

Janzen, Heather

Subject: FW: Email - Request to Speak - Adam Peterson - Downtown Event and Entertainment District – Private Partner Agreement Framework - CK 4130-14
Attachments: SDMH Letter to Saskatoon City Council (August 2024).pdf

From: Web NoReply <web-noreply@Saskatoon.ca>
Sent: Monday, August 26, 2024 4:07 PM
To: City Council <City.Council@Saskatoon.ca>
Subject: Email - Request to Speak - Adam Peterson - Downtown Event and Entertainment District – Private Partner Agreement Framework - CK 4130-14

--- Replies to this email will go to [REDACTED] ---

Submitted on Monday, August 26, 2024 - 15:32

Submitted by user: [REDACTED]

Submitted values are:

I have read and understand the above statements.: Yes

I do not want my comments placed on a public agenda. They will be shared with members of Council through their online repository.: No

I only want my comments shared with the Mayor or my Ward Councillor.: No

Date: Monday, August 26, 2024

To: His Worship the Mayor and Members of City Council

Pronouns: He/him/his

First Name: Adam

Last Name: Peterson

Phonetic spelling of first and/or last name: AE - d uh m

Phone Number : [REDACTED]

Email: [REDACTED]

I live outside of Saskatoon: No

Saskatoon Address and Ward:

Address: 145 1st Ave N

Ward: Ward 6

Name of the organization or agency you are representing (if applicable): Saskatoon Destination Marketing Hotels Inc. (SDMH)

What do you wish to do ?: Request to Speak

If speaking will you be attending in person or remotely: In person

What meeting do you wish to speak/submit comments ? (if known):: August 28th - Regular Business Meeting of City Council

What agenda item do you wish to comment on ?: 8.5.1 Downtown Event and Entertainment District – Private Partner Agreement Framework [DEED2023-01]

Comments:

I wish to also deliver a PowerPoint presentation during my speaking time.

Please advise the due date as to when this is required to be submitted for vetting purposes?

Attachments:

- [SDMH Letter to Saskatoon City Council \(August 2024\).pdf](#) 223.19 KB

Will you be submitting a video to be vetted prior to council meeting?: No

August 26, 2024

City Clerk's Office
City of Saskatoon
222 3rd Avenue North
Saskatoon, SK S7K 0J5

Re: Downtown Event and Entertainment Funding Strategy

Dear Members of the Saskatoon City Council,

I am writing on behalf of Saskatoon Destination Marketing Hotels (SDMH) to express our concerns regarding the proposed use of an accommodation tax to fund infrastructure projects under the Downtown Event and Entertainment District (DEED) initiative. As key stakeholders in Saskatoon's tourism industry, it is essential to highlight the potential consequences of the proposed accommodation tax.

Accommodation Tax Policy Across Canada

An essential element missing from the Administration Report – Downtown Event and Entertainment District Funding Strategy and the 2023 KPMG Study that informed it is a clear discussion and acknowledgment of the intended purpose of an accommodation tax. Across North America and every province in Canada, the primary purpose of an accommodation tax is to support tourism marketing, programs, and projects, not infrastructure.

If the City proceeds with an accommodation tax primarily to fund the DEED, Saskatoon will diverge significantly from long-established best practices in Canada and become the only municipality in the country to use an accommodation tax predominantly for infrastructure funding.

In British Columbia, the Municipal and Regional District Tax (MRDT) supports tourism-related marketing and initiatives. Only in exceptional cases and with strong local stakeholder support may a portion of these funds be allocated to capital expenditures. The province considers and approves such requests on a case-by-case basis.

Similarly, Halifax, Nova Scotia's tourism marketing levy is dedicated solely to promoting tourism.

In Alberta, cities like Calgary and Edmonton use the Destination Marketing Fee (DMF) to support Destination Marketing Organizations (DMOs), while Banff and Lake Louise use a Tourism Improvement Fee (TIF) for similar purposes. The consistent practice across these jurisdictions is to enhance tourism experiences and attractions rather than to finance infrastructure.

Disproportionate Financial Burden on the Hotel Industry

The proposed accommodation tax places an undue financial burden on the hotel industry, which already significantly contributes to promoting Saskatoon as a destination. From 2013 to 2022 alone, SDMH provided over \$38 million in direct funding for tourism events and marketing. It is unreasonable to expect the hotel sector to bear the financial responsibility for both the local tourism destination marketing organization, Discover Saskatoon, and the Downtown Event & Entertainment District (DEED) project. The cost of funding these initiatives through a single accommodation tax would unfairly strain our industry, which is a critical pillar of Saskatoon's tourism economy.

Potential Competitive Disadvantages for Saskatoon

Implementing a high accommodation tax could put Saskatoon at a competitive disadvantage, particularly in attracting major conferences and events. The proposed tax rate of 5.9% would be the highest in the country, surpassing major destinations like Toronto, Vancouver, Victoria, and Halifax. These increased costs could deter event organizers and tourists, potentially resulting in lost opportunities and reduced economic impact. Saskatoon has lost nearly 150 proposed events or conferences to competitor cities due to price sensitivity; additional tax increases could exacerbate this issue.

Need for Inclusive Policy Development and Alternative Funding Models

We recommend exploring alternative funding streams and cost-saving measures to reduce the DEED project's reliance on the accommodation industry. A diversified funding model that includes various stakeholders will be more sustainable and effective long-term. Given the disproportionate contributions being requested from the hotel industry, we strongly urge the City Council to consider these alternatives to decrease dependence on the accommodation sector.

We also urge the City Council to actively involve the hotel industry and other stakeholders in developing any proposed legislation regarding the accommodation tax. A collaborative approach will ensure that industry concerns are addressed and that the final funding model is fair and equitable. If the City decides to pursue legislative changes to impose an accommodation tax, all relevant stakeholders must participate in the development process. This inclusive approach will help create a balanced and fair funding model, avoiding undue burden on any single sector.

Call for a Balanced Approach

While we acknowledge the challenges of funding the DEED project, adopting a balanced approach that upholds essential tourism promotion and marketing efforts is crucial. We ask that the City ensure the DEED funding model is not developed at the expense of Saskatoon's tourism industry to maintain the City's economic vitality and attractiveness as a destination. Introducing an infrastructure tax under the guise of an accommodation tax would set a concerning precedent for Saskatoon and potentially discourage future visitors.

In conclusion, SDMH remains committed to collaborating with the City of Saskatoon to establish a fair and sustainable funding model for the DEED project. We urge the City Council to reconsider the proposed use of an accommodation tax and work with all stakeholders to develop a more balanced and equitable solution that benefits the entire community.

Regards,



Adam Peterson
Board Chair
Saskatoon Destination Marketing Hotels (SDMH)