



OAKVILLE

REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: SEPTEMBER 10, 2018

FROM: Economic Development Department

DATE: August 21, 2018

SUBJECT: Downtown Mitigation Strategy

LOCATION: Downtown Oakville

WARD: 3

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RECOMMENDATIONS:

1. That the Downtown Mitigation Strategy, detailed in the August 21st, 2018 report from the Economic Development department, be endorsed.
2. That the funding required in 2019 and 2020, identified in Appendix A, be referred to the 2019 Capital Budget process.
3. That staff be directed to implement the mitigation initiatives identified in the Downtown Mitigation Strategy report and summarized in Appendix A, subject to budget approval.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The Town of Oakville is making a significant investment in Oakville's downtown commercial district that will deliver long term benefits to the area.
- Major construction affecting the downtown business commercial district will occur along the Lakeshore Road corridor in 2019 and 2020.
- Staff reports to Planning and Development (P&D) Council on March 20, 2017 and April 10, 2018 outlined a framework for a Downtown Mitigation Strategy; achievements to date; and information regarding initiatives under consideration.
- Staff have subsequently undertaken best practice research and consultation regarding options for mitigation.

- This report provides recommendations for mitigation initiatives and associated costs of approximately \$1M for the period 2018-2020.

BACKGROUND:

The Town's 2018 ten-year capital forecast includes over \$12M for the Lakeshore Reconstruction/Streetscape and Towne Square Revitalization projects, representing a significant investment in the downtown commercial district. This investment will provide not only the necessary rehabilitation of the roadway, but also long-term benefits that will aid in sustaining the attractiveness of the location and the local economy. Wider sidewalks, wayfinding, new street lighting and furnishings will add to the updated look of the area, while maintaining its historical charm. Smart city technologies are also being explored which will address the innovative needs of the community. The outcome of these projects will contribute to the long-term health of downtown. In an effort to get to the other side of construction and realize these benefits, a Downtown Mitigation Strategy has been developed, which is the subject of this report.

This report follows from the Downtown Mitigation Strategy Update report which was presented to Planning and Development Council on April 10, 2018. It outlined mitigation measures that are planned for the Lakeshore Reconstruction/Streetscape Project, as well as other options being explored, with the overall objective of minimizing the impact of construction on the commercial business district.

This report provides information gleaned from other communities regarding their mitigation initiatives for similar construction projects. Staff have also consulted with the Downtown BIA, the local business community, and residents' associations regarding mitigation options and this input has helped shape the mitigation plan.

The following sections outline the mitigation initiatives that were explored and the rationale for those that are recommended for implementation. The costs of the recommended mitigation initiatives are provided in Appendix A to this report.

COMMENT/OPTIONS:**Best Practice Research**

Many communities in Ontario have completed or have works in progress for road reconstruction projects in their commercial districts. Staff obtained information about such projects from Kingston, Waterloo, Kitchener, Cambridge, London, Brampton, Guelph, and Markham.

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There were no formal mitigation plans in any of the communities consulted although certain elements of mitigation were imbedded in the construction process of some communities such as signage and parking initiatives. Similarly, there was no mitigation budget established but some communities allocated additional funds for specific aspects related to the construction. For example, one community paid a premium for undertaking construction during the winter in order to speed its completion. Two other communities provided funds for marketing and communications.

The assignment of a liaison person, whether it was someone on the construction team or city staff, was identified as key to the success of the project. Some communities had this role in place throughout the project and others introduced the role during construction when a number of communication issues arose. Also associated with communications was the establishment of a stakeholder committee that met regularly throughout the process and had active involvement from the BIA.

For lengthy projects covering more than one year, communities found phasing to be helpful. They worked with the BIA and other stakeholders to understand critical time periods for the businesses and created a construction schedule to optimize peak periods.

Good signage was identified by businesses as important, both for customer detour routes as well as for deliveries. Some communities provided some subsidized parking such as one hour free or free on Saturdays; other did not do so.

None of the communities that were consulted provided financial compensation to businesses; this was considered “bonusing” and prohibited under the *Municipal Act*.

The lack of a formal mitigation plan was common amongst the communities consulted. Some communities provided funding for certain elements on a piecemeal basis and issues were generally addressed as they arose. Overwhelmingly, the communities identified communications as the most important factor in managing the construction project.

Stakeholder Consultation

Communication with retailers has included individual meetings, BIA board meetings, Annual General Meetings of the BIA, as well as those who participated in the initial focus groups. Their concerns regarding the Lakeshore Reconstruction/Streetscape project focused on construction timing and parking. They would like to have information about exactly when the construction would be at their front door and for how long. There were questions about how many parking spots would be lost during construction. Many retailers felt that free parking would solve the problems during

construction. A few asked about the municipal parking structure that had been explored but never came to fruition.

