



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** February 23, 2016
From: Andrew Nazareth **File:**
 General Manager, Finance and Corporate Services
Re: **Steveston Business Development Alliance Funding Request**

Staff Recommendation

That:

1. the request for funding in the amount of \$30,000 towards a feasibility study of Steveston businesses and property owners to determine the level of support for the establishment of a Business Improvement Area in Steveston, as detailed in a letter to the City by the Steveston Business Development Alliance, dated February 11, 2016, be declined; and
2. the Steveston Business Development Alliance be notified in writing of the above decision.

Andrew Nazareth
 General Manager, Finance and Corporate Services
 (604-276-4095)

Att. 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW
APPROVED BY CAO	

Staff Report

Origin

Business Improvement Area (BIA) formation in Steveston has been a recurring topic in the community for over 20 years. Various groups and individuals have come forward to the City in the past, registering their intent to engage in community outreach with the goal of establishing a BIA. To date, such outreach has not resulted in a formal proposal being submitted to the City for consideration.

In recent years, the Steveston Merchants Association (SMA) has been championing the formation of a BIA in Steveston. On October 19, 2015, the SMA delegated at the General Purposes Committee, registering their intent of renewing their outreach towards BIA formation. Subsequently, the City received a letter (dated February 11, 2016 and enclosed for reference in Attachment 1) from the Steveston Business Development Alliance (SBDA) – a new committee formed under the non-profit umbrella of the SMA. Membership of this new committee expands beyond SMA members and includes businesses, property owners and community organizations that are representative of the broader Steveston community. Formed to advance the current BIA initiative in Steveston, the SBDA intends to undertake a study of property and business owners in the commercial area of Steveston, as defined by the proposed BIA boundary map enclosed in the SBDA letter. The goal of the proposed study is to engage in extensive community outreach to determine the level of support toward the formation of a BIA in Steveston. The SBDA has requested grant funding in the amount of \$30,000 from the City as a foundation for a \$42,000 budget to implement the study.

The purpose of this report is to address the SBDA funding request in the context of the City's role in the BIA formation process and best practices in the region.

Analysis

Background

The notion of businesses utilizing the local tax mechanism to fund initiatives to benefit their entire commercial area is neither novel nor geographically restricted. From a municipal perspective, BIAs work to strengthen the viability of commercial districts and contribute positively to business retention and attraction in specific commercial areas and to the overall local economy.

In British Columbia, there are over 70 BIAs currently in operation, with 23 in Vancouver, 3 in Surrey, 2 in Burnaby and at least one in all major Metro Vancouver municipalities and throughout the province. Richmond is the only major community in the region without a BIA and, to date, the merchant area of Steveston is the only area where businesses have repeatedly attempted to organize themselves and initiate the BIA start-up process.

While the majority of BIAs formed in British Columbia have continued to operate for multiple terms, each municipality and commercial area is unique and there is no universal formula for BIA success. There is little in terms of a professionally developed case suggesting a certain approach towards BIA formation and operation would result in BIA success over the long term.

Individual cases exist for both continued BIA growth and threat of BIA dissolution within Metro Vancouver and elsewhere.

The BIA Start Up Process

The establishment of a BIA in British Columbia is governed by the Community Charter (“Charter”). The Charter enables city councils to support businesses in implementing improvements within a specified business area by providing a repayable grant to the BIA. This requires the municipal council to adopt a bylaw that mandates the repayment of the grant via a special levy on all commercial properties within the proposed BIA boundary.

As a grass-roots local business initiative, a BIA is advanced in the community by a sponsor group of businesses. In the case of Steveston, the current BIA proponent group is the SBDA. It is the SBDA’s role to raise awareness and build support among property and business owners in the proposed Steveston BIA boundary. Community opposition is a natural phenomenon during the BIA formation process and the City has received strong indication of the presence of such opposition to the current BIA initiative in Steveston. Thus, the proponent group is expected to engage both supporters of and opponents to the BIA concept and, through education and outreach, build broad community support. It should be noted that a survey of property and business owners is the mechanism through which a BIA proponent group documents community sentiment towards a BIA during the start-up process. The survey however does not institute a vote.

