



STAFF REPORT ACTION REQUIRED

2008 Business Improvement Area Operating Budgets: Report No. 3

Date:	February 1, 2008
To:	Economic Development Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	20, 21, 28
Reference Number:	P:\2008\Internal Services\FP\ed08002FP (AFS#6261)

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 in January 2008 have been reviewed and are reported herein; BIA budgets received after this date will be brought forward in later reports. Of the 65 established BIAs, a total of 56 BIA budgets have been approved by Council to-date; three BIA budgets are submitted for approval in this report; five BIAs have yet to submit their 2008 operating budget; and one BIA is inactive.

The recommendations reflect 2008 approved budgets for BIAs and have been reviewed by City 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 2008 expenditure requests and levy requirements of the following Business Improvement Areas:

Business Improvement Area	2008 Expenditure Estimates (\$)	2008 Levy Funds Required (\$)
Harbord Street	16,516	13,048
Toronto Entertainment District	1,241,000	1,200,000
Upper Village	87,966	71,126

2. authority be granted for the introduction of the necessary bill in Council.

FINANCIAL IMPACT

No City funding is required since Business Improvement Area budgets are raised by a special levy on members which totals \$1,284,174 in this report.

All of the 2008 BIA operating budgets submitted for consideration are balanced budgets. The appeal provision surplus or appeal provision deficit for each BIA, as determined by the Revenue Services Division, has been addressed by the BIA and incorporated into their 2008 Operating Budget. The BIA budgets have provisions for required capital cost-sharing contributions for those projects approved in 2007 or prior and carried forward into 2008, as well as new capital cost-share projects approved in the 2008 Capital Budget for Economic Development, Culture and Tourism.

DECISION HISTORY

BIA Operating Budget Process:

The City of Toronto Municipal Code Chapter 19 and the *City of Toronto Act, 2006* require that BIA operating budgets be approved by Council. General membership and Board of Management meetings at which the BIA 2008 budgets were approved are set out below:

Business Improvement Area	Approved by Board of Management	Approved by Membership
Harbord Street	November 22, 2007	November 22, 2007
Toronto Entertainment District	January 31, 2008	January 31, 2008
Upper Village	October 23, 2007	November 28, 2007

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 2008 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 (currently the Revenue Services Division) 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 BIAs as of August 16, 2007 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 2008 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 2008 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 2007 or prior and carried forward into 2008, and new capital projects approved in the 2008 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 2008 operating budget.

COMMENTS

The ***Harbord Street BIA*** 2008 Operating Budget was approved at meetings of the BIA's Board of Management and its general membership both held on November 22, 2007. The BIA proposes a balanced budget consisting of \$16,516 in expenditures and the same amount in revenues comprised of a BIA levy of \$13,048, the appeal provision surplus of \$650 that the City will be returning to the BIA and using \$2,818 of its accumulated surplus funds. Budget expenditures include \$1,352 for general BIA administration; \$600 for continued implementation of its capital program to add hanging flower baskets to the decorative poles; \$8,448 for capital maintenance; and \$4,930 for an expanded advertising campaign in 2008. It is recommended that the Harbord Street BIA's 2008 budget of expenditures totalling \$16,516 and a BIA levy of \$13,048 be approved.

The first budget of the newly created ***Toronto Entertainment District BIA*** was approved at meetings of the BIA's Board of Management and its general membership held on January 31, 2008. The BIA proposes a 2008 Operating Budget having expenditures of \$1,241,000 and revenues from a BIA levy of \$1,200,000 and an anticipated \$10,000 grant from the City's Commercial Research Investment Program for the development of a strategic Master Plan / Streetscape Improvement Plan for the new BIA and marketing/branding study. As well, the BIA expects other revenues of \$31,000 from GST recoveries and interest. Budget expenditures comprise of \$315,000 for general BIA administration including the hiring of a full-time executive director, a full-time BIA administrator, part-time staff as needed and consultant support as needed; \$183,000 for capital cost-share projects including BIA banners, a winter lighting program, street signs and streetscape improvements; \$230,000 to be raised from the levy for future cost-shared streetscape improvement projects, identified through the BIA Master Plan study to be undertaken in 2008; \$120,000 for a safety/security study and preliminary implementation of plan before the end of 2008; \$194,909 for advertising, marketing and promotion including the creation of a website; and \$89,000 for market research to develop a comprehensive Marketing/Branding Strategy and Business/Urban Planning/Streetscape Strategy for the newly created BIA. The proposed operating budget reflects the BIA's priorities for its first year of operations. It is recommended that the Toronto Entertainment District BIA's 2008 budget of expenditures totalling \$1,241,000 and a BIA levy of \$1,200,000 be approved.

The ***Upper Village BIA*** 2008 Operating Budget was approved at meetings of the BIA's Board of Management on October 23, 2007 and its general membership on November 28, 2007. The BIA proposes a balanced budget having expenditures of \$87,966 and revenues from a BIA levy of \$71,126 and using the remaining accumulated surplus funds of \$16,840. Budget expenditures include \$50,500 for capital maintenance such as flowers and floral care for the planters and new Christmas/holiday decorations; \$26,000 for

advertising, marketing and promotion that includes an updated membership directory, newsletter and a proposed sidewalk sale event; and \$5,000 for general BIA administration. It is recommended that the Upper Village BIA's 2008 budget of expenditures totalling \$87,966 and a BIA levy of \$71,126 be approved.

