



TO: GENERAL COMMITTEE

SUBJECT: DOWNTOWN BARRIE BUSINESS ASSOCIATION (BIA) FINANCIAL COMMITMENTS

PREPARED BY AND KEY CONTACT: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER, EXT. 5130
D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES, EXT. 4421

SUBMITTED BY: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That a new agreement to address the Downtown Barrie Business Association (BIA) financial commitments associated with the Dunlop Streetscape and Meridian Place Project be negotiated with the following general parameters:
 - a) All commitments related to the Dunlop Streetscape (\$300,000) and Meridian Place (\$3,351,775) shall be paid in full by 2042;
 - b) The Dunlop Streetscape commitment of \$300, 000 be repaid interest free over 20 years beginning in 2022 with an annual payment of \$15,000;
 - c) The \$1,512,946 commitment to the Meridian Place Capital project be repaid interest free over 20 years beginning in 2022 with an annual payment of \$75,647 and to be fully repaid by 2042;
 - d) The BIA shall include the minimum annual payment of \$90,647 as a base budget commitment within its annual budget submission presented to the BIA members and to City Council;
 - e) The BIA will continue coordinating the remaining community fundraising contributions of \$534,667 related to the Meridian Place Capital project with any unfunded commitment being added to the BIA base budget submission in 2032 and repaid over ten years interest free; and
 - f) The BIA shall be responsible for all aspects related to its fundraising activities including the collection of any outstanding funds that have been promised.

2. That the Mayor and City Clerk be authorized to execute the BIA financial commitment agreement, subject to the terms of the agreement being to the satisfaction of the Treasurer/Director of Finance and the form being to the satisfaction of the Director of Legal Services.



PURPOSE & BACKGROUND

- 3. The purpose of this staff report is to recommend the authorization of the negotiation and subsequent execution of a new agreement to address the BIA’s financial commitments for both Dunlop Streetscape and Meridian Place.
- 4. City staff recently meet with BIA staff and members of the BIA Board to discuss payment terms for the financial commitments. Staff have been advised that the BIA Board met on October 5th, 2021 and voted in favour of City staff’s proposed payment terms.

ANALYSIS

Meridian Place Financial Commitments

- 5. The BIA entered into a Redevelopment of Meridian Place Contribution agreement with the City in 2015 for the construction of the Memorial Square/Meridian Place project. The Contribution Agreement states that the BIA will pay one third of the shareable project costs through the City imposing a special charge under section 208(2) of the Municipal Act and will coordinate community contributions of one third of the sharable project costs. Any shortfall or excess of community contributions will increase or decrease the BIA’s portion. The amount of the committed funding is \$3,351,775, comprised of expected community contributions of \$1,838,829, with the remainder of \$1,512,946 expected to be funded by the BIA through the special charge. The table below summarizes the history and current outstanding balances:

	CITY	BIA LEVY	BIA Fundraising	Total BIA Commitment	Total
Staff Report ENG014-14 - Utility Relocation	100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 300,000
Staff Report ENG014-14 - Construction	1,312,249	1,312,249	1,312,249	2,624,498	3,936,747
Staff Report ENG003-16	418,261	263,638	263,639	527,277	945,538
	\$ 1,830,510	\$ 1,675,887	\$ 1,675,888	\$ 3,351,775	\$ 5,182,285
Additional Fundraising Commitments		-162,941	\$162,941		
		\$ 1,512,946	\$ 1,838,829	\$ 3,351,775	
Fundraising Cash Received			1,304,162	1,304,162	
Outstanding Balance		\$ 1,512,946	\$ 534,667	\$ 2,047,613	

- 6. The special charge is to be collected over a ten-year period commencing two years after substantial performance of the project, which occurred in 2018. As per schedule A of the existing contribution agreement, interest on the payments will be at a rate equivalent to the City’s internal cost of borrowing. The City’s internal costs of borrowing is equivalent to the City’s weighted cost of Capital currently at 4.25%. The commitment was initially due to be repaid in full on or before 2029. The agreement did not include a specific requirement for a payment to be made each year.
- 7. Due to COVID-19, in 2020 and again this year, City Council approved an extension of the timeline for the remaining payments required under the Agreement by one additional year with final payment in 2031.
- 8. As of October 4, 2021, the BIA had successfully fundraised and collected \$1,304,162 of the project. It plans to fundraise an additional \$534,667 over a 5-year period. Any shortfall will be added to the BIA’s commitment to be funded through the BIA special charge.
- 9. Some current members of the BIA Board have claimed the additional commitment of \$527,277 was never approved by the BIA Board. The additional BIA commitment was associated with new requirements to ensure compliance with the Accessibility for Ontarians with Disabilities Act, soil and groundwater conditions and systems related to the outdoor stage. Staff Report ENG003-16 that

identified the additional \$527,277 for the project included as paragraph 16 of the report that the BIA had agreed to include the incremental cost increases in their fundraising and loan contributions. BIA staff have advised that motion 16-G-058 with the additional commitment was referenced in the minutes of a BIA Board meeting at the time. The BIA Board has also approved financial statements since 2016 that include a note with the additional costs. Staff have been advised that the BIA Board supported the staff recommendation on October 5, 2021, of paying all previously agreed upon costs over twenty years instead of ten years.

