



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 6900-01 [2022]

From: City Manager (CAO)

Date: May 10, 2023

Subject: 2022 MRDT Annual Performance Report and Financial Report

PURPOSE:

The purpose of this report is to request Council approval of the 2022 Municipal and Regional District Tax (MRDT) Annual Performance Report and Financial Report provided by Experience Comox Valley (4VI) to be submitted to Destination BC.

EXECUTIVE SUMMARY:

The City of Courtenay's MRDT was approved in 2021 on the basis that there would be support for management and administration of the funds by a third-party contractor (4VI) that is the official Destination Management Organization (DMO) for Courtenay. Governance of the MRDT is supported by a Tourism Advisory Committee (TAC).

The agreement between the City and 4VI to provide for management, delivery and reporting of the MRDT funds on behalf of the City of Courtenay requires that 4VI submit an Annual Performance Report and Financial Report for review and approval.

BACKGROUND:

Due to the contract termination and wind up of the Comox Valley Economic Society (CVEDS), the previous MRDT regulation in place for the City of Courtenay was repealed as of August 31, 2021. A new application was submitted to re-establish the tax, which was approved by the Ministry of Finance and was effective September 1, 2021.

On September 27, 2021 Council approved the agreement between the City of Courtenay and 4VI to provide for management, delivery and reporting of the MRDT funds on behalf of the City of Courtenay.

DISCUSSION:

MRDT funds are collected and paid to the City on a monthly basis and those funds are then transferred to 4VI once eligible expenses are submitted. The net impact to the City's financial statements and budget is zero. 4VI is responsible for maintaining the appropriate accounting records of the MRDT funds and responsible to provide the required financial reports to the City throughout the year.

4VI has completed the attached 2022 MRDT Annual Performance Report and Financial Report and upon the City's review of the documentation, 4VI is completing its intended role of tourism marketing for the City of Courtenay.

POLICY ANALYSIS:

Section 123 of the *Provincial Sales Tax Act* imposes a tax of up to three percent on the purchase price of accommodation in a specified geographic area of the province on behalf of a designated recipient. The City of Courtenay's MRDT rate is 2%.

The *Designated Accommodation Area Tax Regulation, B.C. Reg. 93/2013* sets out the authorized purposes for funds collected under the MRDT program.

FINANCIAL IMPLICATIONS:

In 2022, MRDT generated \$793,356 (MRDT \$388,107, OAP \$405,249) to provide tourism marketing, programs and projects for the Comox Valley. MRDT is collected from two different accommodation types and the revenue is tracked separately:

- General MRDT Revenue, which is collected from traditional accommodation providers, including hotels and motels, bed and breakfasts, and vacation rental reservation systems that list properties with verifiable property managers.
- Online Accommodation Platform (OAP) MRDT Revenue, which consists of new MRDT revenues collected from online marketplaces that facilitate transactions for renting short-term accommodations and typically list basement suites, individual rooms, or other forms of accommodations (ex. Trailer).

In 2018, affordable housing was added as a permissible use for OAP MRDT revenue. As of December 31, 2022, the City of Courtenay's OAP fund balance is \$674,225. These funds are being held until an affordable housing tactical plan is completed and, at that point, these funds will be eligible to be spent on affordable housing.

With the support of 4VI, there are no budget implications to the City of Courtenay for the administration of the MRDT.

ADMINISTRATIVE IMPLICATIONS:

Once Council approves the 2022 Municipal and Regional District Tax (MRDT) Annual Performance Report and Financial Report they will be submitted to Destination BC.

STRATEGIC PRIORITIES REFERENCE:**We actively pursue vibrant economic development**

▲ Continue to explore innovative and effective economic development opportunities

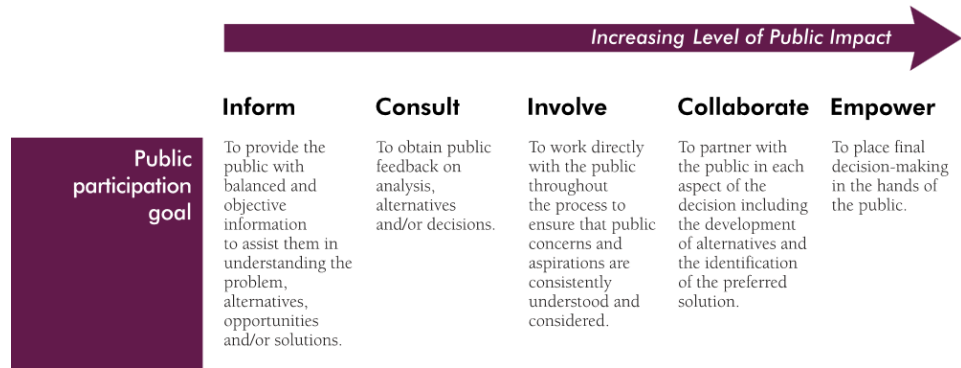
We continually invest in our key relationships

▲ ■ Advocate and cooperate with local and senior governments on regional issues affecting our community

- **AREA OF CONTROL:** The policy, works and programming matters that fall within Council's jurisdictional authority to act
- ▲ **AREA OF INFLUENCE:** Matters that fall within shared or agreed jurisdiction between Council and another government or party
- **AREA OF CONCERN:** Matters of interest that are outside Council's jurisdictional authority to act

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council approve the 2022 MRDT Annual Performance Report and Financial Report.
2. THAT Council defer the approval of the 2022 MRDT Annual Performance Report and Financial Report for further discussion at a later Council meeting.

It should be noted that deferring the approval of these reports may hinder Council's ability to meet the statutory May 31, 2023 deadline.

Prepared by: Krista McClintock, CPA, CGA, Manager of Finance

Reviewed by: Adam Langenmaier, CPA, CA, Director of Financial Services

Concurrence: Geoff Garbutt, M.PI., MCIP, RPP, City Manager (CAO)

- Attachments: #1 2022 Annual Performance Report
#2 2022 Financial Report