

# Downtown New Brunswick: Positioning for Future Growth

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**fusion**  
STRATEGIES



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# 1.0 Executive Summary

# Executive Summary

Downtown New Brunswick Inc. is a membership organization that acts as the unified voice of New Brunswick's 29 downtown Business Improvement Areas. Its mission is to assist its members in developing prosperous downtowns in the province. This is accomplished by sharing information, providing training and consulting services to members, facilitating partnerships and networking, recommending policies and advocating on behalf of its members.

The Board of Directors of Downtown New Brunswick asked that a study be conducted to explore how it can best position itself with all levels of government and within the community to achieve its goals.

Twelve recommendations are made to Downtown New Brunswick and in some cases, by extension, to the Government of New Brunswick. Downtown New Brunswick should:

1. Formally request that the provincial government reinstate \$40,000 in direct funding to support the continued growth and development of the organization;
2. Pursue a formal Memorandum of Understanding on Economic Development, demonstrating the role that Downtown New Brunswick has in promoting the economic growth in our communities;
3. Advocate for the establishment of a new Community Improvement Program aimed at infrastructure improvements in the province's downtown areas;
4. Champion the establishment of a provincial government policy on locating government offices within BIA boundaries;
5. Work with the province to achieve a mutually acceptable agreement on how to manage reductions in payments under the federal Payment-In-Lieu-of-Taxes program;
6. Push the Department of Local Government to identify and fund a full-time, dedicated resource within the department to liaise and support BIAs;
7. Request that the provincial government amend the Heritage Tax Abatement Program to make it more attractive for property owners to restore their heritage properties;
8. Lead the development of a New Brunswick Urban Strategy to ensure that downtowns have the resources and planning tools they need as the trend of population migration to urban areas continues;
9. Collaboratively work with the provincial government on a new Tourism Signage Program that promotes downtowns as a prime tourism destination;

10. Partner with the Department of Local Government to establish a BIA Employee Subsidy Program to ensure that all BIAs have the ability to recruit and retain a full-time resource without sacrificing local programs and services;
11. Work with the Department of Post-Secondary Education, Training and Labour to improve access to the Student Employment and Experience Development program, including an annual commitment and access to Co-op student funding;
12. Undertake a renewal of Downtown New Brunswick's marketing and communications strategies, including a new online presence as well as a new television promotional campaign.

There are going to be many occasions in the coming months where it will be necessary for Downtown New Brunswick to continue its role as the champions of downtowns and advocates for local economic development. Specifically, this fall when the Report on the Future of Local Governance is released and in the weeks and months that follow as the various levels of government in the province maneuver through some of the reports recommendations on taxation and governance.

## 2.0 Situational Analysis

# Situational Analysis

## 2.1 Business Improvement Areas

A Business Improvement Area is an association of commercial property owners and tenants within a defined geographical area who work collectively to create prosperous, competitive and safe business areas that attract shoppers, diners, tourists and new businesses. Traditionally, these areas fall within what has been known as the “downtown” of a community. New Brunswick’s BIA model allows members to work together to create and manage various projects including marketing/communication campaigns, community improvement programs, environmental programs and other events that help strengthen the community.

The New Brunswick government initiated the provincial Business Improvement Area concept through passage of the Business Improvement Areas Act in 1981. This Act delegated the authority for establishing BIAs to municipal governments.

The Business Improvement Areas Act is the enabler that allows the local business community to collectively take ownership of renewing and marketing their business area. By establishing the BIA, the area’s business community is stating that they want to work together to make their area more competitive and attractive. They want to put on events that will bring visitors to their business area. They want to make their business area more inviting and comfortable. The BIA allows local businesses to work in the same collaborative fashion as shopping malls, the principal competition of most BIA members.

There are currently 29 Business Improvement Areas within the Province of New Brunswick

BIA	City
Downtown Bathurst	Bathurst
Bouctouche Inc.	Bouctouche
Campbellton Business Improvement Corporation	Campbellton
Centre-Ville Caraquet	Caraquet
Dalhousie Business Improvement Area Corporation	Dalhousie
Centre-Ville Edmundston	Edmundston
Business Fredericton North Inc.	Fredericton North
Downtown Fredericton	Fredericton South
Grand Falls Central Business Development Corporation	Grand Falls
Corporation d’embellissement de Kedgwick Inc.	Kedgwick
Lamèque Centre-Ville Inc.	Lamèque
Minto Business Association Inc.	Minto
Historic Chatham Business Development	Miramichi

<b>BIA</b>	<b>City</b>
Downtown Miramichi Inc.	Miramichi
Downtown Moncton Centre-Ville Inc.	Moncton
Perth-Andover Downtown Development Corporation	Perth-Andover
Petitcodiac Downtown Business Association	Petitcodiac
Corporation d'amélioration des affaires de Richibucto	Richibucto
Downtown Riverview Business Association	Riverview
Main Street Redevelopment Sackville Inc.	Sackville
Uptown Saint John Inc.	Saint John
Centre Ville Shediac Downtown Inc.	Shediac
Corporation d'amélioration du Centre-ville Shippagan	Shippagan
St. Andrews Business Improvement Corporation	St. Andrews
St. George Business Improvement Area Corporation	St. George
St. Stephen Downtown BIA	St. Stephen
Sussex Downtown Business Association	Sussex
Centre-Ville Tracadie-Sheila Inc.	Tracadie-Sheila
Woodstock Business Improvement Association	Woodstock

## **2.2 Establishing a Business Improvement Area**

Business Improvement Areas usually start with a small group of people who want to see the environment surrounding their businesses develop and grow. In many cases the hardest part of establishing the BIA is for the initial proponents to persuade a sizable majority of other business leaders that formally uniting the community is the fastest way to overcome some of the problems in their business area, and improve the environment surrounding their businesses.

