



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

April 7, 2025

TO: Mayor Matthew Shoemaker and Members of City Council

AUTHOR: Brent Lamming, Deputy CAO Community Development and Enterprise Services

DEPARTMENT: Community Development and Enterprise Services

RE: Downtown Business Improvement Area

Purpose

The purpose of this report is to provide information on how comparable communities are activating, promoting, and marketing their downtown.

Background

The following resolution was passed at the October 21, 2024 Council meeting:

Whereas the City of Sault Ste. Marie has had a Business Improvement Area known as the Downtown Association (formerly the Queenstown Association) since 1976, a time when Queen Street was the major commercial district within the community; and

Whereas since 1976, commercial activity in the community has become more spread out throughout the community, including the expansion of the mall, redevelopment of the St. Mary's Paper site into the Canal District, and expansion of offerings on Great Northern Road, Northern Avenue and Trunk Road; and

Whereas downtowns have, over the course of several decades, transformed from being solely commercial hearts of communities, to being the social hearts of a community, hosting festivals and events, all while continuing to offer commercial and retail draws; and

Whereas it is prudent to review if the model for downtown marketing and promotion that worked in 1976 continues to be the best model for our Downtown, recognizing that the community's definition of downtown is different than the Downtown Association's geographic boundaries; and

Whereas if Council believes downtown development is a community priority, it should be supported by the community, not just those businesses that front directly on Queen Street between Gore Street and East Street; and

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Whereas dissolution of a Business Improvement Area is an option available to municipalities under the *Municipal Act, 2001*; and

Now Therefore Be It Resolved that staff be requested to investigate how comparable communities are activating, promoting, and marketing their Downtowns, and report to Council on options available to it, either with a recommendation or with options from which Council could choose to best activate, promote and market Sault Ste. Marie's downtown.

The initial By-law 1976-49 defined Queenstown as Queen Street and all the buildings on Queen Street from East Street to Dennis Street. In 1981, after five years of planning, negotiations and consultations, the area boasted new sewers, waterlines and other underground services as well as surface aesthetic improvements. That same year, a full-time staff member was hired, and a Queenstown Association office was officially established. In 1987, Pim Street to East Street was also refurbished (Heritage Square) and it officially became part of Queenstown in January 1988.

A Business Improvement Area (BIA) is essentially a mechanism that encourages businesspeople to join together in a co-operative effort to revitalize and rejuvenate their business district. This BIA designation serves two functions: it allows the municipality to access provincial grant monies for much-needed physical and aesthetic improvements to the downtown and it establishes a framework for an association for the downtown.

There are several services that have traditionally been funded and managed by a BIA. These services include, but are not limited to:

- Seasonal flower installation and maintenance
- Street banner programs
- Christmas lights and decorations
- Holiday parking promotions
- Street speaker system
- Support for street events
- Downtown destination marketing (i.e. social media, eat local passport, etc.)
- Maintenance of municipally owned structures (i.e. arches, waste receptacles, etc.) beyond that provided at the expense of the municipality.

The City is completing a number of traditional BIA services noted here:

- Seasonal flower installation and maintenance – PW Parks
- Street banner programs for installation/removal – CDES Arenas Division
- Christmas lights and decorations (Downtown street poles, Clergue Park, Downtown Plaza, Civic Centre) – PW. DTA provides lighting strings for installation.
- Downtown Foot Patrols – CDES
- Garbage receptacle pickup – CDES and PW Parks. Individual containers are picked up regularly by Parks, containers on poles serviced through the Transit (bus stop) maintenance contractor
- Holiday Parking Promotion – CDES Parking

The Downtown Association has a membership base of approximately 400 members, including 150 building owners and approximately 250 tenants. More information on the BIA can be found here <https://www.saultdowntown.com/about>.

Analysis

There are about 300 BIAs in Ontario, made up of commercial and industrial property owners and their non-residential tenants, who join under a volunteer board of management to carry out improvements and promote economic development within their designated area. They are accountable to their respective municipal councils, who levy a fee from each business within a designated area to cover costs. The Ontario Business Improvement Area Association (OBIAA) provides further information about and resources for BIA's at www.obiaa.com.

BIAs are the traditional method of activating and promoting downtown business cores for Ontario municipalities, but there have been a number that have been dissolved in recent years, bringing the responsibility under City umbrellas utilizing City resources to activate and promote downtown areas. Reasons for the dissolution of BIAs include rising operational costs, reduced volunteer involvement, and alternative funding needs. This has driven some municipalities or business groups to re-evaluate the traditional BIA model.

