

COUNCIL REPORT

M&C No.	2019-328
Report Date	November 27, 2019
Meeting Date	December 02, 2019
Service Area	Corporate Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: Grants and Incentives – Sustainability Item

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Authors	Commissioner/Dept. Head	City Manager
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RECOMMENDATION

The City Manager recommends that Common Council:

Endorse the proposed Grants and Incentives – Sustainability Item as an option to be considered in addressing the entirety of the deficit in 2021 and 2022.

EXECUTIVE SUMMARY

The City of Saint John allocates funding for grants and incentives for a variety of purposes. These include incentives to generate investment in the urban core, heritage development and beautification, community and neighbourhood organizations, community arts projects, community events, and event sponsorships among others. The total envelope of funding proposed in the draft 2020 General Fund Operating Budget is \$760,971.

Reducing grant and incentive related funding is proposed as an option to address the entirety of the deficit in 2021 and 2022. This sustainability option proposes suspension of the urban development incentives and heritage grants for two years and the elimination of all other specified grants with the exception of the Neighbourhood Development Stimulation Grants and Community Grants. The Community Grants envelope would be increased as part of this sustainability initiative for Council to consider funding for some grants that would be eliminated.

The total savings proposed for 2021 and 2022 is \$398,971 in each year. As transformational budgetary reforms are realized, restoration of funding can be considered. However, funding envelopes and the process for awarding grants must be considered under a grants and incentives policy (to be developed). The

policy must layout the requirement for key performance indicators that will demonstrate growth in terms of revenue and social return on investment.

PREVIOUS RESOLUTIONS

On October 7, 2019, it was resolved by Council to receive and file M&C 2019-249: 'Sustainability: Addressing the Deficit 2021-2022'.

REPORT

The total envelope for grants and incentives proposed in the draft 2020 General Fund Operating Budget is \$760,971. The following table provides a breakdown of the City's various grants and incentives proposed for 2020.

Grant or Incentive	Description	Allocation
Urban Development Incentives	Increase private sector investment in residential development in the urban core area of the City to generate a return on investment in terms of tax base growth (both large scale development and beautification).	\$220,000
Heritage Grants	Encourage property owners to meet the spirit and intent of the Saint John Heritage Conservation Areas By-Law.	\$80,000
Community Grants	Funding that supports healthy, active, and inclusive communities through the delivery of social, cultural and recreational activities. Three categories include: organizational support; community projects; and special events.	\$179,721
Neighbourhood Development Stimulation Grants	Funding support to priority neighbourhoods to inspire a high level of engagement and participation in these neighbourhoods.	\$152,000
Community Arts Funding Program	Project support for non-profit organizations or groups wishing to offer quality arts activities in any discipline of the creative arts within the City of Saint John.	\$50,000
Community Events	Support for events the community can enjoy or participate in such as fireworks (Canada Day, New Years celebrations) and Remembrance Day.	\$16,500
Sponsorship	Support for one-time events as a result of a Council resolution. Current funding is allocated for the Acadian Games, with past funding allocated for the ECMAs.	\$17,750
Other Grants	Support for parks such as Mispec and the Horticultural Association.	\$45,000

Urban Development Incentives and Heritage Grants

The Urban Development Incentive and Urban Beautification programs have stimulated reinvestment in the Central Peninsula (Uptown, South End, and Waterloo Village) since their implementation in 2016 as a pilot project. The Urban

Development Incentive program focuses on development of upper floors, vacant buildings, and vacant lots, while increasing tax base assessments, and increasing residential density in otherwise underused spaces.

A program evaluation of the pilot project (2016-2018) was presented to the Growth Committee on March 21, 2019. As part of that program, 71 new residential units were projected to be created. Awarded Development Incentive Grants constituted \$654,865 for 11 projects, resulting in an estimated \$7.3 million in private investment in the Central Peninsula.

The program also resulted in spin-off benefits, which although harder to quantify, should also be highlighted. These included new business, cost reduction to the City by reducing the number of vacant buildings monitored, and catalyzing interest and investment in the Central Peninsula.

