

**Business Improvement District Process
Council Report**

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May 18, 2004

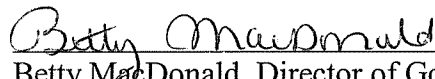


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**Halifax Regional Council
May 18, 2004**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Dale MacLennan, Director of Financial Services


Betty MacDonald, Director of Governance & Strategic Initiatives

DATE: May 10, 2004

SUBJECT: Business Improvement District Process

INFORMATION REPORT

ORIGIN

This report originates in response to questions from Council raised at the March 23 meeting of Regional Council concerning the process to establish area rates for business improvement districts within commercial communities in the Halifax Regional Municipality.

BACKGROUND

Prior to 2004, HRM followed a “negative voting” process to establish area rated Business Improvement Districts. This process required only those opposed to the BID to respond in writing. If 51% of all the assessed members did not support the establishment of a BID, then it did not proceed to Council for approval. Many concerns were raised by the business communities and by staff regarding the fairness of the negative vote and the fact that the process was not in keeping with the Council approved Interim Area Rate Policy. and therefore the process was amended to reflect the approved process. Both the Quinpool Road Mainstreet District Association Ltd. and the Spryfield Area Business Association were established within the HRM, using this negative vote (the other three existing BIDs were in place prior to amalgamation and also used the negative vote process).

DISCUSSION

Following the establishment of both the Quinpool Road and Spryfield community BIDs, many complaints were received, therefore, staff felt that a process in keeping with the approved Area Rate Policy was required; one which engaged all assessed members within the commercial communities, as the levy is considered an area rate tax. As a result, staff from various business units, including Capital District, Financial Services, Councillor Support and Customer Service established a process which aligned with the area rate process already endorsed by Regional Council. The levy rate process was in the process of being changed when Burnside approached the Municipality to administer the proxy vote on their behalf.

Once the improved process was coordinated, the Burnside Business Association was provided a copy of the new guidelines for review and their vote was initiated. Unfortunately, Burnside did not receive enough support to proceed. Of the 320 votes received only 71 (22%) supported the initiative and 249 (77%) did not. It is incumbent upon the non profit business association to garner support for the BID prior to going to public vote.

Comparison of New BID area rate process with past practice

	New Area Rate (Burnside)	Previous Past Practice (Spryfield, other BIDs within the Capital District)
Administration of Plebiscite	Councillor's support office costs charged back to the Business Association	Typically administered by initiating business association at HRM's cost
Plebiscite Notification & Tabulation	By mail-out of registered letter -Tabulation of votes based on 51% of responding assessed owners in favour of the levy For Burnside plebiscite only 22% (71) of respondents were in favour, with 78% (249) opposed	By mail-out of registered letter -Tabulation based on 51% of assessed owners notifying in writing of objection (negative responses) In Burnside's case, 51% of assessed owners would have required 880 responses in opposition
Council role	-Area rate Process approved by Council -Plebiscite must be endorsed by District Councillor -Council approves levy	-Process followed previous administrative practice not approved by Council -Council approved levy

The table in this report is intended to explain how the new area rate process followed for the Burnside BID levy differed from the previous process followed for other Business Improvement Districts within HRM. The following points respond to the questions of Council:

- The process review was initiated prior to receiving the request from the Burnside Business Association to address concerns from the public and Finance staff about the fairness of previous practice. Both the area Councillor and the Burnside Business Association agreed to follow the new process prior to its initiation.
- The basic process is the same in both the area rate BID process followed for Burnside and the previous process, the main difference is how the votes are tabulated. The former process was based on a “negative vote” where the onus was on the assessed owners opposed to the levy to respond in writing. In contrast, the new process is based on the HRM’s area rate process which follows a mail-in vote and standard electoral practices requiring the majority of respondents to be in favour of the levy.
- The intent in reviewing the process was to enable a more publicly accountable process with a stronger role for Council. The new process follows a Council endorsed area rate process, whereas the previous administrative process was based on past practice followed prior to amalgamation (and not approved by HRM Council). As is the case with other recreation area rates, initiation of the plebiscite requires endorsement by the area Councillor.
- The new tabulation process places the onus on the initiating association to establish a broad base of community support for the levy before requesting a plebiscite. Although the new process may require higher level of community consultation, a successful outcome is possible as demonstrated by the recent Sackville plebiscite results to be considered by Council on May 18, 2004 where 64% of respondents favoured the levy following the new area rate process (details provided in the May 18 staff report).

