



ADMINISTRATIVE REPORT

Report Date: September 15, 2014
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Meeting Date: September 30, 2014

TO: Vancouver City Council
FROM: General Manager of Planning and Development Services
SUBJECT: Update on BIA By-laws and Guidelines

RECOMMENDATION

THAT Council receive this report for information.

REPORT SUMMARY

The purpose of this report is to summarize:

- Possible changes to BIA By-laws and Guidelines to reflect evolution of the BIA Program and the City's relationship with the BIAs.
- Possible amendments to the Vancouver Charter, including elimination of BIA renewals
- Possible BizMap Review pending outcome of Vancouver Entrepreneur Initiative being conducted by Vancouver Economic Commission.
- Recent outcomes and next steps in the City's Property Tax Policy Review.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Vancouver Charter chapters 21 and 24 (sections 455 to 462 and sections 498 to 523) provide for the establishment, renewal and funding of BIAs, and for enactment of required bylaws.

In April 1989, Council approved and enacted BIA Designation and Grant Allocation by-laws to initiate the first two BIAs. Council also approved BIA Operational Guidelines. The current BIA by-laws and guidelines are substantially the same as those adopted in 1989.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Planning and Development recommend approval of the foregoing.

REPORT

Background/Context

Section 456 of the *Vancouver Charter* authorizes Council to 'grant' funds to an applicant that are recovered by way of a special property tax levy on commercial properties within a specified Business Improvement Area (BIA) designated by by-law. BIA applicants are not-for-profit societies registered provincially under the *Society Act*. The membership of each BIA society approves a budget at an annual general meeting, and requests Council to approve the corresponding grant and property tax levy for the coming year. *Vancouver Charter* Section 457 authorizes Council, by by-law, to set conditions and limitations on the receipt and spending of money granted under s. 456.

BIA Requirements

Conditions and limitations for BIA funding are set out for each BIA in a by-law known as the BIA's *Grant Allocation By-law*. Although a separate by-law is enacted for each BIA, the conditions and limitations are identical and supplemented by requirements as set out in the *BIA Operational Guidelines*.

Each by-law names the BIA society which is to receive the grant, the purposes for which the funds may be expended, and terms and conditions of the grant. Terms and conditions relate to financial accountability, budget approvals, notification procedures, insurance coverage, financial reporting requirements, and borrowing and investing restrictions. The Operational Guidelines include supplementary provisions for BIA society governance and operations.

The requirements set out in the Grant Allocation By-law and the BIA Operational Guidelines have not been reviewed since inception of the BIA Program in 1989. The applicant societies were recently-established organizations with limited budgets and experience, and the City had no experience working with BIAs. Accordingly, the City adopted conditions and limitations to manage financial risk, facilitate oversight and accountability, and ensure proper society procedures and management.

Twenty-five years later, the BIA network has expanded to 22 BIAs with an average lifespan of 14 years and a total annual levy of close to \$10.5 million. Since inception, BIAs have developed knowledgeable boards and professional staff, and have accrued considerable financial, management and governance expertise. After 25 years' experience, the City's evolving relationship with the BIAs is less about regulation and oversight, and more about BIA self-management with the City providing help and support, all the while assuring reasonable standards of BIA accountability and transparency. Accordingly, the City and BIAs recognise that an update to the City's by-laws and the Operational Guidelines would be beneficial and should reflect this changed relationship. The City has consulted with the BIAs through the 'Legislative Committee' of their umbrella organization, the Vancouver BIA Partnership.

BIA Renewal

A long-standing point of discussion with the BIAs has been the BIA renewal process. Section 462 of the *Vancouver Charter* specifies that a by-law designating a business improvement area ceases to have effect on the earlier of a) 20 years from the date the by-law comes into force or b) a date specified in the by-law. In other words, the by-law establishing a BIA must have a termination date, which must not be more than 20 years from commencement of the by-law. BIAs refer to s. 462 as the 'sunset clause'.

When a BIA by-law expires, funding to a BIA society ceases unless the BIA is re-designated by enactment of a new BIA by-law - a process commonly known as 'BIA renewal'. BIAs have asked the City to pursue with the Province the elimination of the current requirement for BIA renewal.

BizMap Review

The BizMap project was initiated in 2005 by the Vancouver Economic Development Commission (VEDC), in response to requests received from BIAs seeking research and data collection assistance to understand their markets and monitor change. VEDC's project partners included the City of Vancouver BIA Program, Small Business BC, and Western Economic Diversification. Phase 1 (9 BIAs) was completed in 2006. Phase 2 (11 BIAs) was completed in 2009. Two BIAs (established later) are not included.