An official proposal demonstrating broad community support submitted by the SBDA to the City is the formal process through which the City may elect to enact the legislative process enabling BIA formation. Until such proposal is received, the City’s role is to provide technical support to the SBDA, such as supplying a list of properties that would be subject to the proposed BIA levy. Once the formal proposal is received by the City and based on the level of community support demonstrated in the proposal, Council may elect to proceed or not proceed with bringing forward a bylaw and initiating a vote of commercial property owners. Should Council decide to proceed with a bylaw, the vote can be administered in one of two ways:

- a) Petition of Support, in which at least half of the property owners, representing at least 50% of the assessed value of land and improvements that would be subject to the BIA levy, must sign a petition indicating their support; or
- b) Council Initiative, in which the city council advises property owners it will enact the bylaw unless more than half the landowners, representing at least 50% of the assessed value of land and improvements that would be subject to the BIA tax, register their dissent.

In most cases of BIA formation in B.C., the Council Initiative process is the mechanism of choice through which BIA formation is decided. The legislation and process governing the establishment of a BIA are presented in further detail in Attachment 2.

Analysis of Funding Request

In their letter dated February 11, 2016, the SBDA requested grant funding in the amount of \$30,000 towards a proposed \$42,000 budget for their outreach and feasibility study in Steveston. The analysis below examines advantages and disadvantages of granting the SBDA funding request, as well as best practices of BIA start-up funding in the region.

Advantages and Disadvantages

The main advantage of granting the SBDA's funding request is that a data-based feasibility study in Steveston would result in a vastly improved probability that a prolonged Steveston BIA effort would come to a formal resolution – a formal BIA proposal for Council's consideration (should the proponents determine sufficient community support to bring forward a proposal) or a conclusion of the current BIA effort for the foreseeable future. A less significant advantage is that if the City becomes the major funding source of the current BIA start-up initiative (providing \$30,000 from an overall proposed budget of \$42,000 for the study), the City can table expectations for appropriate outreach to all community stakeholders, including the opposition.

Granting funds to the SBDA presents a number of significant challenges to the City, including:

- There are no requirements, legal, procedural, or otherwise, that commit the City to fund any BIA start-up process, and therefore there is no explicit or immediate impetus to proceed with the funding.
- The act of funding the BIA proponents could be interpreted as the City itself supporting a BIA prior to proper community consultation taking place or that the BIA initiative is led by the City rather than the business community. It further challenges the City's role and mandate to remain neutral throughout the BIA start up process.
- Providing funding to the SBDA is not sustainable from a City budget perspective, as it sets a precedent for other business groups in Steveston and other commercial districts to seek similar grants in the future. The City cannot predict or anticipate the number, frequency and overall amounts necessary to support BIA formation initiatives throughout Richmond and at various points in time.
- By simply extending a one-time grant to a group with a significant stake in the outcome, the City would have no representation and therefore no influence over how balanced the messaging is and how inclusive the outreach is.
- While the City supports all Richmond businesses, funding a group advocating on behalf of specific business interests is contrary to the City's view that social funding needs supersede funding requests that would benefit for-profit entities and contradicts Charter requirements for no preferential treatment of one business interest over another.
- Granting the funding would result in \$30,000 cost to the City.

Conversely, while supporting the SBDA's feasibility study may lead to more substantial outreach during the BIA start-up phase, there are major advantages of not granting the funding, including:

- The City maintains neutrality. Remaining neutral is a significant prerequisite for the City to be able to fulfill its mandate for accountability, transparency and proper consultation during the BIA start-up process.
- The City avoids the establishment of a precedent that could lead to an unsustainable financial model for managing similar BIA start up requests in the future.
- Declining the SBDA grant request would result in no additional costs to the City.

