



Town of Niagara-on-the-Lake

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REPORT #: CS-25-006

COMMITTEE DATE: 2025-04-15

DUE IN COUNCIL: 2025-04-29

REPORT TO: COTW-General

SUBJECT: MAT funding Criteria

1. RECOMMENDATION

It is respectfully recommended that:

- 1.1 Report CS-25-006 MAT Funding Criteria be **RECEIVED**;
- 1.2 Council **RECEIVE** the MAT Committee Recommendation Summary Report, attached as Appendix I;
- 1.3 Council **APPROVE** the MAT Committee's recommended criteria and **DIRECT** staff to report back by December 31 on the required resources and policies needed to implement;
- 1.4 Council **APPROVE** restricting the use of MAT funds to Town projects only for 2025 and 2026, and **DIRECT** staff to report back by July 31 on proposed projects; and,
- 1.5 Council **RECOGNIZE** the work of the MAT Committee for their efforts in drafting the MAT Funding Criteria, and that the Committee be sunset.

2. EXECUTIVE SUMMARY

- The Municipal Accommodation Tax was approved by Council on June 20, 2022 to support tourism infrastructure.
- In the fall of 2023, the Municipal Accommodation Tax Committee was tasked with developing funding criteria recommendations for the Town portion of MAT Funds.
- The MAT Committee developed the attached funding criteria (Appendix I). The criteria lays out three funding streams with the following allocations of annual MAT revenues:
 - 20% for Town Infrastructure
 - 20% for a new grant stream, open to the Public and Town Departments for projects under \$100,000, with evaluation criteria as outlined in Appendix I – Figure I.
 - 60% for a new grant stream, open to the Public and Town Departments for projects over \$100,000, with evaluation criteria as outlined in Appendix I – Figure II.
- Disparities exist between the MAT Committee recommendations and the Tourism Strategy related to funding staffing costs.

- There remains a need to reconcile multiple discretionary grant funding programs for allocation funds to outside parties.
- The Committee identified outstanding Town tourism-related infrastructure needs such as public washrooms, roads, sidewalks, bicycle trails, way-finding systems and other transportation systems for tourists.
- Staff recommended exclusively funding these tourism needs with the 2025 and 2026 funds and to not open intake for non-Town projects until these are adequately addressed. This will provide time to consider the supporting resources, policies and processes needed to apply to any public intake process.

3. PURPOSE

This report presents recommendations for the use of Municipal Accommodation Tax (MAT) funds.

4. BACKGROUND

Staff have been working with the MAT Committee, which began work in the fall of 2023. Representation on the Committee was made up of Councillor O'Connor, Councillor Balasiuk, John Foreman (Tourism Sector Representative), Paul MacIntyre (Tourism Sector Representative), Andrew Niven (DMO Representative until October 2024), Normand Arsenault (Resident Representative) and Brian Trnkus (Resident Representative).

Following an introductory meeting and reviewing example criteria, the Committee held workshops that Optimus SBR facilitated to develop funding criteria. The Committee was broken into multiple groups to brainstorm on particular topics, and then shared their suggestions back to the larger group for feedback and further refinement. The Optimus SBR report (Appendix II) of this report further summarizes the approach, topics, and themes of each of these meetings.

The Committee met once in 2023 and four times in 2024. The Committee developed three streams which the MAT would fund, with the criteria for each summarized in Appendix I. The full process, along with the accompanying criteria in further detail, is attached as Appendix II.

To pull directly from the summary in Appendix I, per the MAT Committee's recommendations:

- Framework:
 - Section 4 MAT Funding **Exclusions**:
 - Projects with no clear tourism-related benefits
 - Initiatives intended solely to stabilize municipal taxes or replace existing budgeted items
 - High-risk projects lacking defined stakeholder benefits or measurable outcomes
 - "Slush funds" or discretionary grants without accountability mechanisms
 - Salaries except for administrative grants without accountability mechanisms
 - Section 5 MAT Funding Streams – Three streams would be created for internal and external projects:
 1. **Internal Town Infrastructure projects (20%)**, managed by Town Staff with minimal reporting requirements. Staff would handle this through the annual

budgeting process and set up capital projects.

2. **Minor Stream for small projects under \$100,000 (20%)**, evaluated on a rolling basis, open to the public and Town Departments for application based on the criteria summarized in Figure 1, Section 5 of Appendix I.
3. **Major Stream for large projects over \$100,000 (60%)**, evaluated on a competitive basis at set times throughout the year, open to the public and Town Departments for application based on the Major Stream criteria in Figure II, Section 5 of Appendix I.

- Proposals for the Minor and Major Streams would be reviewed initially by Staff within Corporate Services and then considered by a newly created MAT committee. The committee would have a focus on making recommendations to the Council on these applications.

The MAT funding Criteria under the Minor and Major Streams for the Tourism Strategy include a placeholder that any applications or projects must meet at least one pillar of the Tourism Strategy. Further work will be required to incorporate the Tourism Strategy into the MAT Funding Criteria.

All projects regardless of stream would be subject to Council approval before proceeding.

5. DISCUSSION / ANALYSIS

Clear, understandable, transparent and aligned policy for the use of MAT funding is an important step forward.

Disparities between the recommendations of the MAT Committee and those contained in the Tourism Strategy need to be addressed. Multiple “discretionary grant” programs need to be reconciled and streamlined to ensure any overlap or differences in application are removed or clearly explained.

