



COMMITTEE OF THE WHOLE AGENDA CITY OF MERRITT

Tuesday, November 5, 2019

6:00 P.M.

COUNCIL CHAMBERS, CITY HALL

2185 Voght Street

Merritt, B.C

Mission Statement: *The City of Merritt is a progressive, attractive, economically viable City that is socially responsible and environmentally sustainable.*

Pages

1. CALL TO ORDER

1.1 Call to Order

2. ADOPTION OF MINUTES

2.1 Committee of the Whole Meeting Minutes - October 29, 2019

3

Recommendation:

THAT the Minutes of the Committee of the Whole Meeting held on October 29, 2019 be adopted.

2.2 Committee of the Whole Meeting Minutes - October 30, 2019

5

Recommendation:

THAT the Minutes of the Committee of the Whole Meeting held on October 30, 2019 be adopted.

3. GENERAL MATTERS - Delegations and Recognitions

3.1 Tourism Merritt and Merritt & Nicola Valley Destination Marketing Society - Joint Presentation

8

4. UNFINISHED BUSINESS

5. NEW BUSINESS

5.1 Tourism in Merritt and the Nicola Valley

29

Recommendation:

THAT the Committee recommend to Council that staff work with Merritt & Nicola Valley Destination Marketing Society (MNVDMS) towards re-establishing the MRDT in the City of Merritt;

AND THAT the Committee recommend to Council that MNVDMS be designated as the 'eligible entity' to receive program funds under the terms of the Provincial Sales Tax Act (i.e. as per the program terms of the Municipal and Regional District Tax (MRDT) program).

6. TERMINATION OF MEETING



MINUTES

CITY OF MERRITT

COMMITTEE OF THE WHOLE

Tuesday, October 29, 2019
6:00 P.M.
COUNCIL CHAMBERS, CITY HALL
2185 Voght Street
Merritt, B.C

PRESENT:

- Mayor L. Brown**
- Councillor M. Bhangu**
- Councillor K. Christopherson**
- Councillor A. Etchart**
- Councillor T. Fehr**
- Councillor T. Luck**
- Councillor M. White** (*Left the meeting at 6:14PM*)

IN ATTENDANCE:

- Mr. S. Hildebrand, Chief Administrative Officer**
- Mr. S. Smith, Director of Corporate Services**
- Ms. S. Thiessen, Director of Finance & IT**
- Mr. W. George, Tourism & Economic Development Manager**

1. CALL TO ORDER

1.1 Call to Order

Mayor Brown called the meeting to order at 6:00pm

2. ADOPTION OF MINUTES

2.1 Committee of the Whole Meeting Minutes - October 16, 2019

THAT the Minutes of the Committee of the Whole Meeting held on October 16, 2019 be adopted.

Moved, Seconded, CARRIED

3. **GENERAL MATTERS - Delegations and Recognitions**

4. **UNFINISHED BUSINESS**

5. **NEW BUSINESS**

5.1 **Communications and Marketing Presentation - Will George**

Mr. George will present to Council regarding the systems in place for communication and marketing, as well as provide recommendations for how the City can improve these systems.

Mr. George presented to Council, showing examples of print and video advertising. Mr. George demonstrated how Hootsuite is used to manage social media content, and showed a live example of how posts are created using this tool. Mr. George discussed that next steps involve the development of a Communications plan and branding discussions.

Council had a discussion regarding plans to update the website.

6. **TERMINATION OF MEETING**

The Mayor declared the meeting ended at 7:05pm

Corporate Officer

Sean Smith

Certified correct in accordance with Section 124(2) (c) of the Community Charter

Confirmed on the ____ day of ____, 20____

Mayor

Linda Brown



MINUTES

CITY OF MERRITT

COMMITTEE OF THE WHOLE

Wednesday, October 30, 2019
6:00 P.M.
COUNCIL CHAMBERS, CITY HALL
2185 Voght Street
Merritt, B.C

PRESENT:

- Mayor L. Brown**
- Councillor M. Bhangu**
- Councillor K. Christopherson**
- Councillor A. Etchart**
- Councillor T. Fehr**
- Councillor T. Luck**
- Councillor M. White**

IN ATTENDANCE:

- Mr. S. Hildebrand, Chief Administrative Officer**
- Mr. S. Smith, Director of Corporate Services**
- Ms. S. Thiessen, Director of Finance & IT**
- Mr. W. George, Tourism & Economic Development Manager**
- Mr. W. Anderson, Financial Services Manager**

1. CALL TO ORDER

1.1 Call to Order

Mayor Brown called the meeting to order at 6:00pm

2. ADOPTION OF MINUTES

3. GENERAL MATTERS - Delegations and Recognitions

4. UNFINISHED BUSINESS

5. NEW BUSINESS

5.1 September 2019 Budget Position Report

Sheila presented the Budget Position report, discussing that the City is on track with expectations for both revenue and expenditure projections. However, Sheila noted that there was an adjustment made to our RCMP account, noting that the adjustment would result in a surplus in 2019.

Recommendation:

THAT Council receive this report for information.

Moved, Seconded, CARRIED

6. INFORMATION ITEMS

6.1 2020 Financial Plan Information

Sheila presented some opening remarks for the budget process, noting that this will ultimately be Council's budget, and that discussion does not constitute approval of a project, rather a project is not approved until it is entrenched in an adopted Financial Plan Bylaw.

Sheila provided an overview of taxation, noting that the City of Merritt is ranked in the top third of communities for lowest average household taxes among British Columbia municipalities. She also provided an overview of reserves and surpluses, discussing options for the creation of a reserve and surplus policy as well as a borrowing policy.

Sheila also discussed the path moving forward, including a review of service levels, presentation of a draft Reserve and Surplus Policy, and public consultation.

Council discussed whether budget meetings should occur over two full days, or multiple shorter meetings. Day and evening options were discussed.

Ginny Prowal, of 2070 Aspen Street, thanked staff and Council for introducing a credit card payment option for utilities. Ms. Prowal also noted that growth and increased demand on public works indicates that more staff may be needed for public works.

7. TERMINATION OF MEETING

The Mayor declared the meeting ended at 7:24pm

Corporate Officer

Sean Smith

Certified correct in accordance with Section 124(2) (c) of the Community Charter

Confirmed on the ____ day of _____, 20____

Mayor

Linda Brown



Moving Forward & Working Together

City of Merritt
Merritt & Nicola Valley Destination Marketing Society





Presentation Overview

Tourism: Merritt & the Nicola Valley

1. Synopsis

- City of Merritt (CoM)
- Merritt & Nicola Destination Marketing Society (MNVDMS)

2. Current State of Tourism in Merritt

3. Goals & Challenges

4. Recommendation

5. Next Steps

6. Q & A

City of Merritt : Tourism Overview

City of Merritt Tourism Department:

Economic Development



Department Lead:

Will George

Economic Development, Communication & Tourism Manager

Purpose of Tourism Merritt:

To promote visitation to Merritt, increase overnight stays and highlight tourism experiences for both visitors and locals to enjoy.

