



**STAFF REPORT
ACTION REQUIRED**

College Promenade BIA Streetscape Project Financing

Date:	May 16, 2016
To:	Executive Committee
From:	Deputy City Manager & Chief Financial Officer General Manager Economic Development and Culture
Wards:	18 and 19
Reference Number:	

SUMMARY

In August 2015 the College Promenade BIA applied for funding of \$1.950 million gross through the BIA Cost-Share Financed Funding option for streetscape improvements to College Street from Shaw Street to Havelock Street as part of a larger contract including contributions from Public Realm, Urban Forestry, Transportation Services and Civic Design.

Under the Financed Funding option, Economic Development and Culture's contribution is capped at \$0.350 million. The remaining \$1.600 million was to be funded with \$0.350 million from savings the BIA has accumulated in its reserves and \$1.250 million from a loan financed by the City. The project was approved by City Council in the 2016 Economic Development and Culture Capital Budget.

When the project was tendered in April, the lowest bid for the BIA Financed Funding component of the project was \$3.013 million. Awarding of the contract would require an increase to the financed amount by \$1.063 million, from \$1.250 million to \$2.313 million. An exception is required to the BIA Capital Cost-Sharing Program Guidelines, which caps the total amount of outstanding loans to any single BIA at any given time at \$2.000 million.

RECOMMENDATIONS

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

1. City Council approve an exception to the BIA Capital Cost-Sharing Guidelines under the Financed Funding Option for the College Promenade BIA Project to increase the financed funding for the Project by \$1.063 million from \$1.250 million to \$2.313 million to be re-paid to the City with interest over a period of up to 10 years.

Financial Impact

The 2016 Operating Budget for the College Promenade BIA included a levy of \$0.151 million. The loan of \$2.313 million will require debt service payments of \$0.284 million annually for the 10 year repayment term. The BIA levy will need to be more than doubled to \$0.324 million in 2017 to finance the additional cost and other initiatives of the BIA. A General Membership Meeting of the College Promenade BIA was held on May 16, 2016 whereby the membership approved the increase to the cost of the project and the forecasted increase to the BIA Operating Budget going forward.

All loans are secured by the priority lien status of the BIA special charge payable by the BIA membership, such that if a BIA ceases to operate, all debts and obligations can be satisfied through continued assessments of the member properties.

DECISION HISTORY

At its meeting of October 30-November 1, 2012, City Council approved revised BIA Capital Cost-Sharing Program Guidelines designed to offer relief to the program's budget pressures created primarily by the steadily-increasing number of BIAs in the City and the growing complexity and scope of BIA streetscape improvement projects.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.12>

At its meeting of July 7, 8 and 9, 2015, City Council approved amendments to the BIA Capital Cost-Sharing Program Guidelines to provide more flexibility to BIAs to make use of the financed funding option.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.16>

COMMENTS

Background

In 2015 the College Promenade BIA completed the final phase of installation of decorative pedestrian lighting through-out the BIA. Excavation of the sidewalks was required to install BIA-owned electrical conduits. Additional utility cuts by other agencies mean that a majority of the sidewalks in the BIA must be replaced. Working

with a professional landscape architect, with the input from other City Divisions, a design for comprehensive streetscape improvements was developed and approved. Public Realm, Urban Forestry, Transportation Services – Cut Repairs, and Civic Design have allocated a total of \$1.237 million to the project from their respective 2016 Capital Budgets.

When the project was tendered the lowest bid included a BIA Capital Cost-Share component of \$3.013 million. Following a review of the estimated costs, at a General Membership meeting, the BIA agreed to pay the additional increased cost of the project (\$2.663 million instead of \$1.600 million), plus interest, through a larger loan from the City.

	Financing Sources (in \$000s)			Total Project Cost
	City Debt	BIA Reserve	City Financing	
Original Plan - 35% City / 65% BIA Financing	0.350	0.350	1.250	1.950
Additional BIA Financing			1.063	1.063
Total Project Funding	0.350	0.350	2.313	3.013

The BIA Capital Cost-Sharing Program Guidelines set a maximum limit on loans outstanding to any BIA of \$2.000 million. Therefore, in order for the project to proceed, City Council approval is required for an exception to the guidelines to increase the amount of financing to the BIA from \$1.250 to \$2.313 in order to allow the award of the contract. The \$2.313 million to be financed is repayable to the City by the BIA with interest over a period of up to 10 years and is secured under priority lien status in favour of the City.

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.

The College Promenade BIA's proposed Streetscape Improvement Project is a good example of a project with significant contributions from other City partners that will have a substantial impact on the appearance and amenities of the public realm within this BIA. The additional cost, including interest, will be covered by the members of the BIA over a 10 year term through their BIA levies.

The loan increase is required to allow this project to proceed. If the loan increase is not approved the project will be cancelled and the BIA will lose the opportunity to take advantage of scheduled work in the area and leverage financial contributions from other City Divisions.

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