



SUBJECT: COVID 19 Response - Main Street Business Support

TO: Mayor and Members of Council

FROM: Burlington Economic Development Corporation

Report Number: BEDC-05-20

Wards Affected: All

File Numbers: 125

Date to Committee: August 10, 2020

Date to Council: August 24, 2020

Recommendation:

Receive and file Burlington Economic Development Corporation report BEDC-05-20 regarding Main Street Business Support; and

Direct the Chief Financial Officer to earmark \$125,000 in funds as a COVID-19 expense to support main street business and complement the Digital Main Street and Provincial Safe Restart COVID-19 programs, subject to Halton Region matching these funds; and

Request that the Region of Halton match the City of Burlington's contribution of \$125,000 and earmark these funds to support main street businesses in Burlington; and

Request that Burlington Economic Development work with City of Burlington to recommend a Main Street Business Support Program and appropriate delivery partners, subject to receiving details on the Provincial Safe Restart COVID-19 program and a suitable program being permitted under municipal legislation; and

Direct the Executive Director of Burlington Economic Development to report back verbally to Council on the next steps during the September COVID-19 update, in keeping with the above recommendations.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community-responsive city growth
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Executive Summary:

The COVID-19 Pandemic is having a significant impact on small businesses in the local economy. We believe our Federal, Provincial and Regional counterparts need to be proactive and quickly align their COVID-19 relief efforts to support main street businesses. To complement announced Provincial and Federal Government programs, municipal-level contributions focused on supporting main street businesses can help position businesses for success in Phase 3 of Provincial re-opening. The Region of Halton's Small Business Centre currently provides the tools, training, access to funding, and expertise for new and growing main street businesses. The Halton Employment Survey identified 498 retail businesses with independent ownership in Burlington in 2019. Both the City of Burlington and Burlington Economic Development are unable to provide direct financial support to main street businesses due to the bonusing provisions under the Municipal Act; however, we want to be in a position to help support main street businesses.

In addition to non-financial business support provided by the Region of Halton, City of Burlington, and Team Burlington, this report recommends the Chief Financial Officer of the City of Burlington to earmark \$125,000 as a COVID-19 Expense, subject to Halton Region matching these funds to support main street business to complement the recently announced Provincial Safe Restart COVID-19 Program on July 16, 2020 and the Digital Main Street Program announced on June 11, 2020. Burlington Economic Development will work with staff at the City and Region to recommend a Main Street Business Support Program and appropriate delivery partners, subject to receiving details on the Provincial Safe Restart COVID-19 program. Burlington Economic Development will verbally report back to Council on next steps during the September COVID-19 update. City of Burlington staff will also request formally that the Region of Halton match the City of Burlington's contribution of \$125,000 and earmark these funds to support main street businesses. The City Manager and Halton Region Chief Administrative Officer have had initial discussions on the City's intent to request matching regional funding for COVID-19 business support.

Through earmarking \$125,000 from the City of Burlington, requesting that the Region of Halton match this amount, and possibly receiving complementary support under the Federal/Provincial "Safe Restart" and Digital Main Street Programs, the City of Burlington will be able to leverage additional funding and resources to help return stability to our main street businesses.

Background and Discussion:

Since the emergence of the COVID-19 Pandemic, Burlington Economic Development has been taking a coordinated approach with Burlington's business support organizations (Team Burlington), which includes Burlington Economic Development, Burlington Chamber of Commerce, Burlington Downtown Business Association, Aldershot Village BIA, and Tourism Burlington, in supporting businesses during COVID-19. Team Burlington is reassessing our work plans and priorities daily as the COVID-19 Pandemic continues to ensure our business community has the most up-to-date resources, information and support they need. During this challenging time, we are focusing our efforts on:

1. Keeping our business community well informed as relevant and timely information becomes available.
2. Providing key tools/resources to support organizations during this very difficult time.
3. Working closely with our community partners to play a key leadership role for the business community and connecting organizations to support businesses.
4. Advocating for the interests of business and the provision of relief measures to ensure the viability of businesses into the future with all levels of government.
5. Developing recovery plans so we are poised to support the restart of business and welcome new development when we are able.

We have created a one-stop shop for business resources and updates on COVID -19 hosted on the Burlington Chamber of Commerce's website (<https://burlingtonchamber.com/team-burl-supporting-burl-business-during-covid-19/>), have developed a Team Burlington Business Support Forum Series, have directly supported hundreds of businesses, have advocated for business interests to the federal and provincial governments and have launched the GTA Economic Development Alliance and the Burlington Economic Recovery Network.

