



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** June 22, 2021
From: Katie Ferland **File:** 08-4150-03-06/2021-
Acting Director, Corporate Business Service Solutions Vol 01
Re: **Municipal and Regional District Tax Imposition Bylaw No. 10269**

Staff Recommendation

That the Municipal and Regional District Tax (MRDT) Imposition Bylaw No. 10269 be introduced and given first, second and third readings.

K Ferland

Katie Ferland
Acting Director, Corporate Business Service Solutions
(604-247-4923)

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	<i>[Signature]</i> Acting GM, F&CS
Sport Hosting	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY GAO
	<i>[Signature]</i>	<i>[Signature]</i>

Staff Report

Origin

Enabled by regulation under Section 123 of the *Provincial Sales Tax Act*, the City of Richmond is the designated recipient of a 3% Municipal and Regional District Tax (MRDT), which is applied to the purchase price of accommodation within the municipality. This funding is used to administer the community's tourism marketing and development program under a partnership model and agreements between the City of Richmond, the Richmond Hotel Association, and Tourism Richmond.

The current regulation expires on June 30, 2022 and the process to renew the MRDT for an additional five year period from July 1, 2022 to June 30, 2027 is underway in accordance with the following Council resolution adopted on April 26, 2021:

1. *That staff prepare an application to the Province of British Columbia for the renewal of the three percent (3%) Municipal and Regional District Tax (MRDT) for an additional five-year period from July 1, 2022 to June 30, 2027; and*
2. *That a bylaw be drafted requesting that the Province of British Columbia levy the Municipal and Regional District Tax (MRDT) on the municipality's behalf for the purposes of delivering tourism marketing and development services during the period from July 1, 2022 to June 30, 2027.*

This report supports Council's Strategic Plan 2018-2022 Strategy #7 A Supported Economic Sector:

Facilitate diversified economic growth through innovative and sustainable policies, practices and partnerships.

It also supports Action Item 5.3 of the Council endorsed Resilient Economy Strategy:

Increase the tourism sector in Richmond.

Analysis

Tourism continues to be a sector of strategic priority for Richmond's economy. The City's Resilient Economy Strategy identifies tourism as one of Richmond's key sectors due to an advanced tourism service infrastructure (e.g. hotels and other retail establishments), proximity to the Vancouver International Airport (YVR) and destination growth potential from ongoing investment in tourism product development and marketing.

Richmond has been the recipient of a hotel room tax since 1998 with funding allocated to Tourism Richmond for destination marketing, as well as to a number of destination enhancement initiatives implemented by the City and its partners.

In 2019, the value of the visitor economy in Richmond was over \$2 billion¹ with all time high visitations, a record 26.4 million passengers at YVR, a significant year over year increase in sport hosting events and a growing awareness of Richmond as a culturally diverse and vibrant city.

The COVID-19 pandemic resulted in significant impacts to the industry globally and it is estimated that tourism in Richmond will not fully recover to 2019 levels until between 2025 and 2027. MRDT funds will aid the recovery through destination marketing programs, as well as tourism product development and destination enhancement initiatives, that position Richmond as an attractive destination for leisure and business travellers.

Supported by the investment of MRDT revenues and delivered through a community tourism partnership model, tourism in Richmond supports existing and new businesses, provides jobs and plays an important role in making the city an attractive place to live, work and play.

Application Requirements

For the 3% MRDT to be levied on accommodation revenues in Richmond for another five-year cycle, the Province requires an application that includes the following core components:

- 1) A City bylaw that requests the Province to levy the MRDT on the municipality's behalf.
- 2) A five-year strategic business plan.
- 3) Support from at least 51% of accommodation providers representing at least 51% of the accommodation units in Richmond.

As part of tourism stakeholder consultation for the MRDT renewal, the Strategic Overview: 5 Year Tourism Plan was presented to accommodation providers on June 8, 2021 (Attachment 1). This plan brings together the strategies and goals presented in Tourism Richmond's Strategic Plan, Richmond Hotel Association's strategic directives, the Richmond Sport Hosting Strategy and the Steveston Heritage Sites' Destination Development Plan.