Best Practices

Research indicates that in some Metro Vancouver communities city councils have provided partial funding in the form of a grant to the proponent group, in support of the initial outreach and feasibility study. As an example, the City of Surrey has provided grant funding during the start-up phases of all three of its currently established BIA. However, in the overwhelming majority of BIA start-up cases in Metro Vancouver over the last few years, the proponent group has absorbed all costs associated with outreach, feasibility assessment and development of the formal proposal. Examples include Vancouver, where none of their 23 BIA start-up phases have received funding, Coquitlam, New Westminster, West Vancouver and Langley.

Recommendation

Based on the above analysis, granting the SBDA's funding request is associated with a multitude of significant challenges which far outweigh the potential benefits. In addition, best practices indicate that the municipality does not provide any funding in the vast majority of BIA start up cases in Metro Vancouver. It is therefore recommended that the City does not grant the SBDA's funding request and that SBDA be notified in writing of the City's decision.

Financial Impact

There is no financial impact to the City from staff's recommendation.

Conclusion

BIAs have been in existence throughout the world for decades and there have been over 70 BIAs established under the British Columbia Community Charter since the 1970s. A BIA campaign for Steveston has been undergoing cycles of activity and dormancy over the last two decades, without a formal proposal to the City. The newly formed Steveston Business Development Alliance has recently re-activated the BIA initiative and has requested \$30,000 from the City to support a feasibility study. The analysis above examines the SBDA funding request in the context of the BIA start-up process, including advantages, disadvantages and best practices from across Metro Vancouver. Based on this analysis, it is staff's recommendation that funding request be declined and the SBDA be so notified.



Neonila Lilova
Manager, Economic Development
(604-247-4934)

- Att. 1: Letter from the Steveston Business Development Alliance (Dated February 11, 2016)
2: Legislation and Process Governing the Formation of a Business Improvement Area in British Columbia

February 11, 2016

City of Richmond
Mayor and Council
6911 No.3 Road
Richmond BC V6Y 2C1

Re: Business Improvement Area outreach process funding request

REQUEST

The Steveston Business Development Alliance (SBDA) is a newly formed committee made up of local businesses, property owners and agencies operating independently under the umbrella of the Steveston Merchants Association. It requests a grant in the amount of \$30,000 to support the completion of a feasibility study of Steveston business and property owners to determine the level of support that exists for the establishment of a Business Improvement Area in Steveston as generally described in this report. Many municipalities offer similar support as effective outreach has related expenses.

BACKGROUND

A Business Improvement Area (BIA) is similar to a Local Improvement Area where funds are collected through a rate levied against properties in a specified area as a means to coordinate and fund activities that support businesses in the area. For business operators and property owners, a BIA is an effective way of financing beneficial programs that would not be available to individual businesses by other means. There are 23 BIA's in Vancouver; over 70 BIA's in BC with new ones forming every year. Some typical types of BIA activities would be:

Promotional campaigns: programs to attract local interest and interest from outside the region
Special Events: build on and expand events to attract visitors throughout the whole year
Street Enhancement: way finding, seasonal lighting, public art, murals, banners, flower containers
Placemaking: creating special interest areas to animate and liven side streets, alleys and other locations
Business Recruitment & Retention: Support existing & strategically attract complimentary businesses
Technology Adaptation & Advancement: Help businesses compete in a changing online marketplace
Business Volume Benefits: Negotiated volume discounts. Example: medical dental, shipping, waste
Historical Assets Leveraging: Support heritage and strengthen alliances to highlight heritage value

DISCUSSION

The Steveston business district has under gone a fair amount of turn over the past few years. Many Steveston business and property owners have expressed concern over decreased business vibrancy despite the interest it has in the short summer period. The SBDA has recommended a boundary for the proposed Steveston BIA as indicated in the attached Appendix I. The SBDA holds the view that more can be done to improve and promote the area as an economically sustainable, vibrant and thriving business district.

