



**FINANCE DEPARTMENT,
MEMORANDUM**

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TO: MAYOR J. LEHMAN AND MEMBERS OF COUNCIL

FROM: C. SMITH, SENIOR MANAGER, ACCOUNTING AND REVENUE

NOTED: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RE: 2021 DOWNTOWN BARRIE BUSINESS ASSOCIATION LEVY - CAPITAL CHARGE

DATE: MAY 25, 2021

The purpose of this Memorandum is to provide members of Council with additional information regarding the possibility of increasing the 2021 Downtown Barrie Business Association (BIA) levy to recover capital costs associated with the Redevelopment of Meridian Place Agreement.

The Contribution Agreement between the City and the BIA, signed in 2015, 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. The special charge is to be charged over a ten-year period commencing two years after substantial performance of the project, which occurred in 2018.

As such, the commitment was initially due to be repaid in full on or before 2030. The agreement did not include a specific requirement for a payment to be made each year. Last year, due to COVID-19, 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.

The BIA is also responsible for coordinating community contributions, being at least one third of the total cost of the project. Any shortfall in community contributions will be added to the special charge as described above, and any contributions in excess of one third of the total cost, will be used to decrease the BIA's share of the shareable project costs.

Under Section 205(2) of the *Municipal Act, 2001*, the BIA Board of Management is required to seek Council approval of their annual budget in order that a levy for funds to cover their annual operating and capital costs can be made. Council may approve the budget submission in whole or in part, but may not add expenditures to it.

Given the specific wording of Section 205(2) and as the commitment is not yet due, there is risk to the City, if City Council increases the levy to recover capital costs without it being included in the BIA budget. Either individual property owners within the BIA boundary or the BIA itself, may seek to quash the by-law establishing the higher than budgeted levy. This is a greater risk given the impact of COVID-19 on the economy and small businesses in particular.

There are currently 256 properties in the BIA area. The median assessment value of these properties is \$531,000. Based on the BIA Board 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. Imposing an additional capital charge in 2021 of \$151,295 (1/10th of the commitment) would



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increase the rate to .437463% and add \$493.35 to the levied amount bringing the total BIA levy portion to \$2,322.93, or an increase of 26.97%.

As requested by General Committee, staff met this week with Kelly McKenna, Executive Director of the BIA and one BIA Board member. During the discussion, they committed to seeking Board consent to submit a written request to Council to defer a capital contribution payment in 2021 due to the effects of COVID-19 on the local downtown economy. They also committed to working with staff over the coming months to develop a long-term repayment plan of capital commitments. The written request was received from the BIA on May 20, 2021 and is attached as Appendix "A" to this memorandum.

Appendix "A"
BIA Request for 2021 Deferral of Meridian Place Capital Commitments

Downtown Barrie Business Association (BIA)
93 Dunlop Street East
Barrie, ON L4M 1A8



May 20th, 2021

City of Barrie
Mr. Craig Millar
Director of Finance and Treasurer

RE: Request for 2021 Deferral of Meridian Place Capital Commitments.

Mr. Millar,

I am writing on behalf of the Downtown Barrie Board of Directors to request a deferral for the Meridian Place Capital Commitments for 2021, as we did for the 2020 BIA budget.

Unfortunately, Covid-19 continues to force many of our business and property owners to completely halt their regular business operations. This has caused uncertainty and stress for the business owners we represent.

The deferral will allow the Downtown Barrie Business Association to keep to the budget passed on December 15th, 2020 by the Board of Directors in the amount of \$561,077 which will establish a special charge of 0.344553% for the 2021 levy amount.

We look forward to working with you over the coming months to establish an agreement between the City of Barrie and the Downtown Barrie Business Association to establish a repayment schedule for the BIA's capital commitments.

Thank you for the consideration.

Best regards,



Kelly McKenna
Executive Director
Downtown Barrie Business Association (BIA)