

TO: MEMBERS OF COUNCIL

FROM: MAYOR, J. LEHMAN

RE: WEST END REVITALIZATION

DATE: SEPTEMBER 25, 2017

We are currently faced with decisions surrounding several strategic projects in the west end of Downtown Barrie, specifically the Market, Dunlop Street sidewalk expansion, and Fisher Auditorium and Event Centre. I wanted to provide some context for our decision making.

There are many arguments in favour of investing in core areas, however, I wanted to focus on WHY public investment is made, and put an economic lens on the decisions in front of Council. This memo outlines five things I feel we should take into consideration regarding these projects:

- 1. Downtown revitalization has been successful, but unevenly, and the West End is where investment is now needed;**
- 2. Public investment is needed to catalyze private investment;**
- 3. Each investment should support others;**
- 4. Leveraging investment and existing buildings maximizes value and has become a successful model**
- 5. Our strategy for Downtown revitalization is now about supporting several different sectors of the economy, and that needs to continue.**

In addition to these points, I have a few thoughts on next steps for the City's downtown revitalization strategy.

- 1. Downtown revitalization has been successful, but unevenly, and the West End is now where investment is needed**

Our key tool for revitalization has been the community improvement plans (CIPs), and a new CIP came into effect last year. The previous CIP for Downtown Barrie, the Next Wave, established a series of programs to promote revitalization. Over the past ten years, considerable progress has been made, however, this progress has been unevenly felt within the City core.

Staff report annually on the progress on the CIP's. The 2016 report included some cumulative statistics from 2005-2016 on the last page, which I've appended to this memo. It notes among other things (on page 14):

- The total amount spent on grants between 2005-2016 was \$1.6M
- The total assessment increase on projects receiving Tax Increment Grants alone was about \$16.7M, producing \$292,000 in additional taxes.

This is about a 6 year payback or an ROI of just over 18% - an excellent investment under any criteria.

However, it's interesting to note that while this is a considerable ROI on our investments, the cumulative increases are not extensive – about \$1.3M of additional assessment per year producing about \$24,000 in additional tax revenue. So a well performing investment, but one with only a modest impact.

I also asked for assessment data from City staff to look at the relative growth of assessment in the Downtown core by type of property, and then geographically by looking at the BIA area east of the downtown core and west of the downtown core.

The data is fascinating. Again, it shows that Downtown revitalization has been successful in terms of raising property values.

- 2007 total assessed value of properties in the Downtown BIA: \$266.3M
- 2017 total assessed value of properties in the Downtown BIA: \$432.2M

The total assessed value of properties actually increased more West of Bayfield than East of Bayfield over this period. However, the increase in assessed value West of Bayfield was largely due to one high-rise residential project (15 Maple). When we look at the change in assessed value from 2007-2017 for commercial and office properties, the disparity between east and west is noticeable.

- Downtown west of Bayfield: \$18.7M
- Downtown east of Bayfield: \$46.2M

Today there's about twice as much commercial assessment east of Bayfield as west of Bayfield:

- 2017 assessed value of commercial+office properties west of Bayfield: \$56.0M
- 2017 assessed value of commercial+office properties east of Bayfield: \$95.7M

In terms of tax revenue, again, the numbers are very interesting.

- 2007, total municipal axes paid (annually) in the Downtown BIA: \$3.0M
- 2017, total municipal axes paid (annually) in the Downtown BIA: \$5.2M

And again while the total taxes paid are slightly higher in the west end, this is due to the number of residential towers. The change in taxes paid from 2007-2017 for commercial and office properties again shows the disparity between west end and east end.

While we have made tremendous progress in many areas, there remains work to do in parts of the west end. My office has heard from employers, as recently as this week, asking about what the City is doing to strengthen the business climate in this area. We need to respond to these concerns by ensuring there is a positive business climate in all areas of the downtown.

That said, we are now seeing companies within the creative economy sector choosing the core as their business location of choice. Investment in the west end of downtown at this time can strengthen the environment for existing businesses and help grow this cluster.

The upshot: CIP investments are prudent and effective but modest in impact, and while overall revitalization has been successful, the east end has seen much stronger results than the west end.

2. Public investment is needed to catalyze private investment.

The strategic projects in front of Council this fall all have several things in common. They are all designed to bring more tourists and residents to Downtown Barrie; they all create an improved public space or facility; they support the development of the emerging creative economy, and they all create spin-off economic benefit. Residents and visitors attending a concert, film, or conference will go out to a restaurant; people visiting a market will visit other shops and services in the area. And by creating an improved public space, we attract crowds that make our streets safer (busy streets are safe streets) and provide a new feature for our residents.

One of the central ideas of CPTED (Crime Prevention Through Environmental Design) is “more eyes on the street”. The simple fact of having more people in public spaces reduces the likelihood of a number of crimes and creates “safety in numbers”. The return on this investment is both social and financial: streets get safer, which is priceless, but also has a real impact on police and other emergency service costs.

