



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

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

August 11, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Travis Anderson, Director of Tourism and Community
Development
DEPARTMENT: Community Development and Enterprise Services
RE: City Share Tourism Expenditures 2025

Purpose

The purpose of this report to provide Council with an overview on how staff is planning to allocate the 'City Share' of funds generated from the collection of the Municipal Accommodation Tax (MAT) in 2024.

Background

In 2017, the Province of Ontario passed Bill 127, *Stronger, Healthier, and Ontario Act 2017* that, among other things amended the *Municipal Act, 2006* to provide municipalities with the legislative authority to levy a tax on transient accommodations of 30 days or less.

All municipalities that adopted an accommodation tax but also had an existing destination-marketing fee were required to share their hotel tax revenue with the appropriate not-for-profit tourism organization in an amount that matches the total revenue generated by the Destination Marketing Fund (DMF) program in place prior to the new tax being implemented. In Sault Ste. Marie, the pre-existing not-for-profit is Tourism Sault Ste. Marie (TSSM). Since 2020, the funds collected through the Municipal Accommodation Tax funds (MAT) are distributed to TSSM and the City per the calculation provided in provincial regulation O.Reg.437/17.

In 2024, a total \$1,830,991.00 in Municipal Accommodation Tax funds was collected. Using the model laid out in O.Reg. 437/17, TSSM will receive \$835,497 and the City will receive \$995,494. The City's portion of the MAT is split evenly between the Tourism Development Fund (TDF) and the City's Tourism department, to be used exclusively for the purpose of tourism promotion and product development. Based on the above the TDF and the City's Tourism department share will each receive \$497,747 in new funds.

Staff are proposing to utilize the funds collected in 2024 to support investments that align with the strategic priorities identified in TSSM's five-year strategic plan (2023 -2028), including waterfront improvements, sports tourism, festivals and events, and outdoor adventure.

Analysis

The City of Sault Ste. Marie has long been a supporter of the tourism industry and continues to do so through annual investments through funds raised by the collection of the MAT. The MAT funds are generated from a 4% charge (increasing to 6% on September 1st), on hotel night stays and has no impact on the local tax rate. By way of provincial regulation, the MAT must be invested in tourism product development and/or tourism marketing.

In 2023, staff from the City's Tourism department supported the development of Tourism Sault Ste. Marie's new strategic plan. The plan provides a road map to diversify tourism products, promote the development of new tourism drivers, continue to expand Sault Ste. Marie's winter tourism season, and increase visits and visitor spending.

The strategic plan for TSSM identified three strategic priorities:

- Sports tourism, festivals and events;
- Outdoor adventure; and
- Downtown/waterfront improvements

TSSM's strategic priorities are proven destination drivers and align with priorities established by Destination Canada and Destination Northern Ontario. These priorities include embracing outdoor adventure, trails, attracting more international events, and investing in tourism assets. As such, it is the recommendation of staff that the City's 2025 tourism budget align with the priorities of the strategic plan, with further investments being made to support the sports tourism, festivals and events, outdoor adventure, and setting aside funds in reserve for future downtown/waterfront improvements. Staff is recommending that the \$497,747, be allocated as follows:

- \$10,944: Tourism Event Coordinator
- \$37,500: 2028 Ontario Winter Games Bid
- \$375,248: Detailed Design – Phase One Waterfront Master Plan
- \$60,000: Wishart Park Playground Equipment and Lighting
- \$14,055: Miscellaneous Tourism Initiatives

Tourism Event Coordinator

Identified as a priority in Tourism SSM's strategic plan, the Tourism Event Coordinator supports local event organizers by coordinating event growth plans and promoting tourism-focused events, such as the Skeeter Slam, Bon Soo, Queen Street Cruise, etc., that attract visitors to the community. The position will assist in developing a series of home-grown events from being focused on community to larger, more attractive events that entice visitors to travel.