City of Merritt : Tourism Marketing Activities



- Overall tourism related strategic planning for Merritt and the Nicola Valley
- Manages all City of Merritt promotions and advertising
- Manages tourism website www.tourismmerritt.ca
- Attends and represents the City of Merritt at tourism tradeshow and events
- Maintains memberships and relationships with tourism related organizations
- Manages Visitor Centres contract/s ie. Baillie House and Mobile Visitor Kiosk
- Manages Merritt Summer Youth Ambassador Program
- Manages Merritt Community Events Calendar



City of Merritt : Tourism Marketing Expenses*

* Does not include grant related expenses and does not include City staff wage allocations

Contracted Services:	\$15,000
Nicola Valley Heritage Society Contract:	\$51,111
Tourism Merritt Website Contract:	\$ 5,000
Gold Country Membership:	\$ 8,400
Conferences	\$ 2,000
Advertising	\$20,000
Event Expenses	\$ 700
Tourism Promotional Videos	\$ 7,500
Tourism Ambassador Program	<u>\$10,000</u>
Total Expenses	\$119,711

MNVSDMS: Overview

Merritt & Nicola Valley Destination Marketing Society



Purpose:

- To increase the number of visitors to the community
- To increase the Length of Stay and average daily Yield of those visitors
- To develop and offer effective, partnership-based marketing of the region's tourism assets, events and facilities
- To take leadership within the community and region in creating a Destination Marketing Society

Structure:

- Incorporated not for profit in BC – 2012
- Volunteer Board of Elected Directors
- Membership – 50 members

MNVDS: Overview

Activities:

- Vision Merritt
- Experience Nicola Valley
- Targeted funding to support community events and programs
- Targeted tourism marketing/promotions



MNVDS: Overview

Destination Fee:

- Collects a **voluntary*** destination fee of 2% from 7 of the 16 largest hotels/motels



1. Best Western Plus
2. Comfort Inn
3. Quality Inn
4. Super 8
5. Knights Inn
6. Merritt Desert Inn
7. Ramada Merritt

*Does **not** collect the MRDT (ie. Municipal & Regional Destination Tax)

MNVSDMS: Budget Overview

Revenues:

Destination Fee Collected:

2018/19* - \$123, 170*

(*includes late/owed fees from previous fiscal)

2019/20* - \$115,000 (*projected/estimated fees)

General Expenses 2018/19*

(* Does not include Rural Dividend related expenses)

Event/Sponsorship Support:	\$34,300
Administration	\$20,574
Contract Services	\$36,057
Advertising & Marketing	\$ 3,414
Memberships – Marketing	\$ 1,764
Experience Nicola Valley	\$24,322
Misc.	<u>\$ 206</u>

Total Expenses: \$120,637



Current State of Tourism Leadership in Merritt

*“The **lack of cooperation** among stakeholders is the leading threat to future development. There are important **issues of organizational leadership and collaboration** that will have to be **resolved** if the Nicola Valley is to increase its economy.”*

Excerpt from Destination British Columbia - excerpt from Merritt Tourism Plan 2013/14

*“The completed process of reviewing tourism and tourism promotion activities in Merritt and the Nicola Valley summarized a lack of understanding from residents, local businesses and industry stakeholders on roles, responsibilities and activities developed and delivered by both **Tourism Merritt (City of Merritt) and Merritt & Nicola Valley Destination Marketing Society (MNVDMS)**.*

Excerpt from the City of Merritt Tourism Asset Inventory Report 2018

Find a Solution...

“With limited resources and increased competition from other destinations, a strategy needs to identify the designated official DMO and areas of collaboration and efficiency within Merritt and the Nicola Valley...”

Excerpt from the 2018 City of Merritt Tourism Asset Inventory Report, pg. 22.

*“Proactively **collaborate** to efficiently leverage tourism opportunities in Merritt and the Nicola Valley. In particular, **define the roles and responsibilities of Tourism Merritt and MNVDDMS ...***

Excerpt from the 2018 City of Merritt Tourism Asset Inventory Report approved by the City of Merritt.

Action:

#2 Establish an effective destination leadership model to ensure a recognized destination management/marketing organizational structure ie. Tourism Merritt

Excerpt from the 2018 City of Merritt Tourism Asset Inventory Report approved by the City of Merritt.



Identified Goals :

Community stakeholders, including the City of Merritt, have indicated that there is agreement for the following:

- a. **Build** and support a vibrant tourism sector – infrastructure, promotion
- b. **Support** local business
- c. Beautification of **downtown**
- d. **Collaboration** between groups and stakeholders



Identified Challenges:

Continuation of the issues identified by external consultation ie. lack of collaboration at a leadership level, are still prevalent and the perception/reality is that more time is spent disagreeing/positioning for control and 'putting out fires' than on achieving shared goals.

As a result:

- a. **Siloed** groups
- b. **Competing** for resources and/or duplication of resources ie. using resources for similar/competing projects
- c. **Confusion** and miscommunication among stakeholders
- d. Opportunities **lost** (leveraging resources, accessing provincial/federal support etc.)





Identified Solutions:

1. Create a formal partnership between the City of Merritt and MNVDMS
2. Define Roles & Responsibilities
3. Create an official Destination Marketing Organization that collects the Municipal & Regional Tax

MRDT: Summary

Why?

To assist designated recipients to fund tourism marketing, programs and projects. Affordable housing was added as a permissible use of funds in Budget 2018.

What?

2-3% accommodation collected at time of stay.

How?

Requires 51% support from accommodation owners to move forward

Who?

Eligible entity identified by municipality and supported by local tourism stakeholders

When?

Application submitted to province along with 5 year marketing strategy and 1 year action plan.



Projections: MRDT Collected

Projections based on 525 accommodations/rooms MRDT eligible in Merritt, BC

Number of Overnight Stays	Room Numbers	Room Revenues	MRDT - Tourism		MRDT	
Calculated % per 525 Rooms		Calculated @ \$100/room	2% Destination Tax		1% Destination Tax	Less .2% towards Destination BC Program
50.00%	263	\$9,599,500	\$191,990		\$95,995	\$95,803
60.00%	315	\$11,497,500	\$229,950		\$114,975	\$114,745
70.00%	368	\$13,432,000	\$268,640		\$134,320	\$134,051



Recommendation:

MNVDMS as a recognized Destination Marketing Organization

- CoM designates MNVDMS as an 'eligible entity' to receive program funds under the terms of the Provincial Sales Tax Act
- MNVDMS becomes a provincially recognized Destination Marketing Organization.



Conditions:

1. Determine the 'partnership' terms of the agreement –
 - Amount of tax collection
 - Disbursement of funds
 - Program requirements – ie. 1-year action plan and completion of 5 year strategic plan etc.
2. Stakeholder Buy-In Strategy
 - Buy in from local/regional accommodation owners to collect the tax (require 51%)
 - Communication/PR plan – community
3. Define Roles & Responsibilities:
 - CoM
 - MNVDMS



Next Steps:

City Council approves the following:

Council approves in principle that MNVDMS will be officially recognized as the eligible entity to apply to collect the MRDT as long as the following conditions are met:

Conditions of Approval:

CoM staff and MNVDMS will complete the following by **April 30, 2020**:

1. Determine the terms for the partnership between MNVDMS and the CoM
2. Create a communication plan to announce proposed partnership and plans for the creation of a DMO
3. Organize hotel/motel accommodation owner information session/s and vote to approve the collection of the MRDT
4. Complete draft 5-year strategic plan/1-year action plan will also include:
 - Proposed structure of MNVDMS Board
 - Proposed CoM representation
 - Proposed staffing of DMO
 - Budget
5. Once the above is completed, a final presentation to Council with the recommendation to allow MNVDMS to complete the MRDT application as the eligible entity



Moving Forward & Working Together



Report

**City of Merritt
Committee of the Whole
November 5, 2019**

File Number: 6900

To: Scott Hildebrand, Chief Administrative Officer
From: Will George, Economic Development & Tourism Manager
Date: October 31, 2019
Subject: Tourism in Merritt and the Nicola Valley

RECOMMENDATION:

THAT the Committee recommend to Council that staff work with Merritt & Nicola Valley Destination Marketing Society (MNVDMS) towards re-establishing the MRDT in the City of Merritt;

AND THAT the Committee recommend to Council that MNVDMS be designated as the 'eligible entity' to receive program funds under the terms of the Provincial Sales Tax Act (i.e. as per the program terms of the Municipal and Regional District Tax (MRDT) program).

Background:

The City of Merritt Tourism Department (Tourism Merritt) is currently the official tourism organization to manage, create and promote tourism in Merritt and the Nicola Valley. The Merritt & Nicola Valley Destination Marketing Society ("MNVDMS") is a non-profit group of hotel owners and community members who, since 2012, have collected a tourism levy (voluntary Destination Marketing Fee).