VEDC had planned to update the profiles periodically with some funding expected from the BIAs. A Phase 1 update was completed in 2009. Since then, no further updates were undertaken, in part because cost and technical issues prompted the need for review of best practices and possible alternative approaches.

Property Tax Policy Review

Upon completion of the 5-year tax redistribution program in 2012, City Council reconvened the Property Tax Policy Review Commission to update its work on i) tax stability and predictability and ii) tax distribution. Further to the Commission's report to Council in February 2014, in July 2014 Council adopted staff recommendations as outlined in the "Property Tax Policy Review Commission Report - Staff Analysis and Implementation Strategies" (RTS#10499).

Strategic Analysis

Changes to BIA By-law and Guidelines

City staff and members of the BIA Partnership's Legislative Committee have been working to review and discuss each section of the By-law and Guidelines to assess their validity and effectiveness in today's environment. Staff review has included participation from Legal Services, Finance, Risk Management and others as required.

During the course of the review, there has also been some shifting of former guidelines into the By-law to provide clarity for BIAs into the future.

Following are examples of the proposed changes to BIA requirements:

- Removal of requirement to submit quarterly financial statements.
- Clarification of submission dates for audited financial statements and draft budgets.
- Clarification and update of By-law to require that financial statements and proposed budgets must be provided to members in advance of AGMs, but may be provided electronically, e.g. on line.
- Removal of requirement to submit minutes of BIA society board meetings.
- Removal of maximum dollar amount on BIA society membership dues.
- Amendment to the City standard for quorum for BIA society AGMs to recognize proxies counted toward quorum on a limited basis.
- Updates to BIA society insurance coverage requirements.

At the time of this report, a few issues remain outstanding and are under discussion.

Consultation with BIA representatives will be ongoing throughout the fall of 2014, and it is anticipated a report will be forwarded to City Council early in 2015 for consideration of proposed changes.

BIA Renewal

British Columbia is the only Canadian jurisdiction that requires BIA by-law termination dates (necessitating BIA renewals). Enabling legislation elsewhere provides for non-terminating BIAs with provisions for de-establishment through member-initiated processes. Research on BIA de-establishment processes in other jurisdictions is under way.

Other *Vancouver Charter* amendments under consideration that affect BIAs include:

- Changing the term 'grant' (s. 456) to some other term that better describes the nature of BIA funding as recovered through commercial property taxes.
- Changing the term 'business promotion scheme' (s.455) to a broader term that better describes the role and purpose of BIAs as they have evolved.
- Amending the purposes defined under 'business promotion scheme' (s.455) to better reflect and enable the current scope of BIA activities, and to eliminate uncertainty as to whether certain uses of grant money are acceptable BIA expenditures.

This package of *Vancouver Charter* amendment requests will be included in the 2015 report to Council.

BizMap Review

On July 23, 2014, Council approved recommendations from the Vancouver Economic Commission (VEC) for the Vancouver Entrepreneur Initiative (RTS 10203). Under Recommendation D, VEC will conduct a consultation with the small business community in partnership with key organizations including the Business Improvement Associations in order to identify the best practices for the City and VEC to support locally owned small businesses and neighbourhood shopping areas. Although BizMap is not specifically mentioned, the consultation outlined in the recommendation will ensure VEC clarifies BIA needs for market data and analysis.

Property Tax Policy Review

To address tax stability and predictability Council supports the targeted land assessment averaging approach, subject to confirmation from the Province with regards to *Vancouver Charter* authority. With regards to the “split class” and “value-in-use as going concern” assessment options, the City will invite major Metro Vancouver municipalities and the Union of British Columbia Municipalities to request BC Assessment to prepare and distribute a report on the advantages and disadvantages of those options. As for early signals on assessment volatility, the City will request BC Assessment to incorporate in the annual assessment notice key drivers for significant year-over-year changes in assessed values, and direct property owners to the City’s website for class average change information.

To help guide future tax distribution decisions, the City will incorporate the eight metrics recommended by the Commission into its economic performance evaluation framework.

A work program is being developed by the Finance Department to prioritize the above tasks. Additional research as well as work items that are time-sensitive due to legislative timelines (e.g. targeted land assessment averaging) is currently underway.

Implications/Related Issues/Risk (if applicable)

Financial

There are no financial implications.

CONCLUSION

This report provides an update on a) proposed changes to the City’s BIA by-law and guidelines, b) possible amendments to the *Vancouver Charter* to support BIAs, c) status on possible BizMap review and d) status of the City’s Property Tax Policy Review.

As mentioned earlier in the report, the combined result of the BIA actions is to better reflect the evolving nature of the BIA Program and the maturation of the relationship between the BIAs and the City.

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