The Urban Beautification Program provided residents an incentive for the purpose of improving the appearance of the front facing facades of their properties and increasing the attractiveness of streetscapes. Awarded Beautification Grants constituted \$95,781 for 41 projects resulting in an estimated \$551,636 in private investment in the Central Peninsula.

The Heritage Grant Program has run on an annual basis for over 25 years. The program primarily incentivizes designated heritage property owners throughout Saint John to maintain or to make improvements to their properties using appropriate materials and techniques.

In 2018, the Heritage Program exceeded its initial annual budget of \$80,000 in conditional approvals by July. Additional funds were allocated from the Growth Reserve Fund to meet the demand of program applications. In 2018, there were 38 applications made for 42 grants, with 34 completed grants paid out (80% completion rate). At the end of the program year, a total of \$101,750 was granted, leveraging \$381,000 of work.

A high level analysis has been undertaken to determine the revenue generated in terms of property tax from the City's investment. Given the short timeframe for evaluation on these development grants (some commencing 2016), revenue generation appears to be limited. The most potential for revenue comes from the Urban Development Incentives Program with a demonstrated return on investment in terms of current revenue being generated (i.e., the new tax revenue compared to the grant funding awarded).

Development incentive and heritage funding is available in municipalities across Canada. Many of the incentive programs focus on the development of vacant properties or revitalize areas of their cities. Often combined with arts and cultural initiatives, sample cities such as St. John's, Halifax, Fredericton, Moncton, Kitchener-Waterloo, Kelowna, and Vancouver offer some type of grant program. The amount of funding available varies among municipalities.

For Saint John, these programs support the City's overall strategy towards urban re-development, through initiatives seeking to offer positive and negative reinforcement for developers and homeowners. This is especially pertinent in Saint John, as the City faces a pronounced obstacle in redevelopment due to years of property neglect and the impact of sprawl on the City's urban core neighbourhoods. Recent statistics are indicating that the City is beginning to experience renewed demand in its urban core neighbourhoods, which could suggest that the City's past efforts to offer positive and negative reinforcement for developers and homeowners, among other strategies, are yielding outcomes the City was hoping to achieve.

Community Grants

The Community Grants Program was adopted by Common Council in late 2014 to financially support the operational needs of community organizations, projects and/or special events. A Community Grants Evaluation Committee was created and is now comprised of two community members, two members of Council, and three City staff. The evaluation process considers community need and social impact of the organization's service, project, or event; its history in serving the community; its alignment with Council and City priorities; and its organizational strengths and financial responsibility.

The 2019 Community Grant envelope was approved at \$179,721. The same amount is allocated in the draft 2020 General Fund Operating Budget. Below is a list of the 2019 recipients of Community Grant funding.

Organization / Initiative	Funding Awarded
360 Stand	\$4,000
ARCf de Saint-Jean	\$2,000
Bee Me Kidz	\$6,000
Brilliant Labs	\$15,000
Cherry Brook Zoo	\$15,000
Denis Morris Community Centre	\$6,000
Fog Lit Festival	\$1,500
Fundy Gymnastics	\$2,000
Fundy Fringe Festival	\$5,000
Human Development Council	\$15,000
Junior Achievement	\$300
KBM Outing Association	\$6,000
Lancaster Kiwanis Club	\$1,500
Latimore Lake Community Centre	\$6,000
Lorneville Community Centre	\$6,000
Marathon by the Sea	\$8,000
Martinon Community Centre	\$6,000
Milford Community Centre	\$6,000
NB Competitive Festival of Music	\$2,000
NBYO – Sistema	\$5,000
New Dawn Community	\$1,000
PRUDE Inc	\$15,000
Read SJ	\$2,000
Seaside Lawn Bowling Club	\$1,500
Seniors Resource Centre	\$8,000

Shining Horizons Therapeutic Riding Assoc	\$15,000
SJ Multicultural NRC	\$15,000
Symphony New Brunswick	\$2,000
The Y's Men	\$250
Saint John Cycling Club/Trail Miners	\$1,671
Total Funding Awarded	\$179,721

Neighbourhood Development Stimulation Grants

The Neighbourhood Development Stimulation Grant Program has been a contributor to the sustainability of priority neighbourhood organizations in Saint John since 2008. The grant program has supported staffing, leadership capacity building, and program incentives in the community resulting in a high level of neighbourhood engagement and participation. Priority neighbourhoods are becoming more empowered in their respective communities and have strengthened inter-neighbourhood relationships and bonds through community networking.

