



STAFF REPORT ACTION REQUIRED

2007 Business Improvement Area Operating Budgets: Report No. 2

Date:	February 1, 2007
To:	Economic Development Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	12 and 20
Reference Number:	P:\2007\Internal Services\FP\ed07007FP (AFS #3732)

SUMMARY

This report brings forward Business Improvement Area (BIA) annual operating budgets for approval by Council as required by the *City of Toronto Act, 2006*. Council approval is required to permit the City to collect funds through the tax levy on behalf of the BIAs.

Complete budgets and supporting documentation received to-date have been reviewed and are reported herein; BIA budgets received after this date will be brought forward in later reports. Of the 60 established BIAs, 52 BIA budgets will be before City Council for approval on February 5 and 6, 2007; three BIA budgets are submitted for approval in this report; and five BIAs have yet to submit its 2007 operating budget, as referred to in Appendix B.

The recommendations reflect 2007 approved budgets for BIAs and have been reviewed by staff to ensure BIA budgets reflect Council's approved policies and practices.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. the Economic Development Committee adopt and certify to City Council the 2007 expenditure requests and levy requirements of the following Business Improvement Areas:

Business Improvement Area	2007 Expenditure Estimates (\$)	2007 Levy Funds Required (\$)
Chinatown	179,499	174,499
Eglinton Hill	14,747	11,406
Harbord Street	13,374	9,059

2. authority be granted for the introduction of the necessary bill in Council; and
3. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

No City funding is required since Business Improvement Area budgets are raised by a special levy on members. Approval of the three recommended BIA budgets in this report will generate \$194,964 for the respective BIAs.

All of the 2007 BIA operating budgets submitted for consideration are balanced budgets. The appeal provision surplus or appeal provision deficit for each individual BIA, as determined by the Revenue Services Division, has been addressed by each BIA and incorporated into their 2007 Operating Budget. The BIA budgets have provided for required capital cost-sharing contributions for those projects approved in 2006 or prior and carried forward into 2007, as well as new capital cost-share projects proposed in the 2007 Capital Budget for Economic Development, Culture and Tourism.

DECISION HISTORY

BIA Operating Budget Process:

The *Municipal Act, 2001* required that BIA operating budgets be approved by Council. This requirement is continued for existing BIAs under the *City of Toronto Act, 2006*. General membership and Board of Management meetings at which the BIA 2007 budgets were approved are set out below:

Business Improvement Area	Approved by Board of Management	Approved by Membership
Chinatown	January 26, 2007	December 14, 2006
Eglinton Hill	November 28, 2006	November 28, 2006
Harbord Street	September 25, 2006	November 6, 2006

Appendix A includes a summary of the BIA budgets discussed in this report, including a calculation of their net levy requirements. Appendix B sets out the status of 2007 BIA operating budget submissions.

Appeal Provision Review:

On July 30, 2002, City Council adopted a report entitled “Issues Related to Business Improvement Associations (BIA)”. Among other items, the Finance Department was directed to conduct an annual review and analysis of the assessment appeal provision for each BIA, in order to determine if the provision is sufficient to meet expected revenue reductions from pending assessment appeals.

The assessment appeal provision is intended to protect the cashflows and revenues required by the BIAs to meet its operating obligations in the future, rather than BIAs directly compensating the City for assessment appeal reductions. The appeal provision provides a contingency, which is used to offset appeal reductions.

The result of the assessment appeal provision review and analysis for the individual BIA as of August 16, 2006 identified either a provision surplus or provision deficit. Each BIA is required to address the identified surplus or deficit amount within their respective operating budget for the following fiscal year. The recommended 2007 BIA Operating Budgets reflect the disposition of the resultant provision surplus or deficit accordingly.

