TORONTO

# STAFF REPORT
# ACTION REQUIRED

# Providing new BIA Streetscape Funding Opportunities

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|---|---|
| **Date:** | September 17, 2012 |
| **To:** | Executive Committee |
| **From:** | Deputy City Manager and Chief Financial Officer<br>General Manager Economic Development and Culture |
| **Wards:** | All |
| **Reference Number:** | P:\2012\Internal Services\Fp\Ec12020Fp (AFS #15312) |

## SUMMARY

This report recommends amendments to the Business Improvement Area (BIA) Capital Cost-Sharing Program Guidelines intended to provide a new financing opportunity to respond to the increased demand for City funding within existing debt affordability targets. The recommended adjustments include:

- the introduction of a "financing option" for BIAs undertaking larger streetscape projects whereby the City contributes a lower share of funding (35% instead of 50%) but provides financing for the BIAs portion of the costs;
- a five-year maximum project funding cap of $1.8 million (gross) $0.900 million (net) for 50/50 cost-share projects; and
- additional criteria for evaluating/prioritizing funding requests for 50/50 cost-share projects.

By providing a financing commitment for a few selected BIA projects each year, funds can be spread across more streetscape projects. Although BIAs that utilize the financing option will pay a higher percentage of the project costs, there are several advantages for BIAs. These include: the ability to achieve comprehensive streetscape improvements in one phase, as opposed to piecemeal; showing more immediate benefit to members; minimizing business disruption due to construction; and achieving cost savings through larger contract tendering.

## RECOMMENDATIONS

**The Deputy City Manager and Chief Financial Officer and General Manager, Economic Development and Culture recommend that:**

1. City Council approve the BIA capital loan program and the amendments to the BIA Capital Cost-Sharing Program Guidelines described in this report and set out in Attachment No. 1; and

2. Authority be granted jointly to the Deputy City Manager and Chief Financial Officer and the General Manager, Economic Development to:

   (1) approve BIA capital loans for BIA capital projects included in the City's approved capital budget, in accordance with the BIA Capital Cost-Sharing Program Guidelines (Attachment No. 1) and the City's Direct Capital Loan Policy, and

   (2) enter into loan agreements with the BIAs for such BIA capital loans, upon such terms and conditions as are set out in this report, and as may be required by the Deputy City Manager and Chief Financial Officer and by the General Manager, Economic Development, in consultation with the City Solicitor.

3. All loans granted by the City pursuant to the BIA capital loan program be deemed to be in the interests of the City.

4. The General Manager of Economic Development and Culture, in consultation with the Deputy City Manager and Chief Financial Officer report on any BIA capital projects that may wish to proceed in 2013 with a financing option as part of the 2013 Capital Budget consideration.

### Financial Impact

The 2012-2021 Economic Development and Culture Capital Budget and Plan recommends that the BIA Streetscape Improvement Program be maintained at $3.464 million (gross) $1.894 million (net) annually. The proposed amendments to the BIA Capital Cost-Share Program Guidelines will help to deliver more BIA capital cost-share projects by providing a City funding mechanism in return for a greater contribution from the BIA.

The recommendations in the report would create a category of streetscape projects which would be 35% funded by the City and 65% financed through a loan from the City in accordance with the City's Direct Capital Loan Policy guidelines that govern the granting of loans to an ABCC in order to manage and limit the City's risk exposure to this capital financing. Before BIA loans are granted, the DM/CFO will ensure that these loans compile with this policy. The loan would be secured in an Agreement between the City and the BIA which would set out a repayment schedule that would recover both principle

and interest charges. Repayment would also be secured through the City's priority lien status with respect to BIAs assessments. This approach would deliver entire projects in one phase, rather than the current phasing over several years as funding becomes available, resulting in improved efficiency and lower cost.

## Decision History

Council in the 2012 Approved Budget for Economic Development and Culture directed that the General Manager of Economic Development and Culture and the Chief Financial Officer report to the Budget Committee by June 2012, on the BIA Streetscape "Maturity Model" strategy for managing unfunded demand within debt affordability limits.