There is uncertainty about the duration and magnitude of the COVID-19 Pandemic. The Canadian economy is at risk of a cycle of lower consumer confidence and tightening financial conditions, contributing to rising business costs, unemployment, cash flow problems, and potential bankruptcies. The Burlington business community continues to struggle. Small businesses have been amongst the hardest hit by the COVID-19 Pandemic. Some recent findings include:

- Canada lost over one million jobs in March 2020, which is the largest monthly employment decline on record. In the same period, Ontario recorded a decline of 403,000 jobs.
- A study released by the Ontario Chamber of Commerce on June 22, 2020, outlined that 84% of Small and Medium-Sized Enterprises with less than 500 employees had a negative impact from COVID-19. 49% of SMEs have partially suspended their activities and 23% of SMEs have completely suspended their

businesses. SMEs reported their top concerns were cash flow, economic repercussions, and a reduction in consumer expenditure.

- A Conference Board of Canada report from June 22, 2020, outlined that household consumption dipped by 11.3% in the first quarter, and they expect a 57.5% drop in the second.
- A Canadian Federation of Independent Business Survey from June 8, 2020, outlined that 48% of businesses are making half or less of their normal sales.
- In Burlington, some of the most heavily hit sectors by the virus are agriculture, retail, tourism, healthcare, and hospitality. These sectors are composed of 1,897 businesses and 29,062 jobs.¹ This includes 498 retail businesses with independent ownership in Burlington.

A timely response is necessary to support small businesses to remain afloat. We believe our Federal, Provincial and Regional counterparts need to be proactive and quickly align their COVID-19 relief efforts to support main street businesses. The City has provided financial relief to businesses by way of deferred property tax payments without penalty and interest allowing payment of the April installment before August 31, as well as a deferral of the final two tax installments by 60 days and 30 days respectively. In addition, the City has waived fees for patio expansions, as well as provided free parking in the downtown for businesses and customers. Many other municipalities have implemented similar measures. There have been a number of other programs announced to support small businesses at the Local, Provincial and Federal levels. An overview of these programs is outlined in Appendix A.

On June 25, 2020, Burlington Economic Development's Board of Directors provided guidance to explore options to support small businesses. On July 24, 2020, the Region of Halton moved to Stage 3 re-opening. Additional retail, food, and personal services can re-open if they implement health and safety protocols from the Province. Many small businesses that have been suffering from reduced or no revenue since the pandemic began now face additional expenses to screen customers, install and provide personal protective equipment (PPE), increase cleaning and sanitization, and /or building renovations to change the physical layout of a business.

There is an opportunity to help return stability to the business community. Through outreach with Team Burlington, the Burlington Economic Recovery Network, business support requests, corporate calling, and Burlington Economic Development's Board of Directors, we have heard that main street businesses require additional support. Main

¹ BEDC Analysis, Halton Employment Survey (2019)

street businesses are independent small businesses that that are often referred to as “mom and pops” and generally include businesses such as small retailers, small restaurants, and small service businesses (such as accounting services, marketing services, website development services) and many other similar businesses. These businesses contribute to community identity and city vibrancy – and if lost may never come back

Priority consideration should be for main street businesses that demonstrate substantial financial hardship resulting from a disruption of business operations due to the COVID-19 Pandemic. Some measures of financial hardship may include:

- Closure or temporary closure of business operations.
- Employee layoffs
- Significant sales declines
- Significant supply chain disruptions
- Not eligible for other provincial and federal financial support programs

Burlington Economic Development staff have done a full review of COVID-19 small business support programs in Ontario. Several municipalities have already provided support for small business, including the provision of PPE, waiving fees, tax deferrals, \$25,000 to \$100,000 loans, and/or grants in some cases.

Options Considered

We have considered a range of options to support small businesses, as outlined in the following table. These ideas are not mutually exclusive and multiple ideas may be implemented in tandem.

Table 1: Options to Support Main Street Businesses

| Idea for Support Small Business | Estimated Timing | Effectiveness | Legality |
|--|-------------------------------------|---------------|--|
| Main Street Business Assistance Community Improvement Plan (CIP) <ul style="list-style-type: none"> • Create a CIP specific for renovations related to installing PPE | Red - 5 months or more to implement | Green | May be permitted under the Municipal Act (Section 106 (3)) and the Planning Act (Section 28) |
| Create "emergency response fund" loans specific for PPE costs | Green | Green | Not permitted under the Municipal Act |

| Idea for Support Small Business | Estimated Timing | Effectiveness | Legality |
|---|------------------|---------------|---------------------------------------|
| Provide main street businesses with a directory of local PPE manufactures and suppliers | Green | Yellow | Green |
| Provide main street business support funds to expand Burlington Economic Development's Business Support Programming. | Green | Green | Not permitted under the Municipal Act |
| Fee reductions & deferrals <ul style="list-style-type: none"> • Reduce patio expansion/sidewalk fees/parking fees • Reduce building permit renovation fees to install PPE or improve building layouts for social distancing • Tax deferrals and other fee reductions | Green | Green | Green |

As previously noted, the City of Burlington has implemented property tax deferrals, waived penalty and interest on taxes as well as waived fees for patio expansions and provided free parking in the downtown for businesses and customers.