BIA Capital Cost-share Project Funding:

On July 22, 2003, City Council adopted a report entitled “Business Improvement Area (BIA) Capital Cost-Sharing Program Review” approving the BIA Capital Cost-Sharing Program Guidelines. This program is part of the Economic Development Capital Budget. The program guidelines set out eligibility criteria that BIAs must satisfy in order to participate in the BIA Capital Cost-Sharing Program, including one criteria which requires the availability of the BIA’s share of funding. Prior to making a capital cost-sharing request, the BIA must have in place its share of the project funding (50 percent). If the project is to be phased-in over a period of years, the BIA must have in place 50 percent of the cost of each individual phase prior to making a capital request for matching funds for that phase. For the purposes of this requirement, the BIA will be allowed to include capital funding to be budgeted for the year in which the capital project is to take place. Another eligibility criteria is that the BIA must have an operating budget, adopted

at a general meeting of the BIA and approved by Council, for the year the project is to be implemented.

A review of each of the BIA's 2007 Operating Budget supporting documentation by the BIA Office and Financial Planning Division staff shows that those BIAs with capital cost-share projects approved by the City in 2006 or prior and carried forward into 2007, and new capital projects recommended in the 2007 Economic Development Capital Budget, have all met the program eligibility criteria of having in place its 50 percent share of the project funding. This share may be reflected in the BIA's prior years' accumulated surplus (cash in-hand reserved for specific capital cost-share projects) and/or shown as a capital expenditure item in the BIA's 2007 operating budget.

COMMENTS

2007 will be the first year of the **Chinatown** BIA's operations. The Chinatown BIA 2007 Operating Budget was approved at meetings of the BIA's Board of Management on January 26, 2007 and its general membership held on December 14, 2006. The BIA proposes a balanced budget having expenditures of \$179,499 and revenues from a BIA levy of \$174,499 and an expected \$5,000 grant from the City's Commercial Research Grant Program for the development of a strategic plan for the BIA. Budget expenditures include \$70,000 for capital cost-shared projects (Cavalcade of Lights and highway signage), \$20,000 to be raised from the levy for future streetscape improvement projects, \$45,250 for a Chinatown Festival promotional event, advertising and market research, \$10,000 for street cleaning and \$18,385 for general BIA administration that includes a part-time BIA co-ordinator. It is recommended that the Chinatown BIA's 2007 budget of expenditures totalling \$179,499 and a BIA levy of \$174,499 be approved.

The **Eglinton Hill** BIA 2007 Operating Budget was approved at meetings of the BIA's Board of Management and its general membership both held on November 28, 2006. Budget expenditures of \$14,747 comprises increased capital maintenance costs of the newly installed pedestrian scale lights, advertising and general BIA administration expenses. With no capital projects planned for 2007, the BIA's proposed budget of \$14,747 in expenditures is balanced with revenues from a reduced levy requirement of \$11,406, the appeal provision surplus of \$2,741 and other anticipated income of \$600. An operating surplus of \$6,925 is forecasted for 2006 as a result of no maintenance requirement and minimal administration and promotional expenditures. It is recommended that the Eglinton Hill BIA's 2007 budget of expenditures totalling \$14,747 and a BIA levy of \$11,406 be approved.

The **Harbord Street** BIA 2007 Operating Budget was approved at meetings of the BIA's Board of Management on September 25, 2006 and its general membership held on November 6, 2006. The BIA proposes a 15% increase in the levy to \$9,059 and to use \$4,000 of its accumulated surplus and the appeal provision surplus of \$315 to fund 2007 operating expenditures that include continuation of the holiday decorations and GFI refurbishment program, implementing the capital project to add hanging flower baskets to the decorative poles deferred from last year, advertising and general BIA administration.

It is recommended that the Harbord Street BIA's 2007 budget of expenditures totalling \$13,374 and a BIA levy of \$9,059 be approved.