## COMMENTS

## Background

Business Improvement Areas (BIAs) are a very successful and enduring public-private partnership. The City's 73 BIAs represent nearly 30,000 businesses employing 406,000 people and generating approximately $650 million in tax revenue for the City (45% of all industrial/commercial taxes levied). BIAs also facilitate the investment of private-sector funding ($28 million in 2012) on the beautification and maintenance of many City streets, and the marketing and promotion of BIAs as viable, vibrant and safe places to live, work, shop, dine and invest.

The BIA Capital Cost-Share Program, whereby the City and BIAs equally share the cost of streetscape improvement projects, is a major catalyst for revitalizing commercial areas. By leveraging BIA funding, the City achieves this revitalization at half the cost than if it were to undertake such projects on its own. In reality, without such a cost-sharing partnership, most of the City's commercial area streetscape enhancement projects would simply not happen.

However, the program budget continues to experience pressure primarily due to the growing scope and complexity of projects undertaken, rising costs due to inflation, and the increasing number of BIAs that invest in streetscape improvements.

Over the past 5 years City Council has established 18 new BIAs, bringing the total to 73. This trend towards 3-4 new BIAs per year is expected to continue as interest grows from businesses and property owners in unorganized retail areas to from new BIAs.

The BIA Streetscape Program received one-time budget increases of $0.489 million (net) in 2007, $0.360 million (net) in 2009 and $0.434 million (net) in 2010. These one-time increase were unsustainable within City affordability priorities and with the 2010 Approved Capital Budget, the General Manager of Economic Development and Culture, with Financial Planning staff, was directed to review Capital Programs supporting BIAs, including relationships and linkages with other City ABCDs and report to Budget

Committee on a strategy for managing the growing unfunded demand within debt affordability limits.

This report is the result of a comprehensive review of future opportunities in the BIA Program, consultation with other City programs supporting Streetscape development, and an evaluation of the success of alternative funding mechanisms such as the Bloor Street Transformation Project, which was 100% funded by a City loan to the BIA and repaid by a levy on members of the BIA. The alternative funding mechanisms and changes to the Capital Cost-Sharing Program criteria presented in this report are intended to address the funding gap and maintain funding within debt affordability targets.

## Increasing BIA Streetscape Requests

The BIA Streetscape Program faces increased pressure due to a number of factors. First, over the past decade City Council has established 30 new BIAs, bringing the total to 73. This trend towards new BIAs is expected to continue as businesses and property owners in unorganized commercial and mixed commercial-industrial areas express their interest in forming new BIAs. This year, there are at least 5 new BIAs engaged in the public consultation or formal polling process: Bayview Avenue, Leslieville, Dufferin-Finch, Wilson Heights and College-Dufferin. Although this is a positive sign for the promotion, beautification and revitalization of Toronto's business neighbourhoods, it places growing pressures on operating and capital resources. In addition, 2-3 BIAs successfully achieve boundary expansions each year, which adds to the demand for capital cost-share funds as improvements made within the original BIAs are extended to the expansion areas.

Secondly, the cost of capital projects continue to rise not only due to inflation but also because of the increasing complexity and scope of projects undertaken as BIAs seek to increase their investment and positive impact in the business neighbourhood. In the early years of the Capital Cost-Share Program, most BIAs undertook relatively small projects such as banners, hanging baskets, and street signs. While many BIAs continue to do these smaller types of projects, many are also undertaking complex streetscape renewal initiatives that include pedestrian scale lighting, creation/enhancement of public squares and gateway features. With respect to lighting projects, new Hydro regulations now require separate conduit, handwells, power supply, and meters for all BIA installations, considerably increasing project costs. Previously, these installations could be run off of the existing street lighting system.

Thirdly, BIAs increasingly fill a void by cost-sharing streetscape elements that were traditionally provided by the City and Toronto Hydro (e.g. street trees, street tree planters, separate pedestrian lighting conduits and handwells). Between 2007 and 2009, BIAs cost-shared approximately $0.100 million (gross) in street trees and tree planters, $0.900 million (gross) in separate conduit and handwells for pedestrian scale lighting, and $0.500 million (gross) in decorative pavers.