The Executive Director of the BIA participated on the staff committee for the mitigation strategy and provided input regarding the wishes of retailers. Free parking was identified as a top request from the retail community. The importance of timely communication was stressed as well as the need for coordination between the Town and BIA on marketing and communication initiatives.

Residents' associations have played an integral role in planning for the downtown mitigation. Trafalgar Chartwell, Oakville Lakeside, West Harbour and West River associations were all part of the initial focus group that formed the foundation of the marketing and communications plan. They were also invited to comment on the designs for Towne Square and the two-way street conversion process. As well, on-going conversations continue to take place with individual members. The collective input from these groups and individuals conveyed a feeling that to improve the downtown is to help preserve what is already great about it; they were not interested in a lot of change. With regard to the Lakeshore Reconstruction/Streetscape project, they noted that it will be important to communicate what is happening and when. They did not express concerns about parking or free parking. Their interest in the former post office building was not about the project office, but excitement regarding the Innovation Hub that has been proposed for the remainder of the building.

DOWNTOWN MITIGATION STRATEGY

1. Construction Project

The strategy for construction is best summarized by the feedback from stakeholders who said: **Do it fast. Minimize disruption. Address issues quickly.**

The Mitigation Strategy Update report, received by P&D Council at its April 10, 2018 meeting, details various measures to be incorporated into the construction tender for the Lakeshore Reconstruction/Streetscape project. These measures incorporate many of the suggestions stemming from the consultative process with an overall view to expediting the construction process and minimizing its impact on business.

- Prequalification of contractors for construction tender
- Phasing Mar/April to November in each of 2019 and 2020
- Extended hours of operation to speed completion
- Early completion bonus
- Rehabilitation of Towne Square during Phase 1 of the project
- Patio and display fee waivers for areas not under construction
- Commercial loading zones on side streets for business deliveries

- Temporary signage and wayfinding
- Maintenance of the work site

The Town's approach to this project is to make every effort to minimize disruption to businesses. There will be certain disruptions such as concrete work and trenching for services directly in front of a business that will require the entrance to be temporarily closed. The contractors will ensure that businesses are informed regarding the timing of such work.

In addition to the measures listed above, Smart City technologies are being explored as part of this project; these new innovative solutions offer long-term benefits for the commercial district. The inclusion of Smart City technologies was also requested by stakeholders. Staff will be reporting on the technologies to be recommended upon finalization of the detailed design.

2. Marketing & Communications

The strategy for marketing and communications is to **keep businesses, residents and visitors informed.**

The creation of a liaison role for this project is the most significant part of marketing and communications, the importance of which was stressed by local stakeholders as well as the communities consulted. A full-time liaison position was filled in January 2018 by Ms. Mary Vallee and she has been working diligently to connect with the business community and other stakeholders regarding this project. The Town has established a project office in the former post office site at 193 Church Street. Ms. Vallee, together with a part-time assistant, will be located in the project office for the duration of the construction project. The office space will also provide meeting rooms for the construction coordination. Primarily, Ms. Vallee will be on the street with a proactive approach to communicating with stakeholders. A marketing and communication plan has been completed and will be implemented in tandem with the work of the BIA. Complementing Ms. Vallee's role will be a single point contact with the town's Engineering and Construction staff and a single liaison representative of the contractor.

The Town, through its liaison role, will ensure that businesses, residents and visitors are well informed about the construction project. Liaison staff will facilitate communication between the Town, stakeholders and the project contractors to ensure that any issues are addressed.

With the Town's communication efforts focused on the construction project, the BIA will channel its communication to the BIA membership, encouraging businesses to be part of the change and to look to the benefits of having a new streetscape at the completion of the project. The BIA will continue its marketing initiatives to attract

residents and visitors to support downtown businesses, especially through the construction period.

3. Economic Measures

The strategy for economic measures is to **minimize the impact of construction on businesses** and provide **targeted programs to bolster their operations**.

