

REPORT

Community Services

To: Mayor Johnstone and Members of Council
Date: November 18, 2024

From: Blair Fryer,
Acting Director of Community Services
File:

Item #: 2024-655

Subject: **New Westminster Chamber of Commerce – Request for Funding**

RECOMMENDATION

THAT staff include a \$60,000 enhancement request in the 2025 Budget for allocation to the New Westminster Chamber of Commerce, consisting of a \$50,000 Fee for Service agreement and \$10,000 for in-kind costs associated with hosting a 2025 Economic Forum event.

PURPOSE

To present Council with a funding request from the New Westminster Chamber of Commerce.

SUMMARY

The New Westminster Chamber of Commerce (“the Chamber”) is a local business organization with a mission to “to connect, support and inspire the local business community”. The Chamber is currently facing financial challenges and is seeking funding to continue operations through to the end of 2025. As a result, the Chamber is requesting an in-kind City grant for 2025 (\$10,000) and an annual fee for service agreement starting in 2025 (estimated at \$50,000/year), to support their operating needs and provide a more secure stream of funding into the future.

BACKGROUND

Chambers of Commerce across North America are facing a decline in membership and are having to re-evaluate both what services to offer, and how to provide these to their membership. A variety of factors have been cited as contributing to this, including:

- Financial constraints (members cannot afford the membership fees)
- Value proposition no longer applies/membership benefits are not considered desirable/a draw anymore
- Current services offered are not relevant to a new generation of business owners
- Time constraints of busy business operators prevents participation

Over the past several years, the Chamber has struggled financially due to a combination of factors including recurring leadership turnover, declining membership, and debt accrued by the organization during the COVID-19 pandemic. As a membership-based organization, the Chamber has been unable to secure sufficient revenue (through membership sales/dues, member benefits packages, events, sponsorships, grants, etc.) to offset operating funding requirements. Currently, the Chamber membership stands at approximately 220, which represents less than 6% of active business licences in the City.

While the Chamber has been focused on debt repayment by reducing staff, transitioning administration functions to online service, and eliminating their physical office space in the City, the organization require additional funds if it is to repay their outstanding debt/loan and continue operating.

Additionally, the Chamber has been exploring alternative structures the organization could pursue in the future, which may include joining forces with a neighboring Chamber of Commerce or Board of Trade. To help facilitate these ongoing discussions, the Chamber is requesting the City's ongoing financial support through an annual fee for service arrangement which would support their operating needs. A summary of past City funding provided to the Chamber is included in Table 1 below.

It is noted that prior to 2014, the Chamber applied annually for a City grant (\$41,000 in 2013), which had no performance indicators attached to it. In 2013, the Chamber advised the City that it no longer wished to apply for annual grant funding, and instead requested that the City consider a fee for services approach which better aligned the Chamber to support the best interests of their membership in regards to municipal business issues or initiatives. Since that time, the Economic Development Office has accessed its annual operating budget to fund fee for service initiatives with the Chamber when presented with projects that demonstrate value to the business community and meet both the priorities of the City and those outlined in the Economic Development Office annual workplan. The Chamber has also been able to access the City's annual grant program for specific initiatives. Given the current funding being requested and in recognition of pressures on the Economic Development division's budget, a separate operating enhancement request is being recommended to address the Chamber's funding request.

Table 1: City Funding of Chamber of Commerce 2019 to 2024

Year	Amount	General Description
2019	\$21,234	Awards, event sponsorship, grant, CNW annual membership
2020	\$4,759	Event sponsorship, CNW annual membership
2021	\$27,109	Awards event sponsorship, grant, CNW annual membership, local business promo campaign
2022	\$21,500	Grant, local business promo campaign
2023	\$27,447	Awards event sponsorship, business connection initiative, CNW annual membership, event tickets
2024	\$6,700	Grant (Strategic Plan), CNW annual membership

DISCUSSION

Funding Request

The Chamber recently approached the City with a request for funding support, see Attachment 1. This includes in-kind City services for an economic forum the organization proposes to host in February 2025, and annual funding through a fee for service arrangement, which would help offset debt accrued during the COVID-19 pandemic and provide operating funding for future years. An overview of the Chamber’s funding request is outlined in Table 2 below.

