



ADMINISTRATIVE REPORT

Report Date: February 22, 2018
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Meeting Date: March 13, 2018

TO: Vancouver City Council
FROM: General Manager of Planning, Urban Design & Sustainability
SUBJECT: Approval of 2018-19 Business Improvement Area (BIA) Budgets

RECOMMENDATION

THAT Council approve the 2018-19 fiscal year BIA Budgets as described in this Report, approve grants to 22 BIAs totalling \$12,545,596 (to be disbursed as outlined in Table 1, column A);

FURTHER THAT Council instruct the Director of Legal Services to bring forward the appropriate rating by-laws to recover the amounts of these grants.

REPORT SUMMARY

The purpose of this report is to request Council's approval of the 2018-19 BIA budgets listed in Table 1, to approve recoverable grants to those BIAs, and to instruct staff to prepare appropriate rating by-laws.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Under Section 456(1) of the *Vancouver Charter*, Council may by majority vote grant money to an applicant that has as one of its aims, functions or purposes the planning and implementation of a business promotion scheme. Section 455 defines 'business promotion scheme' as:

- carrying out studies or making reports respecting one or more business areas,
- the improvement, beautification or maintenance of streets, sidewalks or city owned land, buildings or structures in one or more business improvement areas,
- the removal of graffiti from buildings or structures in one or more business improvement areas,

- the conservation of heritage property in one or more business improvement areas, and
- the encouragement of business in one or more business improvement areas.

Section 456(2) of the Vancouver Charter requires that all grants to the BIAs be recovered through a special tax levy on Class 5 and 6 commercial properties in the BIA area.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Planning, Urban Design & Sustainability RECOMMEND approval of the foregoing.

REPORT

Background/Context

Funding for Business Improvement Areas is advanced by Council as a grant and recovered through a special BIA tax levy only on BC Assessment Class 5 (light industrial) and Class 6 (commercial) properties within a designated area. For each of the BIA areas, Council has previously enacted a by-law designating the area and length of term in years, and prescribing the aggregate maximum that can be granted to each BIA during its term. In addition, for each of the BIAs, Council has enacted a grant allocation by-law which authorizes annual recoverable grants by resolution, and prescribes terms and conditions for the grants. That by-law designates a not-for-profit society (a 'BIA') to receive the grant/levy money in each area. All of the funds granted to the BIA are raised by way of the BIA tax levy.

Each year, BIA Boards are required to obtain approval of their forthcoming year's budgets from their members at a general meeting, which members are the Class 5 and 6 property owners and their business tenants within the BIA boundary. After membership approval, each BIA submits its budget to the City for approval by Council. Each BIA budget includes the BIA's requested grant amount for the coming year.

Once Council has approved the BIA budgets/grants, rating by-laws are prepared for Council's enactment. Each rating by-law authorizes the imposition of a levy on every qualifying property within the BIA area. Funding is released to the BIA societies beginning in April and recovered in July through the property taxes.

Prior to expiry of a BIA's designation by-law (usually after 5 or 7 years) a BIA may request that Council consider re-designation (renewal) of the BIA for a further term. On renewal, the BIAs undertake an intensive consultation process with their membership which may include surveys, strategic planning and open houses. Typically, renewal is the time when significant BIA levy increases may be considered by BIA Boards and their memberships. BIA levy increases do not affect general taxation, and reflect their members' expectation that an increased expenditure is justified by the expected return. In keeping with the generally arms-length relationship between the City and its BIAs, it has not been Council's practice to consider the merits of a BIA's levy request.

Strategic Analysis

The BIAs listed in Table 1 below have all submitted their proposed 2018-19 budgets for Council's approval, and have requested recoverable grants¹ in the amounts shown in column A. Business promotion schemes and budgets were approved by the majority of members present at each of the BIA societies' annual general meetings held in June and September 2017 (column B). For comparison, recoverable grants approved by Council for the previous fiscal year (2017-18) are shown in column C. The difference (%) between current and previous year recoverable grants is shown in column D.