Finally, several of the City's more recently established BIAs, for example Toronto Entertainment District, Emery Village, Financial District, and the expanded St. Lawrence

Market Neighbourhood BIA, are significantly larger in area than the traditional "main street" BIAs established in earlier decades. As a result, they not only have the potential to generate more funding for significant capital projects, but also large areas within which to extend their streetscape brand or identity, resulting in larger project funding requests.

## Current Practices for Managing Debt Pressure

Measures have been taken to reduce debt pressures by increasing project completion rates to an average of 77% over the last 5 years, eliminating all carry forward funding for projects approved two or more years prior, eliminating seasonal lighting displays as an eligible cost-sharing project, limiting the maximum annual request per BIA to $0.300 million (net); and prioritizing projects according the Council approved Cost-Sharing Guidelines (Attachment No. 1). Only those projects that meet the eligibility requirements are included in the proposed budget.

The Capital Cost-Sharing Guidelines have been effective and debt affordability targets have been met by prioritizing projects according to the criteria. In addition, BIAs have been patient with respect to accessing City funding, recognizing the existing pressures on City budgets and adjusting their expectations accordingly. However, as the number of BIAs, and the scope and complexity of the projects undertaken grows, more and more viable capital projects will go unfunded. As a result, staff have had to develop and rely upon a secondary set of assessment criteria, not currently included in the Program Guidelines, to help evaluate "Priority A" projects.

Unfortunately, the point has been reached where demand for high-priority projects cannot be satisfied without making strategic adjustments to the Capital Cost-Share Program.

### Adjustments to the Capital Cost-Share Program

Strategic adjustments to the BIA Capital Cost-Share Program to improve its flexibility with respect to how projects are funded and executed can assist in meeting the funding pressures. The recommended adjustments include the introduction of a "financing option" for project funding, a five-year maximum project funding cap, and the introduction of secondary project review criteria to the Program Guidelines.

i) Financing Option

It is common practice for many capital cost-share projects to be undertaken in phases over a period of years. Typically, this approach is necessary due to a lack of funding availability either on behalf of the City, the BIA or both. Unfortunately, implementing such projects in phases has several negative consequences. First, the total project benefits take longer to be realized by the BIA membership. Second, the total project costs increase as economies of scale advantages are lost. Third, the street is under construction for a longer period of time, disrupting businesses over an extended period. Finally, the amount of work undertaken by City staff from several divisions, and the BIA board of management and its staff, to implement the project is multiplied.

A potential remedy for this situation involves the City providing up-front financing to BIAs in exchange for a reduction in the City's direct financial contribution towards the project from one-half (50%) to thirty-five percent (35%).
Take, for example, a medium-sized BIA that does not have funding in place to introduce a streetscape element, such as pedestrian lighting, at a gross cost of $900,000. Most often, such a project would be undertaken in phases over a 3-5 year period as BIA and City funding allocations become available.

The financing option would involve the City undertaking the entire project over the course of one year, but with the City contributing thirty-five (35) percent, as opposed to fifty (50) percent, of the funding. The BIA would reimburse the City the remaining costs over a specified period of time (maximum 10 years), plus interest. During the repayment period, the BIA would not be eligible to apply for further cost-sharing project funding. In addition, the financing option would allow for a maximum $1.0 million (gross) project value as opposed to the $0.600 million maximum under the existing 50/50 cost-share approach.

In the example noted above, the City's funding commitment towards the project would decrease from $450,000 to $315,000, a 30% savings to the net City contribution. This $135,000 in savings would, in turn, be allocated to other BIA cost-share projects, thereby helping to address the program funding gap. In addition, significantly less staff time in several divisions would be required to implement the project in one phase as opposed to multiple phases.

