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Council-In-Committee Meeting – March 10, 2026

Subject: Urban Metrics Report – Municipal Development Corporation
Report Number: CAO-26-008
Division: Office of the Chief Administrative Officer
Department: Strategic Initiatives
Ward: All Wards
Purpose: For Decision

Recommendation(s):

That report CAO-26-008 Urban Metrics Report – Municipal Development Corporation be received as information; and

That Council approve MDC-1 in principle subject to the approval of a Municipal Accommodation Tax as outlined in report CAO-026-013; and

That Council approve MDC-2 according to the implementation structure outlined in this report; and

Further That any budget implications be referred to the 2027 budget for consideration.

Explanation: MDC-1 is contingent on Council approval of the Municipal Accommodation Tax as outlined in report CAO-26-013, ensuring no expenditure is committed without that prerequisite in place. MDC-2 would advance independently according to the phased implementation framework outlined in this report. All budget implications associated with both corporations would be referred to the 2027 budget process for Council consideration.

Executive Summary:

Purpose of the Report:

This report presents Urban Metrics' Municipal Development Corporation Business Case and seeks Council approval to establish two Municipal Development Corporations (MDC) to advance Norfolk County's economic development priorities. It responds directly to Council's direction of February 24 2026 regarding the Municipal Accommodation Tax (MAT), providing a governance structure, County investment assessment, staffing implications, and a 5-year financial projection.

Background and Context:

In Spring 2025, Norfolk County retained Urban Metrics to undertake three interrelated economic development assessments: a Municipal Accommodation Tax (MAT) Assessment, an Industrial Land Sector Needs Assessment, and an MDC Business Case. Council received the MAT and Industrial Land reports on February 10 2026. At the February 24 2026 Council meeting, Council directed staff to bring forward a detailed business case for an eligible tourism entity in the form of an MDC, a report on Short-Term Rental (STR) by-law implementation, and deferred MAT approval pending Council's satisfaction with both. This report responds to the MDC direction. A draft STR by-law and MAT Policy are included with report CAO-26-013 on the March 10 2026 Council in Committee agenda.

These economic development initiatives are strategically interconnected. MAT implementation requires an eligible tourism entity that does not currently exist in Norfolk County. The MDC Assessment recommends establishing a not-for-profit Norfolk County Tourism Corporation (MDC-1) to serve that function, enabling MAT implementation while keeping public funds under public oversight. A second corporation, the Norfolk County Asset Development Corporation (MDC-2), would provide the governance structure needed to address Port Dover Harbour Marina's long-term capital requirements and, subject to Council direction, pursue industrial land development opportunities identified in the Industrial Land Assessment. Together, these corporations provide Council with a practical framework for advancing Norfolk County's economic development priorities in a phased, accountable way.

Key Findings and Analysis:

Urban Metrics conducted a comprehensive assessment grounded in legislative and regulatory analysis, organizational and financial readiness review, best practices research across six comparable Ontario municipalities, and extensive stakeholder and public engagement. The assessment concludes that Norfolk County has the legislative authority, organizational capacity, and financial readiness to establish both proposed corporations, and that the MDC model is the most effective and accountable way to address **three** structural gaps that the current municipal model cannot resolve.

First, Norfolk cannot implement a Municipal Accommodation Tax without an eligible tourism entity, and no such entity currently exists. Urban Metrics projects gross annual MAT revenues of \$600,000 to \$812,000 under a base scenario of \$704,000, with \$334,000 annually directed to destination marketing through MDC-1. Each year without a program is revenue that is not being collected. Over five years, the cumulative opportunity cost exceeds \$1.6 million in foregone revenue. MDC-1 would be established at a start-up cost of \$20,000 to \$30,000, structured as a shareholder loan repaid from MAT revenues within 12 to 18 months of collection beginning. There is no expected tax levy impact.

Second, Port Dover Harbour Marina faces approximately \$14 million in capital requirements over the next decade, with debt servicing costs projected at over \$575,000 annually beginning in 2029 and rising to \$915,000 by 2032. The marina generates an operational surplus under its current management, but the current municipal governance structure does not provide the commercial flexibility, operational independence, or access to private capital needed to pursue the revenue diversification and private investment that long-term sustainability requires. Urban Metrics assessment recommends an MDC as the right governance model for this asset.

Third, Norfolk County has three small parcels of municipally owned serviced industrial land and no dedicated capacity to pursue land assembly or respond quickly to business attraction opportunities. Industrial land development was identified as the single highest economic development priority by 89% of project survey respondents. The consultant recommends a phased, partnership-first approach: work with private landowners in the short term, build a reserve fund from development revenues, and pursue strategic land acquisition through MDC-2 beginning in 2029.

MDC-2 would require an initial County investment of \$250,000 to \$500,000 structured as a shareholder loan, with the corporation designed to achieve financial self-sustainability within three to five years. The potential \$10 to \$20 million industrial land reserve fund is not an upfront commitment. It is a long-term target built from revenues that the strategy itself is intended to generate.

Across all three opportunity areas, stakeholder consultation was consistent: economic development is under-resourced in Norfolk County, the current structure is not positioned to compete effectively, and a phased, accountable, arm's-length model with focused mandates is the right path forward. The proposed corporations are designed to complement the Economic Development Department, not replace it, and Council retains full control as sole shareholder throughout.