To date, 88% of accommodation providers (23 of 26), representing 95% percent of the accommodation units (4,623 of 4,854 units) in Richmond have indicated their support for the City's MRDT renewal application.

Based on the value that continued investment in both tourism marketing and development brings to the community and the demonstrated support from the Richmond accommodation sector, it is recommended that Council adopt a bylaw stipulating that:

- 1) The Province levy a 3% MRDT on behalf of the City for tourism marketing and development.

¹ This amount represents the estimated direct spending of visitors to Richmond and does not include indirect economic impacts. Source: Tourism Richmond Visitor Volume Study

- 2) The geographic area in which the MRDT will be imposed is defined as the municipal boundary of the City of Richmond.
- 3) The MRDT be utilized for:
 - a) tourism marketing, programs and projects;
 - b) sport hosting marketing, programs and projects; and,
 - c) destination enhancement initiatives including investments in the operation of tourism attractions, major events, tourism product development, and direct sales.
- 4) The amounts paid to the City of Richmond out of the revenue collected from the tax imposed on purchases through online accommodation platforms may be expended on affordable housing initiatives².
- 5) The effective date of the bylaw be set as July 1, 2022.

Once all necessary documents are compiled and subject to the adoption of the above noted bylaw, staff will submit the MRDT application to the Province on or before September 30, 2021. It is anticipated that the Provincial review will take 9 months, with the expectation that MRDT legislation for Richmond for the next 5-year cycle will be enacted prior to June 30, 2022.

Financial Impact

MRDT revenue forecasts are highly variable due to the current limitations on travel and an expected gradual recovery of the visitor economy. At this time it is anticipated that if successfully renewed, the MRDT would generate approximately \$25 million for the delivery of tourism marketing and development services in Richmond from July 1, 2022 to June 30, 2027. It is anticipated that over the same period, \$1 million will be collected from Online Accommodation Platforms and directed to the City's Affordable Housing Reserve Fund.

Conclusion

Tourism continues to be a priority sector for Richmond. Post-pandemic, there will be a gradual recovery of the industry supported by ongoing investment and strategic use of MRDT funds. An innovative tourism partnership model has been established in Richmond; the City, Richmond Hotel Association and Tourism Richmond collaboratively invest in both destination marketing and destination enhancement initiatives to support and grow the sector.

Renewing the 3% MRDT presents an opportunity to continue to advance this tourism delivery model; and majority support has been received from accommodation providers for Richmond's tourism destination marketing, sport host program and destination enhancement initiatives.

² As of January 1, 2020, the portion of MRDT collected through Online Accommodation Platforms for short-term rentals in Richmond is directed to the City's Affordable Housing Reserve Fund.

June 22, 2021

- 5 -

A City bylaw requesting the Province to levy the 3% MRDT in Richmond for the period July 1, 2022 to June 30, 2027 is a requirement of the City's application to the Province. Pending Council adoption of the proposed bylaw, staff will complete and submit the MRDT application to the Province.



Sherry Baumgardner
Tourism Development Liaison
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- Att. 1: Strategic Overview: 5-Year Tourism Plan
- 2: Municipal and Regional District Tax Imposition Bylaw No. 10269

Strategic Overview: 5-Year Tourism Plan

2022-2027

CITY OF RICHMOND, BC

THIS OVERVIEW WILL FORM PART OF
THE CITY OF RICHMOND'S MUNICIPAL
& REGIONAL DISTRICT TAX RENEWAL
APPLICATION



Image courtesy of Tourism Richmond



5 Year Strategic Overview

Designated Recipient: City of Richmond

Community: Richmond, BC

Date Prepared: June 1, 2021

MRDT Expiry Date: June 30, 2022

Five Year Period: July 1, 2022- June 30, 2027



Minoru Centre for Active Living

VISION

Richmond is a 'can't miss' part of the Metro Vancouver experience.

MISSION

Build Richmond's reputation and make it a desirable place to live, work and visit.

STRATEGIC CONTEXT

Tourism (the Visitor Economy) is vital for Richmond's economic success, and continues to be a sector of strategic priority.

