



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

June 2, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Travis Anderson, Director Tourism and Community
Development
DEPARTMENT: Community Development and Enterprise Services
RE: Waterfront Design Master Plan Adoption and Funding
Consideration

Purpose

The purpose of this report is to seek Council approval to adopt the Waterfront Master Plan. Staff are also seeking authorization to pursue funding opportunities for implementation of Phase One of the plan, including increasing the Municipal Accommodation Tax from four to six percent.

Background

In December 2023, the City of Sault Ste. Marie, in partnership with Tourism Sault Ste. Marie (TSSM) and Destination Northern Ontario (DNO), selected O2 Design to develop a Waterfront Design Master Plan.

Spanning from the Canal District to the Bushplane Museum, the Waterfront Master Plan was an exercise in tourism, community development, and place-making. The plan took into consideration community feedback, existing infrastructure along the waterfront, and seamless connections to Queen Street, the focal point of commercial activity. This initiative presents an opportunity to develop a waterfront that will support opportunities for tourism and economic development and transform the existing waterfront into a world-class feature.

The purpose of the Waterfront Design Master Plan is to guide the future development of the waterfront in a strategic manner that enables the community to make the most of one of its greatest assets. The Master Plan is just that—a plan for future development. It will not be accomplished in one project but by an ongoing series of developments over the coming decades, paced by available funding, community priorities, and opportunities for co-investment with partners.

Beyond the economic impact, the project will directly enhance the quality of life for residents. The investment will give families a central waterfront gathering place, provide youth with accessible recreation, and offer seniors and all residents an inviting place for social connection, wellness, and outdoor activity. In an era where quality of life is a key factor in workforce attraction and retention, investment in the

waterfront will help make Sault Ste. Marie a more desirable place to live, work, and invest.

Analysis

Sault Ste. Marie's Waterfront Design Master Plan envisions transforming the City's waterfront into a vibrant, accessible, and year-round destination for residents and visitors. The plan connects civic, cultural, and natural assets—from the Canal District to the Bushplane Museum—through a continuous promenade, public spaces, and active transportation routes.

Community input helped shape the waterfront design, connecting key destinations, natural landscapes, cultural nodes, and seamless north-south connections to Queen Street, with anchor destinations such as the Roberta Bondar Pavilion, Clergue and John Rowswell Parks, and a contemplated eco-park on the current Suncor property.

Public consultation was conducted in three phases between December 2023 and March 2024. Over 900 residents participated through online surveys, pop-up events at the Station Mall, John Rhodes, Northern Community Centre, Soo Market, and a public open house at the Civic Centre. Meetings were also held with the Algoma Art Gallery, Rotaryfest, the Bushplane Museum, tourism operators, and business owners within the project area. The engagement process aimed to gather diverse community input to shape a shared vision for the waterfront's future.

Key findings highlighted strong public interest in family-friendly amenities, such as a destination playground, urban beaches, river pools, and enhanced access to the water for recreation. Participants also emphasized the need for more tourism and economic activity while maintaining a balance of environmental sustainability. This feedback directly informed the plan's design principles and programming priorities, creating a visionary yet achievable plan.

Phased Approach:

Given the broad scope of the plan—from the Canal District to the Bushplane Museum—it is designed to allow for phased implementation. This means the City can move forward in financially manageable stages, providing time to secure internal and external funds and assess the project's success along the way.

Phase One is centred in Clergue and John Rowswell Park and includes items listed among the top five items that residents want to see in the waterfront: a destination playground, urban beach, and river pool. These features will establish Sault Ste. Marie as a leading waterfront destination in Northern Ontario and beyond.

Based on data collected from comparable projects, the destination playground, urban beach, and river pool are projected to increase the number of visits annually by upwards of thirty percent. This increased visitation and spending will flow through our local economy, from dining and shopping to hotel night stays – the waterfront will become a powerful and consistent source of revenue for the community, laying the foundation for future phases.

A summary of the amenities included in Phase One is provided below:

Destination Playground:

This signature play space will feature large play structures akin to public art, modeled after imaginative designs, like the sturgeon-themed structure from Pier 26 in New York. The play features will be large enough to be visible from Sault Ste. Marie, Michigan enticing visitors to our waterfront. The multi-generational space combines artistic, nature-inspired elements with accessible equipment, fostering creativity and family interaction, making it a regional attraction for both residents and tourists.

Urban Beach:

Inspired by Toronto's Sugar Beach, this sandy waterfront area offers the opportunity to view enormous freighters passing through the St. Marys River while relaxing in features like beach umbrellas, Muskoka chairs, and tanning decks.

River Pool:

Modeled after Ottawa's NCC River House, the floating river pool in the St. Marys River will provide safe, supervised water recreation. With amenities like floating platforms and on-deck seating, it offers a unique urban swimming experience, promoting active lifestyles and attracting visitors.

Tourism, Economic and Community Development:

The Waterfront Design Master Plan is not merely a beautification project but a strategic economic development initiative. High-quality waterfronts are proven to generate significant returns through increased tourism, business development, and increased property value. Transforming the waterfront into a vibrant, four-season attraction, will create jobs, increase visitor spending, and catalyze private sector investment.

Through the efforts of Tourism Sault Ste. Marie, the City has made significant strides in growing its reputation as a tourism destination, with millions in visitor spending injected into the community annually. Reinforcing the benefits of tourism on the local economy, a study by Deloitte in 2023 reported that visitors spent \$150 million in debit and credit transactions, excluding cash and third-party bookings.