Conclusions:

The proposed two-corporation model is a phased, accountable approach to economic development challenges that Norfolk County has not been able to resolve within its current municipal structure. MDC-1 can be established quickly and at minimal cost, funded entirely through MAT revenues (i.e. a self-funding model). MDC-2 requires more significant upfront investment, but the alternative is continued reliance on a governance model that has already demonstrated it cannot address the marina's long-term capital requirements or pursue industrial land development at the speed and scale the market requires. The cost of establishing these corporations is modest relative to the cost of continued inaction. Council retains full control of both corporations as sole shareholder, with annual business plan approvals, quarterly performance reporting, and the ability to dissolve either corporation at any time with all assets reverting to the County.

Discussions:

BACKGROUND

In Spring 2025, Norfolk County retained Urban Metrics to undertake three interrelated economic development initiatives to strategically position Norfolk County for both current and future economic development opportunities:

1. **Municipal Accommodation Tax (MAT) Assessment** to evaluate the viability of implementing a MAT and determine the governance structure for tourism marketing and revenue allocation
2. **Industrial Lands Sector Needs Assessment** to identify opportunities and strategies for supporting industrial land development and determine the County's role in supporting this sector
3. **Municipal Development Corporation (MDC) Business Case** to determine the feasibility, viability, and optimal structure for establishing an MDC in Norfolk County

Undertaking these initiatives was approved by Council in December 2024 (CAO-24-078) to implement priorities identified in the Economic Development Strategic Plan 2024-2027. These three initiatives were consolidated into a single engagement to facilitate concurrent analysis, ensure strategic alignment, and enable coordinated community and stakeholder engagement across all three assessments. Urban Metrics has delivered a separate report for each initiative. **The Municipal Development Corporation Business Case is attached for Council's consideration.**

Council-in-Committee received the [MAT Assessment \(CAO-26-003\)](#) and [Industrial Land Needs Assessment \(CAO-26-007\)](#) reports on February 10 2026. At the February 24 2026 Council meeting, Council passed the following resolution:

That Staff bring a report back to Council regarding the potential implementation of a Short-Term Rental By-Law including projected all Staffing/Budget impacts.

And Further That Staff bring a report back to Council a detailed business case including, proposed annual budget, including Staffing implications, for the eligible tourism entity in the form of a Municipal Development Corporation.

And Further That Report CAO-26-003, Municipal Accommodation Tax implementation, be deferred until after the aforementioned items have been dealt with to the satisfaction of Council.

The attached MDC Business Case presented in this report responds to Council's second direction. It includes a governance structure, County investment assessment (including funding requirements and staffing implications), and a 5-year financial projection.

The implementation plan in Section 4 of this report demonstrates that these conditions would be met before MAT collection begins on July 1 2027, if approved by Council. A draft Short Term Rental (STR) by-law and draft MAT Policy is attached to report CAO-26-013 on the March 10 2026 Council in Committee agenda. If Council accepts the MAT and MDC recommendations and the draft by-law and policy as a framework, Staff propose public consultation be conducted through a Public Information Session in Q2 2026, and a revised follow-up report would be brought to Council for consideration.

2. STRATEGIC CONTEXT

2.1 Economic Development

Norfolk County is positioned at a critical juncture in our economic development trajectory. The municipality possesses significant tourism assets, growing industrial potential, and valuable public assets including waterfront marinas. However, traditional municipal service delivery models, while ensuring appropriate public accountability, create structural constraints that limit the County's ability to:

- Compete with municipalities that have dedicated, sustained tourism marketing funding;
- Implement a Municipal Accommodation Tax, as Provincial regulation requires a minimum 50% of net MAT revenues be allocated to a not-for-profit "eligible tourism entity," which does not currently exist in Norfolk County;
- Respond to industrial land development and marina optimization opportunities;
- Pursue strategic partnerships and commercial arrangements that require arm's-length governance.

Norfolk County also faces competitive pressures, as neighbouring municipalities continue to implement MAT programs, develop shovel-ready industrial sites, and establish specialized MDC governance structures to drive economic development. Inaction represents lost revenue opportunities and declining regional competitiveness.

2.2 Municipal Development Corporation

A Municipal Development Corporation (MDC) is an arm's-length corporation established by a municipality under Section 203(1) of the Municipal Act, 2001 to deliver specific economic development services. MDCs can function with greater speed and flexibility than traditional municipal structures allow, while maintaining full public ownership and Council oversight. The municipality remains the sole shareholder of any MDC it establishes, maintaining ultimate control through board appointments, annual business plan approvals, and oversight of major decisions (as defined in a shareholder

agreement). MDCs can be dissolved by Council at any time, with all assets reverting to the municipality. This structure enables business-style governance and operations while preserving full public accountability.

2.3 Best Practices

The establishment of arm's-length municipal corporations for economic development is a well-established and widely adopted best practice across Ontario. Municipalities have established MDCs to manage tourism marketing, enable MAT collection, operate municipal assets, develop industrial land, and pursue economic development opportunities that require greater operational flexibility than traditional municipal departments can provide. A full review of comparable MDCs is provided in Section 3 of the attached Urban Metrics report. The following examples are most directly relevant to Norfolk County's proposed model:

2.3.1 Tourism and MAT MDCs

Establishing a not-for-profit MDC as a designated eligible tourism entity to administer MAT revenues is now standard practice across Ontario. **Prince Edward County** (2022), **Haliburton County** (2024), and **Lambton Shores** (2026) have all recently followed this path, each operating with lean staffing and drawing on existing municipal resources through service agreements. Norfolk County is behind these comparable municipalities in both MAT implementation and tourism governance capacity.