Table 1 BIA Recoverable Grants 2018-19 (p.1 of 2)

	A	B	C	D
Name of BIA/Association	2018-19 Recoverable Grant (\$)	Membership Approval AGM (2017)	2017-18 Previous Year Grant (\$)	Change 2017-18 / 2018-19 (%)
Cambie Village BIA (Cambie Village Business Association)	566,245 (\$352,000 + \$214,245) ²	Sept 27	225,000	56% ³
Chinatown BIA (Vancouver Chinatown BIA Society)	418,760	Sept 7	410,750	2%
Collingwood BIA (Collingwood Business Improvement Association)	214,303	Sept 27	210,101	2%
Commercial Drive BIA (Commercial Drive Business Society)	524,566.95	Sept 25	504,391	4%
Downtown Vancouver BIA (Downtown Vancouver Business Improvement Association)	3,017,626	June 22	2,846,816	6%
Dunbar Village BIA (Dunbar Village Business Association)	155,250	June 7	155,250	0%
Fraser Street BIA (South Hill (Fraser Street) Business Association)	125,000	Sept 21	125,000	0%
Gastown BIA (Gastown Business Improvement Society)	614,000	Sept 27	602,000	2%
Hastings Crossing BIA (Hastings Crossing Business Improvement Association)	206,000	Sept 26	206,000	0%
Hastings North BIA (Hastings North Business Improvement Association)	515,820 (\$367,850 + \$153,470) ⁴	Sept 26	500,790	3%

¹ Grants to BIA societies are 'recoverable' because the funds are recovered by way of annual property tax levies on qualified commercial (Class 6) and light industrial (Class 5) properties within the respective BIA boundaries.

² The Cambie Village BIA recoverable grant for 2018-2019 (\$566,245) is the sum of the budgets for the existing area (\$352,000) and the expansion area (\$214,245).

³ The Cambie Village BIA 56% increase does not include the additional \$214,245 levy from the expansion area.

⁴ The Hastings North BIA recoverable grant for 2018-2019 (\$515,820) is the sum of the budgets for the existing area (\$367,850) and the expansion area (\$153,470).

Table 1 BIA Recoverable Grants 2018-19 (p.2 of 2)

	A	B	C	D
Name of BIA/Association	2018-19 Recoverable Grant (\$)	Membership Approval AGM (2017)	2017-18 Previous Year Grant (\$)	Change 2016-17 / 2017-18 (%)
Kerrisdale BIA (Kerrisdale Business Association)	359,000	Sept 7	359,000	0%
Kitsilano Fourth Avenue BIA (Kitsilano 4 th Avenue Business Association)	420,000	Sept 27	410,000	2%
Marpole BIA (Marpole Business Association)	182,452	Sept 14	182,452	0%
Mount Pleasant BIA & Exp. (Mount Pleasant Commercial Improvement Association)	478,544 (395,000 + 83,544) ⁵	Sept 12	469,565 (390,000 + 79,565) ⁶	1% 5%
Point Grey Village BIA (Point Grey Business Association)	225,000	Sept 27	225,000	0%
Robson Street BIA (Robson Street Business Association)	617,815.63	Sept 26	599,821	3%
South Granville BIA (South Granville Business Improvement Association)	673,500	Sept 20	660,000	2%
Strathcona BIA (Strathcona Business Improvement Association)	900,200	Sept 28	841,500	7%
Victoria Drive BIA (Victoria Drive Business Improvement Association)	192,000	Sept 27	187,000	3%
West Broadway BIA (West Broadway Business Improvement Association)	275,000	Sept 18	275,000	0%
West End BIA (Davie Village Business Improvement Association)	869,513.58	Sept 20	840,110	3%
Yaletown BIA (Yaletown Business Improvement Association)	995,000	June 28	865,000	15%
TOTAL GRANTS /LEVIES	\$12,545,596	-	\$11,700,546	7%

⁵ The Mt. Pleasant BIA recoverable grant for 2018-2019 (\$478,544) is the sum of the budgets for the existing area (\$395,000) and the expansion area (\$83,544).

⁶ The Mt. Pleasant BIA recoverable grant for 2017-2018 (\$469,565) is the sum of the budgets for the existing area (\$390,000) and the expansion area (\$79,565).

BIA Budget Analysis and Comparison

The proposed 2018-2019 BIA budgets are summarized in Table 2 below based on standardized information provided by each BIA society. The purpose of the table is to facilitate comparative review and discussion of BIA revenues and expenditures. Copies of the detailed BIA budgets are attached alphabetically as appendices. A table itemizing typical BIA expenditures by category is attached (Appendix A).

Table 2 is organized as follows:

- Column headings are for each the 22 BIAs.
- Top three rows contain information about each BIA's budget and renewal cycle.
- Remaining rows contain comparable budget and financial information by BIA:
 - Section A summarizes the major revenues and expenses from each BIA's proposed 2018-2019 budget using standardized information submitted by the BIA in the form of a template.
 - Section B includes additional financial information⁷ from the BIAs' audited financial statements submitted annually to the City as required. The financial statements provide transparency by reporting on background information beyond that normally contained in a budget. Specifically, Section B includes; a) the status of reserve funds and/or retained earnings, and b) information on year-end budget surpluses or shortfalls. The information is included because it is common practice among BIAs to hold in reserve the accumulated surpluses from previous years. Reserves provide the ability to fund budget shortfalls, respond to opportunities, and save for future projects.