The Municipal Act, 2001, restricts options for municipalities to provide direct or indirect financial support to local businesses. Section 106 of the Act prohibits a municipality from providing direct or indirect financial assistance or ‘bonusing’ to any manufacturing business or other industrial or commercial enterprise; however, subsection 106(3) allows for municipalities to provide incentives through a Community Improvement Plan (CIP) under section 28 of the Planning Act, 1990. Burlington currently does not have a CIP in place. An accelerated timeline to implement a CIP would be at least five months to prepare the CIP, hold Statutory Public Meetings, and receive Ministry of Municipal Affairs and Housing approval. Implementing a CIP would not be timely enough for the main street businesses.

Additionally, Section 108 of the Municipal Act permits municipalities to participate in federal or provincial programs to encourage the “establishment and initial growth of small businesses or any class of them in the municipality”. There may be an opportunity to utilize a local delivery partner, including, but not limited to, the Halton Small Business Centre, Haltech, or another delivery partner to provide main street business support.

One specific business support program to highlight is York Region’s Expansion of the Provincial Starter Company Plus Program utilizing \$500,000 from their Innovation Investment Reserve Fund. York Region has four Small Business Enterprise Centres covering nine local municipalities and a \$500,000 contribution equates to an additional \$125,000 to each of the four Small Business Enterprise Centres to enable the expansion of the Starter Company Plus program. Starter Company Plus is an entrepreneurial training and mentoring program, with grant opportunities of up to \$5,000 for eligible adults ages 18 and older who are starting, buying, or expanding a business. The funds would be administered by each Small Business Enterprise Centre under the

existing Starter Company Plus program agreement and evaluation criteria. There may be an opportunity to support main street businesses in Halton Region by expanding Halton Region Small Business Centre's Starter Company Plus Program similar to York Region.

Additionally, there may be an opportunity to leverage Haltech or a future Digital Main Street programming. On June 11, 2020, the Federal Economic Development Agency for Southern Ontario (FedDev) the Province of Ontario, and Communitech announced \$57 million in Digital Main Street funding to help 5,200 small and medium-sized businesses in the retail, hospitality, and trade/service sectors to adopt digital business models. Burlington Economic Development is developing a grant application to bring a Digital Service Squad to Burlington and help up to 200 small Burlington retailers implement Digital Main Street to adopt digital business models and facilitate up to a \$2,500 grant for main street businesses to support their purchase of technologies. Similarly, Haltech is assisting with the "Future Proofing" component of the Digital Main Street program to help businesses implement a deep digital transformation plan. There may be an opportunity to support main street businesses by expanding Burlington Economic Development's or Haltech's participation in the Digital Main Street Program.

These options will continue to be investigated and Burlington Economic Development will report back verbally to Council on next steps during the September COVID-19 update.

Recommendation

To be in a position to help support main street businesses, this report recommends directing the Chief Financial Officer of the City of Burlington to earmark \$125,000 in funds as a COVID-19 Expense, subject to Halton Region matching these funds. Burlington Economic Development will work with staff at the City and Region to recommend a Main Street Business Support Program and appropriate delivery partners, including, but not limited to, investigating the Halton Small Business Centre, Haltech, and a future digital main street program. The recommended program will be complementary to the emerging Provincial Safe Restart COVID-19 and Digital Main Street programs and the delivery of such a program would need to be permitted under the Municipal Act. Burlington Economic Development will report back to Council verbally on next steps during the September COVID-19 update. Staff will also formally request that the Region of Halton match the City of Burlington's contribution of \$125,000 and earmark these funds to support main street business support.

Through earmarking \$125,000 from the City of Burlington, requesting that Halton Region match this amount, and possibly receiving additional support under the Federal/Provincial "Safe Restart" and Digital Main Street Programs, the City of Burlington will be able to leverage funding and resources to help return stability to our main street businesses.

Local Impact

The Burlington economy has over 21,000 businesses, including 6,500 businesses with employees and 14,500 businesses without employees – businesses without employees represent a proxy for entrepreneurship and small businesses.² This is indicative of the important role of small business and entrepreneurship in Burlington's economy. Additionally, the 2019 Halton Employment Survey identified 498 retail businesses with independent ownership in Burlington. These businesses contribute to community identity and city vibrancy – and if lost may never come back.

Providing support to the hardest hit main street businesses would help these businesses to recover from the economic impacts of the COVID-19 Pandemic, enable a significant expansion of the Business Support Services in Burlington and help position businesses for success as we head toward Phase 3 of Provincial re-opening. Additionally, support of main street businesses may lead to a quicker return of consumer confidence and a quicker resumption of retail activity in the City of Burlington and Region of Halton.