The budget envelope has remained at \$152,000 since 2008. Organizations recommended to receive a grant have demonstrated perseverance and the ability to leverage additional funding and 'in-kind' support from local businesses, community supporters, and other levels of government. Below is a list of the 2019 recipients of Neighbourhood Development Stimulation Grants.

Organization	Funding Awarded
Crescent Valley Resource Centre	\$23,500
ONE Change Inc. (Old North End)	\$23,500
P.U.L.S.E. (People United in the Lower South End)	\$21,000
Waterloo Village Association	\$22,000
Teen Resource Centre	\$20,000
Around the Block (community newspaper for priority neighbourhoods)	\$22,000
West Side Neighbourhood Group (replacing Westside PACT – new group not yet identified)	\$20,000 (not funded in 2019)
Total Funding Awarded	\$152,000

Community Arts Funding Program

In 2006, Common Council agreed to provide the Saint John Community Arts Board with funds to establish the Community Arts Funding Program. This program was created to provide small grants to arts and culture organizations or groups, for festivals and projects, to a maximum of \$3,000. In the past 13 years, a total of \$602,050 in grants has been awarded to over 300 arts projects, cultural events, and festivals.

In 2019, \$51,400 was presented to 22 Saint John organizations embarking on 24 projects, including literary festivals, art classes for adults with intellectual disabilities, intergenerational theatre and music programs for children and seniors, classical music outreach to schools, cultural dance programs, an international theatre festival, a contemporary dance festival, and a peace mural.

Organization	Project	2019 Funding
L'Arche Saint John	Creative Connections	\$2,500
Early Music Studio	Classical Music Outreach to Schools	\$3,000
Symphony New Brunswick	Music For All	\$3,000
Saint John Tool Library	Advanced Woodworking Workshops	\$1,500
Saint John Theatre Company	Loyalist City Shakespeare	\$2,700
Saint John Theatre Company	Fundy Fringe Festival	\$2,500
ARCf	Coup de Coeur	\$2,500
Saint John Jewish Historical Museum	Sharing Culture, History, and Literature	\$1,800
Third Space Gallery	Third Shift Festival	\$2,700
Chinese Cultural Association	Chinese Dance program	\$2,000
Campus Radio Saint John Inc	Best of Saint John Music Awards	\$2,000
Le Theatre du Tremolo	Fort LaTour Theatre	\$2,500
Community Autism Centre	Connecting Through Creativity	\$2,000
NB Film Co-op	Documentary Sensory Friendly Arts	\$2,000
Connection Dance Works	Saint John Contemporary Dance Festival	\$2,500
Connection Dance Works	Subject is Too Dark Residency	\$2,000
Jasmine Performing Arts	Chinese Ethnic Heritage Production	\$1,000
Ampersand Collaborations Perluete	Hope Restored Symposium	\$1,000
InterAction Theatre Company Inc	Intergenerational Workshops and Play	\$2,500
Fog Lit Festival Inc	Literary Festival	\$2,700
YMCA of Greater Saint John	Youth Newcomer Mural Project	\$1,000
Discover Saint John/IATA Saint John	International Theatre Festival	\$3,000
La Bibliothèque Le Cormoran	Francophone Literary Festival	\$2,000
Saint John Newcomers Centre	Multicultural Day Festival	\$1,000
Total		\$51,400

STRATEGIC ALIGNMENT

The savings realized by reducing the grants and incentives General Fund Operating Budget envelope supports Council's Priority to be Fiscally Responsible by contributing to the overall Sustainability effort.