The table below shows how directing three BIA projects to the financing option could result in $0.345 million in savings to the City over a three year period. These savings could then be directed to the fund smaller BIA projects that may not otherwise be able to be funded within debt affordability targets. Additional economy-of-scale savings are also likely by tendering one larger-volume contract, as opposed to several smaller contracts.

| | Total | 2013 | | 2014 | | 2015 | | 3-Year Total | |
|---|---|---|---|---|---|---|---|---|---|
| | Project Cost (000) | City's Share (000) | BIA's Share (000) | City's Share (000) | BIA's Share (000) | City's Share (000) | BIA's Share (000) | City's Share (000) | BIA's Share (000) |
| **Equal Share Funding (50% City, 50% BIA)** | | | | | | | | | |
| Project 1 | 450 | 75 | 75 | 75 | 75 | 75 | 75 | 225 | 225 |
| Project 2 | 1,000 | 200 | 200 | 150 | 150 | 150 | 150 | 500 | 500 |
| Project 3 | 850 | 250 | 250 | 175 | 175 | | | 425 | 425 |
| Totals | 2,300 | 525 | 525 | 400 | 400 | 225 | 225 | 1,150 | 1,150 |
| **Financed Funding (35% City, 65% BIA Financing)** | | | | | | | | | |
| Project 1 | 450 | 157 | 292 | - | - | - | - | 157 | 292 |
| Project 2 | 1,000 | - | - | 350 | 650 | - | - | 350 | 650 |
| Project 3 | 850 | 297 | 552 | | | | | 297 | 552 |
| Totals | 2,300 | 455 | 845 | 350 | 650 | - | - | 805 | 1,495 |
| **Savings** | | **70** | | **50** | | **225** | | **345** | |

For the BIA, the positive impacts of the improvements are realized in one year as opposed to several. Full project funding and completion of the entire project is secured, and not dependent upon future funding allocations from the City or the BIA membership that may not be realized. Further, construction disruption is contained to one year rather than multiple years. Also, due to the increased project value maximum, BIAs facing major street reconstruction due to, for example, major Transportation Services or TTC initiatives, can take advantage of the opportunity to implement significant projects that would otherwise be missed due to a lack of available funding.

The financing option will be targeted towards medium to large-scale projects in the $0.200 million to $1 million value range, and especially those that, in absence of a financing option, would be undertaken in phases. This option will be offered as a financing option to BIAs presenting such projects, and an initial review indicates a positive response for 2013 and beyond.

The financing option poses no financial risk to the City. The financed funding and repayment schedule will be subject of an agreement executed by the City and the BIA. In addition, BIA repayment of the financed funding is secured through the City's priority lien status over properties within BIAs. Further, the BIA's commitment to the financed funding option must be approved by the BIA membership at a general meeting. The approach recognizes the high-level of stability, sound management and responsibility achieved by BIAs, otherwise the City would not engage with BIAs in such multi-year financial arrangements.

The following table compares the existing and proposed additional funding options.

Capital Cost-Share Funding Options:

| **Option** | **Description** | **Strengths/Weaknesses** |
|---|---|---|
| Equal Share (existing) | 50% City / 50% BIA cost-share<br><br>Small to medium projects<br><br>Maximum $0.600 million project value (gross) | "Pay-as-you-go" comfort<br><br>Best suited for single-phase projects<br><br>BIA must have full-funding in place prior to project execution<br><br>Piecemeal approach to streetscaping / full benefits take longer to realize<br><br>Multi-phase projects fail to achieve economies of scale and are inefficient to execute (staff duplication of effort) |
| Financed (proposed additional) | 35% City / 65% BIA cost-share | BIA achieves full benefit of project faster |

| | | |
|---|---|---|
| | City will finance up to 65% of project value<br><br>Targeted to medium to large scale projects<br><br>Minimum $0.200 million (gross) project value<br><br>Maximum $1.0 million (gross) project value<br><br>Project completion in one phase<br><br>BIA repayment over 3-10 year period | Economies-of-scale savings<br><br>More effective use of scarce City funding<br><br>Less duplication of effort by City staff<br><br>Maximum project value cap of $1.0 million allows for greater project scope and transformative impacts |

It is recommended that Council approve the 35% City contribution / 65% loan financing option for funding BIA capital projects in accordance with the criteria and parameters contained in this report

ii) Five-year Maximum Project Funding

Another way to improve the effectiveness and distribution of limited cost-share funding is to cap the funding available to a BIA over a multi-year period. Currently, several BIAs have the financial capacity to undertake capital projects up to the maximum annual eligible amount ($0.300 million net), year after year. Although the projects have resulted in many significant streetscape enhancements, current program funding targets, combined with increased demand for project funding from other BIAs, suggest that limits on the frequency of maximum funding requests must be considered.