In the City of Merritt's 2018 Tourism Asset Inventory, the consultant observed the following challenges and made recommendations regarding Tourism program delivery in Merritt:

- "The completed process of reviewing tourism and tourism promotion activities in Merritt and the Nicola Valley summarized **a lack of understanding from residents, local businesses and industry stakeholders on roles, responsibilities and activities developed and delivered by both Tourism Merritt (City of Merritt) and**

Merritt & Nicola Valley Destination Marketing Society (MNVDMS). With limited resources and increased competition from other destinations, a strategy needs to identify the designated official DMO and areas of collaboration and efficiency within Merritt and the Nicola Valley. Where there is leadership, resources and effective practices implemented, a long-term tourism vision for Merritt and the Nicola Valley can be effective and successful". -pg. 22

- "Proactively collaborate to efficiently leverage tourism opportunities in Merritt and the Nicola Valley. **In particular, define the roles and responsibilities of Tourism Merritt and MNVDMS** and communicate to tourism industry stakeholders to ensure that efforts are streamlined, thereby avoiding any duplication and ensuring that current gaps can be addressed. Working cooperatively allows organizations to use their financial and human resources most effectively."
- **Action: #2** *Establish an effective destination leadership model to ensure a recognized destination management/marketing organizational structure ie. Tourism Merritt – pg. 44*

Over the past months, City of Merritt staff and the MNVDMS have discussed a collaborative approach to address the concerns raised in this report. In an effort to eliminate potential duplication of work in the local tourism industry and improve trust and relationships with community partners, City staff has worked with MNVDMS to propose a potential tourism solution to Council.

Destination Fees Collected

Currently, 7 of the 16 hotels/motels in Merritt are collecting a volunteer destination marketing fee of 2%. In Merritt there is a diverse mix of 16 fixed roof hotels and motels equal to approximately 525 rooms this includes 6 branded properties, 10 independent, 7 resorts/lodges/ranches and 2 B&B's.

The hotel/motels currently collecting the destination marketing fee include:

- Best Western Plus
- Comfort Inn
- Quality Inn
- Super 8
- Knights Inn
- Merritt Desert Inn
- Ramada Merritt

In 2018/19, MNVDMS collected a total of \$123,170, which includes late/owed fees from the previous fiscal year.

In 2019/20, MNVDMS estimates that a total of \$115,000 would be collected if the existing model were to continue.

History of the MRDT in Merritt

- **Aug. 1999- 2003** - Nicola Valley Tourism Association formed as a partnership between the City of Merritt, Chamber of Commerce, Community Futures Development Corporation, and the Upper and Lower Nicola Indian Bands. The city and CFDC made a cash contribution, the other entities offered up in-kind donations, and the total budget for each of the first two years was \$50,000.
- **2004-2012** - MRDT collected through the City of Merritt
 - The City of Merritt administered the funds and provided funds to the Merritt Hotel Association following reports received. The hotel tax that was collected by the hoteliers of Merritt, was remitted to the Province and then deposited (less a provincial admin fee) to the City of Merritt. A cheque was issued to the Merritt Hotel/Motel Association for the net amount.
- **May 2007 – October 2008** - The Tourism and Economic Development Committee (TED) operated through funded and distributed the MRDT. The TED was reinstalled in 2016 but without access to funding and ran until 2018, the committee has not been re-established following the 2018 municipal election.
- **Aug. 25, 2009** - City Council adopted the Hotel Room Additional Tax Levy Bylaw #2089 at a regular council meeting
 - “The funds paid to the City of Merritt under provisions of the regulation shall be applied to tourism marketing, programs, facilities and projects.”
- **2011** - \$80,000 collected in MRDT from visitor stays in the community.
- **2012** – The City of Merritt and the Merritt Hotel Association did not agree upon how the MRDT was being delivered, reporting metrics and voting rights for the MRDT. The Merritt Hotel Association requested to hold the majority of votes and the administration of funds. The MRDT was not renewed for Merritt in 2012 onward.
- **June 13th, 2012** - Merritt and Nicola Valley Destination Marketing Society (Tourism Nicola Valley) was incorporated under the Society Act. 13 local hotels currently opting in to pay fee (tourism levy).
- **February 12th, 2019** - Council directs staff at the Regular Council Meeting to renew the Visitor Services Network Program through Destination British Columbia, designating “The Merritt Visitor Centre at the Baillie House” as the primary location for face-to-face visitor services and the tourism department for the City of Merritt (Tourism Merritt) as the primary location for online and other visitor services.

Further Background Information

The City of Merritt currently has an adopted and active Hotel Room Tax Levy bylaw #2129 currently allowing 2% to be collected by the city and used to fund tourism marketing, programs, facilities and projects. This bylaw can be used as a template if the City wishes to pursue the 3% hotel tax and create a new bylaw.

For a breakdown of the difference between a Destination Marketing Fee (“DMF”) and the Municipal and Regional District Tax (“MRDT”), see Schedule “B” attached.

The program requirements for the MRDT program are attached as Schedule “C”.

For a description of tourism delivery models utilized by other communities, see Schedule “D” attached.

Destination Marketing: Theoretical Delivery Models

There are many different models for communities to deliver tourism services. Some are delivered in-house, while others are contracted out through organizations such as the local Chamber of Commerce or a tourism organization. The board structures of these organizations differ depending on the community as well. Below are some examples of Tourism models that staff considered when coming to the recommendation of making MNVDMS the Eligible Entity:

1. City of Merritt as the Eligible Entity;
2. MNVDMS as the Eligible Entity and the City of Merritt to recognize the MNVDMS as a Destination Marketing Organization;
3. MRDT to flow through the City of Merritt with a contract with the MNVDMS to provide marketing services;
4. MRDT to flow to the City of Merritt with the City of Merritt to provide marketing services;
5. MRDT to flow to the MNVDMS with the MNVDMS to provide marketing services
6. New organization created to deliver Visitor Services for the Nicola Valley;
7. The City of Merritt Tourism and Economic Development Committee (similar to 2007 – 2008) would function as a community committee to manage and distribute the MRDT;
8. The City of Merritt to continue to provide Visitor Services as per 2019 and establish partnerships wherever possible on a per project basis.

Moving Forward

MNVDMS has indicated a strong desire to work with the City of Merritt to re-establish the MRDT in Merritt, though MNVDMS has made it clear that the only solution that would be acceptable to its members is the designation of MNVDMS as the “eligible entity” to collect MRDT funds.

While this does prevent the exploration of other models of collaborative tourism delivery in Merritt and the Nicola Valley, City staff are amenable to exploring this option, so long as Council has sufficient participation in tourism decisions (likely through participation on the MNVDMS Board) and receives frequent, high quality reporting.

It may be possible for the City to pursue the establishment of an MRDT without the support of MNVDMS, but this approach is not recommended as it is far less likely to be successful and would create further division where we are trying to promote collaboration.

The projected process time for a community to start collecting the MRDT is approximately 1 year. The City of Merritt has had a contract in place since 2018 with a consultant to help our community review the MRDT and coordinate with community stakeholders, and this consultant will help expedite this process.

Options / discussion

1. THAT the Committee recommend to Council that staff work with Merritt & Nicola Valley Destination Marketing Society (MNVDMS) towards re-establishing the MRDT in the City of Merritt;

AND THAT the Committee recommend to Council that MNVDMS be designated as the 'eligible entity' to receive program funds under the terms of the Provincial Sales Tax Act (i.e. as per the program terms of the Municipal and Regional District Tax (MRDT) program).

2. That the City of Merritt to continue to provide Tourism and Visitor Services in 2019 and establish partnerships wherever possible on a per project basis.
3. That Council takes this report for information

Financial / Risk Implications:

Financial considerations for Council to assess include staff time, consultant fees, the cost of creating a 5-year strategic plan and 1-year action plan (required to apply for the MRDT). The potential financial benefit may include the possible increase of between \$100,000 - \$400,000 in the Nicola Valley tourism industry plus increased tourism spending and visitation.

Strategic Plan Reference:

The below tourism related tactics are identified in the NOW section of Council's Strategic Priorities:

- #3. Economic Development Strategy: Review / Direction
- #4. Airport Master Plan: Review / Direction
- #6. Downtown Revitalization Plan: Terms of Reference

The following tourism related items are listed in the NEXT section of Council's Strategic Priorities:

- Communication Strategic Plan: Framework
- Official Community Plan Review: Terms of Ref.
- Marketing Strategy: Review

Others Consulted:

Amber Papou, Merritt & Nicola Valley Destination Marketing Society

Attachments:

Schedule "A" - Merritt Tourism Industry Infographic

Schedule "B" – DMF vs. MRDT

Schedule "C" – MRDT Program Requirements

Schedule "D" – Alternate Tourism delivery models

Respectfully submitted,

Will George

Economic Development, Communications and Tourism Manager

MERRITT TOURISM INDUSTRY SNAPSHOT

BENEFITS OF TOURISM TO MERRITT

- Economic diversification
- Cultural preservation
- Recreational & educational facilities
- Industry growth; retail, entertainment, food services
- Enhance transportation corridors and road access
- Tax revenues
- Entrepreneurship
- Innovation and diversification
- New business investment
- Modernization
- Pride of place



2 Provincial Parks and over 60 Recreation Sites, with approximately 700 RV & campsites, plus 150 km of trails, compliment the region's natural assets.



