

**TO:** MAYOR & COUNCILLORS

**FROM:** DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

**SUBJECT: HASTINGS STREET BUSINESS IMPROVEMENT AREA (BIA) RENEWAL**

**PURPOSE:** To request Council's approval to proceed with the Heights Merchants Association request to renew the Hastings Street Business Improvement Area for the period 2024 – 2033.

## RECOMMENDATION

**THAT** staff be authorized to work with the Heights Merchants Association (HMA) towards the renewal of the Hastings Street Business Improvement Area, as outlined in the report titled, "Hastings Street Business Improvement Area (BIA) Renewal" dated February 26, 2024;

**THAT** the City Solicitor be authorized to bring forward Burnaby Business Improvement Area (Hastings) Bylaw 2024, substantially as set out in Attachment 4 and;

**THAT** a copy of this report be sent to the President of the Heights Merchants Association.

## EXECUTIVE SUMMARY

First established in 1994 and now in its fourth term, the current Business Improvement Area (BIA) (Hastings) bylaw expired on December 31, 2023. The Heights Merchants Association (HMA) is seeking renewal of the BIA for a further fifth term, comprising of ten years (January 1, 2024 – December 31, 2033) (see Attachment 1 - HMA Letter to Mayor and Council, dated January 30, 2024). Business improvement area services are provided through means of a Local Area Service. A Local Area Service is a municipal service that is to be paid for in whole or in part by a Local Service Tax under Section 216 of the community charter.

### 1.0 POLICY SECTION

A BIA, such as that serviced by the Heights Merchants Association (HMA) is an area as designated pursuant to Section 215 of the Community Charter, established for the purpose of planning and implementing a Business Promotion Scheme. Such a scheme is intended to serve one or more of the following purposes:

- a) Carry out studies or make reports respecting one or more areas in the municipality where business or commerce is carried on,
- b) Improve, beautify, or maintain streets, sidewalks or municipally owned land, buildings, or other structures in one or more business improvement areas,
- c) Remove graffiti from buildings and other structures in one or more business improvement areas,
- d) Conserve heritage property in one or more business improvement areas, and
- e) Encourage business in one or more business improvement areas.

**2.0 BACKGROUND**

The first stage of the renewal process requires that Council give initial consideration to the proposed renewal bylaw for the Hastings Street BIA (see Attachment 4 - Proposed BIA (Hastings) Bylaw 2024). Following initial readings, the next process requires staff to undertake a formal petition process to gauge support for the BIA from all class 5 and 6 property owners within the BIA’s proposed boundaries. Only when, and if the petition is deemed as having received sufficient support or a lack of objections to the BIA, will final adoption of the bylaw be given. The city will then recover the grant funding to be provided to the BIA through a Local Area Service Tax commencing in May 2024.

**3.0 GENERAL INFORMATION**

The proposed Burnaby Business Improvement Area (Hastings) Bylaw 2024 (BIA Bylaw) will define the boundaries of the Hastings Street BIA, proposed to be the same as under the current BIA Bylaw and specify the total local service tax that will be charged based on the assessed value of land or improvements, or both, that fall within Class 5 (Light Industry) or Class 6 (Business and Other) properties in the BIA boundary. The budget and timeline for the proposed BIA Bylaw is as follows:

**3.1 Proposed Budget and Annual Local Service Tax**

Under Section 215 (2) of the Community Charter, the City is empowered to provide grant funding to the HMA to operate the business promotion scheme set out in the BIA Bylaw. The grant is provided on an annual basis and is proposed to be entirely funded through a local service tax imposed on all Class 5 (Light Industry) and Class 6 (Business and Other) properties within the BIA, pursuant to Section 216 of the Community Charter and in accordance with the BIA Bylaw.

As per prior renewal requests, the City asks that the HMA provide details of their overall budget, and the proposed total amount per year required to fund their operations. In discussions between City staff and the HMA, it has been established that the current annual increase of 2% was insufficient in keeping up with inflation. As such the HMA are proposing a 15% uplift for the first year of their upcoming 10-year term, dropping to 13.7% in year two and 5% pa thereafter. The total budget for the ten-year term is set at \$4,557,770.

<b>Year</b>	<b>Levy</b>	<b>Change to prior year</b>	<b>% change</b>
<b>2024</b>	\$336,800.00	\$43,998.02	15.0%
<b>2025</b>	\$382,800.00	\$46,000.00	13.7%
<b>2026</b>	\$401,940.00	\$19,140.00	5.0%
<b>2027</b>	\$422,037.00	\$20,097.00	5.0%
<b>2028</b>	\$443,139.00	\$21,102.00	5.0%
<b>2029</b>	\$465,296.00	\$22,157.00	5.0%
<b>2030</b>	\$488,561.00	\$23,265.00	5.0%
<b>2031</b>	\$512,989.00	\$24,428.00	5.0%
<b>2032</b>	\$538,638.00	\$25,649.00	5.0%
<b>2033</b>	\$565,570.00	\$26,932.00	5.0%
<b>TOTAL</b>	<b>\$ 4,557,770.00</b>		

The levy request as set out above is a revision to that requested in late 2023. Following further analysis between the HMA and city staff it was decided to push a greater amount of the required funding boost to the 2<sup>nd</sup> year of the new term, thus relieving initial pressure on BIA members. The result in year one is an average annual levy increase of \$216, equivalent to a daily increase of around 60 cents.