⁷ The additional financial information in Table 2, section B, references *prior year-end* figures (i.e. year ending March 31, 2017) as submitted in the BIAs' most recent audited financial statement. A review of the BIAs' 2017-18 audited statements (year ending Mar 31, 2018) will be conducted as soon as they are available from their auditors.

Table 2 Summary of Proposed BIA Budgets 2017-18 (p.1 of 3)

	Cambie Village BIA (Cambie Village Business Association)	Chinatown BIA (Vancouver Chinatown BIA Society)	Collingwood BIA (Collingwood Business Improvement Association)	Commercial Drive BIA (Commercial Drive Business Society)	Downtown Vancouver BIA (Downtown Vancouver Business Improvement Association)	Dunbar Village BIA (Dunbar Village Business Association)	Fraser Street BIA (South Hill (Fraser Street) Business Association)
Budget year - current term	1	2	1	4	9	1	7
Length of term (years)	7	7	7	7	10	5	7
# of terms since inception	3(1)	4	4	4	4	3	2
A. PROPOSED BUDGETS (\$)							
Appendix #	B	C	D	E	F	G	H
REVENUE							
Levy	566,245	418,760	214,303	524,566.95	3,017,626	155,250	125,000
Non-Levy (unrestricted)	5,000	44,200	4,000		320,000	3,000	10,000
From Reserves	0	0	20,000	130,000	130,063	5,000	0
TOTAL REVENUE	571,245	462,960	238,303	654,566.95	3,467,689	163,250	135,000
EXPENSES							
Promotion	44,245	157,550	27,591	165,116.95	297,728	65,750	3,450
Placemaking	258,180	59,000	64,475	161,000	746,913	46,000	24,500
Community Safety	100,820	112,500	47,000	75,000	1,277,018	0	51,400
Governance & Administration	162,000	126,410	99,237	118,450	1,146,030	46,500	55,650
Contingency	6,000	7,500	0	130,000	0	5,000	0
TOTAL EXPENSES	571,245	462,960	238,303	654,566.95	3,467,689	163,250	135,000
B. ADDITIONAL FINANCIAL INFORMATION							
2016-17 levy fund surplus (deficit) \$	(24,452)	192,854	31,889	(19,774)	204,752	0	1,238
Mar 31, 2017 year-end levy fund balance \$	(21,081)	387,242	95,840	186,635	589,136	0	21,491

Table 2 Summary of Proposed BIA Budgets 2017-18 (p.2 of 3)

	Gastown BIA (Gastown Business Improvement Society)	Hastings Crossing BIA (Hastings Crossing Business Improvement Association)	Hastings North BIA (Hastings North Business Improvement Association)	Kerrisdale BIA (Kerrisdale Business Association)	Kitsilano Fourth Avenue BIA (Kitsilano 4th Avenue Business Association)	Marpole BIA (Marpole Business Association)	Mount Pleasant BIA (Orig. + Exp.) (Mount Pleasant Commercial Improvement Society)
Budget year - current term	5	3	1 (1)	3	3	7	5 (3)
Length of term (years)	5	5	7	5	5	7	7 (5)
# of terms since inception	6	2	4 (2)	6	4	3	5
A. PROPOSED BUDGETS (\$)							
Appendix#	I	J	K	L	M	N	O
REVENUE							
Levy	614,000	206,000	515,820	359,000	420,000	182,452	478,554
Non-levy (unrestricted)	0	500	5,500	5,100	0	3,500	10,000
From Reserves	0	1,200	0	13,050	0	64,000	0
TOTAL REVENUE	614,000	207,700	521,320	377,150	420,000	249,952	488,544
EXPENSES							
Promotion	211,200	17,500	128,790	197,200	172,500	29,000	166,040
Placemaking	115,300	33,000	152,380	43,100	55,000	134,600	197,128
Community Safety	202,000	70,000	130,200	85,000	43,000	11,000	7,075
Governance & Administration	67,500	87,200	109,950	51,850	136,500	68,800	116,801
Contingency	18,000	0	0	0	13,000	6,552	1,500
TOTAL EXPENSES	614,000	207,700	521,320	377,150	420,000	249,952	488,544
B. ADDITIONAL FINANCIAL INFORMATION							
2016-17 levy fund surplus (deficit) \$	71,713	42,252	10,708	(5,994)	(5,802)	23,279	(23,756)
Mar 31, 2017 year-end levy fund balance \$	734,445	38,974	116,053	39,729	68,412	39,670	91,537