2.3.2 Asset Development MDCs

Brant County established Brant Municipal Enterprises in 2013 with a mandate to leverage municipal assets to generate revenue. The corporation became financially self-sufficient within five years, operates with lean staffing through Service Level Agreements with the County, and has returned significant dividends to Brant County.

OakvilleMDC was incorporated in 2018 to act as Master Developer for the Town's surplus land holdings, undertaking planning and development activities that allow surplus lands to be developed as market conditions allow. The Oakville model demonstrates that real estate development through an MDC requires capital and a long-term investment.

3. CONSULTANT REPORT

3.1 Methodology

Urban Metrics' assessment was based on quantitative analysis of the County's available financial data, legislative and regulatory compliance review, organizational and financial readiness assessment, operational feasibility analysis, review of comparable municipal frameworks and best practices, and thorough stakeholder and public engagement. The consultant conducted business and community surveys, stakeholder and Council

interviews, detailed consultations with County staff, and a comprehensive review of MDC models operating in comparable Ontario municipalities including St. Thomas, Burlington, Brantford, Brant County, Oakville, and St. Catharines.

3.2 Consultation

Urban Metrics conducted extensive stakeholder engagement across all three assessments from July to October 2025. Consultation included one-on-one interviews with all Norfolk County Councillors and senior County staff across multiple departments, and with 15 community business leaders. Interactive workshops were held with accommodation providers, tourism operators, landowners, employers, BIA members, Chamber of Commerce and Board of Trade representatives, and Norfolk County Advisory Committee members. A public Open House/Information session was held to allow members of the community to provide feedback in person. Three public surveys received 738 total responses (330 MAT; 194 Industrial Land; 214 MDC).

3.2.1 Council

Through individual interviews, most Councillors supported exploring arm's-length economic development governance opportunities, recognizing it could enhance effectiveness and reduce political interference in business decisions. Council identified the following MDC implementation priorities:

- **Phased implementation** beginning with potential MAT implementation and destination marketing, adding services as operational capacity matures;
- Provide a clear municipal **funding commitment** for the initial MDC startup;
- Monthly or quarterly MDC **reporting updates** to Council that include performance metrics;
- Execution of a **Shared Services Agreement** that leverages existing County administrative capacity;
- **Annual strategic review** with Council prior to budget setting.

3.2.2 Staff

County staff acknowledged operational advantages including faster decision-making, market-responsive approaches, and the ability to implement commercial business practices, while raising concerns about implementation logistics, organizational impacts, and how Economic Development functions would transition. Staff provided MDC implementation recommendations that align with Council's feedback:

- **Phased implementation** beginning with MAT/Destination Marketing, allowing the corporation to mature and demonstrate results before mandate expansion;
- Development of a comprehensive **transition plan** that addresses staffing levels, budget, service level agreements, and role clarity prior to formal MDC establishment;

- Development of a detailed **Service Level Agreement** that defines which County services would be provided to an MDC;
- **Frequent staff briefings** to be provided during MDC establishment and transition periods to address concerns and maintain engagement.

3.2.3 Stakeholders

Business community stakeholders and tourism industry representatives were broadly supportive of a more proactive, better-resourced approach to economic development, identifying the following:

- The **lack of shovel-ready industrial land** was identified as the single biggest impediment to economic growth in Norfolk County, and there was strong interest in an MDC model as a vehicle to acquire and service land, leverage municipal assets, partner with the private sector, and generate new jobs and tax revenue.
- Stakeholders recognized that the existing Norfolk County Economic Development team is dedicated, approachable and forward-thinking, but that **limited resources**, slow processing times, and regulatory barriers are preventing the County from competing effectively.
- On governance, business stakeholders consistently called for an **arm's-length structure** with a board of directors heavily weighted toward business expertise, a clearly defined and focused mandate, and phased implementation with early results to validate the approach before expanding.
- Tourism industry stakeholders were strongly supportive of a dedicated, professionally led **destination marketing organization funded through MAT** revenues. They called for a not-for-profit structure with significant tourism industry representation on the board, focused exclusively on destination marketing without distraction from broader economic development functions.
- There was also strong interest in the Tourism Corporation developing a comprehensive **Destination Stewardship Plan** to provide long-term strategic direction.

3.2.4 Community

Public support for an MDC was mixed:

- 44% of survey respondents in support or strong support;
- 30% opposed or strongly opposed; and
- 26% neutral or unsure.

Key concerns centered on **governance and accountability**:

- 22% concerned that an arm's-length structure would reduce oversight;
- 31% concerned the MDC would struggle without sufficient resources (i.e. adequate funding and staffing); and
- 18% concerned about potential conflicts between different MDC functions and fears of the MDC becoming another layer of government or a waste of taxpayers' money.

3.2.5 Key Messages

Consistent messages emerged across each form of consultation for all three interrelated economic development initiatives:

- Economic development is a high priority in Norfolk County;
- Tourism (84%) and industrial land development (89%) were consistently ranked as top priorities;
- The County's current economic development efforts are under-resourced;
- An MDC requires focused mandates rather than a catch-all structure;
- Advocacy for board composition heavily weighted toward business expertise, with transparent reporting and accountability mechanisms;
- A phased implementation approach is required that starts small and demonstrates early results before expanding.