In 2019, the value of the visitor economy in Richmond was over \$2 billion with all-time high visitations, record levels of airport traffic, a significant year over year increase in sport hosting events and a growing awareness of Richmond as a culturally diverse and vibrant city - with much to see and do.

It is estimated that tourism in Richmond will not fully recover from the impacts of the global COVID-19 pandemic until 2025-27. Potential restraints include a slow return to meetings, conferences and business travel; slow rebound and higher cost in air travel; and the luxury travel segment (one that might fuel a faster recovery) has not been a target market for Richmond.

5 Year Strategic Overview

STRATEGIC CONTEXT- CONTINUED

However, our visitor economy will recover over time, rebuilding on a solid foundation of tourism assets and partnerships.

- Richmond is home to the award-winning Vancouver International Airport, the second largest airport in Canada, and a primary source of visitors to Richmond.
- Over 4,800 hotel rooms with new hotel developments planned in the growing city core.
- Extensive outdoor activity space including trails, parks, and waterways.
- Diverse culture that can be experienced through the arts, events, an extensive variety of culinary experiences including the Richmond Night Market.
- The Richmond Olympic Oval, with a reputation for excellence, that attracts events from the region and around the world.
- Strong relationships within the tourism industry, local government and business community, plus a community tourism model between stakeholders that supports collaboration and coordinated efforts to create efficiencies and ensure maximum benefits.
- The historic fishing village of Steveston with two National Historic Sites, waterfront amenities and Fisherman's Wharf.
- A strong, unique and compelling destination brand – 'Pacific.Authentic.'

Moving forward we will recover stronger than ever based on our collective knowledge and what we have learned during the pandemic.

Due to COVID-19, the visitor economy has faced significant challenges but along with setbacks has come a shift in focus as locals rediscover their cities, their parks and attractions. This has reaffirmed the need for destination marketers to address the opportunity present in their backyards and to offer residents ongoing reasons to become reacquainted with their own city and become our best ambassadors.

The potential of pent up travel demand for leisure travel could bring increased numbers of day-trippers and multi-day travellers, who can appreciate the City's smaller scale, its wide-open spaces both on and off the waterfront; its urban meets rural vibe; and its many outdoor experiences.

5 Year Strategic Overview

STRATEGIC CONTEXT- CONTINUED

Visitors' preferences and increased desire for spending time outdoors can be met with Richmond's extensive cycling, walking and birding trails, Steveston heritage sites, public art trails, farm visits, parks and the popular McArthur Glen Designer Outlet Mall.

A majority of tourists, post pandemic, may be more socially and environmentally aware which suggests that industry can build back to be more sustainable, resilient and in keeping with what these travellers are seeking in a destination.

Based on customer data, we will continually learn and adjust our marketing and experience development and use our strong digital capabilities to identify and attract visitors.

Working with industry and partners, we will work to design and create new products, new attractions, and new opportunities for storytelling that will grow Richmond's reputation as a 'can't miss' part of Metro Vancouver.



Image courtesy of Tourism Richmond

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5 Year Strategic Overview

OVERALL GOALS, OBJECTIVES AND TARGETS

1. Grow visitation and tourism revenues to pre-pandemic levels across all sectors of the industry.
2. Provide a foundation for the long-term sustainability of the visitor economy in Richmond. A key result is the creation of a 10-year Community Tourism Plan.
3. Establish Tourism Richmond as a top-5 destination management and marketing organization in Canada. This distinction will attract tourism businesses and increase support among residents and visitors.

STRATEGIES - KEY ACTIONS

Under the umbrella of a successful community tourism partnership model, Richmond will follow three key strategies:

1. Destination Marketing

2/3 of MRDT revenues are designated to destination marketing, programs and projects.

Key destination marketing actions include:

a) Community Building

- Engage residents for greater understanding of the value of tourism and its role in enhancing their life.
- Work with Partners to develop Richmond as a destination including a focus on food tourism, Steveston, and alignment with regional and provincial destination development initiatives.
- Provide a first-class destination experience whether visitors find us online, in person or through the development of a growing community of local cheerleaders.

b) Customer Engagement

- Evolve the 'Pacific.Authentic.' Richmond, BC brand to continually differentiate the destination and create an inclusive 'city' brand.
- Engage the community through a community-oriented 'city' brand.
- Data-driven digital marketing leadership to optimize efforts and collaborate in key initiatives such as Destination BC's Data Hub.
- Build on the successes of Team Richmond*; using a partnership strategy to uncover new opportunities.
- Create a unique identity in the meetings and conferences sector.