3.1 Parking Subsidy

Business owners and the BIA have strongly advocated for “free parking” downtown during construction in order to attract customers. At the present time, drivers can park free of charge downtown any day before 9 a.m. and after 6 p.m., as well as all day on Sunday. The estimated cost to provide subsidized parking from the beginning to the end of the construction period (April 2019 to November 2020) is \$3M. This includes the loss of street, lot, permit and parkade revenue as well as penalties. Normal operations would generate revenue of approximately \$3.7M for the construction period but is anticipated that parking revenue will decline due to construction activity so this figure has been reduced by 20% to reflect a more accurate cost. This option is not financially prudent as it would either have to be tax supported or deplete the parking reserve in its entirety. The parking revenues and reserve fund are used to fund the commercial parking operations including parking garage and surface lot maintenance and equipment, hydro, winter control, property taxes along with enforcement costs. It is also used to fund capital costs related to creating new parking areas, rehabilitation of existing parking lots and garage as well as equipment acquisitions and replacements.

Two other subsidy options have been identified being:

1. Free parking on Saturdays; and
2. First hour free parking with HONK.

The cost to subsidize Saturday parking from April 2019 to November 2020, being construction period from start to finish, is approximately \$315,000. This reflects a 20% discount from the revenue associated with normal operations to account for the anticipated reduction in revenue due to construction activity.

Over the same period from April 2019 to November 2020, the projected cost of providing the first hour free using the HONK mobile parking payment app (“HONK”). is approximately \$272,000. This figure also reflects a 20% discount from the revenue associated with normal operations as noted above. The subsidy using HONK would be provided through a promo code that could be used once per day. The HONK app is available at all paid parking locations downtown, except for the parkade and quick stop spaces.

It is recommended that the first hour free parking with HONK be implemented as a mitigation measure to encourage people to come downtown. This option reflects a growing trend to use smart city technologies and supports the Town's previous investment in this app.

3.2 Parking Availability

Approximately 75 parking spots will be impacted by the Lakeshore reconstruction in each phase of the project. In order to address the availability of parking downtown, the Town added 30 new permanent parking spots on Navy Street and Water Street in 2018. Another 66 parking spots are being explored in various locations for future use. As well, approximately 50 temporary parking spots will be created at the former fire hall site on Navy Street. The introduction of temporary parking, together with the permanent spots created in 2018, means that there will be no loss of parking downtown during construction.

3.3 Digital Main Street program

Launched in 2016 to engage main street businesses in Toronto BIAs, Digital Main Street is defined as a 'service squad program' to provide one-on-one assistance to main street businesses. Their results over the past 18 months of delivery are impressive: over 5,000 businesses engaged through the program; 2,100 businesses supported through one-on-one support; and over 2,000 businesses engaged in training sessions.

Through the use of combined provincial and BIA/municipal funding, Digital Main Street helps support businesses. Its digital transformation training and grants program provides up to \$2,500 in grants to support individual strategic technology adoption. Individual store assistance includes:

- A digital assessment that provides a baseline and digital benchmarking report for businesses, while providing a digital transformation roadmap.
- A web platform which provides small businesses access to basic digital services accompanies digital training that is focused on specific digital technologies or strategies (e.g. email marketing, social media, ecommerce and website development).
- Recommendations for technology solutions that match the needs of the businesses.
- Curated content and case studies/best practices to help businesses accomplish their goals.

The Executive Directors of the Oakville BIAs have been introduced to the Digital Main Street program and are all eager to have it implemented. The Town's contribution to the program would be leveraged with Provincial funding to provide a staff resource for Oakville who is trained through the Digital Main Street organization and who provides one-on-one assistance to local retailers. It is recommended that the program be implemented in downtown as a first step as part of the Mitigation Strategy and then rolled out to the Bronte and Kerr BIAs as well. Halton Region is considering participation in the Digital Main Street program which would aid in the roll out to Bronte and Kerr BIAs.

3.4 Restaurant Program

It is recognized that restaurants as well as retailers will be impacted by the pending construction. As such, a restaurant program is recommended to help maintain restaurants' cashflow while introducing businesses to new customers.

A Canadian company called *Skip The Dishes* presents an opportunity for downtown restaurants to provide food service to loyal and new customers during and after the construction period. Currently serving less than 10% of the restaurants in the Lakeshore BIA, *Skip The Dishes* are anxious to employ their resources to build a unique program for downtown that will provide the following benefits:

- Get More Orders – that will increase revenues. *Skip The Dishes* will assist in maximizing the efficiency of restaurant kitchens, enabling them to get and keep the businesses they are currently missing.
- No New Work - *Skip The Dishes* will send orders to restaurants, allowing them to concentrate on cooking great food.
- Remain in Control - restaurants can choose their prep times thereby controlling the pace of their kitchens. This allows for owners to manage the details for every order.

Skip The Dishes are presently building a proposal that will include timing, costing and projected sales increases.