Dunlop Streetscape

10. As Dunlop Street is a vital component and attraction to downtown Barrie, the BIA also committed to fund \$300,000 of the Dunlop Streetscape project with payments over a ten-year period, beginning in 2022. Maintaining and enhancing this corridor is an essential component in the success of downtown revitalization and the City's [Downtown Commercial Master Plan](#). A \$16 million project was undertaken that has transformed Barrie's downtown. The project began in August 2019 and was substantially completed in November 2020 with final finishing and repair work nearing completion.

Staff Recommendation for Revised Repayment Plan

11. There are currently 256 properties in the BIA area. The median assessment value of these properties is \$531,000. Based on the 2021 BIA approved budget, a property at the median value will be levied the amount of \$1,829.58 at a rate of .344553%, in addition to the general City of Barrie property taxes that are applicable.
12. Imposing an additional capital charge over the next ten years based on the original agreement, to recoup all the capital commitments made by the BIA Board would result in a significant increase in the total BIA levy portion of the subject properties taxes.
13. Given the impact of such an increase and the impact of COVID-19 on the economy and small businesses, staff are recommending that a new agreement be negotiated that would address both the Dunlop Streetscape and Meridian Place financial commitments. Staff are recommending the following general parameters for the agreement:
 - a) All commitments related to the Dunlop Streetscape (\$300,000) and Meridian Place (\$3,351,775) shall be paid interest free in full by 2041;
 - b) The Dunlop Streetscape commitment of \$300,000 be repaid interest free over 20 years beginning in 2022 with an annual payment of \$15,000;
 - c) The \$1,512,946 commitment to the Meridian Place Capital project be repaid interest free over 20 years beginning in 2022 with an annual payment of \$75,647 and to be full repaid by 2041;
 - d) The BIA shall include the minimum annual payment of \$90,647 as a base budget commitment within its annual budget submission presented to the BIA members and to City Council;
 - e) The BIA will continue coordinating the remaining community fundraising contributions of \$534,667 related to the Meridian Place Capital project with any unfunded commitment being added to the BIA base budget submission in 2032 and repaid over ten years interest free; and
 - f) The BIA shall be responsible for all aspects related to its fundraising activities including the collection of any outstanding funds that have been promised.



- 14. As identified in the loan tables below, the staff recommendation of waving interest rates and paying back over 20 years would save the BIA \$450,157. As well the annual payment over 20 years would be \$90,647 compared to \$226,310 over 10 years.

Current Agreement

Paid over 10 years beginning 2022 with interest.

	Meridian Place	Dunlop Streetscape	Total
Loan Amount	\$1,512,946	\$300,000	\$1,812,946
Amortization (years)	10	10	10
Interest rate (WACC*)	4.25%	4.25%	4.25%
Annual Payment	\$188,861	\$37,449	\$226,310
Cumulative Interest paid over 10 Year	\$375,666	\$74,490	\$450,157
Total Principal and Interest	\$1,888,612	\$374,490	\$2,263,103

* City's Weighted Average Cost of Capital

Staff Recommendation

Pay both loans over 20 years beginning in 2022 interest free.

	Meridian Place	Dunlop Streetscape	Total
Loan Amount	\$1,512,946	\$300,000	\$1,812,946
Amortization (years)	20	20	20
Interest rate	0.00%	0.00%	0.00%
Annual Payment	\$75,647	\$15,000	\$90,647
Cumulative Interest paid over 20 Year	\$0	\$0	\$0
Total Principal and Interest	\$1,512,946	\$300,000	\$1,812,946

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

- 15. There are no environmental and/or climate change impact matters directly related to the recommendation.

ALTERNATIVES

- 16. The following alternatives are available for General Committee's consideration:

Alternative #1

General Committee could recommend keeping the terms of the Contribution agreement with pay back over ten years with interest.

This alternative is not recommended as the local downtown continues to suffer from the effects from COVID-19 and the high annual payments of \$226,310 would not be affordable for local merchants.

Alternative #2

General Committee could recommend other payment terms of the loan including a shorter or longer payback period.

This alternative is not recommended. Staff in discussion with the BIA, believe an interest free 20 year payback period with annual payments of



\$90,647 is reasonable, keeps the original intention of the Contribution agreement, and supports the local Downtown. The BIA Board approved a motion at their meeting on October 5 that supports staff's recommendation.

FINANCIAL

17. The staff recommendation to wave interest charges and extend the payment period from 10 years to 20 years will reduce the City's investment revenues by \$22,508 annually or \$450,157 over twenty years. However, this investment by the City will support Council's Strategic Plan of Growing our Economy and supporting the local Downtown area.

LINKAGE TO 2018-2022 STRATEGIC PLAN

51. The recommendations included in this Staff Report are related to the following goals contained in 2018-2022 Strategic Plan:
 - ✓ Growing our Economy
 - ✓ Supporting a Vibrant and Safe Downtown
52. Extending the timing of receipt of BIA financial contributions will support small businesses that have been particularly hard hit by the impact of COVID-19.