**3.2 Annual Levy Advances**

The fiscal year for the HMA commences on May 1, which coincides with the heaviest spending period of the year, including such key activities as Hats Off Day in June. Historically the city has provided an advance payment of the grant in late May in order to aid the cashflow for these activities. It is proposed that an advance payment provision equal to 30% of the annual grant be set out in the bylaw, thus streamlining the current process by which release of said funds is approved. The advance payment of the annual grant would be provided to the HMA by the last day in May each year. The remainder of the annual grant would be payable to the HMA by July 15<sup>th</sup>.

**3.3 BIA Boundaries**

The boundaries of the Hastings BIA were last revised in 2017. At this time there has been no request to further expand the boundaries from their existing footprint. A map of the existing BIA is attached to the current BIA Bylaw (see Schedule A in Attachment 3 – Burnaby BIA (Hastings) Bylaw 2014).

**3.4 Local Area Services**

As required by the Community Charter, the proposed BIA Bylaw will set out the business promotion scheme to be funded by the local service tax, which is proposed to be as follows:

- Carry out studies or make reports respecting the Hastings BIA
- Improve, beautify, or maintain streets, sidewalks or City owned land, buildings, or other structures in the Hastings BIA, subject to the approval of the City’s General Manager Engineering
- Remove graffiti from buildings and other structures in the Hastings BIA
- Conserve heritage property in the Hastings BIA
- Encourage business in the Hastings BIA

More specifically, the HMA has provided a Strategic Plan that outlines the priorities for the BIA. While the HMA is seeking a ten-year term, their initial Strategic Plan will focus on the first five years. It will be reviewed mid-way (in 2026-2027) to help in guiding the subsequent 5 years. Staff will work with the BIA on an annual basis to ensure the plan is kept up to date, and that when appropriate the remainder of the plan is made available to Council. Any significant change in circumstances may prompt a review of the Strategic Plan. The planned activities to be funded by the BIA local service tax are set out in Attachment 2 – HMA Five Year Strategic Plan.

Extracts of the four priorities contained within the plan are set out below:

- **Priority 1 - Marketing and Promotion**

Promotion and marketing of the BIA to ensure that the brand receives adequate attention and therefore stays relevant and authentic to the community. Appealing to emerging generations of shoppers and ensuring that the new residents of Brentwood and SOLO have a high awareness of and attraction to the district.

- **Priority 2 - Place Making, Events, and Community Experiences**

Hosting events that create strong linkages and unity between merchants and residents/shoppers, fostering community, loyalty, and a true understanding of what a neighbourhood shopping district delivers to its community.

- **Priority 3 - Advocacy**

Advocating policies in transportation and pedestrian movement that Burnaby Heights shopping district needs to compete effectively and succeed today and in the long-term. Maintaining excellent relations with local residents, supporting their needs and fostering their support in turn.

- **Priority 4 - Member Relations**

Ensuring that the membership is well aware of the HMAs successes and efforts on their behalf. Making a strong connection with merchant newcomers and supporting them as they become established.

### **3.5 Petition Process**

Under the *Community Charter*, the City can use one of two mechanisms to confirm support or objection to a BIA:

- Section 212 - Petition “For” a Local Area Service
- Section 213 - Local Area Service on Council Initiative — Petition “Against” a Local Area Service

The process followed by all municipalities across BC for BIAs is the Local Area Service on Council Initiative — Petition “Against” process, despite the proposal for a BIA typically being initiated by the businesses within the BIA. In Burnaby, barring one recent exception (*expansion of the Heights BIA for inclusion of a single property on request of the owner of that property*), the City has followed the “Petition Against” process.

For the “Petition Against” process, City staff work with the HMA on the premise that sufficient support exists for the BIA. The city will mail out notices to property owners and municipal tenants on city land within the proposed BIA boundary seeking to hear from those who are in opposition to creation / expansion of the BIA. Owners will be given 30 days to respond to the petition. Should they object to the BIA they must return a Notice of Opposition within the timeline provided, in writing to Legislative Services. Once the 30 day period is complete, Legislative Services will then report back to council on the petition results. Those signing as not in support of the BIA must represent at least 50% of the parcels in the BIA and at least 50% of the assessed value of land and improvements to stop the process.