SERVICE AND FINANCIAL OUTCOMES

All sustainability initiatives have been evaluated against criteria based on Council's Priorities and ability to implement to address the deficit of 2021 and 2022. In addition to Feasibility, criteria include Growth & Prosperity; Vibrant, Safe City; Valued Service Delivery; and Fiscally Responsible (see Initiative Criteria Evaluation Appendix).

Urban Development Incentives and Heritage Grants Savings

This sustainability initiative proposes that all of the funding currently allocated to urban development and beautification incentives as well as heritage grants be suspended for 2021 and 2022. This would result in a total savings of \$300,000 in each year.

A reduction in these incentives and grants may impact the amount of investment occurring in the uptown core and heritage areas. However, investment may continue based on the momentum of growth occurring in these areas today.

Consideration must be given to whether the investment would have occurred without the availability of municipal funding to offset development costs. Based on the data available, there is also no clear evidence that property assessments are increasing due to incentives and grants for development. In some cases, properties that received beautification or heritage grants decreased in property value since receiving funding and completing work.

Data indicates the revenue being generated from these programs is less than the City's investment (i.e., tax base growth revenue versus the amount of grants awarded) in the short term. A longer time interval will be needed to determine if there is a good correlation between grant funding and increases in tax revenue. The suspension of the program will provide the time for analysis. The results should then be used to determine what future investment the City should make in these types of development incentive programs.

Neighbourhood Development Stimulation and Community Grants

Grants related to community and neighbourhood development are vital to improving civic pride and leveraging other funds to support grass-root organizations. A significant decrease or elimination of funding related to these grants could result in the folding of one or more organizations that are providing important services within their respective neighbourhoods.

During the years of 2021 and 2022, it is proposed that funding for Neighbourhood Development Stimulation and Community Grants be maintained. In order to allow Council some room to consider grants for other projects or organizations where funding is proposed to be eliminated, it is recommended that additional funds be allocated in the Community Grants envelope. The proposed grant envelopes for 2021 and 2022 maintains \$152,000 for Neighbourhood Development Stimulation Grants and funding up to \$210,000 for Community Grants.

Community Arts Program and Other Grant Funding

As part of this sustainability option, it is proposed that specified funding for the Community Arts Program be eliminated. Also targeted for elimination is grant funding for one one-time events (e.g., future games), firework celebrations, Remembrance Day, Mispick Park, and the Horticultural Association. This would result in a reduction of \$129,740 from the General Fund Operating Budget.

While it is proposed that these grants are eliminated from the operating budget, there will be an opportunity to consider these type of community activities through the increase in the community grants funding envelope. This would require an expanded view of what types of grants would be considered under this program.

The amount of grant funding that is targeted for elimination would have a minor impact on Council's priorities of Vibrant, Safe City. The result would be limited funding from the City for some community organization support or events. These organizations would still have the opportunity to obtain private sponsorships from business and corporate partners in and around Saint John.

Elimination of the funding to the Horticultural Association would have an impact on the Public Gardens and potentially the campground at Rockwood Park. The Horticultural Association was created in 1893 with a legislated mandate for "the establishment and maintenance of public gardens and the encouraging of the cultivation of flowers and trees in the City". The City would need to work with the Horticultural Association to define the level of service in these parks.

This item is 100% feasible, as it is based solely on a decision of Mayor and Council and can be implemented to address the deficit within the timeframe.

Elimination of funding for Grants and Incentives would result in savings in 2021 and 2022 in the General Fund Operating Budget in the amount of \$398,971 in each year.

As transformational budgetary reforms are realized, restoration of funding could be considered. However, funding envelopes and the process for awarding grants must be considered under a grants and incentives policy (to be developed). The policy must layout the requirement for key performance indicators that will demonstrate growth in terms of revenue and social return on investment.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

Growth and Community Development Services was consulted on the development incentives, heritage grants, and arts funding.

Transportation & Environment Services, specifically the Parks and Recreation team, was consulted on community and neighbourhood development funding.

