Request for Decision

To: Mayor and Council
Meeting Date: April 1, 2019
From: Peter de Verteuil, CAO
Reviewed By: Bernice Crossman, Director of Finance
Subject: City Square Management Agreement

RECOMMENDATION:

That Council abandon the practice of considering the payment to the Downtown Duncan Business Improvement Area (DDBIA) for managing City Square a “grant” and instead characterize the payment as a “fee for service”;

And That Council instruct staff to amend the City Square Management Agreement with the DDBIA to include a $4,000 fee for service for managing all events in City Square, other than the Farmers’ Market;

And That the City Square Management Agreement also reflect a $3,000 contribution from the DDBIA to the City, out of the rents they receive from the Farmers’ Market, to partially compensate the City for parking management, hydro, and garbage collection.

BACKGROUND:

On January 21, 2019 Council passed the following motion at a closed meeting.

That Council instruct staff to renew the City Square Management agreement with the Downtown Duncan Business Improvement Area (DDBIA) for a one year term;

And That Council direct staff to meet with the DDBIA to discuss the 2019 City Square Management Grant amount and report back to Council at future open meeting.

Staff have since met on several occasions with DDBIA representatives to discuss the City Square Management Grant.

ANALYSIS:

On March 27th, staff met with the DDBIA Executive Director and a hybrid approach on determining the City and DDBIA’s contribution amounts for managing City Square was agreed upon.

If the City reduces the City Square Management “Grant”, which is effectively a “fee for service” to the DDBIA for managing City Square, from $6,085 to $4,000, it would reflect that the City is compensating the DDBIA for the cost of managing events that occur in City Square, other than the Farmers’ Market.

In turn, the DDBIA would contribute $3,000 annually to the City from the revenues they receive from the Market, to partially offset the costs the City has been incurring to host the market (parking enforcement, signage, hydro, garbage collection, etc.)
The result is that the DDBA still has a net benefit of approximately $3,460 for managing the Farmers’ Market; thereby the Farmers’ Market is contributing to the DDBIA financially, much like the bricks and mortar businesses contribute through the DDBIA property tax levy.

<table>
<thead>
<tr>
<th>Description</th>
<th>DDBIA</th>
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<tbody>
<tr>
<td>The DDBIA receives a fee for service ($4,000) from the City, approximating the cost of managing other events in City Square.</td>
<td>$ 4,000</td>
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<tr>
<td>The DDBIA receives rent from the Farmers’ Market for use of City Square</td>
<td>$ 13,460</td>
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<tr>
<td>Contribution to City for Parking, etc.</td>
<td>($3,000)</td>
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<tr>
<td>Estimate of wages for administering City Square</td>
<td>($9,000)</td>
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<tr>
<td>Co-marketing Expenses</td>
<td>($ 2,000)</td>
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<tr>
<td>Estimated Net benefit</td>
<td>$ 3,460</td>
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This would also result in a next contribution of $1,000 from the City ($4,000 - $3,000), which is a $5,085 budget savings over 2018.

The DDBIA Executive Director has indicated that to be able to balance their budget with the reduced contribution from the City, the DDBIA would likely eliminate two other contributions to the City: $4,000 for security patrols and $1,000 for Christmas decorations.

Staff and the DDBIA have no concerns with eliminating either of these two contributions at this point in time, and it does not mean that either of those DDBIA contributions can’t be reinstated in future years.

Of note, the $4,000 contribution to security by the DDBIA did not occur in 2018, as the City was unable to secure additional Commissionaires to increase the service level. Therefore, elimination of that contribution will not likely have an effect on the City’s 2019 budget.

**IMPLICATIONS:**

- **Financial:** $5,000 equates to a 0.12% tax reduction
- **Policy/Legislation:** N/A
- **Strategic Priority:** 12 Ensure responsible management of City resources.
- **Sustainability:** N/A
- **Communication:** Advise the DDBIA of Council decision
- **Staffing Implications:** Some staff time was involved in resolving the City Square Management arrangement amicably.

**ALTERNATE RESOLUTIONS:**

That Council give alternate direction to Staff on how to arrange the management of City Square in partnership with the DDBIA.

**APPENDICES:**

None