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Item No. 11.3.1

Halifax Regional Council

October 4, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Councillor Lorelei Nicoll, Chair
Community Planning & Economic Development Standing Committee

DATE: September 19, 2011

SUBJECT: 2011-12 Discretionary Funding for Business Improvement Districts

ORIGIN

Staff report to the Community Planning and Economic Development Standing Committee meeting of September 15, 2011.

RECOMMENDATION

The Community Planning and Economic Development Standing Committee recommend Regional Council approve the disbursement of Business Improvement District discretionary contributions as listed in Table 2 of the July 14, 2011 staff report.

BACKGROUND/ DISCUSSION

At the September 15, 2011 meeting of the Community Planning and Economic Development Standing Committee, staff presented the report on the 2011-2012 Discretionary Funding for Business Improvement Districts and responded to questions from the Committee. Subsequently, the Committee passed a motion approving the staff recommendation

BUDGET IMPLICATIONS

The attached staff report, dated July 14, 2011 addresses budget implications.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

Not applicable with this report.

ALTERNATIVES

None were provided.

ATTACHMENTS

Attachment 'A': Staff report dated July 14, 2011.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant



P.O. Box 1749
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Item No.

**Community Planning & Economic Development Committee
September 15, 2011**

TO: Chair and Members of Community Planning & Economic Development
Standing Committee

SUBMITTED BY: Original Signed
Mike Labrecque, Deputy Chief Administrative Officer, Operations

DATE: July 14, 2011

SUBJECT: 2011-2012 Discretionary Funding for Business Improvement Districts

ORIGIN

June 28, 2011 – Regional Council approved area rates, minimums and maximums for seven BIDs.

July 5, 2011 – Regional Council approved the formation of a new BID (Gottingen/Agricola) and approved that BID's area rates, minimums and maximums. This new BID is not eligible for discretionary funding in 2011-2012.

In the absence of formal program policy, staff request the Community & Economic Standing Committee review the proposed disbursements and forward a recommendation to Regional Council.

RECOMMENDATION

It is recommended that the Community Planning & Economic Development Standing Committee recommend Regional Council approve the disbursement of Business Improvement District discretionary contributions as listed in Table 2 of this report.

BACKGROUND

As of July, 2011, there are eight (8) Business Improvement Districts (BIDs) located within HRM. Each BID is funded by an area rate levied on property assessed as commercial use, earned revenues, and non-recurring grants or sponsorship. HRM provides discretionary funding (formerly known as the *Joint Marketing Initiatives Program*) from the general tax rate, conditional upon BID matching funds.

HRM's assistance targets beautification, place-making and promotion, maintenance, and public safety. Initiatives include but are not limited to: hanging flower baskets; seasonal decorations; graffiti removal; park smart and holiday brochures; website design; art installation, events etc. The value of this funding is set annually by Regional Council through the budget process. In 2011-2012, the program's budget is \$100,000.

DISCUSSION

Unlike many HRM grants programs, BID discretionary funding requires matching funds on the part of recipients. As such, HRM's investment is at least doubled. The relationship is a strategic partnership intended to advance initiatives unlikely to be undertaken by HRM alone i.e., many of the projects provide an enhanced level of service beyond municipal baseline standards.

In light of significant budget cuts to the program, HRM staff met with BID representatives in July, 2010, and requested a recommendation regarding an equitable method to apportion HRM's discretionary funding (\$100,000). The BIDs elected to distribute the discretionary funding based on their proportional share of the total annual funds levied. In April, 2011, this distribution formula was further discussed and endorsed by the BIDs as part of a proposed formal policy.

Staff and the BIDs consider a proportional share formula as fair given that each BID sets their own area rate, as well as the maximums and minimums payable. In effect, a BID may elect to pay a higher levy and collect more money from their membership. As such, in setting their levy, each BID determines what share of HRM's funding they will receive according to the proportional share formula. Finally, the scope of services provided by each BID drives the organization's annual budget and thereby the amount of revenue they need to generate from their respective area rate. The 2011-2012 approved area rates are shown below in Table 1.

Table 1: Council Approved Area Rates, Minimums and Maximums						
Business Improvement District	Commercial			Business Occupancy		
	Rate	Min	Max	Rate	Min	Max
Downtown Halifax Business Commission	0.1012	\$250	\$24,000	0.1718	\$35	\$24,000
Spring Garden Area Business Association	0.32	\$250	\$12,000	0.59	\$50	\$2,000
Downtown Dartmouth Business Commission	0.39	\$250	\$8,000	0.48	\$250	\$8,000
Quinpool Road Mainstreet District Association	0.19	\$250	\$7,000	0.1718	\$100	\$5,000
Sackville Drive Business Association	0.14	\$200	\$7,000	0.1	\$50	\$750
Spryfield & District Business Commission	0.21	\$125	\$10,000	0.26	\$125	\$10,000
Dartmouth Main Street Business Association	0.17	\$250	\$10,000	0.21	\$250	\$10,000
Agricola Gottingen Area BID	0.18	\$50	\$2,500	0	N/A	N/A

Using the approved area rates, and the proportional share formula, HRM's proposed 2011-2012 BID discretionary funding disbursement is shown below in Table 2.