3.3 Opportunities

The consultant's assessment identified **three** immediate and interconnected economic development opportunities that Norfolk County is currently unable to fully pursue within its existing municipal structure:

3.3.1 Tourism Marketing and Municipal Accommodation Tax Implementation

Ontario Regulation 435/17 requires that a minimum of 50% of MAT revenues be directed to an arm's-length, not-for-profit eligible tourism entity to serve as the County's Destination Marketing Organization. Norfolk County does not currently have an organization that meets this requirement, and one must be in place before MAT collection can begin. There are two ways to satisfy it: designate an existing community not-for-profit organization as Norfolk County's DMO, or, establish a new municipally owned not-for-profit MDC for this purpose.

Existing Options: Designating an existing external Norfolk County non-profit organization as our DMO (e.g. Chamber of Commerce, Board of Trade, or BIA), is an option worth acknowledging. The Simcoe Chamber has expressed an interest in acting as our DMO in partnership with other community organizations. Under this model, the County would not have to resource Destination Marketing. However, designating an independent entity to manage public funds has loss of oversight implications for Council to consider. The County would forfeit 50% of MAT revenues to an external organization with no say in how those funds are spent/distributed, no oversight over board

appointments or hiring decisions, and no mechanism to ensure destination marketing is delivered on a County-wide basis rather than reflecting the priorities of individual communities.

MDC Option: The alternative is for Council to instead establish a not-for-profit MDC to serve as Norfolk's eligible tourism entity and Destination Marketing Organization. This model gives the County a purpose-built organization for destination marketing: an arm's-length corporation wholly owned by the County, governed by a Council-appointed board comprised of representatives with tourism and business expertise, and supported by County resources through service level agreements. Public funds collected through MAT implementation would remain under public oversight, and Norfolk would have a coordinated, County-wide approach to tourism marketing that is accountable to Council and the community.

3.3.2 Port Dover Harbour Marina Governance and Asset Optimization

Port Dover Harbour Marina is a significant County-owned waterfront asset that currently generates an annual operational surplus of approximately \$475,000 (2021-2025 average). However, the marina faces \$14 million in capital requirements over the next decade, with projected debt servicing costs of over \$575,000 annually beginning in 2029, increasing to \$915,000 by 2032. The marina is well-managed within its current structure, but that structure limits the County's ability to pursue new revenue streams, commercial partnerships, and development opportunities that could reduce reliance on the tax levy and position the asset for long-term financial sustainability. The consultant assessed both County marinas and concluded that Port Dover Harbour Marina is a viable candidate for an MDC governance model.¹

3.3.3 Industrial Land Development

As outlined in the Industrial Land Assessment Report received in February 2026, Norfolk County only has three small parcels of municipally owned-serviced industrial land and no dedicated capacity to pursue land assembly, public-private partnerships, or rapid response to business attraction opportunities. Stakeholder consultation identified industrial land development as the highest economic development priority. The County's four-person Economic Development team, despite its capabilities, cannot realistically pursue the proactive, market-responsive land development work this opportunity requires alongside existing departmental responsibilities, as currently constituted. 2026 will be utilized to review existing economic development resources and job descriptions/priorities to develop dedicated capacity to help create a structure consistent with successful municipalities that have invested in this area.

¹ Staff note that the consultant assessed both County marinas and concluded that Port Rowan Harbour Marina is not a viable candidate for MDC governance at this time given its limited commercial potential and its primary function as an open community space. That assessment is consistent with staff's own analysis presented to Council in June 2025 and the Port Rowan Harbour Marina business plan presented concurrently with this report.

3.4 Model

The consultant recommends establishing **two specialized Municipal Development Corporations** to address the opportunity areas identified above. The recommended two-corporation approach is both strategically advantageous and a regulatory necessity, as the distinct mandates of tourism marketing and asset development require fundamentally different corporate structures – **a single entity cannot effectively serve both mandates**:

- **MAT**: Ontario Regulation 435/17 requires that the **eligible tourism entity be a not-for-profit** corporation; this is a legal requirement that cannot be waived.
- **Marina operations, industrial land development, and strategic asset management** are commercial, revenue-generating activities that **require for-profit governance**, access to commercial financing, and a higher tolerance for risk.

Combining these fundamentally different mandates within one structure risks diluted focus, misaligned board expertise, and governance complexity that would undermine both mandates.

Under the proposed two-MDC model, both corporations would be wholly owned by Norfolk County. Council would exercise control as sole shareholder through shareholder declarations, annual approval of business plans and budgets, competitive board appointments, quarterly performance reporting, and Annual General Meetings.

Significantly, neither corporation duplicates the work of the Economic Development Department; both are designed to complement and enhance it by providing dedicated capacity and governance tools the Department cannot currently deploy on its own.

3.4.1 MDC-1 – Norfolk County Tourism Corporation (Not-for-Profit)

MDC-1 would be incorporated as a not-for-profit Municipal Development Corporation serving as Norfolk County's designated eligible tourism entity under Ontario Regulation 435/17 and as the County's professional Destination Marketing Organization.

Mandate: Destination marketing, Municipal Accommodation Tax administration, tourism industry partnerships, and marketing campaign execution.

Resourcing: MDC-1 is proposed as a lean, low-risk, self-sustaining entity that can be set up quickly:

- Start-up costs are estimated at \$20,000-\$30,000, structured as a short-term shareholder loan repaid from MAT revenues within 12-18 months (to be referred to the 2027 budget).