Financial Matters:

This report recommends that the Chief Financial Officer earmark \$125,000 in funds, subject to Halton Region matching these funds, to support main street businesses with re-opening expenses associated with COVID-19. This report also requests that the Region of Halton match the City of Burlington's contribution of \$125,000.

The City has provided financial relief to businesses by way of deferred property tax payments without penalty and interest allowing payment of the April installment before August 31, as well as a deferral of the final two tax installments by 60 days and 30 days respectively. For commercial properties, the largest part of the tax bill relates to education taxes (Province) at 46.5% with the city's portion at 29.9% and the remaining 23.6% for Region of Halton taxes.

² Statistics Canada, Canadian Business Patterns (2016)

In addition, the City has waived fees for patio expansions, as well as provided free parking in the downtown for businesses and customers.

Climate Implications

The implementation of Main Street Business Support does not have any major climate implications.

Engagement Matters:

The contents of this report have been developed based on business feedback received from Team Burlington, the Burlington Economic Recovery Network, business support requests, corporate calling, and Burlington Economic Development's Board of Directors. At the July 22, 2020 Burlington Economic Recovery Network (BERN) meeting, key issues were identified in supporting economic recovery included supporting the safe restarting of the economy and rebuilding consumer and employee trust in engaging with businesses. Based on direction from BERN, Team Burlington will be developing a #StaySafe campaign and encouraging the adoption by local businesses of the Post Promise (<https://postpromise.com/en/>) to keep staff and customers safe as well as looking at additional efforts that can be made to support a safe restart locally. This will help promote Burlington businesses as a safe and trusted environment for both residents and visitors. Key support for this will be providing main street businesses with the support tools to be able to deliver on the additional measures needed to safely reopen and deliver on the Post Promise in Burlington.

Other Considerations:

On July 16, 2020, Prime Minister Justin Trudeau announced a \$19 billion deal between the Federal Government and the Provinces and Territories to help local economies rebound from the pandemic. On July 27, 2020, the Ontario Government announced that \$4 billion of this funding would be allocated for the Provincial Safe Restart COVID-19 program to provide urgently-needed one-time assistance to Ontario's 444 municipalities to help local governments maintain the critical services people rely on every day, including public transit, over the next six to eight months. Details of this funding are still being developed and may involve additional support for small businesses. The City of Burlington and Region of Halton's support for main street businesses would be designed to complement and leverage provincial and federal financial assistance.

Conclusion:

The COVID-19 Pandemic has had a significant impact on main street businesses in the Burlington economy. In the long-term, we will be focused on supporting an economy that is fundamentally changed. To complement Provincial and Federal Government efforts, municipal support for main street businesses can position businesses for success in Phase 3 of Provincial re-opening. As such, it is recommended that the city provide \$125,000 and request the Region of Halton to match the city's contribution for a combined total of \$250,000 (\$125,000 each) to develop a program to support main street businesses in Burlington that have been most affected by the COVID-19 Pandemic to help ensure business survival.

Respectfully submitted,



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Burlington Economic Development Corporation

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Appendices:

- A. Overview of Government Business Support Programs

Notifications:

Anita Cassidy, Executive Director, Burlington Economic Development

Jane MacCaskill, Chief Administrative Officer, Region of Halton

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer, and the Executive Director of Legal Services & Corporation Council. Final approval is by the City Manager.

Appendix A: Overview of Government Business Support Programs

| Local | Provincial | Federal |
|---|--|--|
| <ul style="list-style-type: none"> • Tax Relief for 2020 filings • Free Transit • Free Parking • Waiving of Fees for Patio Expansions | <ul style="list-style-type: none"> • Implementation of the Municipal Emergency Act • Extension of Validation Periods for Commercial Vehicles • COVID-19 Emergency Relief Fund • Multiple Employment Supports • Interest and Penalty Relief • Education Property Tax Deferrals • WSIB Payment Deferrals • Affordable Electricity Bills • Employer Health Tax Relief • Sector Guidelines for reopening • Ontario Jobs & Recovery Taskforce • Canada Emergency Commercial Rent Assistance (CECRA) (with Federal Assistance) | <ul style="list-style-type: none"> • CERB Program • Expanded EI eligibility • Boosted Canada Child Benefits • Deferred Taxes, GST/HST and Import Duties • CEBA Program • Regional Relief and Recovery Fund (RRRF) • Canada Emergency Wage Subsidy • New Loan Guarantee (EDC) • New Co-Lending Program (BDC) • Easing of the CEBA • Cutting of Interest Rates • Large Employer Enterprise Financing Facility (LEEFF) • National Framework For Reopening the Economy • Multiple Sector-Specific Support Programs • Canada Business Resilience Network • Federal Government’s \$19 BN to the provinces and territories with \$4 billion allocated for the Provincial Safe Restart COVID-19 program (details emerging) |