Over 525 Fixed Roof Hotel & Motel Rooms to accommodate all leisure and business demands.



Country Music Capital of Canada.



200 lakes within a one hour radius.



All major BC highways lead to Merritt.



Gateway to the Okanagan & Cariboo Chilcotin.



MERRITT, AND THE NICOLA VALLEY, IS AN ALL-SEASON DESTINATION, DELIVERING WORLD-CLASS OUTDOOR EXPERIENCES FOR ALL LEVELS OF ENJOYMENT.

77% of Merritt resident survey respondents feel tourism is critically important to Merritt's economy.

*Source: Stakeholder Survey
November 2018*

DISTANCES TO MERRITT & THE NICOLA VALLEY

Vancouver - 268 km | Hope - 85 km



Ashcroft - 68 km | Cache Creek - 114 km



Kamloops - 87 km | Kelowna - 113 km



Shuswap Lakes Region - 195 km



Schedule “B”

What is the difference between a Destination Marketing Fee and the Municipal and Regional District Tax?

Destination Marketing Fee “DMF”

The MRDT and the DMF can both be collected at the same time, which is done in Victoria and Vancouver. As well, the Pomroy group of hotels in northern BC and Alberta collect a DMF. The DMF is a volunteer fee that hotel owners can charge for any service and amount. The DMF is similar to any other fee a business can charge i.e. the Environmental Fee.

With the DMF, there is no government reporting or involvement and it is not a recognized model by any level of government. The hotel owners that collect the fee have complete discretion as to how the funds are spent. Organizations that collect the DMF do not have to inform the municipality or province or their program or spending.

Municipal and Regional District Tax “MRDT”

The Municipal and Regional District Tax (MRDT) was introduced in 1987, by the Provincial Government, to provide funding for local tourism marketing, programs, and projects. The tax is intended to help grow BC revenues, visitation, and jobs, and amplify BC’s tourism marketing efforts in an increasingly competitive marketplace. There are 50+ communities in BC who now collect the MRDT and invest more than \$28 million to promote themselves, currently the City of Merritt is not one of the 50+ communities.

The MRDT is an up-to three percent tax applied to sales of short-term accommodation provided in participating areas of British Columbia on behalf of municipalities, regional districts and eligible entities.

The MRDT is jointly administered by Ministry of Finance, Ministry of Tourism, Arts and Culture, and Destination BC.

To promote a coordinated and efficient use of funds, the following MRDT program principles have been adopted:

- Effective tourism marketing, programs, and projects
- Effective local-level stakeholder support and inter-community collaboration
- Coordinated and complementary marketing efforts to broader provincial marketing strategies and tactics
- Fiscal prudence and accountability.

Affordable housing was added as a permissible use of funds in the 2018 Provincial Budget, to help address local housing needs.

The MRDT is a recognized tax by all levels of government and requires community input into strategic planning, spending and reporting out. The program involves both the Provincial Ministry of Finance and Destination BC. The Province promotes the MRDT program and highlights the additional funding sources and leveraged tourism dollars community with MRDT programs can apply for.

If on a visitor's bill there is a line item called a "tax" they are required to pay, while if it is a "fee" it is voluntary for the visitor to pay. If the DMF is listed as a "tax" instead of a "fee" on Merritt hotel rooms without any reporting of funding, the Ministry of Finance can get involved. Currently a "Tourism Levy" is collected in Merritt.



Municipal and Regional District Tax Program Requirements

Summer 2018

Table of Contents

Section	Page
1. Overview	<u>2</u>
2. Enabling Legislation	<u>2</u>
3. Program Purpose	<u>3</u>
4. Eligible Use of Funds	<u>3</u>
5. Eligible Applicants	<u>4</u>
5.1 Designated Recipients	<u>4</u>
5.2 Designated Accommodation Area	<u>4</u>
5.3 Delegation of Administration	<u>4</u>
6. MRDT Program Overview	<u>5</u>
6.1 How the MRDT Program Works	<u>5</u>
6.2 Three Percent Rate	<u>5</u>
6.3 Key Timelines	<u>6</u>
7. Application Requirements	<u>6</u>
8. Application Requirements for Affordable Housing	<u>9</u>
9. Application Procedure	<u>10</u>
10. Upon Approval of Application	<u>11</u>
11. Annual Performance Management and Reporting Requirements	<u>11</u>
12. Amendments	<u>13</u>
13. Monitoring, Compliance and Termination	<u>14</u>
14. Further Information	<u>14</u>
Appendix 1. Application Requirements	
Appendix 1.1 MRDT Application Form	<u>A1.1-1</u>
Appendix 1.2 Five-Year Strategic Business Plan	<u>A1.2-1</u>
Appendix 1.3 Accommodation Directory Form	<u>A1.3-1</u>
Appendix 1.4 Accommodation Sector in Support of MRDT Form	<u>A1.4-1</u>
Appendix 1.5 Third Party Authorization Form	<u>A1.5-1</u>
Appendix 1.6 Disclosure of Information Authorization Form	<u>A1.6-1</u>
Appendix 1.7 Tourism Events Program Sponsorship Undertaking	<u>A1.7-1</u>
Appendix 1.8 Affordable Housing MRDT Plan	<u>A1.8-1</u>
Appendix 2. Annual Reporting Requirements	
Appendix 2.1 Financial Report	<u>A2.1-1</u>
Appendix 2.2 Annual Performance Report	<u>A2.2-1</u>
Appendix 2.3 One-Year Tactical Plan	<u>A2.3-1</u>
Appendix 2.4 Affordable Housing MRDT Report	<u>A2.4-1</u>

1. Overview

The purpose of this document is to outline the requirements for the Municipal, Regional, and District Tax Program (“MRDT program”) and provide guidance and assistance to municipalities, regional districts, and eligible entities (“designated recipients”) applying for or renewing the Municipal and Regional District Tax (“the tax”) within their communities. This document includes application materials and other forms and templates to assist with application, renewal, and reporting requirements.

Designated Recipient: *The municipality, regional district or eligible entity that receives the revenue from the tax in a designated accommodation area.*

In *Budget 2018*, the government announced that the eligible uses of MRDT revenues would be expanded to include affordable housing initiatives. At the same time it was announced that online accommodation platforms located outside of BC would be enabled to register to collect provincial sales tax and MRDT on purchases of accommodation through their platform.

In keeping with these announcements, the MRDT Program Requirements have been updated to reflect the changes. In particular, the revised Program Requirements include the following clarifications:

1. MRDT revenues from online accommodation platforms can be used for affordable housing initiatives;
2. General MRDT revenues cannot be used for affordable housing initiatives unless the designated recipient can demonstrate support of tourism stakeholders and accommodation providers; and
3. The requirement to demonstrate accommodation provider support will remain unchanged. Individual hosts that only list on online accommodation platforms will not need to be consulted.

Please see the revised details in Sections 7 and 8 and Appendix 1.8 and 2.4.

Moving forward, the Province will provide existing designated recipients with information on two types of MRDT revenue: revenues from multi-jurisdictional online accommodation platforms (OAP), which are based outside of BC but operate within the designated accommodation area; and revenues from general accommodation providers (general MRDT revenues), such as hotels, motels, etc. This is to support designated recipients’ affordable housing spending (refer to Section 8 for details).

2. Enabling Legislation

Section 123 of the *Provincial Sales Tax Act* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/12035_00)

imposes a tax of up to three percent on the purchase price of accommodation in a specified geographic area of the province (“designated accommodation area”) on behalf of a designated recipient.