*refer to Tourism Richmond Strategic Plan

5 Year Strategic Overview

STRATEGIES - KEY ACTIONS

c) Sustainability

- Building long-term sustainable tourism that includes how we operate, how we increase positive resident sentiment, and how we define a roadmap of sustainable tourism development.

2. Richmond Sport Hosting (RSH)

Richmond Sport Hosting (RSH) – \$400,000 per year for 5 Years is designated to the Sport Hosting program to utilize Richmond's sport and recreation infrastructure and sport event expertise to attract sport events and grow sport tourism visitation.

The suspension of travel and sporting events due to COVID-19 in 2020-2021 interrupted banner event years for RSH. Subsequent years will focus on adapting to a changed sport event landscape and rebuilding the RSH model of success.

Key sport hosting actions include:

- Strengthen stakeholder relationships to target, equip, and support sport organizations' hosting opportunities while adapting to health and safety orders and guidelines.
- Provide financial support to event rights holders through the Richmond Sport Hosting Incentive Grant Program and assist in identifying additional revenue streams such as grants, public funding, and private local business sponsorship.
- Promote Richmond's full-service ecosystem as a competitive advantage in sport event planning by highlighting its differentiation through infrastructure, facilities, and amenities.
- Provide innovative solutions to emerging sport and social trends with a focus on sustainability and community legacy impact.
- Collaborate with Tourism Richmond and partners to build memorable "Pacific. Authentic." experiences that engage event participants and encourage return visits to Richmond.

5 Year Strategic Overview

STRATEGIES - KEY ACTIONS

3. Destination Development Initiatives

1/3 of MRDT, less Provincial Tourism Events Program and Richmond Sport Hosting Program contributions, is designated for destination enhancement initiatives including investments in and operation of tourism attractions, major events, tourism product development and direct sales.

a) Invest in Richmond attractions and the visitor experience.

a.1) Support Steveston Heritage Sites' 'Destination Development Plan' to position the City-owned Steveston heritage sites (which includes Britannia Shipyards National Historic Site) as significant attractions for the tourism market, driving visitation to Steveston and Richmond.

- Enhance the offer of the Steveston Heritage Sites for tourism markets with expanded programming, revitalized heritage assets and improved visitor amenities.
- Improve market presence including new marketing promotional plan and materials, re-branding of sites and travel trade engagement.
- Identify opportunities for revenue generation to augment current funding programs.
- Cultivate partnerships to support tourism marketing and products.

a.2) Increase and promote connectivity to and within Richmond (e.g. Discovery Shuttle program that was test piloted in 2019).

b) Build on Richmond's advantage to attract events and visitors.

- Support partnerships to attract events (sport, conference, tradeshow etc) that may require financial sponsorship to choose Richmond.
- Support direct sales efforts that may include contracted sales people in selected locations (e.g. China) to promote Richmond in that region.
- Support promotional programs to incentivize visitation and hotel stays.

5 Year Strategic Overview

BRAND POSITIONING

RICHMOND IS A COASTAL GETAWAY WHERE CHARACTER AND CULTURE CONVERGE.

Richmond's destination brand is defined by the dynamic convergence of Pacific cultures and authentic Canadian coastal experiences. It has energy and experiences that come from bringing difference cultures together and mixing natural wonders with a dynamic urban landscape. The brand is based on two key elements – true discovery and real character.

- True Discovery: The uncovering of authentic and diverse experiences – cultural, historic, spiritual, culinary, athletic, and artistic. Intriguing, surprising and adventurous.
- Real Character: The appeal of Richmond's real, raw, working people and places of Richmond. Approachable, helpful and connecting.