Finance staff are currently reviewing the overall area rate consultation process to improve public involvement and transparency. Through this review, there will be an opportunity for Council to make further suggestions concerning the BID area rate process.

BUDGET IMPLICATIONS

There are no budget implications at this time.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality’s Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Council recommend that staff revert back to the negative vote process requiring 51% of all assessed members to vote against a levied organization. This is not the recommended approach.

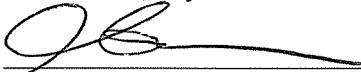
ATTACHMENTS

1. BID Process Summary

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Establishment of a
Business Improvement District (BID)

SUMMARY OF PROCESS

Provincial Legislation (section 56 - Municipal Government Act)

Under the Municipal Government Act (MGA), the Municipality has authority for business area improvements and promotions. The municipality may provide services in the following areas:

- to beautify and promote a business district,
- to identify and promote a business district as a place for retail and commercial activity,
- to establish or maintain parking facilities and/or to beautify, improve and maintain public property in the area.

To finance such initiatives, the Municipality may levy an area rate applicable to commercial property and business occupancy assessments in the area of those who benefit by the expenditures. The municipality may provide these services directly, contract the service, or provide grants to another body to support the promotion of the business district.

There are currently four Business Improvement Associations which operate within HRM's Capital District. The BIAs are supported by a tax levied on the commercial and business occupancy assessment of those businesses and commercial landowners located within Downtown Dartmouth, Downtown Halifax, Spring Garden Road, and Quinpool Road. The Municipality has by way of a management agreement, established a contract with these associations to provide services related to the beautification, promotions, and marketing for each of their respective districts.

BID Consultation Process

Area rates for Business Improvement Districts (BID's) are intended for local business communities and are meant to be driven by business community stakeholders.

Objectives of the process:

- √ Encourage business community involvement
- √ Ensure broad support for the levy
- √ Communicate the process to stakeholders: community, Council, staff
- √ Ensure public meetings and votes are fair, open and conducted in a manner that ensures the wishes of the majority are followed
- √ Ensure accountability: before and after a levy is introduced

To build the public and business community support needed, the entire process may take a year or more to complete. The following steps should be completed to establish a BID (Business Improvement District):

1. Formation of a Non for Profit Society must be established in order to enter into a management agreement with HRM at a later date. This should be tackled in tandem with the following steps so it is in place once the BID is approved.
Contact:
Registry of Joint Stocks
PO Box 1529
Halifax NS
(T) 424-7770
www.gov.ns.ca/bacs/rjsc
2. A letter of request should be sent to Community Councillor for the area advising their intent to establish a BID. Community Council must support the business association's request to move forward with a plebiscite.
3. A business case prepared by the business association and reviewed by Capital District will outline the overall goals of the organization, geographic boundaries and proposed levy formula. HRM Finance will help to solidify assessment boundaries and the proposed levy formula.

BID levies are only charged on commercial and business occupancy assessments. Non for profit agencies and some government offices are exempt from BID levies. (*Contact: John Marsh - HRM Finance - 490-6473*)

4. It is critical to mobilize the resources that will be necessary for a highly visible and political process. At least one public meeting must be advertised and held. The advertisement will include:
 - √ date, time, location
 - √ purpose
 - √ proposed levy formula
 - √ boundaries of the commission
5. Following the public process, a petition is then conducted by HRM's Councillor's Support Office wherein one questionnaire is sent to each proposed assessed member (those individuals paying business occupancy and or commercial taxes), providing information, cost estimates and details on the rate. 50% plus 1 of the returned ballots must agree with the establishment of the BID, otherwise the process stops. All administration costs associated with the petition are charged back to the proposed BID committee. The level of support is tabulated and a report is prepared for Council by HRM staff. Included in the report as a resolution of Council, the Business Association should be recognized as the body to be contracted.
6. A management agreement is written between the non for profit society and the Halifax Regional Municipality. It is signed by two authorities from the society and the Mayor and City Clerk on behalf of HRM. The management agreement along with the levy rate must be approved by Regional Council as part of the report.
7. Following approval, a letter is sent to each assessed members detailing the levy formula for the area.

Please Note: The process must follow the budget and business planning guidelines and timetables established by HRM. Processes which do not meet these time lines will be included in the next fiscal year.

8. Each year, as part of the fall business planning process, the Society must submit its annual financial statements, activity plan and budget to the

Capital District Project Coordinator. In addition, these items will be presented to Community Council in an information report.

For more information on the process please contact:

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