A BIA is formed under section 204 of the *Municipal Act, 2001* (the Act) and is permitted to establish a special charge annually in the form of a property tax levy to raise the amount required for the purposes of the board of management. A board of management is a local board of the municipality for all purposes (subsection 204(2.1)). A board of management submits an annual report and budget, which includes audited financial statements for approval in whole or in part by City Council. Subsections 204(3) and (4) of the Act provide that the composition of a BIA is made up of the board of management and membership. The board of management is composed of one or more directors appointed directly by the municipality, and the additional directors are selected by a vote of the membership of the improvement area and appointed by the City Council. A board of management is a local board of the municipality for all purposes, and as such, its procedures and conduct are guided by City policies for local boards.

Members of an improvement area consist of people who are assessed, on the last returned assessment roll, with respect to rateable property in the area that is in a prescribed business property class and tenants of such property. A City Council has the discretion to review the governance, operations, and mandate of a BIA. Any final recommended changes cannot be more restrictive than the provisions under the Act.

Dissolving Business Improvement Areas

There are two ways provided in the Act that may lead to the dissolution of a BIA. By initiative of the BIA board or those responsible for two-thirds of the taxes levied¹,

¹The *Municipal Act* requires one of two actions to occur to advance the dissolution of a BIA and the enabling by-law. Section 210 and 211 requires notice upon receipt of a resolution of the board

or by Council initiative. In all cases of dissolution, the assets and liabilities of the board of management for the BIA become the assets and liabilities of the municipality. The methods of dissolving a BIA are described in more detail below:

1. Unilateral Dissolution by the Municipality

The Act authorizes the City Council to repeal a by-law establishing a business improvement area without notice and without polling the membership of the BIA. In this scenario, all that is required is the notice provisions of the City's Procedure By-law regarding the inclusion of a motion on a City Council Agenda. Per the *Municipal Act* and regulation thereunder, a majority vote to repeal the BIA enabling by-law would result in the dissolution of the BIA per section 216 and the associated corporation being dissolved per paragraph 1(1)(f) of O.Reg. 582/06.

2. Dissolution at the Request of the Board or Membership

A resolution of the board of management requesting dissolution is received by City Council; or a request for dissolution signed by members of the BIA who are responsible for at-least one-third of the taxes levied for the purposes of the general local municipal levy is received by City Council. The provision of notice by the City Clerk in the case of either of the above criteria being met, the City Clerk would circulate notices to the board of management and the membership of the BIA.

City Council must dissolve the BIA if the notice of a by-law to dissolve results in requests for the dissolution being received by the City Clerk representing:

1. 50% of the total number of people who are assessed for rateable property in prescribed business property classes located within the BIA; and
2. 50% of the taxes levied for the purposes of the general local municipal levy on rateable property in prescribed business property classes located within the BIA.

The City Clerk is empowered to determine whether the above-noted conditions have been met and the determination by the City Clerk is final. As a temporary alternative, City Council may also "pause" the operation of the BIA to allow for a full assessment. Pausing the BIA allows it to resume operations after dormancy and would allow the by-law to be reactivated with greater ease.

Staff have researched how other municipalities provide support for activating, promoting and marketing their downtown. As mentioned above, a few Ontario BIAs have dissolved for various reasons with a few of the municipalities bringing marketing and hosting of events in-house. Since 2021, staff are aware of at least eleven BIA's that have been dissolved, noted in the table below.

or a request by two-thirds of those responsible for the taxes levied. These sections do not apply to a Council initiative to repeal the by-law, see subsection 211(10) of the Act.

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Dissolved BIA's			
Municipality	Information	Date Dissolved	New Structure
Ottawa	ByWard Market BIA Dissolves - Ottawa	March 2021	New District Model Run By the City: https://lowertownecho.ca/2023/04/20/tides-of-change-are-against-byward-market/
Meaford	Meaford Dissolves BIA in Favour of "Main Street" Organization	December 2022	Meaford to dissolve BIA in favour of new "Main Street" organization
Brockton	Brockton Council Dissolves Walkerton BIA	May 2022	The Municipality will continue to provide support to our business community through the Brockton Economic Development Committee and the Community Development Coordinator, who oversees the municipality's business recognition program, façade grants, Brockton Dollars, visitor services and tourism promotion, and communications about business-related matters and economic development.
Ajax	Ajax Council Votes to Dissolve Both BIAs	April 6 2022	KPMG recommended to dissolve the BIAs and for the town to absorb their responsibilities and execute a business engagement strategy.
Niagara Falls	Niagara Falls Seeking Input on if BIA should be reinstated	June 2024	At the June 18th, 2024, City Council meeting, Council approved a motion to create a Downtown Committee.
South Dundas	South Dundas Council Dissolves BIA	June 2024	With this resolution the municipality absorbs all of the assets and liabilities of the organization which has overseen plaza beautification and various events and promotions since its inception in 1988.
Napanee	Napanee BIA Dissolved	April 2022	By-Law 2022-0025 passed to Dissolve the Downtown Napanee Business Improvement Area
Wawa	Wawa BIA Dissolved	March 2023	The BIA's remaining funds and other assets like the Christmas lights and BIA banners would transfer to the Municipality if the BIA's dissolved. This comes just shy of a decade after then-Mayor Linda Nowicki pushed to dissolve the BIA due to inactivity, though she withdrew that when the organization elected a new executive and pushed to continue operations.
Thunder Bay	https://www.tbnewswatch.com/local-news/simpson-street-bia-dissolved-825912	January 2018	Thunder Bay city council on Monday night voted to dissolve the south side business improvement area after years of evaporating interest from the neighbourhood's business owners.
Oshawa	https://oshawaexpress.ca/council-officially-disbands-bia/	February 2021	Oshawa City Council voted in favour of officially disbanding the BIA at its most recent council meeting. City assume all BIA responsibilities.
Walkerton	Walkerton BIA Dissolves	May 2022	ABIA of the Municipality of Brockton