Designated Accommodation Area: *A specified geographic area of the province in which the tax will be applied on behalf of a designated recipient.*

3. Program Purpose

The purpose of the MRDT program is to assist designated recipients to fund tourism marketing, programs and projects. Affordable housing was added as a permissible use of funds in *Budget 2018*.

The MRDT program is jointly administered by the Ministry of Finance, the Ministry Tourism, Arts and Culture, and Destination British Columbia.

The MRDT program is one of a number of supports available to enhance tourism marketing in BC. The MRDT program is intended to help grow BC revenues, visitation and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace. To promote a coordinated and efficient use of funds, the following **MRDT program principles** have been adopted:

- Effective tourism marketing, programs and projects;
- Effective local-level stakeholder support, and inter-community collaboration;
- Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics; and
- Fiscal prudence and accountability.

Affordable housing was added as a permissible use of funds in *Budget 2018* to help address local housing needs. Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Affordable housing funding must be consistent with fiscal prudence and accountability, and will be subject to additional reporting requirements. Further detail, including stakeholder consultation and support requirements, can be found in Section 8.

4. Eligible Use of Funds

The *Designated Accommodation Area Tax Regulation* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/93_2013) sets out the authorized purposes for funds collected under the MRDT program. Authorized purposes are tourism marketing, programs and projects, initiatives respecting affordable housing, and any other prescribed purposes as set out in the regulation.

The MRDT program is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and must be supported by both local governments and tourism industry stakeholders. MRDT for affordable housing is intended to provide flexibility to communities to address their local housing needs.

Funds from the MRDT program should augment current funding and cannot be used to replace existing sources of tourism funding in a community.

As the MRDT program is intended to primarily fund tourism marketing, programs and projects, consideration will only be given in special circumstances to the financing of capital expenditures (other than affordable housing) such as new tourism facilities or infrastructure. Proposals for capital spending must be included in the designated recipient's Five-Year Strategic Business Plan, and must demonstrate strong local stakeholder support in order to be considered as an authorized use of MRDT program funds. A business case must be provided, including budget, for each capital project and all capital projects must be completed within the current Five-Year Strategic Business Plan time period. These proposals will be approved on a case-by-case basis by the Province of British Columbia ("the Province".)

Applicants must contact Destination British Columbia program staff prior to submitting an application including capital expenditures (refer to Section 13: Further Information). Refer to Section 8 for information required for affordable housing initiatives.

Designated recipients are expected to effectively manage administrative costs related to MRDT projects. Administration costs, where applicable, include:

- Management and staff unrelated to program implementation
- Finance staff
- Human Resources staff
- Board of Directors costs
- Employee-related information technology costs (i.e. computers, telephone, support, network connections)
- Office lease/rent
- General office expenses

Considerable scrutiny will be applied to ensure that MRDT program funds are used for authorized purposes.

5. Eligible Applicants

5.1 Designated Recipients

The following are eligible to be a designated recipient under the MRDT program:

- Municipalities;
- Regional districts; and
- Eligible entities.

Under the *Provincial Sales Tax Act*, to qualify as an eligible entity, an applicant must:

- Be a not-for-profit business association (e.g. a society incorporated under the *Society Act*; entities incorporated under the *Business Corporations Act* are not eligible). Note that a not-for-profit society whose specific purpose is tourism marketing is preferred.
- Have a place of business in the designated accommodation area
- Be actively engaged in tourism marketing, programs or projects in the designated accommodation area.

5.2 Designated Accommodation Area

The designated accommodation area may be:

- A whole municipality, but not a portion of a municipality
- A whole regional district or a portion of a regional district
- A combination of municipalities and portions of regional districts.

The tax may be levied in more than one municipality or regional district on behalf of a single designated recipient.

There can be no overlap with any other designated accommodation area in which the tax applies.

Generally, an electoral area is the smallest portion of a regional district that may be prescribed as a designated accommodation area.

5.3 Delegation of Administration

Municipalities and regional districts may either administer the MRDT program directly or delegate administration to a service provider (such as a destination marketing organization). The municipality or regional district remains the designated recipient and remains fully responsible for compliance with all MRDT program requirements.

Eligible entities are not permitted to delegate the administration of the MRDT program to a service provider.

The Province does **not** mediate disputes between municipalities or regional districts and their service providers. A service agreement that details the deliverables and conflict resolution procedure is strongly recommended.

6. MRDT Program Overview

6.1 How the MRDT Program Works

Applicants may apply to request that the Province levy the tax on their behalf in a designated accommodation area.

The tax applies to purchases of taxable accommodation within the designated accommodation area. The tax is collected by the Province on behalf of the designated recipient.

Funds equal to the tax collected in the designated accommodation area minus an administration fee are forwarded to the designated recipient on a monthly basis. OAP revenues will be forwarded to the designated recipient on a quarterly basis.

For new and renewal applications, the tax will be implemented for a period of five years. To extend the tax for an additional five-year period, a designated recipient must re-apply. There is no restriction on the number of times a designated recipient can apply to renew the tax.

Under the *Provincial Sales Tax Act*, **all** designated recipients must account annually to the Province on how MRDT program funds are spent (refer to Section 11: Annual Performance Management and Reporting Requirements).

6.2 Three Percent Rate

The *Provincial Sales Tax Act* was amended in 2015 to increase the maximum tax rate on the purchase of accommodation that may be imposed in a designated accommodation area from two percent to three percent of the purchase price of the accommodation.

Increasing the rate of tax is optional. A designated recipient may request a change in the rate of the tax to three percent of the purchase price of the accommodation prior to their renewal date by submitting a complete application containing all requirements listed in Section 7: Application Requirements. If approved, the tax will be renewed at the new rate for another five-year period. Designated recipients not subject to renewal requirements will be required to submit a complete application for the new rate one time only.

It is intended that designated recipients implementing a rate of three percent will sponsor and contribute to a provincial Tourism Events Program. Under this program, 0.2 percentage points of the incremental one percent of the tax will contribute to a provincially-led program to support tourism events that are expected to increase tourism to or within British Columbia.

Designated recipients with a three percent tax rate will be subject to enhanced reporting requirements (refer to Appendix 2.2 for further details).

6.3 Key Timelines

New applications for the tax, applications for rate changes, and applications that include affordable housing must be submitted at least **nine** months in advance of the desired effective date of the tax.

Renewal applications at the two percent rate must be submitted at least **six** months in advance of the end of the five-year term of the tax (“repeal date”).

Under extraordinary circumstances, designated recipients may make a written request to the Minister of Finance for an extension of the application deadline.

Failure to submit a completed application by the deadline may result in the tax ceasing to apply in a particular designated accommodation area.

7. Application Requirements

New applications, rate changes, and renewal application requirements include consultation and support from local governments, tourism industry stakeholders and accommodation providers. The application must include **all** of the following information and be submitted as a single complete package:

- A completed application form (refer to Appendix 1.1) signed by an authorized signing authority of the municipality, regional district or eligible entity that confirms that all program requirements have been met and all required documents are included in the application package.
- A Five-Year Strategic Business Plan with first year tactical details that meets all the requirements set out in Appendix 1.2. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders and accommodation providers as part of the industry consultation and accommodation support requirements on page 7.
- Evidence that the funds from the tax are incremental to existing sources of tourism funds. The funds from the tax are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community. An applicant must note any additional funding sources that will be available to support the Five-Year Strategic Business Plan.
- Evidence of consultation and support from local governments.
 - **If a municipality is applying,** the municipality must provide evidence that the regional district has been consulted and indicate whether the regional district supports or opposes the imposition of the tax in the municipality. Evidence could be in the form of a letter from the regional district’s Board of Directors.
 - **If a regional district is applying,** the regional district must provide evidence that all municipalities within the regional district have been consulted and agree with the tax being imposed in the regional district. Evidence must be in the form of letters of support from the municipality(ies).
 - **If an eligible entity is applying,** the entity must provide evidence that all municipalities and regional districts within the designated accommodation area have been consulted and agree with the tax being imposed in the designated accommodation area on behalf of the eligible

entity. Evidence must be in the form of letters of support from the municipality(ies) and regional district(s).