For example, a total maximum project funding limit for individual BIAs of $0.900 million (net) within a five-year period could be established as part of the Capital Cost-Share Program Guidelines. This would require those BIAs with the financial capacity to undertake maximum-value cost-shared projects yearly to take the financial equivalent of two years "off" every five-year period, thereby reducing pressures on City funding and allowing a more even distribution of scarce financial resources to other BIAs. However, during this two-year period, the BIA Office, if requested, would continue to assist BIAs develop and implement capital projects paid for entirely by the BIA.

It is recommended that Council establish a five-year maximum project funding cap of $0.900 million (net) within the BIA Capital Cost-Share Program.

iii) Additional Criteria

As mentioned above, staff have had to rely upon secondary assessment criteria, not currently included in the Program Guidelines, to help evaluate proposed "Priority A" projects. Projects are given greater priority if they:

- involve a significant level of sidewalk replacement, thereby maximizing the scope and impact of the BIA streetscape initiative;

- represent a new or creative approach to streetscape enhancement;

- are located in areas that are to host an up-coming special or tourist event; and

- help achieve an equitable distribution of scare funding resources among the City's BIAs.

These secondary assessment criteria have been helpful in assessing proposed projects and determining the best use of available funding, therefore, they are recommended to be added to the Capital Cost-Share Program Guidelines (Attachment No. 1).

## Consultation with BIAs

The adjustments proposed to the BIA Capital Cost-Sharing Program were the subject of a TABIA-Interdepartmental Committee meeting on June 19, 2012. Representatives from twenty-six BIAs and TABIA attended a BIA Office presentation and had an opportunity to comment and ask questions. The response from the BIAs in attendance and TABIA was positive, recognizing that the proposed financing option would result in more efficient project completion and faster realization of project benefits.

In response to questions from BIAs, staff confirmed several financing option details. For example, BIAs that undertake a financed project will not be permitted to apply for 50/50 project cost-sharing while any portion of the City loan remains outstanding. However, it is anticipated that the provisions of the loan agreement will permit BIAs to pay down the loan ahead of schedule if the BIA so desires.

Regarding a question as to whether the City would consider a 40/60 City/BIA funding split, rather than 35/65, staff responded that one of the City's motivations for introducing the finance option is to free-up more funding for 50/50 cost-share projects, thus resulting in better distribution of program funds among the City's BIAs and the execution of a greater number of projects each year. An increase in the City's funding portion for financed projects would dilute this benefit, and therefore, staff would not be supportive of such a modification.

Answering a question on whether a BIA could refuse in future to make the required loan payments, staff advised that repayment of the BIA's portion of project funding will be protected by an agreement between the City and the BIA, and by the priority lien status held by the City to collect BIA levies.

The option of having the BIA secure loan financing from the private sector was reviewed but is not being recommended because the City is able to provide these loans at its own borrowing cost which is lower than a bank or financial institution. Also, a City loan

guarantee and monitoring of payments to such a third party would likely be required. A higher interest rate would be a disincentive to BIAs utilizing this financing model.

In addition, the monitoring of loan guarantees would require additional City and BIA staff resources as well as negotiations between the City, the BIAs and their respective banks in order to provide each individual loan agreement and loan guarantee documents.

## CONCLUSIONS

Economic Development and Culture's BIA Capital Cost-Share Program supports the economic health and vitality of the City's retail and commercial areas by working in close partnership with BIAs. However, the City's participation in this partnership is limited by affordable City debt financing which cannot fully support the growing complexity of projects undertaken, rising costs due to inflation, the increased cost of utility connections and other regulations, and the increasing number of BIAs that undertake streetscape improvements.

In previous years, these funding pressures have been addressed by significantly improving project completion rates, eliminating the Employment Revitalization Area Program, and by careful scrutiny of BIA funding requests so that they meet the definition of a "capital expense", are sufficiently designed and costed, and can realistically be implemented within the year budgeted.

Staff will continue to ensure a high completion rate and carefully scrutinize BIA capital requests to minimize budget pressure. However, the program is now at a point where demand cannot be satisfied without strategic adjustments to how projects are funded, primarily to reduce incidences of multi-phase projects, and the distribution of scare funding resources. These adjustments, through the addition of the capital financing option, will enable this successful program to continue supporting local business development.