Northern Municipalities maintaining BIAs are noted in the chart below and one was dissolved in Thunder Bay as noted above.

City	BIA	BIA	Dissolved BIA
Northern Ontario BIAs			
SSM	<u>Downtown Association</u>		
Sudbury	<u>Downtown Sudbury</u>	<u>Flour Mill Business Improvement Area</u>	
Thunder Bay	<u>Waterfront District BIA</u>	<u>Fort William Business District</u>	<u>Simpson Street BIA</u>
North Bay	<u>Downtown North Bay and Waterfront</u>		
Timmins	<u>Downtown Timmins</u>		

A more detailed example of a municipality dissolving its BIA and bringing promotion and events under its umbrella is the City of Oshawa. Oshawa has an estimated 2024 population of 185,692 and 175,383 as of the 2021 census. Oshawa dissolved its BIA in 2021, with the City assuming its responsibilities. The Oshawa BIA stated, “As the City of Oshawa takes a greater role in the redevelopment of downtown Oshawa, we are confident that it will become even better and more vibrant than ever before.”

City staff from Oshawa provided Council with three options on how to move forward without a BIA.

- Option 1.** The City assumes all BIA responsibilities with no formal entity with downtown representation,
- Option 2.** The City assumes all BIA responsibilities and establishes a Downtown Oshawa Advisory Committee.
- Option 3.** Establish a Downtown Action Committee and BIA responsibilities are divided with the city.

In the end, Oshawa Council chose option one. A deciding factor was that the city's assumption of BIA responsibilities still allows downtown businesses, organizations, and individuals an opportunity to approach the city as a delegation for future projects in the downtown area. The dissolution of the BIA meant they no longer oversee the improvement, beautification, and maintenance of the downtown, or promote the downtown as a business and shopping area. Further, there is no longer any downtown representation and additional staff resources in various departments as the City was required to assume these responsibilities.

Some implications include Oshawa taking over all streetscape beautification, including the banner program, holiday wreaths, winter greenery, and holiday lighting. Recreation and culture services were required to take over events and wall murals, as well as to look for sponsorship opportunities. Economic development services have taken over promoting the area as a business or shopping area.

Oshawa's Council held a vote, and only 30 of the 500 BIA businesses eligible participated. The majority of the 30 voted in favour of dissolving the BIA. The vote was held in-person at City Hall where businesses/property owners that paid the BIA levy were informed of the vote and the pertinent details and had to attend in person to cast a vote.

Bringing BIA services under the city umbrella in Oshawa had an estimated \$200,000 impact on the tax levy. An advisory board was not set up as part of the recommendation, and no incremental City staff were added. Staff have confirmed that having an Advisory Board with permanent staffing would have been beneficial based on their transition experience. Events held by the BIA were reduced from fifteen to one. The key event maintained was a signature event called "Kars on King," as supported by Oshawa City Council.

In Sault Ste. Marie, approximately \$219,000 is collected annually in the BIA assessment of which \$147,000 goes towards salaries required to deliver events and services.

Options for Council consideration

1. Maintain the current Business Improvement Area (BIA) and Downtown Association (DTA) funded by BIA businesses;
2. Dissolve the current DTA and bring all services under the City umbrella;
3. Dissolve the current DTA and reallocate activities under the City umbrella with a supporting business advisory committee and some incremental staffing. This approach would be similar to what is in place for Tourism and Economic Development. An Advisory Board with Downtown Business owners would be selected for participation based on a selection process similar to the current committee process.

Option 1 – Maintain the current delivery model using the DTA to support the BIA.

Pros

- Maintains the current business levy of approximately \$219,000 for annual program delivery;
- Opportunity to improve communication by implementing quarterly meetings between DTA and City staff;
- Maintains opportunity for grant funding that the City would not be eligible for (approximately \$5,000 annually);
- Avoids risk of moving away from an established, traditional delivery model.