Tourism Strategy

Report CAO-25-011 “Tourism Strategy” includes a detailed action plan which includes specific recommendations with respect to the use of MAT funds. Contrary to the MAT Committee’s recommendations, the Tourism Strategy recommends that MAT funds support development of a new Economic Development & Tourism Director to manage tourism at the Town level with associated resources. The approved 2025 Budget includes the allocation of \$32,571 for this purpose.

Discretionary Grants

Should Council approve the MAT Committee recommendations, two new discretionary grant streams would be introduced as a Town program. Tourism NOTL is also considering potential grants under their portion of funding, which would represent a fourth grant stream.

These would require further development of applications, agreements, reporting templates and a legal review of the program. Staff would borrow heavily from the Town’s existing Discretionary Grant Program for some of these templates. An analysis of the required additional resources to appropriately manage the new programs would also be required.

Similar to the Discretionary Grant Program, organizations eligible for funding would need to be non-profit or charitable organizations in good standing with the Canada Revenue Agency to be eligible to apply. Extending funding to for-profit organizations would likely conflict with the Municipal Act and not be possible.

Several legal matters would need to be further explored, including ongoing ownership and operations, and what occurs if an organization becomes insolvent or ownership of MAT-funded assets were transferred. Agreements may need to be developed on a case-by-case basis to address the unique circumstances of each application, but general terms and conditions would help set the landscape for those considering applying for potential grants. These items are essential as the scope and size of these applications are much larger than the Town's existing Discretionary Grant Program.

In summary, if this recommendation is approved, Staff will need to investigate further and report back to Council before this program is fully implemented.

As noted in the Optimus SBR report (Appendix II) the Committee identified outstanding Town tourism-related infrastructure needs such as public washrooms, roads, sidewalks, bicycle trails, way-finding systems and other transportation systems for tourists. Staff recommend exclusively funding these tourism needs with the 2025 and 2026 funds and to not open intake for non-Town projects until these are adequately addressed. In addition this will provide time to consider the supporting resources, policies and processes needed to apply to any public intake process.

6. STRATEGIC PLAN

The content of this report supports the following Strategic Plan initiatives:

Pillar

1. Vibrant & Complete Community

Priority

1.3 Strategies & Masterplans

Action

1.3 a) Strategies & Masterplans

Pillar

3. Enrich Community Assets, Environment, & Infrastructure

Priority

3.3 Infrastructure

Action

3.3 a) Infrastructure Investment (Physical & Green)

7. OPTIONS

- 7.1 Option 1: Accept the recommendations in this report (**Recommended**)
- 7.2 Option 2: Accept the MAT Committee's recommendations and approve the creation of three funding streams (20% Town Infrastructure, 20% for Town/Public Tourism Projects under \$100,000, 60% for Town/Public Projects over \$100,000), funded fully by MAT revenues, with Staff returning with more information once the program is developed (*Not Recommended*)
- 7.3 Option 3: Refer the report back to Staff with direction on additional amendments. (*Not Recommended*)

8. FINANCIAL IMPLICATIONS

The Municipal Accommodation Tax was approved by Council on June 20, 2022 to support tourism infrastructure. As of mid-February 2025, the Town collected a cumulative total of \$4,456,345 in MAT revenues, representing collections in 2022 (half-year), 2023, and 2024.

Per the Town's agreement with Tourism NOTL to act as the Town's Destination Marketing Organization (DMO), half of these funds have been, or will be, disbursed to Tourism NOTL. Additionally the Town disbursed \$500,000 in 2024 to the Niagara-on-the-Lake Museum as part of an existing commitment to capital improvements and expansion.

Accounting for Staff administration costs, approximately \$1,717,910 was in the Town's MAT reserve as of December 31, 2024. Final revenue and expense figures are still subject to change as Staff are working through the 2024 year-end close. A report detailing the revenues and expenses of the MAT fund and projections for 2025 will be provided with the 2024 year-end reports.

As part of the 2025 Budget, Council approved the use of MAT funds as follows:

- \$32,571 One-quarter of the Economic Development, Government Relations and Tourism Budget including salaries.
- \$51,000 to offset annual debt charges for the Mississauga Street road reconstruction capital project.

9. ENVIRONMENTAL IMPLICATIONS

There are no environmental implications directly related to this report. If approved, future projects funded with MAT may fund potential ecological initiatives related to Tourism and satisfy MAT funding criteria.

10. COMMUNICATIONS

Upon approval by Council, Staff will coordinate with Communications on the appropriate public notification and updates to the Town's website.

11. CONCLUSION

Clear, understandable, transparent and aligned policy for the use of MAT funding is an important step forward. Staff would like to thank the MAT committee for their work and efforts throughout this process. As noted in the Optimus SBR report (Appendix II) the Committee identified outstanding Town tourism-related infrastructure needs such as public washrooms, roads, sidewalks, bicycle trails, way-finding systems and other transportation systems for tourists. Staff recommend exclusively funding these tourism needs with the 2025 and 2026 funds and to delay intake for non-Town projects until these are adequately addressed. In addition, this will provide time to consider the supporting resources, policies and processes needed to apply to any public intake process.

12. PREVIOUS REPORTS

- **CS-22-109** Municipal Accommodation Tax
- **CAO-25-011** Tourism Strategy

13. APPENDICES

- Appendix I – Summary Report of MAT funding criteria
- Appendix II – Summary report by Optimus SBR

Respectfully submitted:

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Submitted by:



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