In keeping with the strategies outlined in the City's Economic Growth Plan, the Economic Development and Culture Division will continue to enhance the measures of measurement it uses to assess how the City's investment in BIA programs, such as the Capital Cost-Share Program, bring benefits to the City in terms of growing the City's assessment and employment base.

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## ATTACHMENTS

Attachment No. 1 – Revised BIA Capital Cost-Share Program Guidelines
Attachment No. 2 – Requests vs. Affordability

**Attachment No. 1**

# BIA Capital Cost-Sharing

# Program Guidelines

## i) Capital Request and Application Process

The BIA Capital Cost-Sharing Program consists of a two-step submission process that provides greater detail regarding project description, cost and accumulated funding:

The two steps are as follows:

A completed capital cost-sharing request project information form (supplied by the City) shall be submitted by the BIA in accordance with a submission deadline established by the City that takes into account the City's capital budget approval process.

The Economic Development and Culture Division will review all capital cost-share requests, review and rank the requests in accordance with the ranking system identified below, and submit the Program's capital budget request for consideration through the City's capital budget approval process.

## ii) Definition of Capital

The BIA Capital Cost-Sharing Program is to include the following streetscaping elements (those beyond standard City treatments) that assist BIAs to enhance their physical environment and "brand" their business area:

- all permanent streetscaping elements such as - decorative sidewalk treatments, underground conduits/infrastructure, in-ground planters, trees, shrubs;

- all fastened, anchored or affixed streetscaping elements such as - pedestrian lights, street tree lights, benches, planters, banner poles, special street signage, directory kiosks; and

- all reusable streetscaping elements such as - banners, hanging planter baskets, supporting brackets/hardware. (one time purchases only)

The Program will provide cost-share funding for the production of working drawings for streetscaping projects requiring civil or electrical engineering approval, but only in situations where such drawings may not be prepared by City staff within project deadlines. The Program will also cover project-related surveying and inspection costs, and permit and fee charges.

Items excluded from the BIA Capital Cost-Sharing Program include: annual/perennial flowers, potting soil, maintenance equipment, conceptual streetscaping plans, and any equipment, signage, banners or decoration associated with a specific festival or special event.

### iii) Program Eligibility

In order for a BIA to be eligible to participate in the BIA Capital Cost-Sharing Program, the BIA must:

- have in place a Board of Management approved by the current Council;
- agree to assume all project maintenance and operating costs;
- have an operating budget, adopted at a general meeting of the BIA and approved by Council, for the year the project is to be implemented; and
- be in good standing with the City Auditor and the City's Finance Department with respect to the preparation and audit of the BIA annual financial statements.

### iv) Project Funding Options

There are four project funding options available. The funding option to be used will be based on the following criteria.

<u>Equal Share Funding</u>

- Cost of project to be shared equally (50/50) between City and BIA;
- Targeted toward single-phase, small to mid-size projects where BIA has its 50% share of funding in place (BIA share may include capital funding budgeted by the BIA for the year in which the capital project is to be implemented);
- Maximum $600,000 project value (gross);
- Maximum $1.8 million (gross) value of projects over 5 year period, commencing in 2012;
- Project working drawings/tendering documents (when prepared by a architectural, technical or engineering consultant) are eligible for cost-share funding;

<u>Financed Funding – with City Contribution</u>

- Cost of project to be shared 35% City / 65% BIA, where City provides financed funding for up to 100% of BIA contribution;

- Minimum $200,000 – maximum $1 million gross project value;

- Total amount of outstanding loans at any time under this and the "Financed Funding" program (below) combined is limited to $10 million in aggregate.

- Targeted toward: multi-phase projects that, due to City financing, can be undertaken in a single phase, thereby minimizing disruption to the street and achieving cost savings; and, to projects that can be undertaken in concert with City-driven infrastructure improvements where BIA lacks implementation funding;

- BIA repayment of financed portion, including interest compounded annually at the City's cost of borrowing, over a 3-10 year timeframeby way of City deduction from annual BIA levy. The BIA must agree to include an amount sufficient to cover the repayment obligations, including interest, in its annual budget.