- No new staff positions are required in Year 1:
 - The County's Economic Development Department would carry out the Corporation's business planning, budgeting, program delivery, and reporting while staff retain their employee status and seniority with the County;
 - The Director of Economic Development would serve as interim Executive Director during the start-up period, serving as the link between the County and MDC-1 and ensuring coordination of policies, budgets, risk management, and shareholder reporting;
 - All corporate services (i.e. finance, HR, IT, communications, and legal) would be provided through service level agreements with the County.
- Once established, if additional staff resources are needed, any additional staff resources would be funded through MAT revenues and approved by Council.
- Similarly, STR implementation impacts to Norfolk County staffing are proposed to be offset by MAT revenues.
- It is expected that the Corporation would be financially self-sustaining; MDC-1 would have no impact on the tax levy; its operations would be funded entirely through MAT revenues.

Governance: MDC-1 would be governed by a Board of Directors comprised of 7 members (unpaid) appointed by Council through a skills-based competitive recruitment process:

- Mayor (voting Council representative)
- One additional voting Councillor
- CAO (voting) and Director of Economic Development (non-voting) as County staff representatives
- 3 skills-based community members with expertise in such areas as destination marketing, tourism sector operations, accommodation, attractions and events, marketing, finance, and governance or legal.

The Board Chair would be elected by and from the skills-based community members. Board members would serve staggered terms of 2 to 4 years to ensure continuity. The Board would approve MDC-1's annual business plan and budget, which would then be submitted to Council for approval as sole shareholder.

Committees: The Board may establish advisory committees aligned to MDC-1's mandate and initiatives, including a tourism industry advisory committee to ensure ongoing input from accommodation providers, tourism operators, and destination marketing stakeholders into the Corporation's strategic direction, demonstrating a commitment to transparency and collaborative decision-making on marketing Norfolk County as a tourism destination while maintaining clear governance accountability through the Board and Council.

Timeframe: If approved by Council, MDC-1 would be set up in 2026 and operational in 2027 prior to proposed MAT collection beginning 1 July 2027. See Section 4 of this report for full implementation plan details.

3.4.2 MDC-2 – Norfolk County Asset Development Corporation (For-Profit)

MDC-2 would be incorporated as a for-profit Municipal Development Corporation with two initial business units: management and optimization of the Port Dover Harbour Marina, and real estate development focusing on industrial land on a project-by-project basis. Expansion into new business units may be feasible as the corporation matures.

Mandate: Maximize the value of Norfolk County assets through professional management, strategic development, and partnerships, creating economic opportunity and sustainable returns for the County:

- **Marina Business Unit:** The immediate priority for MDC-2 would be Port Dover Harbour Marina. Transferring governance of the marina to MDC-2 gives the asset the operational flexibility, commercial decision-making capacity, and business development focus it needs to address its significant capital requirements and pursue new revenue streams. Existing marina operations staff would remain County employees through the initial transition period, with any staffing changes phased carefully over the first two operating seasons to maintain service continuity and subject to applicable employment requirements and Council approval.
- **Industrial Land Business Unit:** to be phased in as projects and funding are identified, ensuring MDC-2 starts focused and expands based on demonstrated results, consistent with best practices observed in comparable Ontario municipalities.

Resourcing: MDC-2 would require an initial County investment of \$250,000-\$500,000 for staffing, structured as a shareholder loan (to be referred to the 2027 budget), with the corporation designed to achieve financial self-sustainability within three to five years through marina revenue optimization and land development proceeds. Core staffing in the initial phase would include a full-time Executive Director and a Marina Business Development Manager, with the existing Marina Manager and seasonal staff continuing as County employees under a service level agreement. Annual budgets would be presented to Council for consideration.

Governance: MDC-2 would be governed by a Board of Directors of 7 members (unpaid) appointed by Council through a skills-based competitive recruitment process:

- Mayor (voting Council representative)
- One additional voting Councillor
- CAO (voting) and Director of Economic Development (non-voting) as County staff representatives

- 3-5 skills-based community members with expertise in marina and waterfront development, real estate and property development, infrastructure, public-private partnerships, finance, legal, and risk management

The Board Chair would be elected by and from the skills-based board members. Board members would serve staggered terms of 2 to 4 years to ensure continuity. The Board would approve the annual business plan and budget for Council's approval as sole shareholder.

Committees: Given the distinct nature of its two business units, MDC-2's Board would establish two advisory committees to provide specialized input and demonstrate a commitment to transparency and community engagement:

- **Marina Advisory Committee** comprised of boaters, commercial marina users, tourism operators, waterfront businesses, and community members with an interest in the harbour;
- **Industrial Development Advisory Committee** comprised of local business leaders, developers, industrial sector representatives, and commercial realtors.

These committees would provide the Board with direct input from the stakeholders most affected by each business unit, ensuring decisions reflect community priorities and sector expertise.

Timeframe: If approved by Council, MDC-2 would be set up in 2027 and operational in 2028. MDC-2 initial focus would be Port Dover Harbour Marina, with governance beginning in the 2028 boating season. Thereafter, MDC-2 could expand into industrial land development as opportunities become available (2029+).

