



Committee of the Whole Report
For the Meeting of March 28, 2019

To: Committee of the Whole **Date:** March 18, 2019
From: Chris Coates, City Clerk
Subject: Downtown Victoria Business Association – Business Improvement Area Renewal Request.

RECOMMENDATION

That Council direct staff to:

1. Proceed on the Council Initiative basis, with the Alternate Approval Process for the Business Improvement Area Renewal.
2. Report back with results of the counter petition process, and if assent is achieved present the BIA Bylaw for introductory readings.

EXECUTIVE SUMMARY

Since 2005, the Downtown Victoria Business Association (DVBA) has managed a Business Improvement Area under the provisions of the *Community Charter*. Legislation enables a local government to enact by bylaw, with the consent of a majority of property owners, a Business Improvement Area (BIA) establishing a local area service (specified area) tax to raise funds to pay for a business promotion program and to direct those funds to an organization undertaking the activities.

Attached as Appendix A is correspondence from the DVBA requesting that Council approve moving forward with a five year renewal of the Business Improvement Area (BIA) taxation regime. The current authority was established under the Business Improvement Area Bylaw for the years 2015-2019, attached as Appendix B that was adopted for a five year term for 2015 through 2019. This Bylaw generated the tax revenue, collected by the City and provided to the DVBA for the business promotion activities authorized by the property owners.

The DVBA has requested that as in past years, the City initiate the alternative approval process by Council Initiative. DVBA proposes to retain the same properties in the BIA as in past years. The properties total 776 with a total current taxable assessed value assessed value of \$2,486,089,700. In the Council Initiative approach, the proposed tax levy is subject to a counter petition process. In order for assent to be achieved at least 50% of the owners with at least 50% of the total assessment must agree. This is achieved unless the majority "petition" against the proposed tax. The alternative is a Petition Process for the BIA which would be led by DVBA. The same type of majority (at least 50% of the owners with at least 50% of taxable assessment) must pro-actively petition for the BIA.

As their correspondence notes, there is a degree of time sensitivity around the interest of DVBA to effect a significant purchase of lighting for the 2019 winter season. Security of the income through the taxation authority of the BIA is important to moving forward. While the requested timelines are challenging, there is an ability to move this forward with relatively minor impacts on existing work in Q2.

Should Council authorize the process to move forward, staff would report back upon completion with the results, and seek direction to proceed should assent be achieved.

PURPOSE

The purpose of this report is to seek Council's approval to proceed with an Alternative Approval Process for a five year renewal of the Business Improvement Area managed by the Downtown Victoria Business Association.

BACKGROUND

The *Community Charter* establishes the authority to create and fund a Business Improvement Area (BIA). A BIA is a local area service (specified area) from which a special tax is levied against the specific properties designated, and used to fund a business improvement service area and/or business promotion scheme. The Downtown Victoria Business Association provides the services to the Business Improvement Area that was originally established by bylaw in 2005. The funding generated from these specific properties is provided to the DVBA to fund the services and programs outlined in their correspondence attached as Appendix A. The existing 5 year term of the BIA expires December 31, 2019 in accordance with the establishing Bylaw which is attached as Appendix B.

As noted in their correspondence, the DVBA is seeking approval to expedite the renewal process in order to secure funding for winter lighting for this winter. In order to facilitate the acquisition of the lighting, they require authority for the renewal by the late spring of this year to meet the timelines.

There are two process options, both of which require the consent of a majority of the owners who own a majority of the taxable assessed values of the properties. These options are Council Initiative or Land Owner Petition, which are highlighted in this Report. Each of the previous terms were established by way of the Council Initiative process.

ISSUES & ANALYSIS

Council's is being asked to consider whether the process should move forward and if so under which assent methodology.

The DVBA is proposing a 2.5 percent increase in each of the five years starting at an annual levy of \$1,103,804 in 2020 to \$1,218,392 in 2024. The cost per \$100,000 of taxable assessed value would be approximately \$44.00. There is no change proposed to the properties involved in the BIA.

As the DVBA correspondence indicates, there appears to be a history of strong support from the property owners for the BIA and the taxation collected to fund it. In terms of the process, the City's role in the renewal is on the technical side, adjudicating the process and in the event of the Council initiative assent method, sending out the notices of the proposed levy and providing information as to how to object.

In relation to informing property owners about the marketing scheme and other services, the DVBA would take on any promotion or information sessions in connection with the renewal. The City's responses would be more limited to any technical enquiries and specific taxation information.

OPTIONS AND IMPACTS

As noted there are two ways to obtain "assent", by way of an Alternative Approval Process from affected property owners. The following options are represented for Council's consideration:

Option 1 – Proceed on Council Initiative (*Recommended*)

This option would see the City mailing notice of the proposed renewal to all affected property owners in the local area service. A minimum of thirty days must be provided for the opportunity to oppose. In order to halt the imposition of the BIA levy, at least 50% of the owners with at least 50% of the taxable assessment must formally register their objection. Once the counter petition process is complete staff would report back to Council seeking direction to introduce the required bylaw if assent is achieved. Draft of the new Bylaw is attached as Appendix C

This would delay the Report back on the Cannabis Consumption Pilot by up to 30 days to mid Q2 (late April/mid May) and the Fencing Regulations for Deer Management to early Q3.

Option 2 – Proceed on Land Owner Petition for Service

This option would necessitate a majority of the land owners with a majority of the taxable assessed value to petition Council to impose the local area service. The petition would be verified upon receipt of the majority petition. There is minimal staff time involved in this method but given the nature of the process it appears somewhat unrealistic to proceed in that method.

Option 3 - Decline Proceeding

There is a history of success with this program and a high degree of support in the past. Property owners have the ability to object and Council to make a subsequent decision informed by the degree of support or objection to the proposal. These issues support moving forward with the assent process.

2019-2022 Strategic Plan

The renewal of the BIA is consistent with overarching goals of the **Strategic Plan Object 4: Prosperity and Economic Inclusion**, and in particular is related to the 2019 action item:

"Work with the Downtown Victoria Business Association to develop a Downtown Retail Strategy"

Impacts on Financial Plan

There are no specific impacts on the Financial Plan for the renewal of the BIA as the funding comes directly from the local area service tax levy and is managed, and can be implemented with existing staff resources.


Accessibility Impact Statement

The funds collected through the local area service levy would be managed by an external organization for marketing and promotion purposes. There are no accessibility impacts relative to the City's role in this process.

CONCLUSIONS

The success of the BIA since 2005 could reasonably be measured by the degree of support for the tax levy over the last 15 years. The opportunity for property owners to object, provides Council with insight into the degree of support that exists for the renewal and would be provided to Council in a report back once the assent process is complete.


Respectfully submitted,


Chris Coates
City Clerk


Susanne Thompson
Deputy City Manager/Chief Financial Officer

Report accepted and recommended by the City Manager:

Date:


March 21, 2019

List of Attachments

Attachment A – DVBA Correspondence
Attachment B – 2015-2019 BIA Bylaw
Attachment C – Draft 2020-2024 BIA Bylaw