- If BIA levy isn't paid, the City has a priority lien on the property, and can impose levies on property owners to cover the BIA's liabilities even if the BIA dissolves.

- BIA may not apply for funding for other cost-share project during the repayment period;

- Project working drawings/technical studies/tendering documents (when prepared by a architectural, technical or engineering consultant) are eligible for cost-share funding;

<u>Financed Funding – with No City Contribution</u>

- Targeted toward large projects which exceed the funding capacity of the BIA Capital Cost-Share Program;

- BIA pays 100% of cost;

- City provides up to 100% of project financing, but no contribution from BIA Capital Cost-Share Program budget;

- City may provide project design/management assistance;

- BIA repayment of financed portion, including interest, over 3-10 year timeframe;

- BIA may not apply for funding for other cost-share project during the repayment period;

- Financing on same terms as "Financed Funding – With City Contribution"

BIA Full Funding

- BIA pays 100% of project costs with no Capital Cost-Share Program funding or City financing;

- No project minimum/maximum value restrictions;

- City may provide project design/management assistance;

**v) Capital Request Evaluation/Prioritization**

City staff shall evaluate capital cost-sharing requests based on the ranking criteria listed

"A" Rank: Primary Criteria

1. Projects that can be implemented in concert with capital projects undertaken by other City divisions or City agencies or Toronto Hydro;

2. Second phase (or greater) of multi-phase projects;

3. Projects which utilize the "Financed Funding – with City Contribution" funding option; and;

4. Minor projects with gross cost of no greater than $10,000 (no more than one "A"-rank minor project per BIA)

"A" Rank: Secondary Criteria

1. Projects which involve a significant level of sidewalk replacement, thereby maximizing the scope and impact of the BIA streetscape initiative;

2. Projects which represent a new or creative approach to streetscape enhancement;

3. Projects located in areas that are to host an up-coming special or tourist event; and

4. Projects which help achieve an equitable distribution of scarce funding resources among the City's BIAs.

"B" Rank:

1. Projects which implement, at least in-part, a multi-year, comprehensive streetscaping program developed and adopted by the BIA;

"C" Rank:

1. New projects not covered by “A” or “B”.

In order to receive a ranking, staff must be satisfied that the project design has advanced to a stage whereby the implementation of the project within the budget year is considered feasible.

**vi) Conceptual Design**

Conceptual design drawings will not be funded under the BIA Capital Cost-Sharing Program, but will instead be prepared by BIA Office staff, where resources permit, or by a consultant hired and paid for by the BIA.

**vii) Project Tendering/Purchasing**

The City has purchasing/tendering policies that must be followed for all capital cost-sharing projects. All tender and purchasing documents for BIA capital cost-share projects will contain sufficient detail, specifications and deadlines to ensure that those goods and services procured are suitable for the intended use, delivered in accordance with project timelines, and guaranteed for a reasonable period.

The City is responsible for all purchasing and tendering associated with BIA Capital Cost-Sharing projects. Should a BIA purchase goods or services instead of proceeding through proper City purchasing/tendering channels, the costs associated with that good or service purchased directly by the BIA shall not be eligible for capital cost-sharing.

**viii) Project Co-ordination**

The project application form shall identify the BIA representative assigned to the project and the BIA Office staff assigned to the project.

The BIA Office representative will take the lead in communicating project status to the BIA, liaison with staff from other involved Departments, and addressing BIA issues/concerns during implementation. For complex projects, the BIA Office representative will be responsible for organizing staff/BIA meetings where appropriate/necessary.

**ix) Capital Maintenance**

BIAs are responsible for 100% of the maintenance and operating costs of all streetscaping and streetscaping infrastructure developed under the Capital Cost-Sharing Program.

