



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

TO: Committee of the Whole

FROM: Recreation, Community and Culture

Report Number: RCC-18-24

Wards Affected: all

Date to Committee: December 2, 2024

Date to Council: December 10, 2024

Recommendation:

Approve the recreation, community and culture department report RCC-18-24 providing the Municipal Accommodation Tax (MAT) update - proposed 2025 projects; and

Authorize the Chief Financial Officer to fund the projects identified in report RCC-18-24 with the City's Municipal Accommodation Tax Reserve Fund; and

Direct the Director of Recreation, Community and Culture in collaboration with the Executive Director of Burlington Economic Development and Tourism Burlington to investigate the feasibility of implementing MAT for short-term accommodations and report back by the end of Q2 2025.

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 recommended projects for either partial or full funding through the Municipal Accommodation Tax (MAT). Staff are proceeding with allocating \$1.5M of the closing 2024 balance to 2 projects. These

include detailed design for the Waterfront Renewal project and enhancing event infrastructure at Burloak Park. 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. The Waterfront amenities are some of the most heavily used in Burlington, attracting many families from both the city and surrounding areas, as highlighted in the Destination Stewardship Plan led by Tourism Burlington. Burloak Park is another underutilized waterfront space. Investing in additional event infrastructure will enhance the park and make it a more appealing venue for event organizers. With its ample size and prime location, Burloak Park has the potential to attract large crowds of both residents and visitors for events.

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 to projects that will advance the City's strategic priorities.

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

- A budget of \$1.15M has been allocated for the detailed design phase of the Waterfront Renewal Project (the next step as outlined in RCC-09-23). This phase will provide both Council and the community with additional insights into the renewal options and help clarify the overall budget required. The estimated cost

for the full renewal will be determined following the detailed design and engagement with the community.

- \$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 above 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 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, through RCC-12-22, Council approved the implementation of MAT funding and recognized short-term accommodation as a potential future addition. Following a benchmarking exercise, staff now believe it would be beneficial for the City to consider short-term accommodation as a second phase of the MAT initiative.

Financial Matters:

The expected 2024 closing balance of the City's portion of the MAT is approximately \$1.8M. The projects recommended within this report would utilize \$1.5M of this funding.

The MAT reserve fund will continue to grow through the collection of the 4% MAT in 2025 and subsequent years 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 this report, 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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Notifications:

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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.