One of the first steps to establishing a BIA is to arrange a general meeting, or even a series of meetings with the business leaders and property owners in the impacted area. The primary focus of the meeting(s) should be the needs of and opportunities for the business area and how the establishment of a BIA would help address them. The municipality can provide support and assistance through this process.

The meeting(s) should also include provincial and municipal government officials who can talk about what they can do to help with this revitalization process, including how they help establish the BIA as well as what type of ongoing support can be provided to ensure that the community has what it needs to be successful in its efforts.

Once a decision is made to move forward with the establishment of a BIA, the business community must decide on the area's boundaries. In some cases it is better to start with a

more concentrated area so that the community better realizes the impacts of the limited funds on things like infrastructure improvements. The BIA can always expand its boundaries when it is more feasible.

Once the boundaries are determined a steering committee should be established to manage the BIA implementation process. The following tasks should be undertaken to ensure a successful implementation:

#### **1. PREPARE DEVELOPMENT CORPORATION LEGAL DOCUMENTS**

Have a lawyer prepare the legal documents for the formation of a development corporation. Usually, this is done by a firm which will be a member of the BIA and has participated in the organizational meetings and is therefore familiar with the proposed goals and objectives of the organization.

#### **2. PREPARE A BOUNDARY MAP AND LEGAL DESCRIPTION**

Obtain property mapping of the BIA and have the boundaries drawn as accurately as possible. Have a lawyer prepare a legal description of the boundaries.

#### **3. PREPARE A BUDGET FOR YEAR ONE**

A budget should be prepared which identifies the sources of revenues for the first year of operations, and an itemized list of proposed expenditures. The levy rate required per \$100 of assessment on properties located within the BIA must also be identified.

#### **4. CIRCULATE A PETITION**

Prepare a petition which requests that municipal council pass a by-law pursuant to the Act, to establish a BIA. The boundary map and legal description should form part of the petition. Although the Act requires only five signatures, a petition which is endorsed by a substantial majority of the business community provides council with an indication of the strong support that exists and also formalizes the commitment to the concept on the part of members of the business community.

#### **5. HOLD A GENERAL MEETING OF THE MEMBERSHIP**

A general meeting of all potential members of the BIA should be held at this point to review, discuss and modify as required, items 1 through 4 above. The Board of Directors for the Corporation should also be elected at this meeting.

Before the proposed by-law establishing the BIA can be adopted by Municipal Council, it must be first submitted by Council, to the Minister of Local Government for approval.

Following the establishment of the BIA as a legal entity, the Board of Directors can start working toward achieving its strategic plan. Some of the initial actions might include the establishment of a committee structure to deal with such things as organization planning, marketing and promotion, communications to name a few. If finances allow, a formal office with appropriate staff would be beneficial. There are a number of successful BIAs in the province that could be used as models.

## 2.3 Benefits of a Business Improvement Area

There are virtually no limits to the types of activities that a BIA can undertake on behalf of its membership. Because each community has its own unique needs and opportunities, there is bound to be variety in the types of activities executed by the various BIAs in the province. This of course does not mean that there are no similarities, at least at a high level. For example, most, if not all New Brunswick BIAs have a type of infrastructure improvement program as well as various marketing and promotion activities.

Shortly after the adoption of the Business Improvement Areas Act, the New Brunswick Main Street Program was established. This program helped most provincial BIAs prepare five-year plans for local infrastructure improvements, and followed up with financial assistance to help execute the plans. Some of the projects undertaken through this program included:

- Sidewalk and curb beautification and reconstruction;
- Pedestrian amenities, signage and landscaping;
- Pedestrian walkways;
- Small municipal parks;
- Surface or ground-level parking.

Most BIAs have used various marketing and promotional tools to energize their business districts. Such practices include signage, advertising, special events, contests and sales events, most of which have been funded entirely by members of the BIA.

Some BIAs have extended their roles from just marketing and promotional organizations to include economic development initiatives. One of the best ways for a BIA to grow is to help attract new developments and businesses to locate in the district. The most successful ventures have been executed cooperatively with the local government and other economic development agencies within the municipality. By working together to create an environment that welcomes change and expansion, BIAs can play a significant role in local economic development. Examples of how BIAs and municipalities can work together include:

- Ensuring that municipal policies and by-laws are not unduly restrictive to new commercial development;
- Preparing detailed plans for future growth and development in the BIA;
- Assembling vacant or under-utilized land for redevelopment purposes or to develop additional parking;
- Preparing and implementing a marketing strategy aimed at recruiting new businesses for the BIA.

To ensure the BIA is playing an active role in the community, and to ensure that there is a good exchange of information, the BIA should establish regular meetings with the municipal government. The BIA Act ensures a direct link with the local government by requiring at least one member of the municipal council be appointed to the BIA's Board of Directors.

One of the most important roles of the BIA is to work with its members to encourage development of their properties, encourage strong business practices and enhance merchandising methods. BIAs are initiated by the business community and it is important for

the business community to retain ownership of the growth and development of the Association and provide help to other members. When the members help themselves, help from local and provincial governments will usually follow.

## **2.4 BIA Governance & Funding**

As with any corporation, the Board of Directors of the Business Improvement Corporation has the authority and responsibility to direct the business of the organization on behalf of the members.

BIA Boards typically have six to 12 members, with at least one member from the local municipal council. A minimum of five members must be “non-residential users” of the BIA. The Board’s responsibilities normally include:

- Establishing the goals and objectives of the organization
- Developing any medium to long-range plans or strategies
- Establishing committees with specific areas of responsibility, such as: marketing and promotions, planning, parking, beautification, development, etc.
- Directing staff and general operations
- Drafting the annual BIA budget and monitoring its implementation

Large BIAs normally open offices and have appropriate staff to manage the day-to-day operations and implement policies and programs at the direction of the Board. While having professional staff dedicated to the BIA can significantly improve the organization’s chances of success, there are many examples throughout the country of BIAs being run completely by volunteers.