3.5 Urban Metrics Recommendations

The Consultant made the following recommendations in the attached report:

Recommendation #1: That Norfolk County establish a not-for-profit Norfolk County Tourism Corporation (MDC-1) to serve as the designated 'eligible tourism entity,' facilitating and supporting the implementation of a new Municipal Accommodation Tax.

Recommendation #2: That Norfolk County's Economic Development Department remain fully intact and operational within the County administration, with a broad mandate consistent with the County's Strategic Plan 2023-2027.

Recommendation #3: That Norfolk County create an Asset Development Corporation (MDC-2) to revitalize strategic real estate assets, with a long-term view to enabling economic growth, stimulating public-private partnerships, and supporting the Council Strategic Plan.

Recommendation #4: That Norfolk County transfer the governance and development of Port Dover Harbour Marina to the proposed Norfolk County Asset Development Corporation (MDC-2).

Recommendation #5: That Norfolk County establish a dedicated Business Unit within MDC-2 to help spearhead industrial land development in Norfolk County. MDC-2 would acquire, assemble, service, and market strategically located industrial sites to create jobs, expand the tax base, and diversify the local economy on a project-by-project basis.

4. IMPLEMENTATION PLAN

Urban Metrics included a phased implementation plan in their Business Case. Staff have reviewed and incorporated the same key milestones into the revised proposed implementation plan below to reflect internal processes and additional consultation:

PHASE 1: Q2-Q3 2026 – MDC-1 PREPARATION & CONSULTATION

Implementation Team

- Create internal staff working group to coordinate implementation, develop consultation and information materials, review enforcement requirements and MDC set up, and create transition plan
- Begin building database of STR operators and accommodation providers
- Set regular meeting schedule

Consultation

- Consultation on MAT framework: STR Bylaw, MAT Administration and Allocation Policy, and MDC-1 governance model (board composition, advisory committee structure)
- Conduct Public Information Session
- Tourism stakeholder outreach

By-law & Policy Development

- Staff review and analysis of engagement findings
- Staff and legal revision of draft STR by-law, MDC-1 governance model, and MAT Administration and Allocation policy based on public and stakeholder feedback

Reporting & Approvals

- Quarterly update delivered to EDAC with opportunity to hear input
- Short-Term Rental by-law implementation report to Council with summary of engagement findings, MAT business plan, and request for approval of MAT implementation and MDC-1

PHASE 2: Q3-Q4 2026 – MDC-1 LEGAL PREPARATION & INCORPORATION

MDC-1 Setup

- Retain external legal counsel to:
 - Draft MDC-1 articles of incorporation and shareholder declaration (with the County as sole shareholder), informed by consultation outcomes
 - Draft board governance policies: conflict of interest, code of conduct, delegation of authority
 - Prepare Service Level Agreement templates with County departments (HR, IT, Finance, Legal)
 - Develop Asset Transfer Policy as required
- Develop board recruitment framework and position descriptions (7 directors)
- Retain ORHMA as MAT collection and remittance agent (subject to Norfolk County procurement)
- Establish MDC-1 Board Selection Committee
- MDC-1 start up loan considered with 2027 budget
- Quarterly updates to EDAC

PHASE 3: Q1 2027 – MDC-1 ESTABLISHMENT & BY-LAW APPROVAL

Incorporation & Governance

- Council passes by-law to incorporate MDC-1 as a not-for-profit corporation
- Provincial filing completed; corporation legally established
- Selection committee reviews board applications and conducts interviews
- Council appoints inaugural MDC-1 Board of Directors
- Interim Executive Director appointed (Director of Economic Development or as directed by Council)
- Board holds inaugural meeting; ratifies officers and adopts governance policies
- Start-up loan agreement executed (County to MDC-1, estimated \$20,000–\$30,000)

By-law Approvals

- Council passes MAT by-law with effective date of July 1, 2027 (90-day public notice period begins)
- Official notice issued to all accommodation providers re: July 1, 2027 effective date
- Quarterly update to EDAC

Operationalization & Agreement Execution

- MDC-1 formally designated as eligible tourism entity under O. Reg 435/17
- Municipal Funding Agreement executed between County and MDC-1
- Service Level Agreements finalized with County departments
- MDC-1 Board develops initial Destination Marketing Strategy and business plan for Council approval
- MAT collection agreement executed with ORHMA

Accommodation Provider Registration

- Accommodation provider registration portal launched
- STR licensing applications begin processing

PHASE 4: Q1-Q2 2027 – MDC-1 OPERATIONAL READINESS

Training & Compliance

- ORHMA delivers training sessions and for accommodation providers on MAT collection and remittance
- Provider guides, FAQs, and collection toolkits distributed to all registered operators
- Final compliance audit: all STRs registered and licensed
- Soft launch: remittance tested with select hotel partners
- Public communication launched
- Quarterly update to EDAC

MAT Launch

- July 1 2027 MAT collection begins
- Norfolk County Tourism Corporation (MDC-1) assumes full DMO responsibilities
- Revenue flows per Council-approved allocation strategy
- Start-up loan repayment begins

PHASE 5: 2027-2028 – MDC-2 ESTABLISHMENT

Q1-Q2 2027 Consultation

- Create internal staff working group to coordinate implementation, develop consultation and information materials, review enforcement requirements and MDC set up, and create transition plan
- Stakeholder and public consultation on MDC-2 governance model, marina transition, industrial land development mandate, and advisory committee structure
- Quarterly update to EDAC

