




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	September 23, 2020
SUBJECT/REPORT NO:	Business Improvement Area (BIA) Contribution to Operating Budget Grant Program Update (PED20161) (Wards 1, 2, 3, 4, 5, 7, 12, 13 and 15)
WARD(S) AFFECTED:	Wards 1, 2, 3, 4, 5, 7, 12, 13 and 15
PREPARED BY:	Julia Davis (905) 546-2424 Ext. 2632
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the funds allocated to the Business Improvement Areas for the 2020 Contribution to Operating Budget Grant Program that are unused, a maximum of \$89,100 within Account No. 56905-815010, be permitted to be carried over and used in accordance with the Contribution to Operating Budget Grant Program terms prior to December 31, 2021;
- (b) That the General Manager of Finance and Corporate Services be authorized to direct staff to establish an appropriate reserve for the unused Contribution to Operating Budget Grant Program funds that were allocated to the BIAs for 2020;
- (c) That staff be directed to close the reserve at the end of 2021 and report back to the General Issues Committee advising where any remaining balance in the reserve should be allocated.

EXECUTIVE SUMMARY

On an annual basis, the 13 Business Improvement Areas (BIAs) in Hamilton receive funding enhancements from the Commercial Districts and Small Business (CDSB) section budget through the Contribution to Operating Budget Grant Program. The

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funding for this program is separate from the BIA levy and is approved through the CDSB operating budget in the amount of \$89,100 annually. This lump sum is split across the 13 BIAs using a weighted formula and the eligible expenses are narrowly scoped to include operating costs. Eligible expenses include:

- Purchase of street furniture (benches, planters, banners, murals, etc.)
- Maintenance of street furniture
- Costs to hire individuals to clean/maintain the public road allowance
- Purchase and maintenance of hanging flower baskets
- Christmas decorations and their maintenance
- Office equipment
- Office maintenance/improvement

With this program being completely funded through the CDSB operating budget, and acting as an enhancement to each BIAs budget, it must be allocated and spent in the year which is has been approved. Due to the pressures and uncertainty of COVID-19, the BIAs have directed staff to request that the unused funds in 2020 be placed into a reserve account and carried over to 2021 to ensure these funds are not forfeited if they cannot be spent in 2020.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The \$89,100 allocation of funding is part of the approved annual CDSB Operating Budget. The recommendations in this Report would place any of the unspent funds from this account into a reserve to be used for the purposes described above in addition to any funds allocated to the CDSB Operating Budget in 2021.

Staffing: There are no Staffing Implications.

Legal: There are no significant legal implications associated with these recommendations.

HISTORICAL BACKGROUND

Due to the unique circumstances surrounding COVID-19, the BIAs in Hamilton have had to realign their budgets, projects and priorities. As a component of this, the BIAs have looked at many funding opportunities, one of which being the Contribution to Operating Grant Budget Program and have strategized contingency plans to ensure those funds are accessible beyond 2020 as needed. The Contribution to Operating

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Budget Grant Program is completely funded through the CDSB budget on an annual basis. The BIAs have requested that staff investigate the possibility of having any unused funds allocated to the Contribution to Operating Budget Grant Program in 2020, to a maximum of \$89,100, placed in a reserve account to be accessed by the end of 2021. This request is to be made for 2020 only given the pressures presented by COVID-19 and would not be precedent setting for future years.

The Contribution to Operating Budget Grant Program has been in place since 2003 to enable the BIAs to access funds on an annual basis which are enhancements to their operations. The Contribution to Operating Budget Grant Program is completely funded from the CDSB section budget and is a separate enhancement, above and beyond the BIA levies, which are self-funded through memberships.

At a meeting of the BIA Advisory Committee on August 20, 2013, the eligibility criteria of City of Hamilton's contribution towards BIA operating budgets, which offers financial enhancements to the BIA budgets, was amended and approved.

As per the direction and guidelines of this Program:

Upon approval of the annual current budget by the City of Hamilton, the CDSB will determine funding for each BIA. The funding is to be used toward their operating budgets.

It was approved by the BIA Advisory Committee that the eligible costs will include:

- Purchase of street furniture (benches, planters, banners, murals, etc.)
- Maintenance of street furniture
- Costs to hire individuals to clean/maintain the public road allowance
- Purchase and maintenance of hanging flower baskets
- Christmas decorations and their maintenance
- Office equipment
- Office maintenance/improvement

In the event that a unique special event is being held, consideration will be made for funding initiatives to promote the area in which the event is being held. Funding will not be available for promoting special events. Promotional activities of BIAs are not an eligible expense under the City's Program.

Individual BIAs are required to take their funding requests to a BIA Advisory Committee meeting for review and approval. The request and approval must be received within the calendar year and should be spent within the calendar year. Due to the City of Hamilton closures from COVID-19, no BIA Advisory Committees have been held since February

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11, 2020. Without these meeting to put forward motions requesting their funding, the money cannot be approved nor paid to the BIAs. BIAs have received notification of their funding allocations for 2020, but have not been able to make any requests to access this funding to date because all meetings have been cancelled.