Funding for BIAs comes primarily from a levy on all non-residential property within the boundary of the BIA. Before a levy can be established, four basic prerequisites must be met. They are:

1. There must be a fully designated Business Improvement Area
2. A non-trading corporation must be established
3. The board of directors of the corporation must submit a proposed budget to the municipal council
4. The municipal council must approve the budget

All of the procedures that must be followed by the BIA Corporation with respect to its budget and approvals is set forth in the BIA Act. The Act also outlines the procedure that must be used by the municipal council as it adopts its by-law imposing the levy.

The following is the process that must be used to determine the levy rate required to cover the proposed budget.

The “Total BIA Assessed Value” of all non-residential properties located within the BIA should be obtained from the Assessment Services Branch of Service New Brunswick. This Branch can also provide clarification as to the types of properties are subject to the Levy.

After the “Total BIA Assessed Value” of all non-residential properties in the BIA has been determined, the “Levy Rate” can be calculated using the following formula:

$$\frac{\text{Budget} \times \$100}{\text{“Total BIA Assessed Value”}} = \text{Levy Rate}$$

***Example:***

Budget = \$35,000

“Total BIA Assessed Value” = \$20 million

$$\frac{\$35,000 \times \$100}{\$20,000,000} = \$0.175 \text{ or } 17.5 \text{ cents per } \$100$$

The maximum levy allowed under the BIA Act is \$0.20 per \$100. If the levy exceeds that amount the budget must be reduced to bring the levy under 20 cents.

## **2.5 Downtown New Brunswick Priorities**

By the year 2015, Downtown New Brunswick will have achieved the following priority results:

1. Downtown New Brunswick has strengthened its position with members, partners and government.
2. Communication tools have been developed and implemented.
3. Strategic opportunities for strengthening the economic base of New Brunswick downtowns are developed.
4. Downtown New Brunswick has facilitated signed partnership agreements with Provincial and Federal Governments.
5. Provincial and Municipal Land Use and Economic Development Policies reflect the concept of the principles of Smart Growth and sustainable development.
6. A model for a vibrant BIA has been developed.
7. Members participate more fully within Downtown New Brunswick.

## 3.0 Policy Framework

# Policy Framework

## **3.1 Downtown New Brunswick and the Self-Sufficiency Agenda**

### **Synopsis**

The provincial government has identified as its primary objective making New Brunswick self-sufficient by the year 2026. This means that the province would no longer benefit from equalization payments that currently account for nearly \$1.6 billion or 22.4 percent of the provincial budget.

Self-sufficiency is about replacing the revenue that we currently receive through equalization with own-source revenue. The challenge facing the government is how does it increase revenues from taxation without increasing rates of taxation.

The government is trying to address this in a number of ways. First, they want to increase the province's population, thereby increasing the number of people paying taxes in the province. To this end, the provincial government has established a Population Growth Secretariat with an objective of increasing the population by 6,000 through 2009, 25,000 by 2015, and ultimately by 100,000 people by 2026. The province has stated that it will achieve this goal by increasing and targeting immigration, increasing settlement and promoting multiculturalism, retaining youth and repatriating former New Brunswickers and adopting family-friendly policies.

As the population increases so to is the need for increased employment. The province has indicated that it wants to recruit more large national and multi-national corporations to the province. It is the province's hope that doing so will increase wages; increase partnership opportunities for New Brunswick's small and medium sized businesses; all the while increasing the provincial tax base. To achieve this, the province is creating a special unit within Business New Brunswick to develop and execute a business attraction strategy.

Small and medium sized businesses also have a role to play in ensuring New Brunswick achieves its self-sufficiency goal. The government is encouraging the expansion of existing businesses in key sectors, as well as helping new businesses develop to create a more export-driven economy. The government plans to support productivity improvement programs, and helping companies obtain international certification in key technology clusters.

Tourism development is another central plank in the self-sufficiency plan. The government wants to boost the number of tourists from outside the province, as the economic spinoffs of tourism will boost tax revenues.

### **Impacts on DNB**

As the results of the last census have shown, New Brunswick's urban communities are growing while populations in our rural communities are declining. This trend is not exclusive to New Brunswick, but is consistent with what is going on right across the country. It is

imperative that planning for the impacts of this urbanization begins now, so that we ensure that downtown districts remain the heart and soul of our communities.

Increased population means an increase in opportunities to attract entrepreneurs who want to invest in a vibrant, culturally rich community. This is a unique opportunity for downtowns to position themselves as the place for new entrepreneurs to locate their businesses. Downtown BIAs will have a strengthened role in economic development. It is important that downtowns take advantage of these opportunities to fill vacant properties in the downtown core. This will require continued investment in local infrastructure, updated security plans, and a vision for continued, future development of the area.

Housing demands will also increase with population growth. There will be new opportunities to redevelop aging heritage properties for new residential use. It is important that we do not lose the rich tradition and character that is very much associated with many buildings located within our downtowns.

To ensure that BIAs and their communities understand how urbanization is going to impact them, Downtown New Brunswick could begin working with government and other stakeholders, on the development of a New Brunswick Urban Strategy.

## **3.2 Payment-In-Lieu-Of-Taxes (PILT)**

### **Synopsis**

Under section 125 of the Constitution Act, 1867, the Government of Canada is exempt from local taxation. But as one of the largest property owners in Canada, its facilities can place a heavy demand on municipal services. Therefore, beginning in 1950, the Government of Canada made payments in lieu of property taxes to municipalities to share in the costs of local governments where it owns property. The payments were made under the provisions of the Municipal Grants Act, then the updated Municipal Grants Act, 1980 and more recently under the Payments in Lieu of Taxes Act, 2000.

