



Committee of the Whole Report For the Meeting of May 16, 2024

To: Committee of the Whole **Date:** May 4, 2024
From: Curt Kingsley, City Clerk
Subject: Downtown Victoria Business Association – Business Improvement Area Renewal Request

RECOMMENDATION

That Council proceed with the DVBA's request for a ten-year renewal of the Business Improvement Area by way of land owner petition for service.

EXECUTIVE SUMMARY

Since 2005, the Downtown Victoria Business Association (DVBA) has managed a Business Improvement Area under the provisions of the *Community Charter*. The *Community Charter* 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 ten-year renewal of the Business Improvement Area (BIA) taxation regime. The current authority was established under the Business Improvement Area Bylaw No. 19-045 for the years 2019-2024, attached as Appendix B. 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 since their boundary expansion in 2022. The properties total 1,149 with a total current taxable assessed value of \$3,842,854,581. 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 that in total represent at least 50% of the assessed value of land and improvements 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 that in total represent at least 50% of the assessed value of land and improvements) must pro-actively petition for the BIA. To ascertain if the service is supported by the majority of property owners and because DVBA is requesting a ten-year renewal period (as opposed to the previous 5-year term), staff recommend a petition process led by the DVBA.

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 direction on the DVBA's request for a ten-year renewal of the Business Improvement Area the DVBA manages.

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, 2024 in accordance with the establishing Bylaw, attached as Appendix B.

There are two process options, both of which require the consent of the 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 is being asked to consider whether the process should move forward and, if so, under which assent methodology.

The DVBA is proposing a 4 percent increase in each of the first five years of the term starting at an annual levy of \$1,832,936 in 2025 to \$2,144,275 in 2029. In the second half of the term the DVBA is proposing a 2.5 percent increase in each year with an annual levy of \$2,197,882 in 2030 to \$2,426,051 in 2034. The cost per \$100,000 of taxable assessed value would be approximately \$50 for non-hotel properties and \$25 for hotel properties for 2025. There is no change proposed to the properties involved in the BIA.

The City's role in the renewal is administering 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. The DVBA would provide information in connection with the renewal to inform property owners about their current and proposed services. The City's responses would be limited to inquiries about the approval process or specific taxation information.

OPTIONS AND IMPACTS

Option 1 – Proceed on Land Owner Petition for Service (Recommended)

This option would require 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 low staff time involved in this method.

Because this option requires land owners to petition for the service, it would provide more insight into what the majority prefers compared to a counter petition process. Given that the request is for a ten year renewal period, this certainty may be preferred.

Option 2 – Proceed on Council Initiative, Subject to Land Owner Petition Against

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 that in total represent at least 50% of the value of land and improvements that would be subject to the tax 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.

This option is consistent with previous processes. However, advancing this option may not provide a complete picture of the level of support that property owners have for the scheme as only those who have taken the time to oppose would be counted.

Option 3 - Decline Proceeding

Should Council decline to proceed with either petition option, the current local area service would expire at the end of 2024 and no additional funding would be collected from property owners.

2023-2026 Strategic Plan

The BIA affects the 2023-2026 Strategic Plan Council Priority Economic Health and Community Vitality:

Support small businesses and the visitor economy, and work to strengthen and add vitality to the downtown core.

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 BIA has been in place since 2005. Past renewals have been for terms not exceeding 5 years. The opportunity for property owners to proactively petition Council would provide Council with insight into the degree of support that exists for the renewal and for the longer term that is requested.

Council would be provided with the information in a report back once the assent process is complete. For the reasons outlined above, staff respectfully submits the above recommendation.

Respectfully submitted,

Curt Kingsley
City Clerk

Susanne Thompson
Deputy City Manager/Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments

Appendix A – DVBA Correspondence
Appendix B – 2020-2024 BIA Bylaw