Image courtesy of Tourism Richmond

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5 Year Strategic Overview

TARGET MARKETS

The target audience, using Destination Canada's Explorer Quotient segmentation framework is the **Authentic Experiencer**. These understated travellers look for authentic, tangible engagement with the destinations they visit, with a particular interest in understanding the history of the places they visit. They have a strong sense of Duty, it is important to them to be responsible, upstanding citizens. They are rational, independent thinkers, who support Multiculturalism and appreciate Culture Sampling, showing a tendency to incorporate foreign cultures into their lives.

The Authentic Experiencer segment provides the best opportunity due to its large size and above average spending per trip, and an excellent fit with Richmond's tourism assets.

Key geographic markets being targeted are listed below. As international travel resumes and tourism recovers, additional international markets (for example in Asia) will be added.

- Washington State: Focus on the key market of Seattle.
- British Columbia: BC outside of Metro Vancouver, with a focus on Vancouver Island and the Interior.
- Metro Vancouver residents, especially residents of Richmond.
- Prairies (Alberta / Saskatchewan / Manitoba) and Territories (Yukon/NWT).

MANAGEMENT, GOVERNANCE + ADMINISTRATION

The MRDT in Richmond is implemented through the following partnership model:

a) MRDT Funds Governance – City of Richmond and the Richmond Hotel Association (though a 5-year legal agreement coinciding with the MRDT term).

b) MRDT Funds Administration – City of Richmond.

c) MRDT Funds Management – Tourism Richmond (Destination Marketing portion through a 5-year service agreement coinciding with the MRDT term), City of Richmond (Sport Hosting portion). City of Richmond and the Richmond Hotel Association (Destination Enhancement Initiatives portion under the 5-year agreement referenced in a) above.

5 Year Strategic Overview



courtesy of Tourism Richmond



Richmond Olympic Oval

SOURCES OF FUNDING

Additional sources of funding for Richmond tourism initiatives include:

Private sources – advertising and other sources for Tourism Richmond operations; private contributions and sponsorship for Sport Hosting events and programs; Richmond Hotel Destination Marketing Association's Destination Marketing Fee.

Public Sources – the City of Richmond contributes ongoing capital investment to tourism infrastructure including the Steveston Heritage Sites, Richmond Olympic Oval, Public Art and trails expansion. The city also provides base operational funding for the Steveston Heritage Sites. Tourism grants and other ad-hoc funding is applied for and realized each year.

AFFORDABLE HOUSING

The Richmond Affordable Housing plan directs MRDT revenue from Online Accommodation Platforms (OAP) to the Richmond Affordable Housing Strategy.

Over the 5-year period of 2022-2027 the anticipated MRDT from OAP is forecasted to be approximately \$1 million. This will be applied to the implementation of the Council adopted Richmond Affordable Housing Strategy as the amount is not sufficient to fund a singular Affordable Housing project.



Municipal and Regional District Tax Imposition Bylaw No. 10269

The Council of the City of Richmond enacts as follows:

- 1) The Lieutenant Governor in Council is hereby requested to issue a regulation under Section 123(1) of the Provincial Sales Tax Act in respect to imposing a tax on accommodation purchased within the whole of the City of Richmond from and including July 1, 2022 to and including June 30, 2027.
2) The tax to be imposed under the provisions of the regulation referred to in Section 1 of this Bylaw is requested to be three percent of the purchase price of the accommodation.
3) Except as provided in Section 4, the purposes for which the amount paid to the City of Richmond out of the revenue collected from the tax to be imposed under the provisions of the regulation referred to in Section 1 of this Bylaw may be expended are:
a) tourism marketing, programs and projects;
b) sport hosting marketing, programs and projects; and
c) destination enhancement initiatives including investments in the operation of tourism attractions; major events; tourism product development; and direct sales.
4) The amounts paid to the City of Richmond out of the revenue collected from the tax imposed on purchases through online accommodation platforms may be expended on affordable housing initiatives.
5) This Bylaw is cited as "Municipal And Regional District Tax Imposition Bylaw No. 10269" and is effective July 1, 2022.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

Four horizontal lines for signature or stamp.

CITY OF RICHMOND APPROVED for content by originating dept. KF APPROVED for legality by Solicitor LB

MAYOR

CORPORATE OFFICER