The program has distributed billions of dollars to Canadian taxing authorities since it began more than 50 years ago. These federal payments are essential to the taxing authorities that receive them and they demonstrate the Government of Canada's commitment to local communities and to paying their fair share of local costs.

In 1998, the Minister of Public Works and Government Services embarked on a series of roundtable consultations with mayors, municipal officials and other stakeholders across Canada, to solicit input with a view to modernizing Canada's payments in lieu of taxes system. Prior to the modernization of the Payment-In-Lieu-of-Taxes program, the last comprehensive reform of the Municipal Grants Act had occurred in 1980. These consultations were very fruitful and a desire was identified to have the federal government move toward a more equitable position in relation to taxable property owners. The proposed changes would result in a more fair and predictable budgetary environment for payments in lieu of taxes, and would ultimately be beneficial to the taxing authorities, the federal government and all Canadians.

The Payments in Lieu of Taxes Act received Royal Assent on May 30, 2000 and came into force on December 2, 2000.

The new legislation changed the name of the Municipal Grants Act to the Payments in Lieu of Taxes Act. Among other changes to the Act, the Minister of Public Works and Government Services Canada, at his discretion, can now pay supplementary amounts to taxing authorities when payments are unreasonably delayed, and make payments in lieu of taxes when tenants on federal property default on their property tax obligation. First Nations governments will receive treatment equal to that accorded to other local governments under the Act. Also, the definition of federal property was expanded and specific sections of the Act were clarified to put the Government of Canada on a more level playing field with taxable property owners.

These changes to the Payment-In-Lieu-of-Taxes Act move the Government of Canada towards a more equitable position in relation to taxable property owners, and provide a fairer and more predictable environment for taxing authorities, the federal government and the citizens of Canada.

A best practices initiative with professional appraisal associations is also underway to develop acceptable and balanced means of valuing certain types of federal properties.

As part of the modernization initiative for the Payment-In-Lieu-of-Taxes program, amendments were proposed for the Regulations associated with the Payments in Lieu of Taxes Act. These changes affected the former Municipal Grants Regulations, the Crown Corporation Grants Regulations and the Interim Payments and Recovery of Overpayments Regulations as well as Schedules I to III of the Payment-In-Lieu-of-Taxes Act. The new regulations were approved by the Governor in Council on November 7, 2001 and came into force on November 15, 2001.

There are five kinds of charges against real property for which payments in lieu are made:

1. Payments in lieu of real property taxes - The Payment-In-Lieu-of-Taxes is the product of the federal property value multiplied by the effective tax rate plus any mitigation measures and is paid on an annual basis.
2. Payments in lieu of frontage or area charges - These are similar to improvements/betterment charges, for instance, for installation or repair of sanitary and storm sewers, or street lighting. The Payment-In-Lieu-of-Taxes is calculated by multiplying an applicable rate by a dimension of the property, such as the frontage or area. The total eligible cost for the improvement is calculated and then billed either as a one-time payment, or debentured and billed in annual installments.
3. Payments in lieu of service charges, for municipal services not included in the tax rate, for example, unmetered water or garbage collection. To be eligible, these must be set as annual flat rate charges for a service provided to all property in a particular class, billed to the property owner, and not dependent on consumption.

4. Late Payment Supplements - These supplements are made to compensate taxing authorities when payments in lieu of real property taxes, frontage or area charges or service charges are unreasonably delayed. They are calculated by applying the lesser of either the taxing authority's late payment rate, or the rate set by the Financial Administration Act, to the amount of the payment that is late, over the period for which it is late, plus 15 days for processing and mailing after the cheque requisition date.
5. Payments in lieu of business occupancy tax (where applicable) paid by Crown corporations listed in Schedule IV of the Act against their property held as an agent of the Crown. Business occupancy taxes are usually calculated as a percentage of the real property tax, depending on the type of business.

### **Impacts on DNB**

Traditionally, when the federal government reduced the valuation of its properties in the province, the provincial government absorbed the costs so that BIAs would not be unfairly penalized. However that lengthy practice changed in fiscal 2007-2008 when the provincial government decided that it would no longer cover the difference. This decision has had a dramatic impact on the budgets of many of the province's BIAs.

The provincial government has said that the change in process is a result of the province adhering to the current legislation, and that previous applications were inconsistent with the Act. The province's argument centres on their assertion that the BIA levy does not constitute part of the property tax, and that is simply a levy. Because taxes trump levies, the province and municipalities are entitled to recoup all funds owed before assigning the balance to the BIA. The position of some impacted BIAs is that the process used in establishing the BIA Levy is consistent with how Local Service Districts establish "add-on" fees for community improvements, and as such, the province's argument is inconsistent.

The provincial government has also asserted that legislative changes would be required to remedy the situation. An analysis of the BIA Act shows that a decision to return to the former practice of not penalizing BIAs for a federal Payment-In-Lieu-of-Taxes reduction is completely within the discretion of the Minister of Finance, therefore no legislative changes should be required.

## **3.3 Environmental Trust Fund**

### **Synopsis**

The Environmental Trust Fund is a dedicated funding source for community-based action oriented activities aimed at protecting, preserving and enhancing New Brunswick's natural environment. The program is administered by the New Brunswick Department of the Environment.

There are six categories of projects eligible for financial assistance from the Environmental Trust Fund: Protection, Restoration, Sustainable Development, Conservation, Education, and Beautification.

**Protection:** Projects contribute to the protection of essential ecological processes, biological diversity, and renewable and non-renewable resources in New Brunswick at an environmentally sustainable level. They foster stewardship among residents for the province's ecological health and diversity, to benefit current and future generations. Projects have resulted in improved water quality, increased awareness of our natural areas and improved management of hazardous materials.