The City will consider possible approaches to formalizing the BIA’s maintenance responsibilities, including:

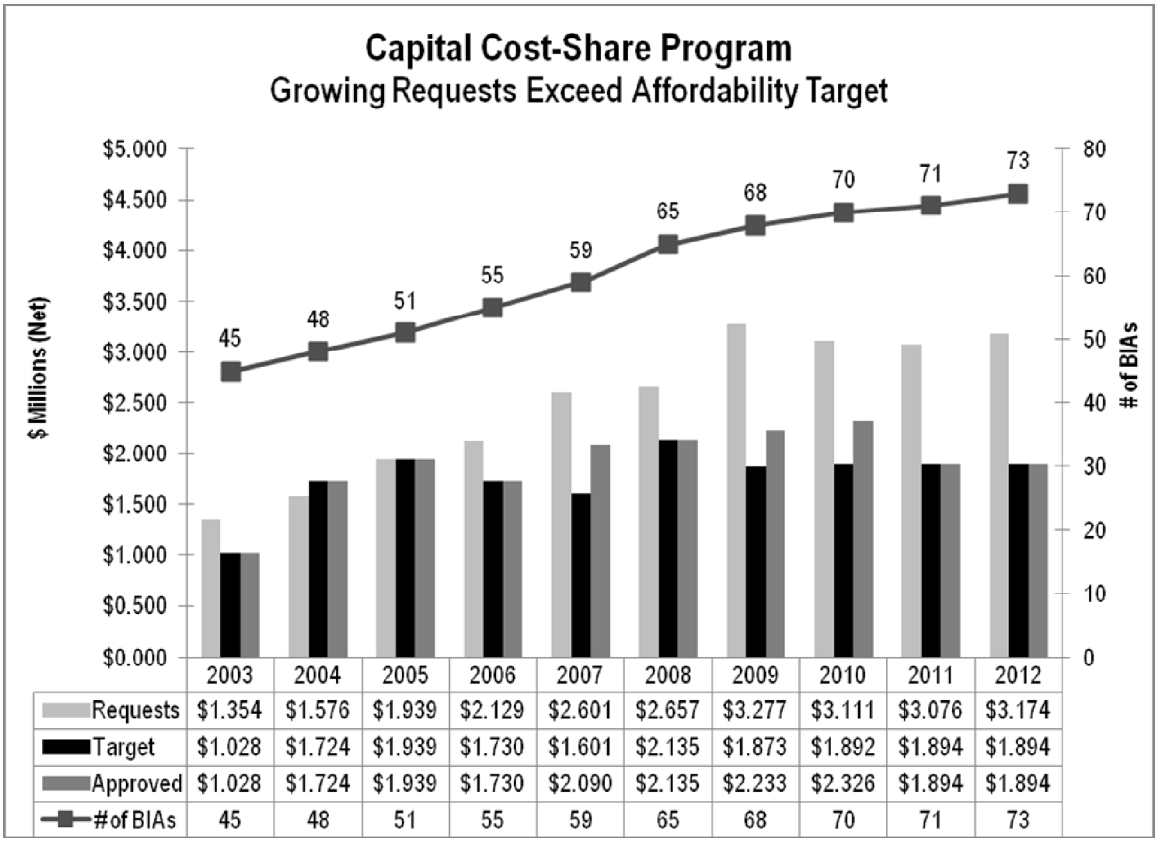
i) a blanket contract executed with each BIA to cover all streetscaping / infrastructure undertaken by the BIA/City under the capital cost-sharing program; or

ii) requiring BIAs to “sign-off” on a statement, included in the project application form, confirming the BIAs responsibility for maintaining the proposed streetscaping.

The City is required to provide the BIA with written confirmation that all civil and electrical work associated with a BIA Capital Cost-Sharing Project has been undertaken and inspected, and that the work meets all City standards/requirements.

**Attachment No. 2**

## REQUESTS VS. AFFORDABILITY




| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Requests | $1.354 | $1.576 | $1.939 | $2.129 | $2.601 | $2.657 | $3.277 | $3.111 | $3.076 | $3.174 |
| Target | $1.028 | $1.724 | $1.939 | $1.730 | $1.601 | $2.135 | $1.873 | $1.892 | $1.894 | $1.894 |
| Approved | $1.028 | $1.724 | $1.939 | $1.730 | $2.090 | $2.135 | $2.233 | $2.326 | $1.894 | $1.894 |
| # of BIAs | 45 | 48 | 51 | 55 | 59 | 65 | 68 | 70 | 71 | 73 |