Investing in the waterfront supports the broader tourism strategy by increasing overnight stays, enhancing visitor experience, and differentiating Sault Ste. Marie from other destinations. It is central to realizing the City's full potential. Signature public spaces, such as the Halifax waterfront, Vancouver's seawall, or San Antonio's River Walk, function as brand icons for communities. For Sault Ste. Marie, the reimaged waterfront that includes a destination playground, urban beach, and river pools will not only serve residents but also become must-see attractions for visitors from Canada and abroad. A projected thirty percent increase in visitations, driven by a combination of existing tourism assets and new waterfront attractions, could add an estimated \$45 million in new spending annually.

Funding options:

The economic return on investing in the waterfront will be significant and sustained; however, there will be a meaningful cost to the City to fund the project. The estimate for Phase One, including a 30 percent contingency, is \$17 million, of which the City's share is projected to be less than 50% (less than \$8.5M) based on previous success in obtaining funding and sponsorships. Phase One is estimated to be constructed over a two-year period. To limit the potential impact on ratepayers, staff have undertaken a review of available funding sources to support the construction of the project. Details of potential funding sources are provided below.

Municipal Accommodation Tax:

The Municipal Accommodation Tax (MAT) provides an effective opportunity to generate revenue directly from visitor spending while ensuring no impact on the City's property tax base. These funds, in addition to other municipal sources, could then be used to leverage funds from federal and provincial grants. To increase the available funds for implementing the Waterfront Design Master Plan, staff are recommending that Council approve a rate increase from 4% to 6%.

The 2% increase in MAT will not impact the competitiveness of local hotels as, on average, it is expected to translate into an additional \$2.87 per room night cost. Additionally, room rates are, on average, \$20 less than hotels in northeastern Ontario and \$45 less than northwestern Ontario, so the proposed increase would be nominal. Further, several cities have already implemented a 6% MAT, so Sault Ste. Marie is not an outlier in terms of MAT rates.

Based on current budget levels, increasing the MAT from 4 to 6% could generate an additional \$650,000. These additional funds, along with the City's existing share of the MAT, would be allocated to implementing the waterfront design and used to leverage other grant monies. Implementing an increase to the MAT now will enable the City to accumulate a reserve of funds that can be utilized at the appropriate time to advance Phase One of the project. Staff propose that the increase come into effect on September 1, 2025.

Staff have discussed the proposed MAT increase to fund waterfront improvements with the Tourism SSM (TSSM) board. Given the precedent of MAT increases by other communities, including but not limited to Toronto, Ottawa, Kingston, and Sudbury, and that the additional funding would be applied directly to the development of a major tourism attraction (the waterfront), TSSM is in support. In recognition of their support, on May 13, 2025, the board of TSSM passed the following resolution:

Be it resolved that Tourism Sault Ste. Marie supports an increase to the Municipal Accommodation Tax from four percent (4%) to six percent (6%), with the additional two percent (2%) to be allocated toward the implementation of the Waterfront Design Master Plan.

Allocation of Capital Boardwalk Repair Budget:

The shoreline beneath the waterfront boardwalk in Clergue Park has failed prematurely due to high water levels, placing the boardwalk and retaining wall at risk. To prevent closure, replacement of the retaining wall and boardwalk will be required, regardless of whether Phase One of the Waterfront Design Master Plan proceeds.

A preliminary estimate to replace the wall is approximately \$1 million, in 2025 dollars; however, further analysis is required to determine the final cost of the repair.

Should capital funds be allocated to repairing the wall in the future, it is worth noting that the shoreline design in the plan provides long-term mitigation against fluctuating water levels.

Federal and Provincial Grants:

Federal and provincial funding programs, including but not limited to NOHFC, FedNor, and Infrastructure Canada, prioritize projects that stimulate economic development, support tourism, and improve community infrastructure. Staff will prioritize these grants, as this project is a strong candidate for each. It should be noted that the City will need to provide matching funding to apply to most federal and provincial grants; however, on average, the City has been successful in obtaining ~53 percent of the capital costs from various provincial and federal grants for major projects.

Further to the above, the proposed increase to the MAT and additional funding sources will reduce the financial burden on the City and have a material positive impact. Moreover, the economic benefits of investing in the waterfront, such as job creation and increased tourism, will bolster the local economy and provide lasting positive impacts. Staff remain committed to the ongoing monitoring of additional funding sources that align with the project, with the objective of limiting the existing tax base.

The Waterfront Design Master Plan represents a smart, future-focused investment that aligns with municipal objectives in tourism, economic development, and community development. A vibrant, inclusive, and active waterfront is a legacy feature that will improve the City's ability to attract and retain residents and businesses.

Financial Implications

No new funds are required at this time; however, the project is considered shovel-ready, and staff may request additional funds to support its implementation in the future.

Current budget pressures may impact the ability of the City to implement Phase One of the project in the near term. Having a solid Waterfront Design Master Plan in place allows staff to monitor applicable funding programs and identify opportunities to advance the project at an appropriate time.

Strategic Plan / Policy Impact / Climate Impact

This item supports a number of Focus Areas of the Corporate Strategic Plan:

- Community Development – Increase tourism visitor spending and occupancy rates.
- Community Development – Develop shovel-ready projects to access available funding.
- Infrastructure – Invest in maintaining an attractive, vibrant downtown with a world-class waterfront.
- Quality of Life – Invest in recreational infrastructure.

There are no climate change impacts associated with this project.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Director of Tourism and Community Development dated June 2, 2025 concerning Waterfront Design Master Plan be received and that Council:

- Approve the Waterfront Design Master Plan
- Direct staff to pursue funding opportunities
- Approve an increase in the municipal accommodation tax from 4 to 6%

The relevant By Law 2025-86 is listed under item 12 of the Agenda and will be read with all by-laws under that item.

Respectfully submitted,

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