**Restoration:** Projects that enhance the quality and sustainability of New Brunswick's air, land and water resources. This, in turn, will reduce risks to human life, biological diversity, and personal property.

**Sustainable Development:** Activities that protect and enhance New Brunswick's resources and natural environment through the integration of economic, social and environmental objectives. The goal is to ensure our communities, and the resources we depend on for our existence, are sustained over time.

**Conservation:** Projects contribute to New Brunswick's environmental quality by conserving or promoting the conservation of our natural resources. They develop strategies and take actions to conserve natural and man-made materials.

**Education:** Projects to develop, improve or expand educational programs and support university research which address environmental issues and the principles of sustainable development. The goal is to increase environmental awareness among New Brunswickers, so we can all play a meaningful part in contributing to the quality of our environment.

**Beautification:** Projects to maintain and enhance New Brunswick's visual environment, and supports downtown revitalization initiatives sponsored by BIAs.

Upon receiving an application, Department of the Environment staff will conduct an analysis and determine if the application meets the program criteria. The Environmental Trust Fund Advisory Board reviews all qualified applications and makes a recommendation to the Minister, and ultimately Cabinet, for approval.

The Environmental Trust Fund reimburses actual costs up to, but not exceeding, the approved amount for eligible activities. Only those activities agreed to by the Trust Fund are considered eligible activities. The Letter of Offer sent to successful applicants explains reimbursement, time frames and other procedures. It constitutes a contractual agreement between the successful proponent and Department of the Environment. Awards are for expenses incurred within the fiscal year in which they are announced (April 1, 2008 to March 31, 2009). Based on an evaluation of the work completed, the Fund reserves the right not to continue providing assistance to multi-year projects.

#### **Impacts on DNB**

BIAs have traditionally received funds through the "Beautification" category of the Environmental Trust Fund. Projects of this type would include sidewalks, lights, decorations, landscaping, flowers, signage waste receptacles, and benches.

When the 2008-09 awards were announced, the number of projects awarded under the beautification category was reduced by 96 per cent and the total funds allocated for beautification was reduced by 84 percent, from just over \$905,000 in fiscal 2007-08 to \$125,000 in fiscal 2008-09. No New Brunswick BIA received funding through the beautification category of the Environmental Trust Fund for the current fiscal year.

In announcing the decision, the Minister of the Environment stated that while beautification projects are important, the government felt the money could be better spent in other areas. The cut in Environmental Trust Fund spending was roughly the same amount withdrawn from the fund to offset a \$2 million cut to the environment department's budget.

It is not known if the government will reverse this decision for the next fiscal year.

### 3.4 Heritage Tax Abatement

#### Synopsis

In the 2005-06 budget, the Government of New Brunswick introduced a property tax abatement program for the restoration of designated heritage properties.

By undertaking an approved restoration project to a designated heritage property, the Property Tax Abatement Program for Heritage Properties allows the owner to be forgiven a portion of the net increase in provincial and municipal property taxes resulting from the increase in assessed value of the property, for a four-year period. Specifically, in the first year of the program, the owner of the heritage property will pay property tax on the pre-project assessment. The owner would then be forgiven 75% of the assessment increase during the second year, 50% in the third and 25% in the fourth year. Beginning in the fifth year, and continuing for subsequent taxation years, the owner would pay the full property taxes based on the full post-project assessment.

In order to benefit from the property tax abatement program, the owner of a designated heritage property must complete an application through the Department of Wellness, Culture and Sport before commencing the restoration project. To be eligible for the program, the proposed restoration project has to meet the eligibility criteria prescribed in regulation. When an application is approved, a written notification is sent to the applicant. A copy is forwarded to Service New Brunswick in order for the property tax abatement to be reflected on the annual property tax billing.

**Eligibility Criteria:** The following real property is considered designated heritage property for the purposes of the property tax abatement program:

- Real property listed in the New Brunswick Registrar of Historic Places; or
- Real property that is a historic place under the Historic Sites and Monuments Act (Canada).

The following is the list of criteria that is used in determining eligibility for the property tax abatement program:

- The cost of the restoration project is the greater of:
  - At least \$100,000, and
  - At least 20% of the real and true value of the heritage Property as of January 1 of the base year.
- The restoration project will comply with the guidelines referred to in paragraph 9(f) of the Municipal Heritage Preservation Act, if any, and with the Standards and Guidelines for the Conservation of Historic Places in Canada.
- The Restoration project will be completed by the date specified on the application form.
- At least 75% of the finished floor area of the heritage property will not be the subject of a credit under section 2 of the Residential Property Tax Relief Act.

### **Impacts on DNB**

New Brunswick's downtowns have a significant percentage of the registered heritage properties within the province. Restoring these properties is central to establishing downtowns as a culturally rich destination that will promote economic development.

While the current Heritage Property Tax Abatement Program has helped some property owners make new investments in their communities, Downtown New Brunswick should look at new proposals to help accelerate the number of restoration projects.

One of the areas that could be expanded is an extension of the program from the current 4-year credit period to a 10-year credit period. This would make the program more attractive to those wanting to make significant investments that will preserve part of our province's heritage.

Another option would be to push for the establishment of a grant program that would offset some of the direct costs of restoration. The grants could be in the form of an HST rebate or even a fixed percentage capped-grant.

No matter what type of program is designed, the objective is clear; Downtown New Brunswick needs to find ways to encourage developing and re-using heritage properties in recognition that heritage properties are important to the urban revitalization and regeneration of the downtown core.

## **3.5 Provincial Government Liaison**

### **Synopsis**

The Business Improvement Areas Act is the legislation that governs the relationship between the province and BIAs. Responsibility for the administration of the Business Improvement Areas Act rests with the Minister of Local Government.