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SIGNATURE

Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

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

APPENDIX A

Harbord Street BIA 2008 Budget Summary			
	2007 Approved Budget	2007 Projected Actual	2008 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	9,059	9,059	13,048
- Other Revenue	0	742	0
- Appeal Provision Surplus	315	315	650
- Contribution from Accumulated Surplus	4,000	13,260	2,818
Total Revenues	13,374	23,376	16,516
Expenditures:			
- Administration	1,500	2,389	1,352
- Capital	1,300	584	600
- Maintenance	6,000	8,648	8,448
- Promotion & Advertising	3,750	10,930	4,930
- 10% Provision for Assessment Appeal Reductions and Write-offs	824	824	1,186
Total Expenditures	13,374	23,376	16,516
Surplus/(Deficit)	0	0	0

Toronto Entertainment District BIA 2008 Budget Summary			
	2007 Approved Budget	2007 Projected Actual	2008 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	N/A	N/A	1,200,000
- Other Revenue	N/A	N/A	41,000
Total Revenues	N/A	N/A	1,241,000
Expenditures:			
- Administration	N/A	N/A	315,000
- Capital	N/A	N/A	413,000
- Security	N/A	N/A	120,000
- Promotion & Advertising	N/A	N/A	283,909
- 10% Provision for Assessment Appeal Reductions and Write-offs	N/A	N/A	109,091
Total Expenditures	N/A	N/A	1,241,000
Surplus/(Deficit)	N/A	N/A	0

Upper Village BIA 2008 Budget Summary			
	2007 Approved Budget	2007 Projected Actual	2008 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	0	0	71,126
- Other Revenue	0	0	0
- Contribution from Accumulated Surplus	78,000	68,385	16,840
Total Revenues	78,000	68,385	87,966
Expenditures:			
- Administration	5,000	2,701	5,000
- Capital	15,000	0	0
- Maintenance	47,000	45,021	50,500
- Promotion & Advertising	11,000	20,663	26,000
- 10% Provision for Assessment Appeal Reductions and Write-offs	0	0	6,466
Total Expenditures	78,000	68,385	87,966
Surplus/(Deficit)	0	0	0

APPENDIX B

Status of Business Improvement Area Budget Submissions	
Business Improvement Area	Stage in Budget Process
Albion-Islington	Council adopted January 29-30, 2008
Bloor Annex	Council adopted January 29-30, 2008
Bloor by the Park	Council adopted December 11-13, 2007
Bloor Street	Council adopted January 29-30, 2008
Bloor West Village	Council adopted January 29-30, 2008
Bloor-Yorkville	Council adopted December 11-13, 2007
Bloorcourt Village	Council adopted December 11-13, 2007
Bloordale Village	Council adopted January 29-30, 2008
Chinatown	Council adopted January 29-30, 2008
Church-Wellesley Village	Council adopted January 29-30, 2008
College Promenade	Council adopted December 11-13, 2007
Corso Italia	Council adopted December 11-13, 2007
Danforth Village	Council adopted January 29-30, 2008
Dovercourt Village	Council adopted January 29-30, 2008
Downtown Yonge	Council adopted January 29-30, 2008
Dundas-Bathurst	Council adopted January 29-30, 2008
Dundas Ossington	Council adopted January 29-30, 2008
Dundas West	Council adopted December 11-13, 2007
Eglinton Hill	Council adopted January 29-30, 2008
Emery Village	Council adopted January 29-30, 2008
Fairbank Village	Council adopted January 29-30, 2008
Forest Hill Village	Council adopted January 29-30, 2008
Gerrard India Bazaar	Council adopted December 11-13, 2007
Greektown on the Danforth	Council adopted January 29-30, 2008
Harbord Street	Included in this report
Hillcrest Village	Council adopted January 29-30, 2008
Junction Gardens	Council adopted December 11-13, 2007
Kennedy Road	Council adopted January 29-30, 2008
Knob Hill Plaza	Inactive.
Korea Town	Council adopted January 29-30, 2008
Lakeshore Village	Council adopted January 29-30, 2008
Liberty Village	Council adopted December 11-13, 2007
Little Italy	Council adopted January 29-30, 2008
Long Branch	Council adopted January 29-30, 2008
Midtown Danforth	AGM to be held end of March 2008
Mimico by the Lake	Council adopted December 11-13, 2007
Mimico Village	Council adopted January 29-30, 2008
Mirvish Village	Council adopted January 29-30, 2008
Mount Dennis	AGM held Jan. 24, 2008. Budget not submitted.
Old Cabbagetown	Council adopted January 29-30, 2008

Historic Queen East (formerly Old Queen Street)	AGM held Jan. 30, 2008. Budget not submitted.
Pape Village	Council adopted January 29-30, 2008
Parkdale Village	Council adopted December 11-13, 2007
Queens Quay Harbourfront	Council adopted January 29-30, 2008
Riverside District	Council adopted December 11-13, 2007
Roncesvalles Village	Council adopted January 29-30, 2008
Rosedale Main Street	Council adopted January 29-30, 2008
St. Clair Avenue West	Council adopted January 29-30, 2008
St. Clair Gardens	Council adopted January 29-30, 2008
St. Lawrence Market Neighbourhood	Council adopted January 29-30, 2008
Sheppard East Village	Council adopted December 11-13, 2007
The Beach	Council adopted December 11-13, 2007
The Danforth	Council adopted January 29-30, 2008
The Eglinton Way	AGM held Oct.16, 2007. Awaiting final budget.
The Kingsway	Council adopted January 29-30, 2008
Toronto Entertainment District	Included in this report
Upper Village	Included in this report
Uptown Yonge	Council adopted December 11-13, 2007
Village of Islington	Council adopted January 29-30, 2008
West Queen West	Council adopted December 11-13, 2007
Weston Village	Council adopted January 29-30, 2008
Wexford Heights	Council adopted December 11-13, 2007
Wychwood Heights	AGM scheduled for February 5, 2008
Yonge-Lawrence Village	Council adopted December 11-13, 2007
York-Eglinton	Council adopted January 29-30, 2008