With a view to establishing a BIA in Steveston, the SBDA would like to undertake a study of the business operators and property owners in the Steveston area to determine the level of support for the creation of a BIA. Misinformation about what a BIA does and could do for Steveston proposes a more labour intensive task for its outreach planning. More resources are required to provide accurate information, answering to

distributed misconceptions, so there can be a dialogue about legitimate concerns to determine the level of support. In this regard the SBDA has proposed a budget of \$42,000 in start-up costs. This would cover the following work:

- Hiring a consultant to conduct significant outreach to business operators and property owners through the following:
 - one on one door to door communications
 - general communications, online
 - design, prepare and print outreach material as
 - design actual BIA programing examples arising from the outreach
 - newspaper notices
 - direct mail outs
 - meetings, speakers
 - presentation tools; signage, video, PowerPoint
 - other surveys

- Funds would be used to raise awareness for the BIA initiative all of which are deemed necessary to adequately inform business operators and property owners about the benefits of a BIA in Steveston.
- The outcome of this project is to determine whether there is sufficient interest for a BIA and its proposed plan to support the submission of a proposal to the City of Richmond.

The SBDA will contribute \$12,000 in financial contributions towards the proposed budget by its own means.

The SBDA is requesting the City provide funding of \$30,000 to support the above work.

The SBDA believe a more detailed BIA outreach approach would engage the business community more effectively and rally a stronger level of support. Ultimately, if the BIA initiative is adopted for Steveston it will provide a more sustainable approach to building the increased potential for Steveston well into the future.

Sincerely,



Jens Hertha
Steveston Business Development Alliance
weareopenforbusiness@gmail.com
604 330-2997

Current Members

Linda Barnes, Steveston 20:20 group, Retired Richmond City Councillor
Loren Slye, Britannia Heritage Shipyard Society, Steveston Historical Society
Richard Vetter, Wealthsmart
Odile Gagne, A Monkey Tree Emporium
Mindy Phipps, Steveston Merchants Association

Cheryl Grattan, With Flair Home Staging and Design
Mark Grattan
Jens Hertha, D-Original Sausage Haus
Erinn Bryan, O'Hare's Gastropub and Liquor Store
Parvesh Oberoi, Pajo's
Lisa Eccleshall, ASK Hair Studio
Carolynne Palla, Palla Media
Jim van der Tas, Blue Canoe Waterfront Restaurant
Vince Morlet, Tapenade Bistro
Ron Hill, Village Books
Sarah Gordon, Pieces
David Gordon, Pieces
Sean Lawson, Steveston Real Estate
Lori Gelz, Tourism Richmond
Rebecca Clarke, Gulf of Georgia Cannery Society

STEVESTON BUSINESS IMPROVEMENT AREA

START UP FEASIBILITY BUDGET

CITY of RICHMOND

BUDGET

\$26,000	Contracted BIA consultant and helper
\$2,500	Outreach Meetings Speaker fees
\$3,500	Outreach meeting fees, venue, audio visual, light refreshments
\$5,500	Design, printing of flyers, information pamphlets, meeting signage etc.
\$2,500	Postage, envelopes, mail preparation
\$1,000	Equipment, software, usage fees
\$150	Telephone and e-mail forwarding services
\$350	General administration, office expenses
\$500	Miscellaneous & contingency
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\$42,000	
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\$12,000	Steveston Business Development Alliance Committee Contribution
\$30,000	Funding Request City of Richmond



BIA Formation – Governing Legislation and Process

The formation of a BIA in British Columbia is a process that enables Council to assist businesses in implementing improvements within a specified business area by providing a repayable grant to the BIA. This requires municipal council to adopt a bylaw that mandates the repayment of the grant via a special levy on all commercial properties within the proposed BIA. A formal proposal submitted by a BIA sponsor group to the city triggers the process of considering BIA formation.