Local Government is an obvious fit for New Brunswick's BIAs because they are rooted in local communities and have such a close relationship with municipal governments.

It is worth noting that BIAs do not exclusively deal with their parent department., in fact, BIAs must interact with a number of different departments as they execute their roles as champions of their business district. Most economic development activity falls within the

purview of Business New Brunswick. For beautification or other environmental projects, BIAs would work with the Department of the Environment. Issues concerning taxation would be directed to the Department of Finance. For assessment and property classification issues, BIAs would work with Service New Brunswick. There are any number of issues that would cause BIAs to have to deal with different departments of the provincial government, not to mention possible federal departments.

### **Impacts on DNB**

Currently there is no dedicated full-time resource within Local Government that BIAs can contact to assist them in navigating through New Brunswick's bureaucratic maze. Significant amounts of time can be taken up in trying to figure out who to call for a particular issue.

With the establishment of the Community Non-Profit Organizations Secretariat, the provincial government recognized the importance of easing the process of accessing government for community organizations. They created the new Secretariat to ensure that community non-profit organizations were able to get what they needed from government in a timely fashion, and more importantly, from a single point of entry. While it is not necessary for BIAs to have an entire secretariat dedicated to assisting them, it would be useful for a dedicated, full-time resource in that role, supporting the continued development of New Brunswick's BIAs.

## **3.6 Student Employment and Experience Development Program**

### **Synopsis**

Many BIAs employ students with financial support from the Student Employment and Experience Development Program (Student Employment and Experience Development Program). The objective of the program is to help students gain valuable work experience, and enhance employment prospects upon completion of their studies.

There are two types of Student Employment and Experience Development Program programs, the summer employment placements and the Co-op work term.

**Summer Employment Placements:** Not every organization is eligible to receive Student Employment and Experience Development Program summer students, the program is restricted to roles within provincial or municipal governments, First Nations and non-profit organizations. The placement is not meant to convert existing part-time positions into full-time roles or displace existing employees or laid-off employees. Student Employment and Experience Development Program students must be employed between 35-40 hours per week, for a minimum of eight weeks.

**Co-op Work Term:** The list of eligible organizations is shorter for the Co-op Work Term. Eligible organizations include any provincial department or agency, hospital corporation, or a community college or university. Students must be from New Brunswick and attending an accredited post-secondary institution. The work term must be between 35-40 hours per week, and be the length of the participant's work term, to a maximum of 16 weeks. The work term must also begin in January, May or September.

Applications for Student Employment and Experience Development Program students must be sent to the Department of Post-Secondary Education, Training and Labour.

BIAs have used Student Employment and Experience Development Program students to fill a variety of roles from tourism ambassadors to marketing and promotions coordinators to research assistants.

### **Impacts on DNB**

Many programs executed by BIAs will occur during the summer months, as downtowns try and attract tourists to the area and make them feel welcome. As such, BIAs have become quite reliant on Student Employment and Experience Development Program students to help execute these programs.

The provincial government decides on the number of Student Employment and Experience Development Program students it will fund through the budgetary process each year. As fiscal challenges will vary from year to year, the government could decide to reduce the number of applications it will fund as a means of reducing expenditures.

For many BIAs that have only one or two employees, Student Employment and Experience Development Program students make the difference in moving programs forward. If there was more insight into the number of students a BIA would receive on an annual basis, more time could be spent planning developing innovative programs that could be implemented during the summer months.

## **3.7 Brownfield Redevelopment**

### **Synopsis**

Brownfields are abandoned, idle, or under-utilized industrial and commercial properties where the previous property use caused environmental contamination. The land may need to be cleaned up before it can be redeveloped.

It is estimated that there could be as many as 30,000 such sites in Canada, and as somewhere in the range of 1,000 of them in New Brunswick. They include old and abandoned refineries, former railway yards, old waterfronts, crumbling warehouses, abandoned gas stations and other commercial properties where toxic substances may have been used or stored. Left idle and unmanaged, brownfields pose risks to human health and the environment because of the toxic materials left behind.

The majority of these sites are situated near prime commercial and industrial real estate. Many have quick access to transportation, water, electrical and waste infrastructure.

Across Canada, provincial and municipal governments, along with many community-based organizations have begun developing and executing strategies for redeveloping brownfields. There are many reasons for doing so.

The economic advantages of brownfield redevelopment are clear: it is a means of creating and retaining jobs; it increases competitiveness between cities; it increases potential to

develop and export Canadian clean-up technologies; and through it all, it increases the tax base for all levels of government.

Social benefits include a better quality of life for those who live near the existing brownfields, and many can be transformed into recreation facilities or new commercial properties; it removes health hazards; and creates new opportunities for affordable housing.

On the environmental side redeveloping brownfields leads to improved air quality and reduced greenhouse gas emissions in urban areas; restores the environmental quality of the community and reduces urban sprawl impacts on environmentally sensitive areas.

The provincial government established a New Brunswick Brownfield Development Working Group in 2004 following the development of the National Brownfield Redevelopment Strategy for Canada. The New Brunswick Working Group delivered their final report of options and recommendations to the provincial government in April 2007.

### **Impacts on DNB**

There are a number of brownfields located within the catchment area of many of New Brunswick's BIAs. Remediation and redevelopment of these properties gives downtowns a sense of renewal and increases community pride. More than that, they provide new tax revenues for government and new businesses to the downtown core.

Downtown New Brunswick has roles to play as economic developers and environmental leaders to champion the renewal of these sites. The organization should strongly encourage the province to move on the Working Group report and develop a provincial strategy for managing brownfield renewal.

