



## City of North Bay Report to Council

Report No: CORP-2024-021

Date: March 6, 2024

Originator: Margaret Karpenko

Business Unit:

Corporate Services

Department:

Financial Services Department

Subject: Municipal Accommodation Tax – Agreement Renewal

Closed Session: yes ☐ no ☒

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### Recommendation

That Council authorize the Chief Administrative Officer and City Clerk to execute an agreement with Tourism North Bay for a period of five (5) years, to the satisfaction of the Chief Administrative Officer, the Chief Financial Officer and City Solicitor.

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### Background

Report to Council CORP 2018-65 relating to the Municipal Accommodation Tax was presented to Council at the September 4, 2018 Council Meeting. During the meeting, Council passed Resolution No. 2018-275 (a) and (b) as follows:

“That City Council adopt a 4% Municipal Accommodation Tax (MAT) through a by-law effective no later than February 1, 2019; and that Council authorize the Chief Administrative Officer and Chief Financial Officer to negotiate an agreement with Tourism North Bay Association to provide the net revenue proceeds and reasonable financial accountability in accordance with Section 6 of the Municipal Act, Regulation 435/17.”

Subsequently, Council approved CORP 2018-90 authorized the execution of a four (4) year agreement between The Corporation of the City of North Bay and Tourism North Bay Association (“TNB”). The implementation of the Municipal Accommodation Tax has created new revenues to promote tourism in North Bay and leverage capital investment and development.

All activities conducted by Tourism North Bay Association are required to fulfill the core program mandate of acting as the official destination marketing organization for North Bay including promoting tourism assets and serving as

a resource for the industry. Tourism North Bay's goal is to attract visitors and encourage a longer stays and repeat visits.

The agreement is extensive and contains several typical legal clauses. To name a few, the agreement outlines how the program will be carried out, calculation of funds, term, indemnification and insurance, budget and work plan requirements along with reporting, conflict resolution and termination clauses. The initial Agreement expired in February 2023, since then, the initial Agreement has been in force while City Staff, and TNB Board members and staff reviewed and updated the terms of the Agreement. The summary of changes to the Agreement are as follows:

- Remove provision requiring Tourism North Bay to seek City approval to add staff.
- Proposed efficiencies/opportunities for collaboration.
- Extend agreement term to 5 years.
- Minor wording amendments.
- Further define the 4 pillars/strategic priorities.
- Clarification around sports, meetings and group tourism and relationship with the City.
- Addition of KPIs/reporting.

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## **Financial/Legal Implications**

Since the introduction of MAT in 2019 total net income is \$4.1 million with 40% or \$1.6 million transferred to the City's MAT reserve and 60% or \$2.5 million being transferred to TNB. Further, the City annually budgets \$40,000 from the MAT reserve to support local tourism infrastructure through TNB's Tourism Infrastructure Fund (TIF) which is an application-based program to support private sector tourism assets.

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## **Corporate Strategic Plan**

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|---|---|
| <input type="checkbox"/> Natural North and Near                           | <input checked="" type="checkbox"/> Economic Prosperity |
| <input checked="" type="checkbox"/> Affordable Balanced Growth            | <input type="checkbox"/> Spirited Safe Community        |
| <input checked="" type="checkbox"/> Responsible and Responsive Government |   |

## **Specific Objectives**

- Provide smart, cost-effective services and programs to residents and businesses.
- Ensure that Council and staff have a shared perception of goals.
- Consider all aspects of decisions to fund new infrastructure.
- Build on existing sports community to drive sport tourism.
- Ensure the efficient and effective operations of the City, with particular consideration to the impact of decisions on the property tax rate.

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## Options Analysis

Option 1: That Council authorize the Chief Administrative Officer and City Clerk to execute an agreement with Tourism North Bay Association for a period of five (5) years, to the satisfaction of the Chief Administrative Officer, the Chief Financial Officer and City Solicitor.

This option is recommended as it will ensure continued marketing to attract visitors and encourage a longer stay or repeat visits. The Agreement will also ensure the financial strength of Tourism North Bay Association and support the City's investments in tourism assets.

Option 2: That Council not authorize the Chief Administrative Officer and City Clerk to execute an agreement with Tourism North Bay Association for a period of five (5) years, to the satisfaction of the Chief Administrative Officer, the Chief Financial Officer and City Solicitor.

This is not the recommended option.

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## Recommended Option

That Council authorize the Chief Administrative Officer and City Clerk to execute an agreement with Tourism North Bay for a period of five (5) years, to the satisfaction of the Chief Administrative Officer, the Chief Financial Officer and City Solicitor.

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Respectfully submitted,

Name: Margaret Karpenko, CPA, CMA  
Title: Chief Financial Officer /Treasurer

## I concur with this report and recommendation

Name: Erin Richmond, Ec.D., CEcD  
Title: Manager, Economic Development

Name: Peter E.G. Leckie, B.A. (Hons.), LL.B.  
Title: City Solicitor

Name: John Severino, P.Eng., MBA  
Title: Chief Administrative Officer

Personnel designated for continuance:  
Name: Margaret Karpenko, CPA, CMA  
Title: Chief Financial Officer /Treasurer

Name: Erin Richmond, Ec.D., CEcD  
Title: Manager, Economic Development