Cons

- The DTA could be challenged to maintain talent long-term based on historical turnover in positions;
- Limited staff resources for delivery with a smaller team;
- Reliant on City staff for support where activities are now being completed by City forces;
 - Downtown foot patrols;
 - Banner installation and removal;
 - Flowerbed maintenance;

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- Christmas lights and decorations.

Option 2 – Dissolve the current DTA and bring all services under the City umbrella.

Pros

- Maintain a full-time employee and part-time hours for dedicated downtown program delivery reporting to the Downtown Plaza Supervisor, thus saving local businesses to fund the current positions;
- Improved efficiency using City support service areas such as Accounting, Finance, Legal and Information Technology;
- Opportunity to improve events with additional City resources;
- Save on operating expenses by using City facilities to house staffing (e.g., rent paid by DTA);
- Service the entire downtown core beyond current BIA boundaries;
- Key Performance Indicators and metrics can be implemented for tracking, consistent with other City departments;
- An annual report can still be provided to Council to highlight success and challenges;
- Downtown businesses currently paying the assessment will no longer have to pay, allowing them to use the funds within their respective businesses.

Cons

- The current pool of BIA assessed funds, which is collected from members in the amount of approximately \$219,000, would be forgone. Any remaining levy would be transferred for program activation in the final year;
- Perception of the downtown business members losing their voice;
- Some services could be impacted, such as snow removal for business entrances;
- Future Councils could cut City budgets, leaving downtown businesses at risk of no formal downtown support activities

Option 3 – Dissolve the current DTA and reallocate under the City umbrella with a supporting Business Advisory Committee.

Pros

- The same as Option 2 but also allows for an ongoing voice from business owners with active participation on the advisory committee.

Cons

- The same as Option 2 and requires additional resources to organize, coordinate, and administer the Business Advisory Committee

An alternative option is a hybrid solution that would see the City cover a portion of the BIA budget, which would have the effect of decreasing the special levy on the downtown businesses (details on how this is implemented would need to be worked out). This is present in both of Thunder Bay's BIAs (Victoria Avenue BIA and Waterfront District BIA). Under this model, the City of Thunder Bay provides funding for half of the financial requirements for each BIA. As per the proposed

2025 Operating budget, the City of Thunder Bay's share will be \$60,000 for the Victoria Avenue BIA and \$117,000 for the Waterfront District BIA. There is one full-time employee for each Thunder Bay BIA with one additional part-time employee for the Waterfront District BIA in comparison to Sault Ste. Marie's BIA has two full-time employees and one part-time employee.

<https://www.thewaterfrontdistrict.ca/>

<https://fortwilliambusinessdistrict.com/>

Should Council decide to proceed with option two or three the recommended implementation date would be January 1, 2026, with costs being referred to the 2026 Budget.

Financial Implications

There is not an immediate impact on the operating budget.

The City adds the Downtown levy to the final billing for each property based on their percentage of commercial assessment to the total commercial assessment of the BIA. The percentage is multiplied by the approved Downtown budget and is added to the final bills. The City collects the assessments and remits quarterly to the BIA based on the approved budget. The final quarter adjusts for write-offs that occurred during the year. The City calculates the assessment for each property for the BIA as the BIA does not have the resources to do this.

The amount collected is the net of the assessments, less the assessments write-offs, and rebates. If there are any reductions in the assessment or application for rebate programs, the Downtown levy is adjusted as well. The 2024 amount is \$212,306.

The Downtown levy is an additional levy added to the properties within the BIA boundaries. If the Downtown Association is dissolved, the additional levy for the BIA would be eliminated, resulting in a reduction of the annual property taxes for the members. Assessments would not change from DTA elimination.

If the City takes on the responsibilities of the BIA, the City will no longer have that additional levy and expenses for downtown activation and programming will be placed on the entire tax base.

Should Council direct staff to bring the BIA in-house, the budget will be further refined and added to the 2026 operating budget.

Strategic Plan / Policy Impact / Climate Impact

This request supports community development promoting economic activity in supporting the growth of a diversified economy. Namely, ensuring the City is attracting new businesses while supporting existing entrepreneurs and promoting business to increase tourism visitor spending.

- Under Quality of Life, ensuring that there is a Vibrant Downtown by creating a hub of activity and excitement through shops, events, promotion and amenities.

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- Increase participation and grow the number of events in the downtown area year-over-year;
- Increase assessment value and growth rate in the Downtown.
- Fiscal responsibility, managing municipal finances in a responsible and prudent manner.
- Under Well Being, taking a collaborative approach towards a healthy and safe community.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Deputy CAO, Community Development and Enterprise Services dated April 7, 2025 concerning Downtown Business Improvement Area Review be received and that implementation of option _____ be approved.

Respectfully submitted,

Brent Lamming, PFP, CPA, CMA
Deputy CAO
Community Development & Enterprise Services
(705)759-5314
b.lamming@cityssm.on.ca