## **3.8 Future of Local Governance Review**

### **Synopsis**

On September 19, 2007 Premier Shawn Graham appointed Jean-Guy Finn as Commissioner on the Future of Local Governance. This announcement launched the first comprehensive review of local governance in nearly forty years.

The commissioner's mandate covers an examination of the structure and organization of local governance in the province, regional co-operation, property taxation, and local government funding arrangements, as well as the legislative framework required to implement an action plan that he is to submit to government in the fall of 2008.

Two municipally based individuals and one LSD-based individual will be providing the Commissioner with advice and technical support based on their experiences, perspectives and knowledge regarding the local government sector.

- Gérard Belliveau - Chief Administrative Officer  
Municipality of Shediac

- Patrick Woods - Common Clerk  
City of Saint John
- André Leclerc - Professor / Université de Moncton (Campus d'Edmundston),  
Local Service District of Saint-Jacques

*Mandate*

**Structure and Organization:** The Commissioner will prepare an Action Plan that would outline governance options and strategies aimed at ensuring the long-term viability of local governments and the communities they serve. This would include an examination of fiscal and administrative capacity, boundaries and communities of interest, relationships between urban, suburban and rural areas, restructuring processes and potential incentives to bring about change.

**Regional Cooperation:** The Commissioner's mandate will include an examination of issues related to regional cooperation in planning and service delivery. As part of an Action Plan, the Commissioner will outline potential structures and mechanisms to facilitate more regional and sub-regional cooperation. The Commissioner will consider the challenges of bringing about more emphasis on land use planning, particularly in those areas bordering on cities, towns and villages. Economic development and the role of local government within regions will be another area to be considered by the Commissioner.

**Funding Arrangements:** The Commissioner's mandate provides for the examination of provincial-local funding arrangements, including grants, revenue generation alternatives, the potential for inter-municipal tax sharing agreements and potential expenditure reduction initiatives.

**Property Taxation:** The Commissioner's mandate will also cover an examination of the property tax regime for both the incorporated and unincorporated areas of the province. This examination would include a review of the cost of providing services in unincorporated areas.

**Legislative Framework:** The Commissioner will consider in an Action Plan the following: 1) the impact that local governance reform (structural and financial) would have on the legislation; and 2) critical areas identified through the review process that need addressing to modernize the legislative framework to reflect and accommodate the evolving local government environment.

In recent media reports, Jean-Guy Finn has stated that his final report will include criteria for municipal realignment, intended population levels and a process for restructuring.

Throughout the process Finn has stated that New Brunswick has too much government at the local level. There are roughly 101 municipalities, 267 local service districts and 40 service commissions and 60 tax authorities within local service districts. In other words, there are close to 500 local administrative groups for a province with a population of less than 750,000.

It is expected that the Finn Report will recommend a new municipal funding formula that would see an end to the unconditional grants municipalities have received. Finn's model would have the province maintain an equalization formula that would allow municipalities to offer comparable services at similar tax rates, however the province would opt out of collecting property taxes on commercial and non-residential properties, leaving that tax collection to municipalities.

### **Impacts on DNB**

Any type of municipal restructuring will have an impact on Downtown New Brunswick and its member BIAs. Changes from consolidating regional services to outright municipal amalgamations will mean that local governments and the provincial government will be distracted with priorities that may or may not be aligned to those of the local BIAs. With issues like taxation, municipal restructuring and regional services on the table, downtown property and businesses owners will be looking for a strong voice defending their collective interests. Downtown New Brunswick should present a strong voice on behalf of all BIAs in the province on macro issues that arise from the report. Local BIAs should consult with their property and business owners to determine an appropriate response to micro issues that impact their own community, and work their responses through their municipal council and local media.

You can reasonably expect that the fall out from the Finn Report will consume much of the provincial government's agenda for much of the next eight to 12 months, with some items lasting much longer.

It is important for Downtown New Brunswick, on behalf of its members, to be prepared to assert itself when the Report is released and in the weeks and months that follow.

## **3.9 Effectiveness of Downtown New Brunswick Website and Newsletter**

### **Synopsis**

Using web archive tools, an analysis of the site, [www.downtownnb.ca](http://www.downtownnb.ca), was conducted. The site, as it existed on the following dates, was reviewed.

July 10, 2004	February 6, 2006	June 7, 2007
October 25, 2005	June 28, 2006	July 25, 2008

The analysis revealed that while the website underwent a graphic redesign on or before June 28, 2006, much of the content on the site has been the same since July 10, 2004. This is not to say that there were no content changes through the analysis period. News items on the left side of the screen changed fairly frequently, but the substantive content through the site has been stagnant.

Content categories remain as they were in 2004:

What is a BIA?	How to Establish a BIA?	Strategic Plan 2003-2006
What Can a BIA Do?	Services to Members	Board of Directors

The Downtown New Brunswick Newsletter available on the website is titled Fall 2007 Quarterly Report. It is a one-pager that outlines some upcoming activities and programs that BIAs can take advantage of.

### **Impacts on DNB**

We are living in an on-demand culture in which information has to be provided when people want it, not when others want to give it. The more information an organization can share the more valuable it becomes to an individual.

Downtown New Brunswick should review how it has developed its marketing-communications strategy and take advantage of new technologies that will help it succeed in the new media world.

Modernizing and adding new features to the organization's website is an excellent first step. The organization should look to integrating its television campaign with its website, and some of the free online sharing technologies like YouTube.

Some of the best communications methods available in today's web-enabled world are also some of the cheapest. Rather than continuing to produce printed newsletters, Downtown New Brunswick should look at developing more online content and taking advantage of email programs to push its message out to its member BIAs and their business communities.