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SIGNATURE

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ATTACHMENTS

Appendix A – BIA Budget Summary
Appendix B – Status of BIA Budget Submission

APPENDIX A

Chinatown BIA 2007 Budget Summary			
	2006 Approved Budget	2006 Projected Actual	2007 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	N/A	N/A	174,499
- Other Revenue	N/A	N/A	5,000
Total Revenues	N/A	N/A	179,499
Expenditures:			
- Administration	N/A	N/A	18,385
- Capital	N/A	N/A	90,000
- Maintenance	N/A	N/A	10,000
- Promotion & Advertising	N/A	N/A	45,250
- 10% Provision for Assessment Appeal Reductions and Write-offs	N/A	N/A	15,864
Total Expenditures	N/A	N/A	179,499
Surplus/(Deficit)	N/A	N/A	0

Eglinton Hill BIA 2007 Budget Summary			
	2006 Approved Budget	2006 Projected Actual	2007 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	43,267	43,267	11,406
- Other Revenue	850	0	600
- Appeal Provision Surplus	3,811	3,811	2,741
Total Revenues	47,928	47,078	14,747
Expenditures:			
- Administration	2,495	995	2,210
- Capital	35,000	35,000	0
- Maintenance	5,000	0	10,000
- Promotion & Advertising	1,500	225	1,500
- 10% Provision for Assessment Appeal Reductions and Write-offs	3,933	3,933	1,037
Total Expenditures	47,928	40,153	14,747
Surplus/(Deficit)	0	6,925	0

Harbord Street BIA 2007 Budget Summary			
	2006 Approved Budget	2006 Projected Actual	2007 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	7,876	7,876	9,059
- Other Revenue	0	4,514	0
- Appeal Provision Surplus	441	441	315
- Contribution from Accumulated Surplus	2,559	878	4,000
Total Revenues	10,876	13,709	13,374
Expenditures:			
- Administration	2,060	1,902	1,500
- Capital	1,350	0	1,300
- Maintenance	3,000	8,688	6,000
- Promotion & Advertising	3,750	2,404	3,750
- 10% Provision for Assessment Appeal Reductions and Write-offs	716	716	824
Total Expenditures	10,876	13,709	13,374
Surplus/(Deficit)	0	0	0

APPENDIX B

Status of Business Improvement Area Budget Submissions	
Business Improvement Area	Stage in Budget Process
Albion-Islington	Reported previously
The Beach	Reported previously
Bloor Annex	Reported previously
Bloor by the Park	Reported previously
Bloor West Village	Reported previously
Bloorcourt Village	Reported previously
Bloordale Village	Reported previously
Bloor Street	Reported previously
Bloor-Yorkville	Reported previously
Chinatown	Included in this report
Church-Wellesley Village	Reported previously
College Promenade	Reported previously
Corso Italia	Reported previously
The Danforth	Reported previously
Danforth Village	Reported previously
Dovercourt Village	Reported previously
Downtown Yonge	Reported previously
Dundas West	Reported previously
Eglinton Hill	Included in this report
The Eglinton Way	Reported previously
Emery Village	Reported previously
Forest Hill Village	Reported previously
Gerrard India Bazaar	Reported previously
Greektown on the Danforth	Reported previously
Harbord Street	Included in this report
Hillcrest Village	Reported previously
Junction Gardens	Reported previously
Kennedy Road	Reported previously
The Kingsway	Reported previously
Knob Hill Plaza	AGM not scheduled.
Korea Town	Reported previously
Lakeshore Village	Reported previously
Liberty Village	Reported previously
Little Italy	Reported previously
Long Branch	Reported previously
Mimico by the Lake	Reported previously
Mimico Village	Reported previously
Mirvish Village	Reported previously
Mount Dennis	AGM not scheduled.
Old Cabbagetown	Reported previously

Old Queen Street	AGM held Jan. 31, 2007. Budget not submitted.
Pape Village	Reported previously
Parkdale Village	Reported previously
Queens Quay Harbourfront	Reported previously
Riverside	Reported previously
Roncesvalles Village	Reported previously
Rosedale Main Street	Reported previously
St. Clair Avenue West	Reported previously
St. Clair Gardens	Reported previously
St. Lawrence Market Neighbourhood	Reported previously
Sheppard East Village	Reported previously
Upper Village	Reported previously
Uptown Yonge	Reported previously
Village of Islington	Reported previously
West Queen West	Reported previously
Weston Village	Reported previously
Wexford Heights	Reported previously
Wychwood Heights	AGM scheduled for February 20, 2007.
Yonge-Lawrence Village	Reported previously
York-Eglinton	AGM scheduled for March 21, 2007.