Since 2015, up to and including 2020, the amount allocated across the 13 BIAs annually has been \$89,100 total from the CDSB section budget, which acts as an enhancement to each BIA's operating budget. The allocation annually to each BIA is calculated based on the ratio of the BIA levy to their jurisdictional assessment to the overall total assessment of all BIAs.

At a meeting with the BIAs in April of 2020, staff were directed to investigate the possibility of moving unused funds allocated to the Contribution to Operating Budget Grant Program into a reserve account in the case that they could not be utilized in the year 2020. Concerns were expressed that because of COVID-19, shifting priorities and change in projects that not all BIAs would be able to spend these funds on eligible purchases in the calendar year and they did not want the funds to be forfeited. The request was made of staff to find a solution on how these funds could be carried over into 2021 due to the extraordinary circumstances imposed due to COVID-19.

Following this direction, staff prepared a motion which was presented at the August 10, 2020 General Issues Committee meeting which stated:

City of Hamilton's Contribution Towards Business Improvement Area (BIA) Operating Budgets via the Commercial Districts and Small Business Section Operating Budget Motion

WHEREAS, the City of Hamilton provides an annual Contribution to Operating Budget Grant to the Business Improvement Areas (BIAs);

WHEREAS, this Contribution to Operating Budget Grant is funded through Planning and Economic Development's Operating Budget to each BIA and is calculated based on the ratio of the BIA levy to their jurisdictional assessment to the overall BIA assessment;

WHEREAS, the funds allocated from the Contribution to Operating Budget Grant must be spent during the year that they were allocated for;

WHEREAS, due to COVID-19, many planned expenditures for 2020 have been cancelled;

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THEREFORE, BE IT RESOLVED:

- (a) That the funds allocated to the BIAs for the 2020 Contribution to Operating Budget Grant that are unused, be carried over and used in accordance with the Contribution to Operating Budget Grant terms prior to December 31, 2021;
- (b) That staff be authorized and directed to establish an appropriate reserve for the unused Contribution to Operating Budget Grant funds that were allocated to the BIAs for 2020; and,
- (c) That staff be directed to close the reserve at the end of 2021 and report back to the General Issues Committee advising where any remaining balance in the reserve should be allocated.

Following the GIC meeting on August 10, 2020, staff were directed to consult with the BIAs regarding this request to determine whether each of these organizations agreed with these funds being transferred into a BIA reserve to be used by the end of 2021. Staff engaged with the BIAs regarding this request and support for the recommendation to have unused funds from the Contribution to Operating Budget Grant Program 2020 placed in a reserve account for use prior to the end of 2021. There was majority support from the BIAs to move forward with this request appropriately, that if funds allocated within the Contribution to Operating Budget Grant Program could not be spent in 2020, that they be placed within a reserve account to be accessible in the 2021 calendar year.

There were some questions at GIC on August 10, 2020 regarding whether the separate levies set by each BIA for individual property owners were being considered for rebates of these levies. Staff have confirmed that this was not the intent of the motion and not a request being made from the BIAs. Should Council direct staff to pursue this option there would be a number of challenges with rebating levies, as this has not been practiced in the past and not a request of any BIA Board of Management at this time. In addition, the rebate of these levies would benefit property owners and not necessarily the BIA business members, it would also further restrict the BIA budgets.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable

RELEVANT CONSULTATION

- Ancaster Village Business Improvement Area
- Barton Village Business Improvement Area

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- Concession Street Business Improvement Area
- Downtown Dundas Business Improvement Area
- Downtown Hamilton Business Improvement Area
- International Village Business Improvement Area
- King West Business Improvement Area
- Locke Street Business Improvement Area
- Main West Esplanade Business Improvement Area
- Ottawa Street Business Improvement Area
- Stoney Creek Business Improvement Area
- Waterdown Business Improvement Area
- Westdale Village Business Improvement Area
- Legal Services Division, Finance and Corporate Services Department
- Financial Planning, Administration and Policy Division, Finance and Corporate Services Department

ANALYSIS AND RATIONALE FOR RECOMMENDATION

With the uncertainty and pressures of COVID-19, many planned expenditures and projects within the 13 BIAs have been changed and cancelled for 2020. BIAs are reviewing their budgets and funding sources to ensure availability as they pivot and shift plans due to the pandemic.

Staff have been directed by the BIA Boards of Management to investigate placing unused funds from the Contribution to Operating Budget Grant Program, to a maximum of \$89,100, into a reserve account so that those funds can be accessed beyond 2020, to the end of 2021.

ALTERNATIVES FOR CONSIDERATION

If Council does not support the Recommendations included in Report PED20161 then the Contribution to Operating Budget Grant Program will remain unchanged for 2020. Staff should be directed to communicate with the 13 BIAs in Hamilton that the funding cannot be placed in a reserve and must be spent in 2020. If a BIA does not request or spend their funds in the current calendar year, their allocation under this program will be forfeited for 2020.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable

JD:dt