- In the case of a conflict between a municipality, regional district or eligible entity about who the designated recipient is for an application or whether the tax should be imposed in a municipality, priority will be given to the position of the municipality.
- Evidence of authority and request to impose the tax.
 - **If a municipality is applying**, the municipality must pass a bylaw that requests the Province levy the tax on its behalf and provide a copy of the bylaw with the application.
 - **If a regional district is applying**, the regional district must pass a resolution that requests the province levy the tax on its behalf and provide a copy of the resolution with the application. The regional district must also provide evidence of its authority to use funds for the intended purpose either through letters patent or statutory authority.
 - **If an eligible entity is applying**, the eligible entity must submit a letter that requests the province levy the tax on its behalf. The eligible entity must also provide evidence of its authority to use funds for the intended purpose by submitting copies of its certificate of incorporation, articles of incorporation, constitution and bylaws.
 - The bylaw, resolution or letter must contain the following information:
 - Rate of tax to be imposed
 - Description of the geographic area in which the tax is to be imposed
 - Purpose for the funds
 - Desired effective date of the tax.
- Documentation on how the MRDT program, including revenue, will be administered (e.g. directly by the designated recipient or through a service provider). If a municipality or regional district is proposing to delegate administration of the program to a service provider, the name and address of the service provider must be included.
- Evidence of consultation with tourism industry stakeholders. The applicant must provide detailed evidence that the applicant has consulted with and received broad support from tourism industry stakeholders within the designated accommodation area in respect of the application. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders and provide an opportunity for input. Examples of consultation activities could include presentations at town hall meetings, annual general meetings and information sessions, etc. Letters of support from individual tourism industry businesses or organizations can also be provided.

Tourism industry stakeholders: Examples may include, but are not limited to, the following within the designated accommodation area:

- Accommodation providers;
- Attractions, sightseeing, activities and other primary tourism businesses;
- Restaurants, retail and other tourism related businesses;
- Regional and local tourism associations;
- Product Sector organizations;
- Parks and recreation;
- Visitor Centres; and
- Other government agencies and organizations that have programs and services that relate to tourism.

- An Accommodation Directory Form that lists all of the accommodation providers who offer taxable accommodation under the *Provincial Sales Tax Act* within the designated accommodation area, and the number of units each accommodation provider offers within the designated accommodation area (refer to Appendix 1.3). While the Province is able to provide an applicant with the names and addresses of registrants under the *Provincial Sales Tax Act*, it remains the responsibility of the designated recipient to ensure the accommodation directory is a complete and accurate list. The designated recipient is not required to identify and consult individual hosts who a) only list on registered online accommodation platforms, and b) those accommodation providers who offer fewer than 4 units of accommodation within the designated accommodation area (see below). For information on taxable and exempt accommodation, see PST Bulletin 120 Accommodation (http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf)
- An Accommodation Sector in Support of MRDT Form (refer to Appendix 1.4) that provides evidence that an applicant has sufficient support from accommodation providers who offer taxable accommodation within the designated accommodation area. The minimum required level of support is at least 51 percent of the accommodation providers representing at least 51 percent of the total number of units of accommodation offered by those accommodation providers in the designated accommodation area. Higher support from accommodation providers will increase the likelihood that an application will be approved, providing all other requirements are met. The applicant is required to make its Five-year Strategic Business Plan available to accommodation providers. The applicant is also required to indicate on the Accommodation Sector in Support of MRDT Form if they wish to use general MRDT revenues for affordable housing.

For more information on taxable or exempt accommodation refer to PST Bulletin 120 Accommodation
http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf.

Online accommodation platforms located outside of BC have been enabled to register to collect tax on purchases of accommodation through their platforms. These are online marketplaces that facilitate transactions for renting short-term accommodations (many of which operate across jurisdictions) and typically list basement suites, individual rooms, or other forms of accommodation (such as trailers or motor homes). Their hosts may not regularly offer accommodation, may not be readily identifiable and accessible, and their accommodation units may not be on record with the Province.

This will not affect the way that applicants have consulted accommodation providers in the past. Applicants are not required to identify and consult individual hosts who: a) only list on registered online accommodation platforms, and b) those accommodation providers who offer fewer than 4 units of accommodation within the designated accommodation area. Designated recipients are only required to consult those accommodation providers who are registered under the *Provincial Sales Tax Act* and who physically provide taxable accommodation; whose owners/property managers are readily identifiable; and whose addresses and total number of accommodation units are on record with the Province; and who offer 4 or more units of accommodation within the designated accommodation area. This includes hotels and motels, bed and breakfasts, and vacation rental reservation systems that list properties with verifiable property managers.

For clarification, the Province is able to provide the names and addresses of registrants to assist applicants in identifying which accommodation providers to consult.

- Confirmation that Destination British Columbia has been consulted to ensure that proposed spending is coordinated and does not duplicate Destination British Columbia's broader promotional programs and is complementary to provincial marketing strategies and tactics.
- Third Party Authorization Form. If the designated recipient wishes the Province to discuss the application with their service provider the designated recipient must sign and submit the Third Party Authorization Form (refer to Appendix 1.5).
- Disclosure of Information Authorization Form. Applicants must authorize the Ministry of Finance to share information about the designated recipient in respect to the MRDT program with Destination British Columbia and the Ministry of Jobs, Tourism and Skills Training for the purpose of program administration and evaluation, and development of provincial tourism policy (refer to Appendix 1.6).
- A signed Tourism Events Program Sponsorship Undertaking if the application is for a three percent tax rate (refer to Appendix 1.7).
- Affordable Housing Requirements and Documentation, if applicable (see Section 8).

8. Application Requirements for Affordable Housing

8.1 Parameters for Spending on Affordable Housing

Designated recipients have the flexibility to define, identify, and fund affordable housing initiatives that they deem appropriate to meet local needs. Designated recipients may use MRDT revenues for the following purposes for spending on affordable housing initiatives:

- Acquiring, constructing, maintaining or renovating housing or shelter;
- Acquiring or improving land used for, or intended to be used for, housing or shelter;
- Supporting the acquisition, construction, maintenance, renovation or retention of housing or shelter or the acquisition or improvement of land intended to be used for housing or shelter;
- Supporting housing, rental or shelter programs; or
- Paying expenses related to the administration or disposal of housing, shelter or land acquired with money paid out of MRDT revenues.

Documentation and plans for affordable housing (Appendix 1.8 and 2.4) will be forwarded to the Ministry of Municipal Affairs and Housing (MAH) for assessment. Destination BC will remain the initial point of contact for discussions on applications. An updated Appendix 1.6 (Disclosure of Information Authorization Form) is also required for the first time that a designated recipient wishes to use MRDT for affordable housing, regardless of the revenue source.

8.2 Using Revenues from Online Accommodation Platforms (OAP) on Affordable Housing

Designated recipients are able to use OAP revenues on affordable housing initiatives without submitting a new five-year strategic business plan or application package. If a designated recipient chooses to only spend this amount on affordable housing, the following information on affordable housing will be required prior to implementation and due on November 30 of

each year to outline spending in the upcoming year (see Appendix 1.8 and 2.4):

- Project name and address;
- Project rationale and details (what is the need, issue, or demand);
- MRDT contribution;
- Housing provider/Project owner;
- Funding partners (if applicable);
- Funding partners' contribution (if applicable);
- Estimated completion date;
- Estimated number of housing units (number of housing units acquired, completed, maintained, or renovated); and
- Evidence of support on using MRDT revenues for affordable housing from applicable local government(s) (only if the designated recipient is not a municipality).

Designated recipients that have committed to using OAP revenues for purposes other than affordable housing in their tactical plan cannot redirect those revenues to affordable housing midway through the year; they must wait until the submission of the next tactical plan.

8.3 Using General MRDT Revenues on Affordable Housing

For designated recipients that wish to use general MRDT revenues (meaning revenues beyond OAP revenues), they can submit a new application at any time during the five-year tax lifecycle, but the package must include all of the documentation required for a renewal or rate increase application outlined in Section 7, including:

- A completed application form;
- A Five-Year Strategic Business Plan with first year tactical details;
- Evidence that the funds from the tax are incremental to existing sources of tourism funds;
- Evidence of authority and request to impose the tax;
- Evidence of consultation with tourism industry stakeholders;
- An Accommodation Directory Form;
- An Accommodation Sector in Support of MRDT Form (which demonstrates support from 51 per cent of accommodation providers representing 51 per cent of accommodation units);
- Confirmation that Destination British Columbia has been consulted;
- Third Party Authorization Form (if applicable);
- Disclosure of Information Authorization Form;
- A signed Tourism Events Program Sponsorship Undertaking (if applicable); and
- An Affordable Housing MRDT Plan (Appendix 1.8).