Q3 2027 Legal Preparation & Governance Setup

- Retain legal counsel for MDC-2 articles of incorporation and shareholder direction, informed by consultation outcomes
- Finalize Asset Transfer Policy (required under O. Reg 599/06)²
- Develop board recruitment framework and position descriptions
- Quarterly update to EDAC

Q4 2027 Incorporation & Board Appointment

- Council passes by-law to incorporate MDC-2 as a for-profit corporation
- Provincial filing completed; corporation legally established

² Draft Asset Transfer Policy is appended to the MDC Business Case

- Council appoints inaugural MDC-2 Board of Directors
- Board holds inaugural meeting; ratifies officers and adopts governance policies
- Quarterly update to EDAC

Q1-Q2 2028 Operational Launch

- Service Level Agreements finalized with County departments
- Strategic business plans developed for marina operations and industrial land
- County transfers asset and governance of Port Dover Harbour Marina to MDC-2
- Marina operations under MDC-2 management begin for the 2028 boating season (target: April 2028)
- Quarterly update to EDAC
- MDC-2 operational and would take on review of potential mandate expansion into Industrial Land

5. CONCLUSION

Norfolk County has significant economic development opportunities to consider. The MDC framework proposed by Urban Metrics provides a governance framework and resourcing recommendations that would allow us to pursue them effectively.

For tourism, the opportunity is straightforward: establish a lean, low-risk corporation that would enable the County to collect MAT revenues and give Norfolk a professional, County-wide destination marketing organization for the first time. MAT is not a tax on residents. It is a 4% user fee on overnight accommodation stays, paid by visitors. Urban Metrics projects gross annual revenues of \$600,000 to \$812,000 depending on conditions, with a base scenario of \$704,000. The corporation would pay for itself through those revenues with no tax levy impact. 85 Ontario municipalities have already implemented MAT – every year without a MAT program in Norfolk is revenue that is not being collected and tourism marketing that is not being done, while our competitors continue to invest in both; therefore, the cost of delay is foregone revenue and continued competitive disadvantage.

For Port Dover Harbour Marina, the County has commissioned reports, evaluated governance models, and increased user fees in an effort to keep the marina financially self sustaining. The current municipal governance structure does not provide the operational independence, commercial flexibility, or access to private capital needed to pursue the revenue diversification that long-term sustainability requires. MDC-2 would give the marina the governance framework it needs to attract private investment, enter commercial partnerships, and develop amenities that could transform Port Dover Harbour Marina into a self-sustaining waterfront destination while maintaining public ownership and accountability, reaffirming the County's commitment to public waterfront access.

On industrial land, Council has referred the implementation recommendations from the Industrial Land Needs Assessment back to staff for further analysis. Norfolk's lack of marketable industrial land limits economic growth and contributes to an overreliance on

residential property tax to fund our community's needs. The consultant's recommended approach is deliberately phased and cost-conscious: prioritize partnerships with private landowners before any direct acquisition, build a reserve fund from development revenues, and pursue strategic land acquisition through MDC-2 (2029 and beyond timeframe). Per Urban Metrics Industrial Land Review report, the estimated one-time startup costs to initiate development incentive programming range from \$110,000 to \$150,000, with ongoing operating requirements between \$80,000 and \$630,000 per year, largely dependent on the scope and the level of service. The potential investment of \$10 to \$20 million is not an upfront ask. It is a long-term target built from the revenues the strategy itself generates. MDC-2 is the vehicle for that work. Approving MDC-2 today does not commit the County to specific expenditures, but it provides the governance clarity the implementation work needs to move forward.

Staff recommend proceeding with MDC-1 and MDC-2 to provide the dedicated capacity and governance tools needed to diversify our tax base, provide employment opportunities for current and future residents, and position Norfolk County to compete effectively for the investment and growth our community deserves.

Finance Comments:

Financial impacts related to implementing the [MAT program](#) and advancing the [industrial land strategy](#), including preliminary MDC requirements, were outlined in earlier Council reports accompanying the respective consultant recommendations.

MDC-1 Financial Considerations

In summary, MDC-1 related to the MAT program is expected to require approximately **\$20,000-\$30,000** in implementation costs during 2026-27 prior to receiving any MAT revenues. These startup costs consist mainly of:

- Administrative and setup/configuration costs attributable to the designated collection agent;
- Legal and professional services required to establish the MDC; and
- Applicable MAT and short-term rental by-laws.

MDC-1 is expected to operate without the creation of new staff positions initially, and functions will be performed by the County's Economic Development Department. Consistent with consultant recommendations, staff recommend financing these startup costs through a formal **shareholder loan** to be repaid within **12-18 months** from MAT revenues. MDC-1 is expected to be self-sustaining thereafter, however, both MDC's are expected to adhere to an approved financial accountability framework as discussed in more detail below. The Municipal Development Corporation – Assessment Report (attached) includes a five-year financial projection on page 81, which was drafted by Urban Metrics. This projection demonstrates that initial estimates show that MDC-1 will direct approximately 10% of revenues to administration and 90% to marketing activities.

Successful implementation of the proposed MAT program depends upon the development of a robust short-term rental policy, by-law, and business plan supported

by a proforma budget for use of MAT revenues, which will directly impact the ability of MDC-1 to fulfill its mandate to pursue tourism and economic development initiatives.

Should Council choose to pursue the MAT program but designate an external organization as the DMO, it is reasonable to expect that some legal and administrative costs would still be required to formally establish this relationship and an appropriate accountability framework. As noted, this approach would inherently reduce oversight and influence over the use of at least 50% of MAT revenues long-term.