Table 2 Summary of Proposed BIA Budgets 2017-18 (p.3 of 3)

	Point Grey Village BIA (Point Grey Village Business Association)	Robson Street BIA (Robson Street Business Association)	South Granville BIA (South Granville Business Improvement Association)	Strathcona BIA (Strathcona Business Improvement Association)	Victoria Drive BIA (Victoria Drive Business Improvement Association)	West Broadway BIA (West Broadway Business Improvement Association)	West End BIA (Davie Village Business Improvement Association)	Yaletown BIA (Yaletown Business Improvement Association)
Budget year - current term	5	1	5	2	5	3	3	5
Length of term (years)	5	5	5	7	5	5	5	5
# of terms since inception	3	6	4	4	3	2	4	4
A. PROPOSED BUDGETS (\$)								
Appendix #	P	Q	R	S	T	U	V	W
REVENUE								
Levy	225,000	617,815.63	673,500	900,200	192,000	275,000	869,513.58	995,000
Non-levy (unrestricted)	0	3,000	0	1,500	5,150	0	13,000	8,200
From Reserves	0	20,000	0	0	17,650	0	0	0
TOTAL REVENUE	225,000	640,815.63	673,500	901,700	214,800	275,000	882,513.58	1,003,200
EXPENSES								
Promotion	39,000	179,500	234,500	247,570	21,000	88,500	336,013.10	382,506
Placemaking	93,500	174,500	132,500	210,560	63,900	76,000	241,537.97	219,493
Community Safety	7,500	125,000	175,000	306,750	53,500	1,500	81,652.72	88,176
Governance & Administration	85,000	151,950	86,500	136,820	75,400	109,000	223,309.879	251,317
Contingency	0	9,865.63	45,000	0	1,000	0	0	61,708
TOTAL EXPENSES	225,000	640,815.63	673,500	901,700	214,800	275,000	882,513.58	1,003,200
B. ADDITIONAL FINANCIAL INFORMATION								
2016-17 levy fund surplus (deficit) \$	14,631	(23,076)	(63,885)	(2,813)	(12,366)	(39,018)	(20,742)	(23,010)
Mar 31, 2017 year-end levy fund balance \$	23,953	176,206	5,591	182,122	77,797	9,082	151,513	222,054

Budgets as presented to/approved by BIA society memberships at their annual general meetings are attached as Appendices B - W.

*Implications/Related Issues/Risk (if applicable)**Financial*

The total requested funding for all 22 BIA societies is \$12,545,596 representing an increase of \$845,050 (approximately 7%) compared to the 2017-18 approved grants.

BIA members (commercial property owners and business tenants) approve the BIAs' budgets by vote at Annual General Meetings. As BIA levies average less than 5 percent of Class 5 and 6 property owners' commercial property tax bill, the overall impact on their tax bills is relatively small. To date, very few concerns have been registered about BIA budgets and the corresponding BIA tax levies in their areas.

Should Council approve the BIA budgets and rating by-laws prepared for Council's enactment, these funds will be advanced to the BIA societies in April and recovered through the 2018 property taxes. There is no net impact to the 2018 operating budget.

CONCLUSION

This report contains recommendations for the approval of twenty-two BIA budgets.

The combined levies for all 22 BIAs is approximately \$12.5 million for fiscal 2018-19, an increase of approximately 7% compared with 2017-18. A portion of the expenditure provides tangible benefits to the City; e.g., in the upcoming year, the BIAs will collectively expend about \$6 million on public realm enhancements and maintenance in the City's commercial areas. The City's cost is limited to administration of the BIA Program.

Table 1 compares all 22 of the 2018-19 BIA budgets with their corresponding budgets from 2017-18. A majority of the BIAs are proposing budget increases under 5% and four of the BIAs propose increases over 5%. The proposed increases reflect higher costs for goods and services and/or expenditures earmarked for expanded BIA programs and initiatives.

The largest increase (Cambie Village BIA, 56%) reflects this BIA's strategic plan and expenditures for its 2018 - 2025 renewal term. Cambie Village levy rates have been kept at generally half the city-wide BIA average for many years while businesses fully recovered from the impacts of Canada Line construction. The BIA members are now ready to 'catch up' to a level of expenditure needed to optimize the value of BIA operations.

The budgets of all the BIAs were approved by BIA memberships at their annual general meetings, and the proposed Business Promotion Schemes are in keeping with the spirit of the BIA legislation. All the BIAs have complied with the requirements set out in the City's BIA Grant Allocation By-law (Appendix X). We have received all of the BIAs' 2016-17 audited financial statements. As a result, this report recommends approval of the 2018-19 BIA budgets as submitted.

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