The establishment of a BIA in British Columbia is governed by the Community Charter (Charter). *Chapter 26, Part 7 – Municipal Revenue, Division 5 – Local Service Taxes* of the Charter mandates that:

215, (2) – A council may grant money to a corporation or other organization that has, as one of its aims, functions or purposes, the planning and implementation of a business promotion scheme

The Charter lists a number of activities that can be defined as a business promotion scheme, including:

- a) carrying out studies or making reports respecting one or more areas in the municipality where business or commerce is carried on,*
- b) improving, beautifying or maintaining streets, sidewalks or municipally owned land, buildings or other structures in one or more business improvement areas,*
- c) the removal of graffiti from buildings and other structures in one or more business improvement areas,*
- d) conserving heritage property in one or more business improvement areas, and*
- e) encouraging business in one or more business improvement areas.*

The Charter further stipulates that all or part of the money provided under 215, (2) must be recovered by means of a local service tax.

There are two different ways to trigger establishment of a BIA, a petition and/or a council initiative, with the most common being the council initiative process. The process for each, as mandated by the Charter and further interpreted by the association of Business Improvement Areas of British Columbia (BIABC) is described below.

- a) Petition – a petition submitted to a city council and verified by the city clerk to include the signatures of the land owners of at least 50% of the parcels, representing at least 50% of the assessed value of Class 5 and Class 6 properties within a defined area. The petition must be initiated by a sponsor group (usually a registered non-profit society) representing business owners interested in establishing a BIA. The non-profit group must solicit property owners in a specific area to gather consent. Once sufficient support is generated, the non-profit group can submit a proposal to city council to consider the BIA. The petition must provide, at the minimum:
 - a description of the service or business promotion scheme in general terms
 - define the boundaries of the BIA

- an estimate of cost/budget
 - the proposed method of cost recovery (e.g. local service area levy percentage)
- b) Council initiative – a council initiative to establish a BIA is usually triggered by a proposal from a non-profit group that demonstrates general community support for a BIA. It requires that the city give public notice, in accordance with Charter requirements for public notice (Section 94). The notice must be mailed to all owners of parcels that would be subject to the BIA levy and must include the same information as a petition, including description of services, proposed BIA area, estimate of costs and proposed local service area levy percentage. According to the Charter, a critical element of a council initiative is *a statement indicating that the council may proceed with establishing the service unless a petition against the service is presented within 30 days after notice has been given in accordance with this section*. If there is no registered opposition to the notice that comprises at least 50% of the owners representing at least 50% of the assessed value of Class 5 and 6 commercial properties within the proposed BIA, a council may proceed with the establishment of a BIA. If the BIA initiative is rejected, a council must not propose the same service within one year after the initial proposal, unless the service is substantially varied or less expensive than originally proposed.

It should be noted that councils, once having received a proposal from a sponsor group, elect to enact the council initiative process, so as to determine if there is opposition to the BIA in the community.

If the sponsor group and/or council are successful in generating community support within the proposed BIA boundary, a council may elect to enact a bylaw to establish a BIA. Such bylaw must include:

- a description of the service or business promotion scheme in general terms
- a definition of the boundaries of the BIA
- an estimate of cost/budget
- the proposed method of cost recovery (e.g. local service area levy percentage)
- the organization to which the money will be granted
- the maximum amount of money to be granted and the maximum term over which it may be granted, and
- any other conditions and limitations on the receipt and expenditure of the money

Money granted to a BIA must be expended only:

- by the organization to which it is granted
- in accordance with the conditions and limitations set out in the bylaw, and
- for the business promotion scheme described in the bylaw.

A BIA bylaw must be considered in three readings and must go back to property owners before the BIA can actually be adopted at fourth reading and successfully created. It also mandates the

maximum that can be expended on a BIA over the term of the bylaw, which is usually in place for 5 years. After the bylaw expires, the BIA has an option to submit a new proposal to the city.

Exceptions

An important exception exists for BIA formation in British Columbia. The City of Vancouver has its own provisions for the establishment of a BIA in the Vancouver Charter. The process and ways of establishing a BIA in Vancouver are similar to those in the Community Charter, except that a BIA proposal on a council initiative requires only 30% of the property owners to oppose the BIA for council to not adopt a bylaw, not 50% as is in the Community Charter.