

Committee of the Whole (2) Report

DATE: Monday, March 09, 2020

WARD(S): ALL

TITLE: TOURISM VAUGHAN CORPORATION (TVC) – 2020 BUDGET AND BUSINESS PLAN

FROM:

Mary Reali, Acting City Manager

Michael Coroneos, Deputy City Manager, Corporate Services and Chief Financial Officer

ACTION: DECISION

Purpose

On behalf of the Tourism Vaughan Corporation (TVC) Board of Directors (TVC Board), this report seeks to obtain Council approval of the TVC's 2020 Business Plan and Budget, as approved by the TVC Board on February 24, 2020.

In accordance with the Memorandum of Agreement between the Corporation of the City of Vaughan and the TVC [Attachment 1], the creation and management of business plans is the responsibility of the TVC Board. As sole voting member, the MOA states that the TVC Board will obtain approval from the City of Vaughan of the TVC Business Plan and Budget, as part of the City's annual budget approval process by no later than March 31st of each year along with a multi-year business plan.

Report Highlights

- On February 24, 2020, the TVC Board of Directors adopted a 2020 Business Plan and Budget, subject to the approval of the Voting Member of the TVC, being Vaughan City Council.
- Formally registered as a Non-Share Capital Corporation on May 15, 2019 (having The Corporation of the City of Vaughan as its sole shareholder), Tourism Vaughan Corporation (TVC) started operations on January 1, 2020 and hosted its inaugural Board of Directors meeting on January 13, 2020.
- In accordance with the Memorandum of Agreement (MOA) between the Corporation of the City of Vaughan and the TVC, the creation and management of business plans is the responsibility of the TVC Board. As sole voting member, the MOA states that the TVC Board will obtain Council approval of the TVC Business Plan and Budget as part of the City's annual budget approval process by no later than March 31st of each year with a multi-year business plan.
- Council ratification of the recommendations in this report supports the TVC in complying with the requirements of the MOA and supports the organization's vision and mission for 2020 as outlined in the business plan and expenditures in the operational budget.

Recommendation

1. That the Tourism Vaughan Corporation (TVC) 2020 Business Plan and Budget be approved, as substantially presented in Attachment 2 of this report.

Background

Formally registered as a Non-Share Capital Corporation on May 15, 2019 (having The Corporation of the City of Vaughan as its sole shareholder), Tourism Vaughan Corporation (TVC) started operations on January 1, 2020 and hosted its inaugural Board of Directors meeting on January 13, 2020 where a resolution was passed by Directors that the Executive Director prepare a 2020 Business Plan and Budget utilizing 50% of the Tourism Promotion Share of the Vaughan Municipal Accommodation Tax (MAT) pursuant to By-law 029-2019. On February 24th, 2020, the TVC Board hosted its second meeting where the 2020 Budget and Business Plan were approved by the Board.

On behalf of, and as approved by the TVC Board of Directors, the purpose of this report is to obtain Council approval of the TVC's 2020 Business Plan and Budget. In accordance with the Memorandum of Agreement between the Corporation of the City of Vaughan and the TVC, the creation and management of business plans are the responsibility of the TVC Board. As sole voting member, the MOA states that the TVC Board will obtain Council approval of the TVC Business Plan and Budget as part of the City's annual budget approval process by no later than March 31st of each year with a multi-year business plan.

In its first year of operations, the 2020 Business Plan and Budget presented in this report outline objectives to obtain consulting services to engage with the TVC in the development of a multi-year Master Plan and Business Plan.

This business plan serves as the springboard to the development of a comprehensive multi-year Destination Master Plan and Business Plan that will contain strategies, objectives, key initiatives, budget and measures of success. These plans will be developed in close working collaboration with the Tourism Vaughan Advisory Committee (TVAC), TVC Board of Directors, the City of Vaughan and all stakeholders. In this context, these inaugural plans are focused on building the foundation for the scale-up of the TVC.

In its inaugural year, the TVC will begin to deliver on its objectives through the eight (8) key activities focused on the development of a strong strategic foundation to power the destination and new organization forward:

1. Develop a Destination Master Plan
2. Develop a Tourism Business Plan
3. Maintain Sustainable Funding
4. Establish A Tourism Vaughan Advisory Committee
5. Support the TVC Board of Directors
6. Leverage Partnerships & Resources
7. Sustain Accountability & Transparency
8. Develop Destination Data Management & Analytical Capabilities

Through these activities, the organization's foundation will be built on thorough industry research and data that is measurable, analyzed and collected through robust industry and partner collaboration. Establishing this as a primary focus in the organization's first year ensures that the TVC's investment of MAT funds is based on a calculated and measurable strategy that is formulated with and supported by the destination industry and its partners.

As such, the following Tourism Vaughan Business Plan for 2020 provides the groundwork to help the TVC formulate strategic decisions heading into the future.