Table 2: Funding Request

Year	Amount	General Description
2025	\$60,000	Fee for service agreement (estimated at \$50,000) plus in-kind grant for Economic Forum (estimated at \$10,000).
2026 +	\$50,000	Annual Fee for service agreement (estimated at \$50,000/year)

Economic Forum - Vision 2029 Economic Forum (\$10,000 in-kind)

The event is envisioned by the Chamber as a half-day ticketed event that would focus on key economic sectors such as housing, commercial development, industrial, health sciences, small business, retail, hospitality, and tourism. The forum would include a luncheon, industry breakout sessions, a “makers” showcase/tradeshaw and networking. The Chamber has secured sponsorship that would offset some costs of this event and intends to draw additional support from the development community, local business and other partners.

City sponsorship for in-kind services (estimated at \$10,000) is being requested. This includes the costs associated with space rental at Anvil Centre, event-day staffing, and audio-visual services. The Chamber would support the event by providing all coordination, planning, staffing, and catering costs.

Operating Funding - Proposed Fee for Service Agreement (\$50,000/year estimate)

The Chamber would also like to engage in a more formal annual fee for service agreement with the City, in order to provide the organization with a secure stream of funding into the future. Under this arrangement, the organization would partner on the delivery of economic development initiatives and work plan items through their existing roster of contractors or by services provided directly by their volunteer Board of Directors. Any revenue derived would be used to fund the continuation of the Chamber's programmatic activities (e.g. "Lunch and Learns", after work networking events, business opening ribbon-cuttings, etc.).

For several years, the City has partnered with the Chamber on projects where funding has been provided through external grants or directly through the Economic Development Office's annual operating budget. It is necessary to note that City staff have encountered challenges when reconciling the service fee or grant provided with the project delivery or final product provided. With the Chamber now relying on a volunteer Board of Directors and part-time contract staff to deliver on fee for service initiatives, City staff remain cautious about the type of projects that the organization could realistically deliver, and note that City staff resources would still be required to oversee projects.

With this in mind, City staff and the Chamber have developed a list of potential projects and activities that support local business across the city; see *Attachment 2*. The Chamber has indicated they are confident that can successfully deliver the type of projects outlined. The City would pay the project invoices upon successful completion of the specific agreed upon activities.

Alignment with Community Grants Program

The City's Community Grants Program has three granting portfolios, one being *Community Economic Activators: Grants for Growth*. Grants in this portfolio are provided to organizations that play a significant role in enhancing tourism and advancing economic development in New Westminster (e.g. locally-based Business Improvement Associations, Chambers of Commerce or associations that promote tourism). Annual grants are intended to support major activities and initiatives that will generate significant economic benefit to New Westminster with activities positively impacting economic growth, receiving considerable media exposure, attracting significant attendance relevant to the venue capacity, having substantial number of sponsors, and / or be marketed to tourists and visitors. Past examples receiving funding under this grant portfolio include Uptown Live, Car Free Day, Recovery Day BC, New Westminster Farmers Market, and strategic planning processes for local business organizations.

The Chamber reviewed the Community Grants Program with the intent of applying for in-kind services for the economic forum. However, as the majority of the event is intended to be ticketed with profits directed to the Chamber, they did not feel they were

well-positioned to be funded under grant parameters and as a result are requesting directly to Council for the necessary funding.

NEXT STEPS

Should Council direct staff to proceed, staff would prepare a draft Fee for Service agreement with the Chamber and bring it back to a future meeting of Council for consideration. Funding for subsequent years would be evaluated as part of the City's annual budget process, and will take into account outcomes from the previous year's Fee for Service projects.

FINANCIAL IMPLICATIONS

If Council directs staff to proceed, staff will include allocation in the 2025 budget deliberation process for the proposed Fee for Service, estimated at \$50,000, along with a \$10,000 in-kind grant for the 2025 Economic Forum event.

INTERDEPARTMENTAL LIAISON

Staff in Finance, along with the Chief Administrative Officer, were consulted in the preparation of this report.

OPTIONS

There are two options for Council; they are:

Option 1 – THAT staff include a \$60,000 enhancement request in the 2025 Budget for allocation to the New Westminster Chamber of Commerce, consisting of a \$50,000 Fee for Service agreement and \$10,000 for in-kind costs associated with hosting a 2025 Economic Forum event or,

Option 2 – THAT staff are provided with alternate direction.

Staff recommend Option 1.

ATTACHMENTS

Attachment 1: Letter of Funding Request

Attachment 2: Chamber of Commerce Fee for Service Project List

APPROVALS

This report was prepared by:

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This report was reviewed by:
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