These benefits are all tangible and to some extent measurable. What is both less tangible and less measurable, but far more significant, is the degree to which public investment spurs development activity. It's very difficult to attribute the decision by a private developer to pursue a redevelopment project to a certain public investment. However, there are major projects proposed at this time at several sites within the core. Public investment can help spur this private investment. While it is impossible to know what would proceed and what would not without the public investment, it is clear that substantial redevelopment is at the planning stage at this time.

3. Each investment should support others and have an cumulative impact

Multiple investments can have a multiplier effect, and these projects are no exception. One facility builds audience for the next. The investment in the Fisher Auditorium and Event Centre will bring business groups and performing arts audiences to downtown, who will in turn use the Market, Five Points Theatre, Meridian Place, the MacLaren, and of course the shops and restaurants of the downtown. The broader impact into the business community will be to create increased focus for the west end as a business location. With the current theatre at Georgian College at risk, the opportunity exists today to shift the location of all of the current activity to an area of the city where spin-off economic impacts will be more substantial.

Combined with Georgian College's new Design and Digital Media Centre at Bayfield/Ross, Fisher and the Sandbox are key facilities to support the growth of the digital media cluster in Downtown Barrie. Hosting events and incubating start-ups is a way that the City can support the growth of this sector.

To that extent, these investments are comparable to building trucking routes or supporting facilities for skilled trades and industrial engineering education at Georgian College: they are investments in support of a key sector of our economy. A conference facility located in the west end could be a major catalyst to this cluster – it's our opportunity to support the development of a sector of the economy that has strong growth potential and can provide underlying strength to revitalization of the west end.

Further, this type of public investment provides a higher quality of life for our residents. There is a reason that when the Physician Recruitment Task Force, when seeking to attract doctors to Barrie, tour them around the waterfront, sports facilities, and through places such as the MacLaren Art Centre – these facilities are what make us competitive in terms of attracting skilled workers and professionals to our community. The cumulative effect is to create a positive business environment.

The upshot: *these investments are not just about tourism or culture, when we do these projects we are building our economy and creating jobs. These investments support new economic engines for the downtown.*

4. Leveraging investment and existing buildings maximizes value and has become a successful model

The Fisher project, the Sandbox, and the Market at the Bus Terminal are projects that repurpose existing buildings. By using existing space, through renovations, rather than building new buildings, we are making better use of existing assets and accomplishing projects that would otherwise cost literally tens of millions more to construct. Adaptive re-use of existing space is also seen as a positive aspect in many infrastructure or capital funding grant processes.

Further, for several years now, Barrie has successfully used a financial partnership model to fund strategic projects. Typically, this partnership has been based in community fundraising, and sometimes can involve additional groups and/or other levels of government.

The Painswick Library included a significant fundraising component, and the results of the capital campaign exceeded the goal. The Five Points Theatre received Cultural Spaces Funding from the Federal Government, and also had a successful fundraising component. Most recently, the Meridian Place project was funded roughly one-third by the City, one-third by the Downtown Barrie BIA, and one-third through fundraising – which was again successful.

Our major institutions also use this model. RVH of course received the lion's share of their funding for the hospital expansion and Cancer Care Centre from the Province of Ontario, but received very large funding commitments from Barrie, the County of Simcoe, and of course a massive fundraising campaign. Georgian College received funding from all four levels of government for its Advanced Research Centre, and fundraises for capital projects. RVH consistently credits the local government support with helping to leverage Provincial funding and community fundraising. In the same way, our ask for federal and/or provincial funding for these downtown revitalization projects will be strengthened by community support and the City's commitment.

The strategic projects in front of Council now include the same leveraging strategy – the Market will be funded in part by Downtown Barrie in addition to the City, and Fisher is proposed to be funded in part by grants and by community fundraising. By leveraging outside investment and involving the community through fundraising, the City maximizes benefit to the taxpayer while building broader involvement and support in the project.

The upshot: *this is how we've got things done in Barrie! Repurposing and renovating existing buildings will save millions compared to building new, and leveraging outside funds maximizes value for the City's investment.*

5. Our strategy for Downtown revitalization is now about supporting several different sectors of the economy and that needs to continue.

Downtown revitalization has been a goal of City Council and the broader community since at least the 1980s. With new retail formats creating economic challenges for traditional downtowns there was a slow erosion of the commercial core of most Ontario cities beginning in the 1960s which has required downtowns to reinvent themselves.

Barrie has responded with various plans, initiatives and projects over the years, including the Façade and Streetscape Study in the mid-1980s, which led to the "big dig" on Dunlop Street and public realm improvements such as the cobblestone sidewalks and vintage street furniture. From its first days, the Downtown Merchants Association (now Downtown Barrie BIA) was focussed on helping its members compete, by creating a brand and an attractive public realm that could compete with other forms of commercial development.

However, these revitalization efforts had as a primary focus one economic idea – that Downtown was a retail district that should compete with other retail areas...and ideally attract tourists, who represent net new investment to the community. That said – let's be frank – there weren't a lot of tourists coming to Downtown Barrie in the 1990s and even the 2000s.

