



SUBJECT: Municipal Accommodation Tax (MAT) update - proposed 2025 projects

TO: Committee of the Whole

FROM: Recreation, Community and Culture

Report Number: RCC-16-24

Wards Affected: all

Date to Committee: October 7, 2024

Date to Council: October 15, 2024

Recommendation:

Receive recreation, community and culture department report RCC-16-24 providing the Municipal Accommodation Tax (MAT) update - proposed 2025 projects.

PURPOSE:

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences

Executive Summary:

The purpose of this report is to provide an update on projects being presented through the 2025 Capital Budget process that will be funded or partially funded through the Municipal Accommodation Tax (MAT). These projects will improve visitor and resident experiences and increase the infrastructure and tourism capacity of the City to foster a positive destination image and enhance the City's profile through placemaking.

Specifically, the Waterfront amenities are among the highest passive use amenities in Burlington and draw many families from throughout Burlington and beyond. Similarly, Burloak Park is another underutilized Waterfront Park and investing in additional event infrastructure will upgrade the green space and make it more attractive for event organizers to host at this location. Burloak Park has the potential to draw large crowds of both residents and visitors for events due to its size and location.

Staff are proceeding with allocating \$1.5M of the closing 2024 balance to 2 projects through the 2025 Capital Budget. These 2 projects include: detailed design for the Waterfront Renewal project and enhancing event infrastructure at Burloak Park.

Background and Discussion:

In July 2022, Council approved the implementation of a Municipal Accommodation Tax at a rate of 4%. Report [RCC-12-22](#) confirmed that 50% of the funds would be provided to Tourism Burlington for tourism promotion and development and the other 50% would be used for City projects and initiatives that result in improvements to City services that enhance tourist experiences and increase their visitation (as per Municipal Accommodation Tax- City Reserve Fund By-law 57-2022).

Since October 1, 2022, the City and Tourism Burlington have been collecting MAT funds. Tourism Burlington developed its own Tourism Investment Fund and has successfully contributed to funding various initiatives throughout 2024. The City's approach has been to allow its share of the MAT to accumulate in 2023 and 2024 to fund large-sized projects. Currently, it is expected that the closing balance at the end of 2024 for the City's portion of MAT to be approximately \$1.8M.

Strategy/process/risk

Staff consulted with internal departments including finance and recommend proceeding with allocating a significant amount of the expected 2024 closing balance in the 2025 budget.

In accordance with City Reserve Fund By-Law 57-22 staff are proceeding with allocating \$1.5M of the City's portion of the MAT funding through the 2025 budget as follows:

- \$1.15M allocated to the detailed design for the Waterfront Renewal Project (next step of project as identified in RCC-09-23)
- \$350K allocated to the addition of servicing and utilities to enhance event infrastructure at Burloak Park (PO-PR-1653)

The proposed use of these funds aligns with the principles set out in RCC-12-22, the Municipal Accommodation Tax Fund Criteria and/or the City Reserve Fund Bylaw 57-2022.

Options Considered

In addition to the proposed recommendation, staff considered the following options:

- Continuing to accumulate the City's MAT portion such that a larger project can be significantly or entirely funded through this source.
- Allocate the full MAT balance expected at the end of 2024 to 2025 projects.

Both options pose some risk such as not being able to realize the expected benefits with respect to the creation of the MAT as identified in RCC-12-22 in a timely manner and/or not maintaining a small balance in the reserve as per financial best practices.

Next Steps

In 2022, via RCC-12-22, Council approved the implementation of MAT funding and identified short term accommodation as a possible future add-on. At this time, staff have reviewed this project against resources and corporate priorities and will not be proceeding but will conduct a more fulsome review for re-consideration in the future. Lastly, staff will be bringing back relevant revisions in early 2025 to reflect any future changes.

Financial Matters:

The expected 2024 closing balance of the City's portion of the MAT is approximately \$1.8M. The finance department has recommended spending approx. 80% of this balance, as such, 2 projects totaling \$1.5M are being proposed through the 2025 budget.

The MAT reserve fund will continue to grow through the collection of the 4% MAT in 2025 and thus slowly rebuilding its balance to be able to fund more initiatives in the future.

Other Resource Impacts

Not applicable.

Climate Implications:

Both projects, as per City practice, will consider climate implications. Specifically, the enhancement of event infrastructure at Burloak is timed according to the larger park renewal and, as such, will bring about energy savings. Specifically, with significant upgrades to hydro in the park, less gas-powered generators will be required to support event delivery. In addition to this, the Waterfront renewal project will consider climate implications in its guiding principles, specifically with the ice plant renewal identified in [RCC-09-23](#).

Engagement Matters:

Engagement efforts took place at the time of the implementation of the MAT through [RCC-09-22](#) and the projects recommended align with the criteria established in the policy. Furthermore, Tourism Burlington was engaged and is supportive of the two projects presented and their alignment with the principles set out in [RCC-12-22](#), the Municipal Accommodation Tax Fund Criteria and/or the City Reserve Fund Bylaw 57-22.

Conclusion:

Through the 2025 Capital Budget process, staff are bringing forward a request to fund \$1.5M worth of projects through MAT. Specifically, the two projects are detailed design for the Waterfront Renewal project and the enhancement of event infrastructure at Burloak Park. Both projects align with the intended use of the City's portion of MAT.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.