A key benefit of this approach is the avoidance of a false lack of support, which could be attributed more to businesses forgetting or being too busy to reply, rather than objecting to the BIA. While the petition against process may result in some negative responses, through upfront engagement and outreach with property owners and businesses, petitions for the BIA have always achieved the support required to proceed (2014 renewal – 23 of the 195 parcels (11.8%) petitioned against the BIA). City staff intends to start the Petition “Against” process in early March.

Tenants - As per long-standing practice, the City wants to hear from tenants of the properties to be impacted by the BIA and the Local Service Tax. As such petition notices are sent to all Tenants (based on available records) within the boundaries of the BIA. Tenants who are opposed to the BIA may return a Tenant Statement in Opposition. While tenant submissions do not form part of the official count, Council may consider their input when making the final decision as to whether the BIA bylaw will receive final adoption. Note – the city cannot undertake another Petition “Against” process for the BIA within a period of one year unless the service is varied from or less expensive than that originally proposed to be undertaken.

### **3.6 Conditions and Limitations**

Under Section 215(5) of the Community Charter, the BIA Bylaw may set out conditions and limitations on the receipt and expenditure of the grant funding under the bylaw. The following conditions and limitations are proposed to be included in the BIA Bylaw:

- Monies granted must only be expended by HMA and only for the business promotion scheme activities set out in the BIA Bylaw and in accordance with the BIA Bylaw
- HMA must submit a detailed annual budget by no later than May 1<sup>st</sup> in order to demonstrate their intention to use funding provided through the city’s annual grant in line with their original Strategic Plan and approved annual grant amount as specified in the bylaw.
- The City will pay 30% of the annual grant amount to HMA as an advance payment by May 31<sup>st</sup> each year and the balance of the grant amount on July 15<sup>th</sup> each year
- HMA must submit a revenue and expenses statement to the Chief Financial Officer prior to May 1<sup>st</sup> of each year
- HMA must provide the City with access to its accounts and records for the purpose of verifying compliance with the BIA Bylaw
- HMA must carry insurance coverage as set out in the BIA Bylaw

The proposed BIA Bylaw is included as Attachment 4 to this report and appears elsewhere on the Council agenda for consideration of First, Second and Third Readings.

**3.7 Timeline**

<b>February 26, 2024:</b>	<b>Report plus First, Second and Third Readings of the BIA Bylaw</b>
<b>February 29, 2024:</b>	Legislative Services will publish Notice of the proposed BIA and mail Notices to property owners of affected parcels. Owners will have 30 days to submit a petition against the proposed BIA.
<b>April 1 – April 3, 2024:</b>	Legislative Services analyse petition responses.
<b>April 15, 2024:</b>	Council report from the Corporate Officer on the petition results.
<b>April 15, 2024:</b>	Final adoption of the bylaw if insufficient petitions against the BIA were <u>not</u> received.
<b>May 15, 2024:</b>	City of Burnaby levies property taxes
<b>Late May, 2024</b>	Advance partial payment (30%) of grant
<b>July 03, 2024:</b>	Local Service Tax due date, together with Property Taxes
<b>July 15, 2024:</b>	Payment of remaining grant to HMA for first year of new term

**4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT**

In preparation for the petition process, the HMA has conducted a variety of community engagement sessions with businesses and property owners within the Hastings BIA. These include or are planned to include:

- Six E-mail bulletins to BIA membership.
- Renewal Open Houses (Jan. 9, Jan. 18), with further open houses planned for February 27 and March 7.
- Member Mixer on February 8, to celebrate 30 years as a BIA and provide Renewal information.
- Information/Communication Brochure to our members (to be distributed in late February).

City staff will undertake the statutory notice requirements, including mailing of Petition “Against” forms to property owners and publishing of notices in accordance with the Burnaby Public Notice Bylaw. In addition, notices with Tenant Statement in Opposition forms will be sent to all Tenants (based on available records) within the boundaries of the Hastings BIA.

## **5.0 FINANCIAL CONSIDERATIONS**

Collection of the local service tax and remittance of grant funding for the proposed BIA involves the flow through of funds. Apart from miscellaneous administrative costs in setting up the BIA and annual collection and remittance of payments, there is no real impact upon the City's operating budget. Flow through budget line items will be set up to accommodate collection and remittance.

Respectfully submitted,

Richard Rowley, Director Finance – Revenue Services

For

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

## **ATTACHMENTS**

Attachment 1 – HMA Letter to Mayor and Council

Attachment 2 – HMA Five Year Strategic Plan

Attachment 3 – Burnaby BIA (Hastings) Bylaw 2014

Attachment 4 – Proposed BIA (Hastings) Bylaw 2024

## **REPORT CONTRIBUTORS**

This report was prepared by Richard Rowley, Director Finance and reviewed by:  
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