a municipal services corporation as an eligible tourism entity.

Executive Summary

- In accordance with Council's direction, staff have undertaken public consultation respecting the proposal to establish a municipal services corporation (MSC) as an eligible tourism entity (ETE) including the public's opportunity to consider the proposed business case study (Appendix A).
- Council's adoption of the proposed business case study by approving the recommendation in this report is the final step that will permit incorporation of the MSC/ETE to ensure that tourism-related transient accommodation tax (also known as municipal accommodation tax or MAT) can be directed toward City-specific tourism.

Background

Role of “Eligible Tourism Entity”

On June 24, 2019, Council of the City passed By-law 19-063 establishing a 4% MAT. The MAT is imposed on “transient accommodation” which is defined by the By-law as “accommodation for one or more individuals for a continuous period of less than thirty (30) nights in each place or part or unit of a place in which such accommodation is provided including a hotel, motel, inn, resort or hostel.” The City is entitled to retain as general revenue 50% of MAT net of administrative costs.

O.Reg. 435/17 compels the City to pay annually the remaining 50% of its net MAT to an ETE. O.Reg. 435/17 defines an ETE as “a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality.” To date, the City has been paying annually to Peterborough & the Kawarthas Economic Development (PKED) 50% of the City’s net MAT because PKED has qualified as an ETE. PKED has recently advised of its intention to dissolve and will be unable, therefore, to continue to serve as the City’s ETE.

Municipal Services Corporation as an Eligible Tourism Entity

On October 15, 2024, in response to closed Report LSOCS24-006 dated October 7, 2024 of the City Solicitor, Council directed that staff proceed as outlined in the said report respecting incorporation of a MSC as an ETE.

Public Consultation – Proposed Business Case Study

In accordance with Council’s direction, staff in the City’s Strategic Communications and Service Peterborough (SCSP) Division undertook public consultation respecting the proposal to establish the MSC/ETE including the public’s opportunity to consider the proposed business case study (Appendix A).

Staff in the SCSP Division advise as follows:

- A commenting period on the proposal to incorporate a MSC as an ETE to receive annually and administer the 50% net MAT was undertaken from October 16 to 31, 2024.
- The business case study for the incorporation of the MSC as an ETE was posted on the City of Peterborough’s community engagement hub, Connect Peterborough, at connectptbo.ca.
- The project page generated 350 pageviews by 192 unique visitors during the commenting period. The project page and information on the page could be accessed without registration. To submit a comment, participants were asked to register by providing a username and email address.

- The City received five submissions during the commenting period, including submissions from the hotel sector and the business community.

SCSP Division staff summarize examples of comments received as follows:

- The MSC must have a team structure specifically focused on promoting tourism in the area, ensuring that the 50% allocation is strictly used for tourism promotion.
- Ongoing promotion of tourism is necessary to support a vibrant environment that drives tourism, to maintain and grow the tourism sector.
- Agreement with the approach, and recommendation to consult with other municipalities that have established MSCs for tourism purposes to explore governance and operations considerations.
- Accommodations outside of the City limits have a price advantage in not having to charge a MAT.
- A request to see a plan on what the MSC will be doing to promote tourism in 2025.
- Concern that the municipal services corporation will be managed by a board comprised of all City Council members, which does not provide accountability back to the businesses collecting the MAT, and a recommendation that the board be comprised of some members of council and members from the local accommodation and tourism businesses. The need to prioritize increasing the number of visitors to the region, increasing average spending per visit, and increasing average length of stays by visitors.
- The City should set up a governance model, such as an advisory board, to oversee the use of the municipal portion of MAT revenues, including consultation with tourism and accommodation stakeholders.

The following observations are relevant to some of the themes raised in the comments:

- The MSC/ETE will be required to comply with all applicable law including the requirement under O.Reg. 435/17 that “any amounts paid to the [MSC/ETE] shall be used by the [MSC/ETE] for the exclusive purpose of promoting tourism”.
- The MSC/ETE will be incorporated as an Ontario not-for-profit corporation with a single class of members. Membership will be limited to the Directors of the MSC and its board of Directors will be comprised of all members of the City’s Council. These measures will ensure Council’s ability to be accountable to the citizens of Peterborough for all expenditures of MAT by the MSC/ETE.
- On June 24, 2024, Council approved the recommendations in Report CAO24-003 including the implementation of a transition plan for the City to provide tourism related services. The report advised that tourism promotion and marketing will involve the creation of the Experience Peterborough branding, with the Arts and

Culture, Recreation and Park Services, and Strategic Communications and Service Peterborough divisions supporting tourism functions to attract events and market the city as a destination of choice.

- On November 18, 2024, General Committee considered Report CSAC24-007 recommending that Council establish a capital budget for the creation of a Tourism Strategic Plan. The report advised that the process for the establishment of a City-specific tourism strategy will include engagement and consultation with stakeholders such as tourism-sector businesses and agencies like Regional Tourism Organization 8 as well as the broader community and that the tourism strategy will identify key objectives and actions to guide the City's tourism activities in the short, medium and long terms.

Strategic Plan

Strategic Pillar: Growth & Economic Development

Strategic Priority: Position the City as Destination of Choice for claiming its fair share of innovative business and people in Ontario.

Council's adoption of the proposed business case study by approving the recommendation in this report is the final step that will permit incorporation of the MSC/ETE to ensure that tourism-related MAT can be directed toward City-specific tourism.

Engagement and Consultation

Staff in the City's SCSP Division undertook public consultation respecting the proposed business case study and provided the summary of the results above.

Budget and Financial Implications

There are no budget or financial implications arising from the recommendation in this report.

Attachments

Appendix A: Proposed Business Case Study

Submitted by,

David J. Potts, B.A., LL.B., C.S.
Commissioner, Legislative Services and City Solicitor

Contact Name:

David J. Potts, B.A., LL.B., C.S.
Commissioner, Legislative Services and City Solicitor
Phone: 705-742-7777 Ext. 1603
Toll Free: 1-855-738-3755
Email: dpotts@peterborough.ca