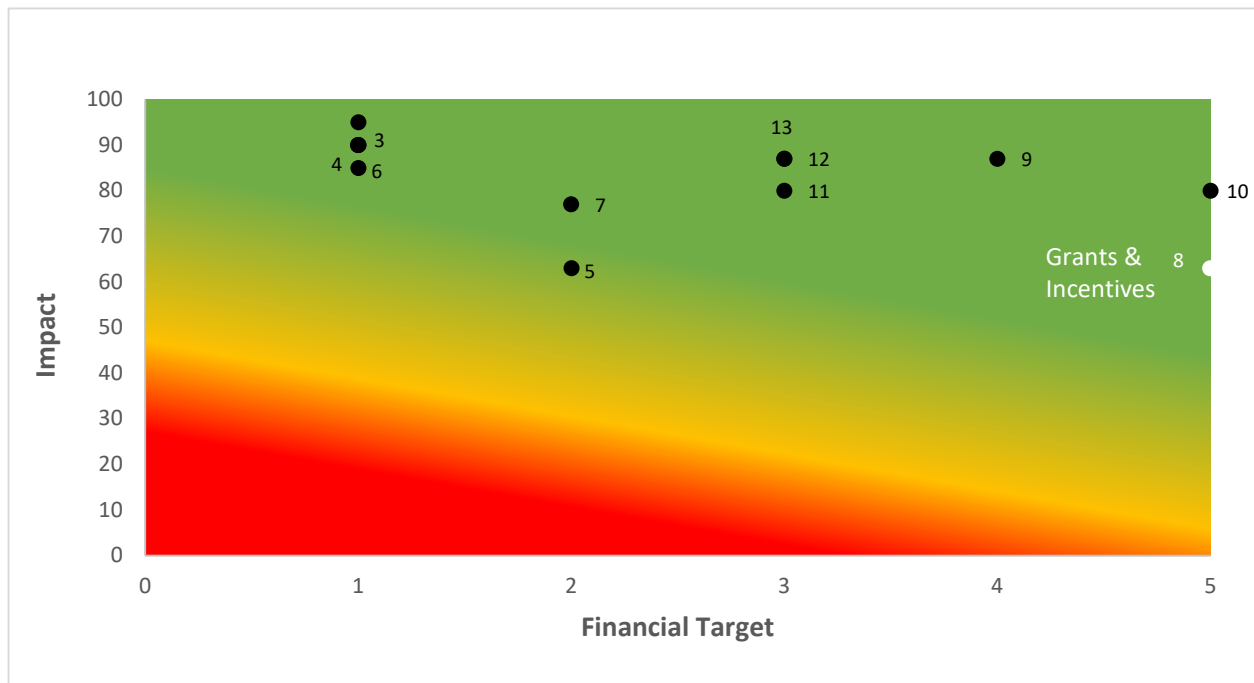
Legal and Parks team members were consulted for input on funding obligations to the Horticultural Association.

The Finance Team was consulted on budget allocations.

ATTACHMENTS

N/A

Appendix: Initiative Criteria Evaluation



Evaluation Notes on Grants and Incentives:

- Growth & Prosperity – Minor impact with the ability to attract investment in the urban core and heritage areas (full impact not known)
- Vibrant, Safe City – Minor impact with the ability of some organizations to hold events

Note: Evaluated initiatives that fall within the yellow and green areas should be considered as options to address the 2021 and 2022 deficit. Initiatives that fall close to the red should only be considered if there are no other options to address the deficit.

Sustainability Initiatives Evaluated as of December 2, 2019 (Not including Continuous Improvement Items)

1. Passport to Parks
2. Lifeguards
3. Rightsizing Recreation Facilities - Rainbow Park Ice Surface
4. Rightsizing Recreation Facilities - Seaside Park Lawn Bowling
5. Playground Program
6. Fire Service Fee Recovery
7. Permit and Development Approval Fees Increases
8. Grants & Incentives
9. Growth Reserve Fund
10. Non-Resident Differential Parking Fees
11. Monthly Parking Increase
12. Parking Ticket Increases
13. On-Street Parking Increase