MDC-2 Financial Considerations

MDC - 2 will operate two business units under a single, for - profit corporate structure with a mandate to maximize the value of County assets through professional management, strategic development, and partnerships. Pursuing long - term revenue - generating activities will require a **multi - year implementation strategy** with significantly higher initial and ongoing capital needs over the **first 3–5 years**.

An initial County investment in the range of **\$250,000–\$500,000** is recommended to support staffing requirements and establish development incentive programs. If approved, a detailed budget request would be presented for Council consideration as part of the 2027 Levy Budget process. Annual budget approvals would fall under the proposed financial accountability framework.

MDC - 2 is envisioned as an asset development corporation with:

- **Business Unit A:** Self - sustaining marina operations and future business development initiatives
- **Business Unit B:** Real Estate Development (higher upfront investment)

Port Dover Marina, which already generates an annual surplus and operates with **no Levy impact**, would transition to Business Unit A. The target for MDC - 2 governance to assume marina oversight is the **2028 boating season**, with expansion of the industrial land development mandate anticipated beginning in **2029**. More detailed short - and long - term business strategies for the marinas will be presented at the March 10 CIC meeting (CDS-26-045), including a recommendation to pursue transition to an MDC governance model as a long - term organizational strategy. Short term strategies included in the report are designed to optimize operations to the extent possible under the current municipal governance structure.

Existing marina staff would remain County employees through the initial transition, with any changes phased in over the first two seasons to ensure service continuity and meet employment obligations. No short - term staffing cost increases or savings are expected.

Resource needs for both business units will be defined through a **shared services agreement** and formal **asset transfer policy**. In the short term, allocations for corporate services (finance, HR, IT, communications, etc.) will represent a redistribution of existing County costs rather than a reduction in the Levy. Longer - term opportunities

may exist for Levy relief if shared services are provided to a financially self-sufficient MDC.

Draft Financial Accountability Framework

Should Council move forward with the recommendation to create two Municipal Development Corporations (MDCs), Finance strongly recommends the implementation of a clearly defined **Financial Accountability Framework**. As the sole shareholder, the County will be able to maintain appropriate oversight to ensure both corporations operate with transparency, prudent financial management, and alignment with the County's financial sustainability priorities.

A detailed draft framework has been included as **Attachment B** to this report. In summary, the County would retain appropriate financial oversight through requirements for:

- annual budget submissions;
- Semi-annual financial reporting;
- Annual audited financial statements;
- Annual business plan submissions for shareholder approval.

Any County funding would be governed through formal shareholder loan agreements with defined repayment terms, and both MDCs will be required to maintain financial controls and procurement practices that meet or exceed County standards. Council approval will remain necessary for any external debt or long-term financial commitments. With these measures in place, Finance staff would be satisfied that sufficient transparency, control, and financial oversight will be maintained.

Conclusion

Should Council proceed with one or both proposed MDCs in support of the broader MAT and asset development strategies, there will be multiple opportunities to provide more detailed analysis and budget impacts at key stages throughout implementation.

Interdepartmental Implications:

Implementation of the two-corporation MDC model has cross-corporate implications and will require coordinated planning across multiple departments to ensure the corporations remain lean, avoid duplicating municipal functions, and maintain strong public accountability.

As part of MDC establishment, Service Level Agreements would be executed for core corporate services—including Finance, Human Resources, Information Technology, Legal (contracts, governance documentation, compliance and regulatory interpretation), Communications (media relations, design, and brand alignment), as well as Engineering and Planning support.

In addition, implementation will require Legal/Clerk/Finance coordination to develop shareholder directions and governance policies, and to adopt an Asset Transfer Policy prior to any transfer of assets to an MDC as required under Ontario Regulation 599/06

Overall, the implementation approach is phased and explicitly includes County staff engagement on transition planning and service level arrangements, and will be managed with awareness of departmental work plans and capacity as the corporations are established and operationalized.

Consultation(s):

This report was prepared in consultation with Senior Leadership and the Economic Development team, and was reviewed by Finance staff. It reflects the findings of extensive engagement conducted by Urban Metrics in Q3 2025 as outlined in this report.

Prior to this engagement, KPMG, working in collaboration with Norfolk County Economic Development staff, undertook a robust public and stakeholder engagement program as part of the Economic Development Strategic Plan process that directly informed the initiatives now being advanced (including the MAT/eligible tourism entity, STR framework, and related economic development implementation actions). As documented in the KPMG report, engagement included two focus groups and 15 one-on-one sessions, along with an online survey delivered with support from the Economic Development Department and Corporate Communications and Customer Service, which received 396 responses. The Economic Development Advisory Committee (EDAC) was engaged throughout the process.

Additional input was gathered through a session with the County Senior Leadership Team on August 24, 2023, and Council contributed direction through workshops in April 2023 and September 25, 2023, ensuring the final Strategy reflected both community priorities and organizational readiness to implement the recommended actions.

Strategic Plan Linkage:

Empowering Norfolk - Putting the tools and resources in place to ensure our businesses' and residents' success

Attachment(s):

- Municipal Development Corporation Business Case by Urban Metrics
- Attachment B - Draft Financial Accountability Framework
- Urban Metrics Municipal Development Corporation Presentation

Approval:

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Prepared By:
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