## 4.0 Recommendations

# Priority Recommendations

## **4.1 Reinstatement of direct funding for Downtown New Brunswick**

Downtown New Brunswick should formally request that the provincial government reinstate \$40,000 in direct funding that it has traditionally received through the Environmental Trust Fund. Downtown New Brunswick was not successful in its bid to receive these funds earlier this year. To ensure that government is not seen to be reversing a policy decision it made, funds could come from another source, such as Business New Brunswick or the Regional Development Corporation. These funds are essential for the organization to continue to develop and achieve its strategic objectives.

## **4.2 Pursue Memorandum of Understanding on Economic Development**

Downtown New Brunswick should pursue the signing of a Memorandum of Understanding with Business New Brunswick, Department of Local Government, the New Brunswick Enterprise Network and Community Business Development Corporations as partners in economic development. This would demonstrate the role that Downtown New Brunswick and its member BIAs have as economic developers and would provide for access to new economic development resources, programs and funding.

## **4.3 Establishment of a Community Improvement Program**

Downtown New Brunswick should work with the provincial government to establish a Community Improvement Program aimed at infrastructure improvements in New Brunswick's downtowns. It is recommended that an annual fund of \$ 1 million be administered by the Department of Local Government. Program proposals must be submitted by a BIA and would be reviewed based on a set of pre-determined outcome criteria. Projects that could be eligible would include sidewalks, light projects, decorations, landscaping, flowers, trees & shrubs, parks/trails, benches, waste receptacles or signage.

## **4.4 Government Office Policy**

In support of developing the province's downtowns, Downtown New Brunswick should work with the provincial government to establish a policy that requires government to locate all new office leases and new developments within downtown areas. This would help rejuvenate downtown areas, increase traffic for local businesses, and send a strong signal that the Government of New Brunswick believes in investing in our downtown communities.

#### **4.5 Provincial Agreement on Payment-In-Lieu-of-Taxes**

Downtown New Brunswick, on behalf of its members, should work to come up with a mutually acceptable agreement on how reductions in the amount paid to the province through the federal Payment in Lieu of Taxes Program are handled.

Downtown New Brunswick should push for a proportional reduction program to ensure that no one BIA is penalized more than another when the federal government reduces its payments to the province.

## Secondary Recommendations

#### **4.6 Full-time Liaison Officer within Local Government**

Downtown New Brunswick should ask the Department of Local Government to identify and fund a full-time, dedicated resource within the department to liaise with BIAs and help them access and take advantage of various provincial and federal government programs. BIAs spend considerable time trying to find and access these programs today, and this is valuable time that could be spent developing other areas that will benefit their communities. This resource would also be able to help BIAs make contact with appropriate government personnel in other departments.

#### **4.7 Expansion of Heritage Tax Abatement**

Downtown New Brunswick should request that the New Brunswick Heritage Tax Abatement Program be extended from a four-year credit period to a 10 year credit period. In addition, this credit should be expanded to include residential properties and condominiums. This will allow for more property owners to take advantage of the program, and ensure that more of the heritage assets in our communities are restored. Such a move would be consistent with what is being done in many communities throughout the country.

#### **4.8 Development of a New Brunswick Urban Strategy**

Downtown New Brunswick should lead the development of a New Brunswick Urban Strategy. This study should involve, at a minimum, the following partners: Department of Local Government, Business New Brunswick, Tourism and Parks, Service New Brunswick the Department of Transportation, the New Brunswick Enterprise Network, Cities Association of New Brunswick, Association of New Brunswick Municipalities.

As with the rest of Canada, New Brunswick's urban communities are growing. To ensure that municipalities, and downtown areas are able to manage this urbanization, a study should be conducted looking at areas such as: our aging population, the environmental impacts of

growth, housing and urban planning, economic development and heritage and culture. Downtown New Brunswick could take a lead role on this study using resources like the Canadian Urban Institute.

#### **4.9 Tourism Signage Program**

Working with the Departments of Local Government, Tourism and Parks and Transportation, Downtown New Brunswick should develop and implement a new signage program promoting local BIAs. The objective of the program would be to increase awareness of downtowns as a tourism and shopping destination.

The Departments of Transportation and Tourism and Parks are currently engaged in a consultation on tourism signage. It is important that Downtown New Brunswick be kept abreast of the consultation and outcomes.

#### **4.10 BIA Employee Subsidy**

Downtown New Brunswick should request that the provincial government establish a BIA wage subsidy to help those associations that do not have the budget required to hire a full-time employee.

Experience has shown that for BIAs to truly be successful they need to have dedicated human resources. Having someone champion and push the BIAs agenda on a full-time basis is invaluable and allows the area to get more accomplished within a shorter time-span. However, there are instances within New Brunswick's BIAs where employing a full-time resource would deplete the organization's entire annual budget. This program would allow BIAs to contributing a minimum of 35 percent of the wage, with the provincial government subsidizing the balance.

#### **4.11 Student Employment and Experience Development Program**

Downtown New Brunswick should request a long-term, annual commitment on the number of Student Employment and Experience Development Program students that New Brunswick's BIAs will receive. The Student Employment and Experience Development Program Program is extremely important to New Brunswick's BIAs. Many of the programs that are offered by BIAs are run through the summer months and are designed with having program elements executed by students. Many BIAs would like to be able to develop longer-term programs that would require a more predictable commitment from the provincial government.

In addition, Downtown New Brunswick should push to be included in the list of organizations able to access the Student Employment and Experience Development Program Co-op program.

#### **4.12 Renewed Downtown New Brunswick Communications Strategy**

Downtown New Brunswick should undertake a renewal of its communications and marketing strategy. A number of exercises could be undertaken to increase its profile and value-add to its members, including: a more modern look and feel to the organization's website; a more aggressive provincial media relations strategy emphasizing the importance of downtowns; and a return of a television marketing campaign promoting downtowns. Part of the formal marketing-communications strategy should include a thorough audit of existing communications tools.