In recognition of the importance of this position, TSSM has committed to fund the position up to \$75,000/year for a five-year period (currently in year two), at which point the effectiveness of the position will be re-evaluated. While substantial, the funding commitment of \$75,000/year leaves a shortfall of \$10,944 due to the

additional costs of benefits for the position, which staff are proposing to fund through the City's share of the MAT.

Ontario Winter Games

In December 2024, Tourism Sault Ste. Marie submitted a bid to host the 2028 Ontario Winter Games. As a requirement of the bid, Tourism Sault Ste. Marie was required to provide an operating budget for the games, detailing financial contributions from partner organizations, including the City of Sault Ste. Marie. At the time of submission, Council approved staff's recommendation that \$37,500 per year (2025 -2028) be allocated from the Tourism Community Development budget for a total contribution of \$150,000.

Detailed Design- Phase One Waterfront Master Plan

The Waterfront Master Plan — a Council-endorsed vision for revitalizing the City's most valuable public asset, is a transformative project, which will unlock the economic and community development potential of our waterfront.

Designed to allow for a phased approach, Phase One of the plan is centred in Clergue and John Rowswell Park, and includes items listed among the top five 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.

The next stage of the project is detailed design, including landscape architecture, engineering, environmental permitting, and refinement of the cost estimate. This work is required prior to any future provincial or federal grant applications, and to increase the precision of the cost estimate. Activities undertaken as part of this scope will include:

Landscape Architecture:

- Detailed design of promenade and shoreline features, playground landscaping, and urban beach and pool;
- Tender ready package and specifications; and
- Updated cost estimate.

Engineering:

- Civil assessment retaining structures;
- Hydrological studies, including water velocity, bathymetry, wave action.

Environmental Permitting

- Provincial and Federal permits could include MNR, Transport Canada, DFO.

Staff are recommending that \$375,248 of the City's share of the MAT be allocated to detailed design for Phase One of the Waterfront Master Plan.

Wishart Park Playground Equipment and Lighting

In early March 2025, Tourism Sault Ste. Marie, with support from the City, installed a new bridge at Wishart Park. Included with the installation of the bridge is a natural surface multi-use recreation trail linking the downtown and waterfront by way of the Hub Trail, with Hiawatha Highlands, Kinsmen Park, and Wishart Park. Once complete, the trail will support mountain biking, hiking, dog-walking, snowshoeing, and backcountry skiing.

In addition to the bridge and trail, the project includes, the installation of outdoor adventure play equipment, interpretative signage, a lookout platform for wildlife viewing, and multi-use trails at Wishart Park. These features will create an immersive, educational, and family-friendly outdoor adventure environment.

To accommodate all users, staff is recommending allocating funds from the City's share of the MAT for the purchase of play equipment that will support all range of abilities, including sensory and accessible features.

Staff is also proposing installation of solar lighting in the park to increase safety. The play equipment and lighting are anticipated to cost \$60,000.

Miscellaneous Tourism Initiatives:

Given the limited dollar value remaining, the potential projects support positive visitor experience. Staff are recommending allocating the remaining \$14,055 of the City share to general tourism projects, such as the allocation of funds to support items like the Vivid Festival, seasonal banners in the downtown, and other miscellaneous tourism related initiatives.

Financial Implications

No new funds are required, as the City's share of the MAT allocation for 2025 would cover all expenses listed in the report.

Strategic Plan / Policy Impact / Climate Impact

This item supports the Corporate Strategic Plans Focus Area:

- Community Development and Partnership focus of Maximizing Economic Development and Investment with the commitment to maintain financial viability.
- Community Development – Develop partnerships with key stakeholders and reconciliation.

There are no climate change related impacts associated with this report.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Director of Tourism and Community Development dated August 11, 2025 concerning City Share Tourism Expenditures 2025 be received and that Council approve the use of \$497,747 towards the following initiatives:

- Tourism Event Coordinator – \$10,944

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- 2028 Ontario Winter Games Bid – \$37,500
- Detailed Design – Phase One Waterfront Master Plan – \$375,248
- Wishart Park Playground Equipment and Lighting – \$60,000
- Miscellaneous tourism initiatives – \$14,055

Respectfully submitted,

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