TABLE 2: 2011-2012 Levy Revenues per BID, percent (%) of total share, and corresponding HRM discretionary funding				
Business Improvement District	Levy Revenues Commercial	Levy Revenues Business Occupancy	Percent of Revenues Across All BIDs	HRM's Discretionary Funding
Downtown Halifax Business Commission	\$728,990	\$83,620	46.83%	\$ 46,831.32
Spring Garden Area Business Association	\$291,371	\$17,595	17.81%	\$ 17,805.94
Downtown Dartmouth Business Commission	\$201,254	\$14,122	12.41%	\$ 12,412.28
Quinpool Road Mainstreet District Association	\$86,788	\$4,934	5.29%	\$ 5,286.01
Sackville Drive Business Association	\$151,679	\$4,182	8.98%	\$ 8,982.39
Spryfield & District Business Commission	\$65,782	\$2,223	3.92%	\$ 3,919.18
Dartmouth Main Street Business Association	\$78,565	\$4,080	4.76%	\$ 4,762.89
TOTAL	\$1,604,429	\$130,756	100.00%	\$100,000.00

The allocation in Table 2 excludes the new BID for the Agricola and Gottingen area. This BID will be entitled to a proportional share of discretionary funding in the 2012-2013 fiscal year. This exclusion is further to a motion put and passed by Council on July 5, 2011.

This eligibility restriction is intended to prevent dilution of the contribution funding. A one year delay in eligibility allows Regional Council to consider an increase in the Fund's budget to account for the addition of a newly formed BID. HRM's impact in leveraging investment from third parties could diminish to the point of negligible impact if the Fund does not increase proportional to the value of levy created by a new BID.

Next Steps

- **Proposed Program Policy:** Draft policy regarding discretionary funding to BIDs has been reviewed by the HRM Grants Committee and the Audit & Finance Standing Committee. Following review by the Community & Economic Standing Committee, any proposed amendments will be noted and a report forwarded to Regional Council. It is proposed that, if approved, the new program policy will be effective April 1, 2012.
- **Outcome Indicators:** If the new policy is approved, HRM staff will consult with local BIDs in the development of project/program outcome measures to gauge the impact of this program in relation to HRM's corporate objectives and priorities. A standardized reporting format will be developed and the results made available publicly.

In parts of North America and Europe, local BIDs have been developing outcome measures. HRM staff will consult the applicable research and program methodologies.

- **Grants-in-Lieu of Taxes:** In 2011-2012, BID levies will be applied to federal and provincial properties assessed as Exempt Commercial. Initial projections suggest an additional \$100,000 will be levied across 6 of the 8 BIDs. However, the value of these grants-in-lieu of taxes and their remittance to HRM are expected in the third quarter (~December) and as such lag behind area rates collected on Commercial and Business Occupancy accounts in the Spring and Fall. With the concurrence of BIDs, due to the timing of remittance any grants-in-lieu of taxes have not been included in this year's proportional allocation of HRM funding.

The issue of grants-in-lieu of taxes will be discussed at the next quarterly meeting of HRM staff and BIDs. Should the grants-in-lieu be excluded from the proportional share formula for HRM discretionary funding? Given the differences in (a) how the federal government determines assessment values, and (b) the timing of grants-in-lieu remittance, there could be a significant delay in issuing payment and thereby the type of initiative funded. One option might be to use the prior year's actual grant-in-lieu value.

- **Further Discussion:** Staff will undertake further discussion with BIDs regarding any minimum discretionary investment by HRM. For example, (1) a minimum investment to support smaller BIDs whose catchment area does not include federal or provincial properties, or (2) whose discretionary funding falls below a pre-determined value. However, such an approach would appear to contradict the principle of self-determination given that BIDs alone set their area rates, minimum/maximum thresholds, and recurring operating expenses (e.g. full-time staff versus part-time or strictly volunteer).
- **Program Budget Stability:** The level of HRM's discretionary funding has fluctuated, especially with the addition of BIDs outside the "Capital District" (i.e., downtown Dartmouth and Halifax). For example, the budget was increased with the addition of Spryfield and Sackville but not for Dartmouth Mainstreet. The opportunity to solicit Regional Council's input as to the value of this form of investment and appropriate funding levels would be beneficial.

BUDGET IMPLICATIONS

The existing \$100,000 program budget is held in Account #C771- 6919 BIDs Special Projects.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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COMMUNITY ENGAGEMENT


Staff met with the Executive Directors of the BIDs in July, 2010, and April, 2011, to solicit their input on a formula for apportioning BID-specific HRM discretionary funding.

ATTACHMENTS


None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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