Designated recipients not subject to the renewal application requirements that would like to use MRDT revenues on affordable housing initiatives must submit a complete application as outlined above.

9. Application Procedure

Complete application packages must be submitted in PDF format by email to Destination British Columbia (MRDT@destinationbc.ca). The applicant will receive an email from Destination British Columbia confirming receipt of the application package.

Applicants may be contacted to provide additional information.

Failure to provide complete and accurate information may result in the application being delayed, returned or rejected.

Applicants can find more information about application timelines in Section 6.3.

10. Upon Approval of Application

If the application is approved by Cabinet, the Designated Accommodation Area Tax Regulation will be amended to prescribe the designated recipient, the designated accommodation area, the rate of tax, the effective date of the tax, the repeal date of the tax if applicable, and the approved uses of the revenue from the tax for a five-year period.

The applicant will be informed by the Ministry of Finance when the amendment to the Designated Accommodation Area Tax Regulation has been made and will be given information on when the tax will come into effect.

For new applications, the tax will be implemented effective the first day of the month that is three full months after the month in which the tax was approved. For example, if Cabinet approves the tax in May, the tax will be implemented in the designated accommodation area beginning September 1. This provides sufficient time for accommodation providers to prepare to collect the tax.

For rate changes, the new tax rate will be implemented effective the first day of the month that is one full month after the month in which the tax was approved. For example, if Cabinet approves the tax in May, the new tax rate will be implemented in the designated accommodation area beginning July 1.

The Consumer Taxation Programs Branch of the Ministry of Finance will provide information on the procedures for collecting and remitting the tax to all accommodation providers required to collect and remit the tax. Accommodation providers may also refer to PST Bulletin 120 *Accommodation* (refer to http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf).

11. Annual Performance Management and Reporting Requirements

Under the *Provincial Sales Tax Act*, all designated recipients must account annually to the Province for how money received from the tax has been spent. Therefore, **all designated recipients** must submit an **Annual Performance Report**, a **Financial Report**, and a **One-Year Tactical Plan**, signed by the authorized signing authority of the designated recipient, annually to the Province (email to MRDT@destinationbc.ca).

Annual Performance Report:

- Designated recipients must report on performance metrics related to the four MRDT program principles.
- Designated recipients with a three percent tax rate or who wish to spend on affordable housing initiatives

will be subject to additional reporting requirements.

- The Annual Performance Report must also include a summary of the tactics, activities and key outputs and outcomes.
- A template for the Annual Performance Report is provided in Appendix 2.2.
- **The Annual Performance Report must be submitted by May 31 of each year.**

The MRDT program principles are:

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

Financial Report:

- The Financial Report must include a detailed budget for the year ending and the year ahead. The Financial Report must show how all of the money received from the tax was spent and certify that all of the money received from the tax was used solely for approved purposes.
- The Financial Report must show that spending of money received from the tax was consistent with the Five-Year Strategic Business Plan.
- The Financial Report must also show the amounts, sources, and uses of all other tourism revenues.
- A template for the Financial Report is provided in Appendix 2.1
- **The Financial Report must be submitted by May 31 of each year.**

Annual Affordable Housing MRDT Report (if applicable):

Designated recipients that spend MRDT revenues on affordable housing, regardless of whether from OAP revenues or from general MRDT revenues, must submit an **Annual Affordable Housing MRDT Report by May 31 of each year** (see Appendix 2.4).

One-Year Tactical Plan:

- The One-Year Tactical Plan must include:
 - A brief overview of the strategic direction from the Five-Year Strategic Business Plan.
 - Key strategies for the year, if different from the Five-Year Strategic Business Plan, and key target markets.
 - Detailed tactics for the next year, including details about tactics and activities, as well as a proposed budget for the next year.
 - Performance measures for next year, including expected outputs, outcomes, and performance metrics. The performance measures must relate to the MRDT program principles (as outlined in Appendix 2.2).
- The One-Year Tactical Plan should be made available to tourism industry stakeholders.
- A suggested template for the One-Year Tactical Plan is provided in Appendix 2.3.
- **The One-Year Tactical Plan must be submitted by November 30 of each year.** If plans are available earlier, please submit as they become available.

Affordable Housing MRDT Plan:

Designated recipients must provide the following information (see Appendix 1.8):

- Project name and address;
- Project rationale and details (what is the need, issue, or demand);
- MRDT contribution;
- Housing provider/Project owner;
- Funding partners (if applicable);
- Funding partners' contribution (if applicable);
- Estimated completion date;
- Estimated number of housing units (how many rooms or beds that would be available for individual dwelling); and

- Evidence of consultation on using MRDT revenues for affordable housing from applicable local government(s) (only if the designated recipient is not a municipality).

Designated recipients that wish to use general MRDT revenues for affordable housing must provide the above information in their Five-Year Strategic Business Plan, One Year Tactical Plan, and must demonstrate strong local stakeholder support as part of a full application.

Designated recipients that wish to use OAP revenues for affordable housing do not need to provide a Five-Year Strategic Business Plan or One Year Tactical Plan; however, Appendix 1.8 is required and must be submitted prior to implementation of affordable housing initiatives.

The Affordable Housing MRDT Plan (Appendix 1.8) is required for:

- Renewal/new MRDT applications that include affordable housing **regardless of the revenue source**;
- A full application package submitted midway through a five-year tax term if designated recipients wish to use general MRDT revenues on affordable housing; and
- If designated recipients wish to use any OAP revenues on affordable housing in the next year, **due November 30** prior to implementation.

Please note:

- Designated recipients from larger communities (those that have the capacity for ongoing multi-year planning and reporting) may be asked to provide their multi-year rolling business plans annually for the purpose of program administration and evaluation.
- Designated recipients not subject to the renewal application requirements must submit a Five-Year Strategic Business Plan every five years. The first Five-year Strategic Business Plan must be submitted to the Province **by November 30 of each year**.

12. Amendments

The Designated Accommodation Area Tax Regulation sets out the designated recipient, the designated accommodation area, the rate of the tax, the repeal date of the tax, and the approved uses of the revenue from the tax for a five-year period. Any other use of the revenue is prohibited.

Requests for interim changes to the designated recipient or the designated accommodation area will not be considered. Changes to the designated recipient or the designated accommodation area can only be made in a renewal application.

Proposed changes in the use of revenue from the tax by the designated recipient that require amendments to the Designated Accommodation Area Tax Regulation will generally be considered with renewal applications, for example, a proposal to use revenue from the tax for capital projects

Plans to only use OAP revenues for affordable housing are not required to submit a new application; however, information on affordable housing is required as outlined in Section 11.

Requests to use general MRDT revenues for affordable housing will be considered only once a designated recipient or applicant submits a new application (at any time during the five year tax lifecycle). The package must include all documentation required for a renewal or rate increase application outlined in Sections 7 and 8.

Designated recipients that have committed to using OAP revenues for purposes other than affordable

housing in their tactical plan cannot redirect those revenues to affordable housing midway through the year; they must wait until the submission of the next tactical plan.

Designated recipients do not require approval from the Province for changes in marketing tactics previously submitted in their one-year Tactical Plan (as part of their application package or submitted with the annual review), as long as the tactics are consistent with the overall approved five-year Strategic Business Plan.

Any other material changes, that are significant shifts in the direction set out in either the One-Year Tactical Plan or the Five-Year Strategic Business Plan, must be submitted to Destination British Columbia for approval in advance of the change being implemented.

13. Monitoring, Compliance, and Termination

Designated recipients are required to comply with all MRDT program requirements, including eligible use of funds and annual reporting requirements. The Minister of Finance may terminate the tax in a designated accommodation area if the designated recipient is found to be in non-compliance with MRDT program requirements, and the non-compliance is not corrected in a timely manner.

