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**News Story**

## City 'exceeding its authority'

By Roman Zakaluzny, Ottawa Business Journal Staff  
Mon, Dec 10, 2007 12:00 AM EST

*Critics slam budget proposal they claim could kill some BIAs*

After enduring downloads from the provincial government for years, the City of Ottawa is being accused by local business groups of engaging in the same pass-the-buck behaviour, with potentially disastrous results.



Lori Mellor. (Darren Brown, OBJ)

Business improvement areas (BIAs) are likely "the best example of a successful public-private partnership," said Lori Mellor, executive director of the Preston Street BIA. Which is why she's mystified a proposed "tax" on the organized business community is on the table during this year's budget deliberations.

The new administration fees are so severe, she said, it might even drive some BIAs out of existence.

"We take care of two thirds of all streetscape improvements. We take pressure off the police. We organize festivals. (BIAs) are a great deal for the city," she said.

"So when the city said they're going to start charging BIAs for services they're mandated to provide, we said 'that's enough.'"

Ms. Mellor and the city's 13 other BIAs are upset the city has floated a proposal to charge BIAs five per cent of their annual operating costs in administration fees.

In the case of Preston Street, Ms. Mellor said the city is hoping to skim some \$15,000 annually. For larger BIAs such as the ByWard Market, the amount could be as high as \$30,000.

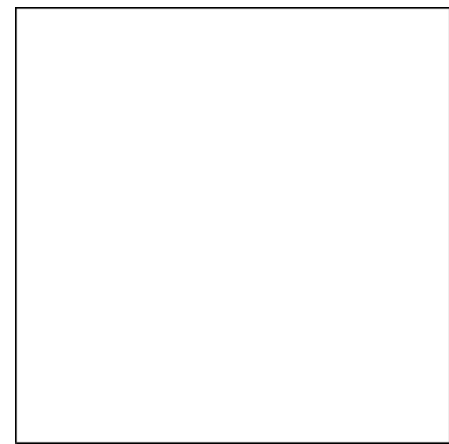
Both BIAs and municipalities are creatures of the province, governed by Ontario's Municipal Act. The businesses within a BIA's designated area pay levies for beautification projects, festivals, and other community-orientated projects, with a goal of increasing commerce.

The city collects the levies and cuts cheques on behalf of the BIA's executive. It also manages the BIA's built-up reserves.

"For that, they want to take five per cent of our operating budget . . . every year," said Ms. Mellor.

She argued that the city already earns whatever interest accrues yearly from the BIA's reserves. And besides, the BIA and its members are paying for things that the city – taxpayers,

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**Reader Poll 12/10/2007**

Staff retention is a growing issue for employers, especially with regard to younger workers who are often seen as not having long-term loyalty to an employer. What age group do you see as having the most turnover in the workplace (not including retirees)?

- Those in their 20s, because they're always eager for something better/different.
- Those in their 20s, because many employers see them as cheap, expendable labour.
- Those in their 30s, because they've reached the point in their career where they're ready to move up into more senior/management positions.
- Those in their 30s, because family demands have increased and they need higher income and/or better work-life balance.
- The boomers over 40. People with senior management/project experience are in demand and the world is their oyster.
- The boomers, because many employers still have an "out with the old (and expensive) and in the young (and cheaper)" attitude.
- Other.

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essentially – are picking up the tab for in other areas.

"The point is, we are about to contribute \$1 million to beautify the street," she said. "We are paying for waste baskets which should be a city responsibility. We're paying for pavers, benches, lights. For areas where there isn't a BIA, the businesses don't have to pay for it.

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"Look at Old Ottawa South between Billings Bridge and Sunnyside – the taxpayers paid for benches, decorative lighting and wastebaskets. Did those poor, starving Glebe businesses pay for it? No. Here is the City of Ottawa creating a disincentive to more BIAs forming."

City treasurer Marian Simulik said staff were instructed by council to find ways to get to a zero budget, and were told to help get there by charging groups and residents for services rendered.