This philosophy began to shift with the Xenos Plan and the Next Wave (2004) which began to consider a broader mix of uses, as well as the commercial masterplanning element. The shift in thinking picked up pace with the Plan for Culture (2007) and the Intensification Strategy (2009) which laid out a role for culturally-led revitalization and a mixed-use (commercial AND residential) strategy for the core. Work done by Roger Brooks for the BIA during this time also emphasized Downtown's unique offerings, such as independently owned stores and restaurants, leading to the branding of the core as "indie" – playing on the unique businesses, events, experiences, and public spaces.

And although there wasn't a specific plan involved, the growth and improvement of the food and drink scene in Downtown Barrie (which at one time was seen as problematic) was fostered by the BIA, Council, and the community through initiatives such as the patio program, and events such as Barrielicious. This has been extremely successful – there were 32 restaurants, coffee shops, and pubs that had patios this year, with the majority (23) being cafes or restaurants.

Most recently, as noted, we have seen the exciting growth of a digital media sector – anchored by companies such as TygerShark, Digital Giants, Renegade Digital, the Creative Space, and supported by the new Design and Digital Media Campus of Georgian College.

All good economic strategies are diversified, and I believe we've now got the right philosophy – Downtown is a mixed neighbourhood of residential, boutique retail, commercial, cultural, and civic uses. It has a financial/professional district focussed on Collier Street, and three cultural facilities – the Library, MacLaren, and Five Points Theatre. We're supporting efforts for social entrepreneurship and affordable housing, while also proceeding with a number of exciting residential developments at a range of market levels to grow the resident population of the core.

Together, these elements support a central concept for Downtown as the heart of Barrie's creative economy. By helping to transform the west end of Downtown, this will strengthen the appeal of the area to businesses and help generate interest for residents as well. It is part of community building. Businesses invest but so do people; people want to come live, work and play. We can see this process has already started to work in the east end.

The creative economy strategy is also a tourism-oriented strategy, since its ingredients and the environment it generates are also significant tourism generators. Conventions, performances at a concert hall, a permanent market and a farmers market, and better public spaces will help attract more visitors to our city centre.

Often, there are concerns raised in Barrie surrounding the role of our downtown strategy in assisting our most vulnerable residents. A strategy that ignores or displaces these residents and the services that support them would be misplaced and bound to fail. Integrating opportunities for social entrepreneurship through the YMCA and Fisher; providing for affordable housing development; and supporting service provision by the charities and organizations such as CMHA that are part of combatting homelessness and poverty, should be enshrined into our plan.

Last, these components of course provide new facilities and features for our own residents, both Downtown residents and those in the rest of the City. Being able to come to a market regularly; being able to see performances, their children's dance competition, go to an e-gaming tournament, or see a unique film; being able to enjoy wide sidewalks with patios and displays – these will all be things that make living in Barrie great. They are the kinds of things that our residents will value.

The upshot: *the City's investment should support a diversified strategy, to help build a sustainable economy and community for the West End. Looking at success stories internationally and locally, no one sector can do it alone.*

MONITORING PARAMETRES
CUMULATIVE RESULTS 2005 – 2016

- ❖ Total Dollars Awarded to Date: **\$3.29 million**
 - Total Awarded for Loans: **52%**
 - Total Awarded for Grants: **48%**
- ❖ Total Dollars Spent on Loans and Grants in 2016: Approximately **\$201,000**
 - Total Dollars Spent on Loans: Approximately **\$166,000 (83% of 2016 spending)**
 - Total Dollars Spent on Grants: Approximately **\$35,000 (17% of 2016 spending)**
- ❖ Number of Improved Façades: **51**
 - 2016: Four new facades were completed by December
- ❖ Number of Renovation /Adaptive Re-Use Projects: **31**
 - 2016: One new project was completed by December
- ❖ Number of Grants for Fees and Permits: **28**
 - 2016: Four were approved
- ❖ Total Safety Lighting Projects: **11**
 - 2016: One was approved
- ❖ Number of Tax Increment Based Grants Approved to Date: **6**
 - 2016: No new projects were approved under this program
- ❖ Estimated Total Jobs Accommodated Downtown and Allandale: **531**
 - 2016: Approximately **74** are estimated from projects approved
- ❖ Estimated Increase in Retail Floor Area to Date: **2,883m²**
 - Projects approved in 2015 did not include new commercial floor space
- ❖ Estimated Increase in Office Floor Area to Date: **6,744.53m²**
 - 2016: No new offices were added, however existing office space was enhanced through projects approved
- ❖ Number of New Rental Residential Units to Date: **118**
 - 2016: No new units were added through CIP projects in 2016; however upgrades affect approximately five units
- ❖ Estimated Total Construction Value: **\$16.6 million**
 - 2016: Approximately **\$430,000** was in projects approved
- ❖ Total Increase in Assessment on Projects with Approved Tax Increment Based Grants: **\$16.7 million**, resulting in an increase of \$292,000 in additional taxes per year
 - 2016: No new Tax Increment Based Grants were approved