3.5 Patio & Outdoor Displays

The current pilot program, which provides for fee waivers, will be extended through the pre-construction and construction phases to permit boulevard/parking lane patios and outdoor merchandising. While construction is underway, requests will be assessed on a block-by-block basis to mitigate construction interruptions, ensure user comfort, and minimize financial costs for businesses.

3.6 Wayfinding Signage and Elements

During construction, temporary wayfinding elements and signs will be installed to provide for predictable and safe movement of residents, customers, employees and visitors around the downtown. Permanent wayfinding elements are to be installed prior to finalizing each construction phase in order to minimize any disturbances to the new streetscape surface treatments.

3.7 Property Taxes and Levies

During stakeholder consultation, it was suggested that the Town reduce taxes for business owners during the construction period. This matter was addressed in the report to P&D Council on April 10, 2018. Staff investigated the Town's ability to rescind property taxes for downtown business owners. It was determined that existing legislation does not provide for an exemption on the assessments (the basis for taxation) as it relates to these properties. In addition, Section 106(2)(d) of the *Municipal Act* prohibits a municipality from giving a total or partial exemption from any levy, charge or fee. A reduction in property taxes is therefore not a feasible option. It is also the same conclusion reached by other communities undertaking similar projects.

There are other financial considerations that business owners may wish to pursue. They could request that the BIA reduce its levy on BIA members; however, this would impede the BIA's ability to market the downtown at a time when it is most needed. Businesses could also seek rent reductions during the construction period from property owners.

3.8 Oakville Innovation Hub

Stakeholders have commented on the need to create more day time activity downtown through more office development. The Town's initiative to create an Innovation Hub at the former post office site downtown would help further this objective. An application for Fed Dev funding has been submitted for the fit-up cost of the building. As proposed, the facility would be used for technology-based collaborative projects and events, helping to foster the growth of Oakville's technology cluster.

4. Events

The strategy for events is to **attract people downtown during construction** by animating the street and delivering value added events that **increase sales to businesses**.

The report to P&D Council on April 10th, 2018 outlined the approach for events during the construction period. The BIA has expressed its desire to host as many events as possible to bring customers downtown. Town staff will continue to work

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with the BIA on a revised events plan as the construction timeline and footprints are determined.

In addition to the BIA and regular events organized by the Town, liaison staff will plan events to celebrate milestone achievements for the construction period. These events will not only animate the street, but help drive sales for the business owners.

CONSIDERATIONS:

(A) PUBLIC

The Town has on-going communication with stakeholders regarding the Downtown Mitigation Strategy.

(B) FINANCIAL

Appendix A to this report provides a summary of the mitigation costs for this project including actuals for 2018 and budget requests for 2019 and 2020.

The 2018 ten-year capital forecast includes approximately \$12M for the Lakeshore Road Reconstruction/Streetscape and Towne Square revitalization projects. The budget for these projects will be updated through the design and tender process. The budget will also be adjusted to include costs for smart city technologies.

Summarized in Appendix A to this report, the mitigation costs for the Lakeshore Road Reconstruction/Streetscape and Towne Square Revitalization projects are estimated to be \$1,039,000. These costs are allocated as follows: \$182,000 in 2018, \$436,000 in 2019 and \$421,000 in 2020. Mitigation costs include early completion bonus; temporary parking; staff, administration and utilities for the project office; subsidy for first hour free parking; marketing and communications; a digital main street program for retailers; a restaurant program for restaurants; and events. Staffing costs of \$130,000 for the project office have already been identified for 2019 and 2020 in the capital forecast. Therefore, the additional budget required is \$306,000 in 2019 and \$291,000 in 2020.

It should be noted that while the mitigation initiatives are to be implemented as a means of minimizing the impact of construction, some of them will have much longer benefits for businesses including the digital main street and restaurant programs.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The liaison staff dedicated to the Lakeshore Road Streetscape Project will have the major responsibility for implementing the mitigation initiatives

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identified in this report. There will be some involvement from various Town departments including Engineering & Construction; Parks & Open Space; Strategy, Policy & Communications; Economic Development; Recreation & Culture. This coordinated approach for departments, with the liaison role as the lead for mitigation initiatives, will help to provide a seamless approach for the project.

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- enhance our economic environment
- provide outstanding service to our residents and businesses

(E) COMMUNITY SUSTAINABILITY

The Mitigation Strategy for Downtown Oakville will help to address the economic environment in the downtown commercial district, which will be impacted by the Lakeshore Road Streetscape Project.

APPENDIX A: Mitigation Costs for the Lakeshore Road Reconstruction/Streetscape and Towne Square Revitalization Projects.

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