With 14 BIAs in existence now and two more coming on stream soon, Ms. Simulik said the paperwork and management currently provided for the BIAs was a drain on her department, and said payment for it was coming from the general levy.

If passed, the proposal could net an additional \$220,000 a year for city coffers.

Gerry LePage, Ms. Mellor's counterpart at the Bank Street Promenade BIA, said the city's attempts to reach zero budget are hurting small businesses.

"Historically, those would have been considered city services," he said about the city's plans on the new service charges. "It's an extraordinary move, and I think it speaks to the level of fiscal problems that this municipality is facing when you start to see those types of revenue options coming forward."

His BIA had plans for a "facade improvement grant program," paid for by levies from its members.

"What will (it) do? Benefit and beautify Bank Street, and in doing so, it will benefit the City of Ottawa," he said.

The proposed service fee, combined with proposals to increase the hours of operation and costs of parking meters, were more examples of the city targeting its most vulnerable, core-area merchants, said Mr. LePage.

"It's giving more business to the suburban malls, which will take an even greater share of shoppers," he said. "It would be different if everybody was sharing in the pain, but it's hurting mainly the small, independent businesses in the core, and conveys an advantage to the large multinationals. Revenues will continue to flow out of the city, the province and the country, and flow south."

In his presentation to council last week, Mr. LePage again pitched his BIA's plan for an Ottawa casino to "take back" some of the \$100 million a year that Gatineau's Casino du Lac Leamy earns annually.

Ms. Mellor, on the other hand, suggested the city look within for savings to avoid the service fee.

"My gosh – the excessive red tape, the excessive process to do any transactions with the city . . . you can't tell me there aren't efficiencies to be found. The worst part is, they're asking staff to come up with solutions. Staff is not going to suggest that their jobs be cut."



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Besides hindering the creation of new BIAs, she suggested the city's proposed "tax" on BIAs will lead to the end of some.

"We've spoken to our lawyer, and we feel the city is exceeding its authority," she said. "It's a tax, essentially. We feel they probably have to create a bylaw to do this.

"We have some champions at council," she added. "We're trying to get our numbers to get this defeated. If it goes through, you're not going to get any more BIAs, that's for sure. And I think you'll see a few dissolve."

The city's Ms. Simulik said that if history is an indication, council may vote down the proposal this week. "We've proposed this a couple of times previously," she said. "Council has always said no to this, the last time being 2004, during the universal program review.

"What I'm hearing from council is they want to encourage BIAs," she added.

#### **SOUND OFF**

What some other organizations in Ottawa's business community are hoping for in the course of budget deliberations this week

#### **OCRI**

OCRI CEO Jeffrey Dale hopes to prevent council from voting in a proposed 14-per-cent cut over two years to the city's economic development branch, which provides some funding to Ottawa Centre for Research and Innovation (OCRI) and The Ottawa Partnership (TOP). With an operating budget currently at \$4 million and a capital budget sitting at \$1.25 million, Mr. Dale addressed council last week in the hopes of changing their minds. "If our budget hasn't been (static), it's been reduced" for the last eight years, he said. "The money the city gives us, we leverage up to three or four times more from other programs."

#### **Business advisory committee**

"There is a mindset in some councillors that if there is a problem, it is the responsibility of the city to make it right," said Rob Sproule, BAC chair. In a deputation to council, he advocated getting tough with the province over downloads that weren't sufficiently funded, and an end to a reliance on property taxes – both residential and business – to pay for ballooning staff costs and municipal services.

#### **Ottawa Tourism**

Cut off entirely from municipal funding during last year's budget process, Ottawa Tourism had little to add this year:

"The board has no intention of either appearing before council, or wading into the 2008 budget debate. Having said that, (we) did appear before council to encourage them to support the expansion of the Ottawa Congress Centre (in November)," said Jantine Van Kregten, communications director.

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