The Ministry of Finance undertakes various compliance related activities as part of the administration of provincial consumption taxes, including the MRDT program, to ensure that all amounts due are remitted. The tax is levied under the *Provincial Sales Tax Act*. Any compliance activities undertaken in relation to the tax are carried out as part of those conducted for the Provincial Sales Tax (“PST”) according to the schedules and guidelines established for PST.

The Ministry of Finance will review specific lead information provided (for example, a hotel operating without collecting applicable taxes) and will make a determination as to whether any additional follow up may be necessary. The Ministry may conduct any further investigation deemed warranted.

A designated recipient may make a written request to the Minister of Finance to have the tax cease before the scheduled repeal date.

If the tax ceases in a designated accommodation area for any reason (e.g. failure to submit a completed renewal application on time, written request for early termination, or termination for non-compliance) a new application to impose the tax in that designated accommodation area would be required and it would be subject to the normal processing time associated with new applications.

14. Further Information

Applicants can request further **information about the MRDT program** by contacting Destination British Columbia by email at MRDT@destinationbc.ca or by phone at 604-660-6391.

For information on the **administration and enforcement of the tax**, please contact the Ministry of Finance:

Toll-free from anywhere in Canada call:
1-877-388-4440 Fax: 250-356-2195
E-mail: CTBTaxQuestions@gov.bc.ca

4.2.3 Best Practices and Organization Reviews

Tourism Dawson Creek and Destination Campbell River

Business Model: Fee for Service contract agreement with municipalities and contractor/service providers
Product: Outdoor Adventure (fishing and wildlife viewing), heritage & culture (Alaska Highway corridor, indigenous product), RV and Touring
Location: British Columbia

In 2017, both the City of Campbell River and the City of Dawson Creek pursued opportunities to invite submissions for proposals from qualified proponents for the provision of managing and operating their city's destination marketing and visitor information services. Both municipalities entered in to a Fee for Service contracts that provided a legal framework for the joint strategies of providing services.

The RFP process enabled their Selection Committees to source the most suitable service provider that could meet the strategic objectives of the municipality, be at arms-length of municipal government while offering visitors excellent tourism and visitor services and could market and promote their city's businesses, attractions and events. Proponents were rated on their ability to provide:

- Company history and background in providing similar services;
- Explain how tourism and visitor servicing would be provided;
- Identify innovative ways to destination marketing and visitor servicing;
- Staffing complement for the operations;
- Collaborative partnerships with other community organizations;
- Method, processes, and standards to be followed;
- Amount of assistance and support expected from City staff and resources;
- Draft operating budget with projected costs, operating budget, proposed fee schedule, sources of revenue, etc.

The five-year Fee for Service contracts include sustainable governance and funding models as well as details to Terms of Reference and Terms of Agreement; funding for the organizations slightly differ. *Destination Campbell River* receive \$250,000 annually from the City of Campbell River and funds from the 3% accommodation tax (approximately \$250,000 annually), with the expectation for the service provider/contractor to seek additional funding opportunities and leveraging funding.

The City of Dawson Creek provides *Tourism Dawson Creek* with approximately \$450,000 annually from their general revenue. Tourism Dawson Creek leverages its funding to obtain supplemental program funding while also generates revenue through retail sales.

The municipalities are the governing authority and are guided by their appointed Tourism Advisory Committees.

Destination Campbell River:	Service Provider: <i>Destination Think</i>	Approx. Annual Budget: \$600,000
Tourism Dawson Creek:	Service Provider: <i>Spectra Comcast Spectator</i>	Approx. Annual Budget: \$450,000

Gold Country Communities Society

Business Model: Not-for-Profit, membership based
Product: Outdoor Adventure, heritage & culture (Gold Rush Trail, indigenous product), touring
Location: British Columbia

Gold Country Communities Society is a not-for-profit sub-regional destination marketing organization (DMO) that represents a current 12-member base; Ashcroft, Cache Creek, Clinton, Lillooet, Logan Lake, Lytton, Merritt, and TNRD Area E (70 Mile, Green Lake, Loon Lake), Area I (Hat Creek, Spences Bridge, Walhachin), Area J (Savona, Tunkwa Lake, Deadman Valley), Area M (Upper and Lower Nicola, Quilchena, Douglas Lake) and Area N (Brookmere, Aspen Grove). Their mandate is to increase economic development and tourism for the Gold Country region. The organization offers services to an area of approximately 9000 sq. miles. The organization recently adjusted their focus and is no longer the managing contractor for the Village of Cache Creek Visitor Centre.

Since its incorporation in 1991, the GCCS has provided a framework for their participating communities and stakeholders that enable national, provincial, regional and local marketing and industry development and has most recently been guided by the adoption and implementation of the Gold Country 2018-2022 Business & Strategic Plan. The organization is funded through several revenue streams that include membership fees, grants and fee-for-service agreements.

Approximate Annual Budget: **\$175,000**

Shuswap Tourism

Business Model: Department within Columbia Shuswap Regional District and Economic Development
Product: All-season outdoor Adventure, RV and touring
Location: British Columbia

Shuswap Tourism is a department within the Columbia Shuswap Regional District and Economic Development. Shuswap Tourism is a community based destination management and marketing organization (DMO) which assists in tourism development and marketing and promotional services for tourism businesses and operators within the geographic boundaries of Chase, South Shuswap, North Shuswap, Enderby, Salmon Arm, Sicamous, and CSRD Electoral Areas C, D, E, and F. These services promote the long-term development and marketing of the Shuswap region to increase visitation for recreational, leisure, or business purposes.

Shuswap Tourism is primarily funded through the Municipal Regional District Tax (MRDT) at a level of 2% as well as various grants and leveraged opportunities through DBC. Their annual budget is included in the Economic Development annual budget, however, it does not a stand-alone budget for Shuswap Tourism.

Approximate Annual Budget: **\$540,000**

Tourism Kamloops

Business Model: Not-for-profit Destination Management Organization (DMO)
Product: Sport and Event Hosting, golf, agri-tourism, All-season outdoor Adventure
Location: British Columbia

Located 87 kilometers from Merritt, (via BC-5N) is the city of Kamloops. Tourism Kamloops is the organization responsible for destination marketing on behalf of the Kamloops tourism industry and the City of Kamloops. Since 2005, tourism in Kamloops has evolved significantly to position itself to become an attractive, affordable and accessible getaway, targeting outdoor enthusiasts, families, athletes and “weekend warriors”. The tourism industry in Kamloops welcomes approximately 1.8 million visitors annually and generates \$449 million in economic value. The projected 2018 accommodation revenues for Kamloops is \$60 million.

In 2018, Tourism Kamloops re-branded their tag line to “*Boldly Unscripted*” and included the launch of a new website. Tourism Kamloops concentrates their marketing efforts strategically through 5 sectors; mountain biking, biking, fishing, golf, sport & tournament and winter adventure; which is aimed at driving visitation during the shoulder tourism months

Approximate Annual Budget: **\$1.84 million**

Tourism Chilliwack

Business Model: For-profit Organization, part of the Chilliwack Economic Partners Corporation (CEPCO)
Product: Fishing, mountain-biking, hiking, agri-tourism, Sport and Event hosting, indigenous product
Location: British Columbia

Established in 1998 as part of the Chilliwack Economic Partners Corporation, the organization was created to forge a partnership between the City of Chilliwack and the tourism industry, to promote growth and diversification and to increase the economic impact of tourism to the local economy. Tourism Chilliwack is a non-traditional DMO responsible for marketing and promotions as well as the day to day operations of the Chilliwack Visitor Centre. The organization also has a business function; with a fee-for-service agreement to operate Chilliwack Heritage Park and is the official Flag Shop retailer and representative for the community and region.

Tourism Chilliwack is one of the 3 founding DMO’s that collaborated in Destination BC’s Co-op Marketing Program, initiating “The Fraser Valley” in 2013. Today, the collaboration has expanded to include *Advantage Hope* and is currently reviewing additional opportunities with neighboring destinations to grow the campaign and program in 2019.

Approximate Annual Budget: **\$600,000**

LESSONS LEARNED FOR MERRITT

An official destination management or marketing organization requires an in-depth review of the community’s internal and external assets and available resources to deliver effective and efficient initiatives, programs and services for their community and visitors. Demonstration of results as well as excellent collaboration and communication between key stakeholders are primary indicators of success.