Previous Reports/Authority

- [Tourism Vaughan Corporation – By-Law No. 1](#)
- [By-Law 02-2019](#)

Analysis and Options

The 2020 Business Plan and 2020 Budget supports Tourism Vaughan's mandate to:

- Develop and implement multi-year business development and marketing plans, in collaboration with industry stakeholders, that address Vaughan's goals as a tourism destination, including promotion of overnight stays in Vaughan based transient accommodations.
- Support and facilitate growth of the local tourism sector by identifying and promoting opportunities to attract strategic investments and new infrastructure that generate positive economic impacts in Vaughan
- Conduct targeted economic and market research for the purpose of identifying growth opportunities and developing competitive strategies
- Facilitate marketing collaborations amongst Vaughan's tourism industry stakeholders

Financial Impact

The expenditures for supporting the business plan are funded from revenues collected under the Municipal Accommodation Tax. The 2020 operating budget seeking approval via this report sets out the expenditures for 2020.

Regulation 435/17 prescribes that municipalities without a Destination Marketing Fee, like the City of Vaughan, are required to share at least 50% of the MAT revenue, net of reasonable administration costs, be dedicated to tourism promotion and development of tourism products by an eligible tourism entity – Tourism Vaughan.

The 2019 forecasted revenue reflects the effective date of April 1st 2019 of the implementation of by-law 029-2019 for Municipal Accommodation Tax (MAT) of 4% to all hotels, motels, hostel, campgrounds, bed and breakfasts, club, condo hotel, or large multi-use complex used as a hotel. Expenses incurred by Tourism Vaughan Corporation (TVC) in 2019 mainly reflect the initial set up costs and the onboarding of the TVC Executive Director in November 2019. Costs for 2020 are expected to ramp up as TVC enters its first full year of operations.

The 2020 Tourism Vaughan Corporation MAT supported operating budget includes gross expenditures of \$707,357.04. Budgeted 2020 revenues are estimated at \$1,706,500 and budgeted net income of \$999,142.96. Proceeds from net income will close out to retained earnings and will be available for future year(s) tourism related investments.

The projected and budgeted 2020 revenues account for the enactment of By-law 183-2019 effective January 1st 2020 for MAT on the sale of Short-Term Rental (STR)

Accommodations and the opening of the Super 8 Vaughan 16-unit addition in 2019, with no further hotel developments. These projections are as per the Market Assessment of Municipal Accommodation Tax Revenue report by CBRE on September 25th, 2018.

The budgeted 2020 labour expenses include the full year costs for two (2) full-time City staff as approved in the Memorandum of Agreement (MOA) between the City of Vaughan and Tourism Vaughan Corporation signed January 13th 2020. TVC may implement pilot program(s) and/or initiative(s) in 2020 as mutually agreed upon by the Committee, and as approved by the Board. Professional Fees in 2020 account for the investment in the development of a Tourism Vaughan visual identifier, Destination Master Plan, Strategic Business Plan and Data Management & Analytical Capabilities.

The 2020 MAT supported operating budget for TVC can be summarized as follows:

Table 1: Proposed 2020 Operating Budget – TVC

Tourism Vaughan Operating Statement	2019 Projected Actuals	2020 Budget
Revenue		
Total Municipal Accommodation Tax Collection	2,117,140.23	3,413,000.00
TVC Revenue (50%)	1,058,570.12	1,706,500.00
Operating Expenses		
Labour	17,866.13	266,655.00
Programs - TVC Board Approved	0.00	100,000.00
Transfer from COV for MAT Administration	16,061.66	16,192.44
Professional Fees	135,645.21	295,809.60
Partnerships and Sponsorships	0.00	10,000.00
Marketing and Promotions	0.00	10,000.00
Other Administration Costs	1,241.96	8,700.00
Total Expenses	170,814.96	707,357.04
Net Income	887,755.16	999,142.96
Close out to Retained Earnings	(887,755.16)	(999,142.96)
Tourism Vaughan Retained Earnings Statement		
Opening Balance in Retained Earnings	0.00	887,755.16
Add: TVC Net Income/(Loss)	887,755.16	999,142.96
Total Retained Earnings	887,755.16	1,886,898.12

Broader Regional Impacts/Considerations

Copies of this report will be circulated to the Vaughan Chamber of Commerce, industry

stakeholders including hotels, motels, short term rentals, attractions, festival and events, and the Central Counties Regional Tourism Organization for their information.

Conclusion

In conclusion, as the sole voting member of the new Tourism Vaughan Corporation, Council has the responsibility to approve the corporation's business plan and budget, as discussed in this report.

With approval of the recommendations in this report, Council will have established a sound foundation for the 2020 strategic objectives and financial plan of the new Municipal Service Corporation, called: "Tourism Vaughan Corporation".

For more information, Ashley Travassos, Manager of Tourism, Arts and Cultural Development / Executive Director, Tourism Vaughan Corporation, ext. 8472

Attachments

1. Memorandum of Agreement – The Corporation of the City of Vaughan and Tourism Vaughan Corporation – Jan 13, 2020.
2. Tourism Vaughan Corporation 2020 Business Plan and Budget.

Prepared by

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