

The Waterfront BIA 2010 Operating Budget

Date:	November 23, 2009
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	20 and 28
Reference Number:	P:\2009\Internal Services\FP\cc09023FP (AFS#10958)

SUMMARY

The Waterfront Business Improvement Area (BIA) has requested Council consideration of its 2010 Operating Budget at its meeting of November 30 - December 1, 2009 to make it possible for the BIA to meet the deposit requirements for participation in the 2010 Redpath Toronto Waterfront Festival, an international tall ships event.

This report brings forward The Waterfront Business Improvement Area's (BIA) 2010 Operating Budget 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 BIA.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve the 2010 expenditure request of The Waterfront BIA totalling \$1,464,418 and a 2010 BIA levy requirement of \$694,418.

FINANCIAL IMPACT

No City funding is required since financing of the Business Improvement Area budget is raised by a special levy on members of The Waterfront BIA. For 2010, the special levy totals \$694,418.

DECISION HISTORY

The City of Toronto Municipal Code Chapter 19 and the *City of Toronto Act, 2006* require that BIA operating budgets be approved by City Council.

In August 2009 the Queens Quay Harbourfront BIA changed its name to The Waterfront BIA.

The Waterfront BIA 2010 Operating Budget was approved at meetings of the BIA's Board of Management on October 28, 2009 and its general membership on November 17, 2009.

ISSUE BACKGROUND

From June 29 to July 4, 2010, The Waterfront BIA will host The Redpath Toronto Waterfront Festival, an international tall ships event. This will be the first time a major tall ships festival has been hosted in Toronto since 1994, with approximately 15 - 20 tall ships on display for the duration of the event. The event will draw an estimated 800,000 visitors and residents to the waterfront over 6 days.

The total budget for the event is in excess of \$1 million, of which \$0.3 million will be contributed through BIA levies. The Waterfront BIA 2010 Operating Budget, which includes this funding support, was unanimously approved by the BIA membership at its Annual General Meeting held on November 17, 2009.

Commencing in January 2010, deposits will be required to secure the participation of various ships. In addition, there will be consulting costs for the continued development of corporate fundraising, government grants, marketing and organizing of logistics for the event. To ensure that the BIA has sufficient cash flow during this period it is essential that the 2010 Operating Budget for The Waterfront BIA be approved by Council at the earliest opportunity so that the first instalment of the BIA levy can be issued by mid-February 2010.

COMMENTS

2009 Projected Actual Expenditures

The Waterfront BIA is projecting a cumulative operating deficit of \$14,076 at year-end 2009. BIA deficits, whether from operations or appeal provision shortfall, are addressed in the following year's budget, often by increasing the levy requirement.

In 2009, the BIA had planned to hold a larger Waterfront Festival that was anticipated to require larger sponsorship revenue. The event was scaled back significantly and the focus was changed to promote the 2010 Redpath Toronto Waterfront Festival (tall ships) and the newly developed Waterfront BIA brand. The BIA applied for a federal government Marquee Tourism Events Program Grant for the 2009 event but was denied.

Administration expenses were higher due to turnover in the Executive Director's position. The BIA hired a traffic consultant, also not budgeted in 2009, to assist it to develop its position and input to the Queens Quay Environmental Assessment. Capital maintenance expenses are projected to be lower than budget because the BIA decided not to install additional Cavalcade/Christmas lights in order to offset higher than anticipated expenses in administration, marketing and promotion. The BIA's development of an international festival around tall ships for 2010 also resulted in unbudgeted costs in 2009.

In 2009, the BIA completed a branding and name change process creating The Waterfront BIA name and brand, to replace "Queens Quay Harbourfront BIA".

2010 Operating Budget

The Waterfront BIA's proposed 2010 Operating Budget will enable the BIA to promote its new name and brand. A key event that will achieve this goal is the Redpath Toronto Waterfront Festival, an International Tall Ship event that will bring the world's focus to Toronto's waterfront. The festival itself is expected to draw well over 800,000 people and is expected to generate long term interest in the waterfront in the shoulder seasons.

The balanced budget of expenditures and revenues that totals \$1,464,418 is summarized in Appendix A attached to this report. The total budget for the Redpath Toronto Waterfront Festival event is in excess of \$1 million, of which \$300,000 will be contributed through BIA levies. This International Tall Ship event will require substantial government support and private sector sponsorship which the BIA, as host of the event, will secure. The BIA anticipates receiving \$200,000 in federal and provincial government grants for this event, \$405,000 in sponsorships, and \$125,000 in festival revenue.

The other components of the expenditure budget comprise of \$222,490 for general BIA administration, which includes the addition of one full-time staff and establishment of a BIA office; \$10,000 for capital purchases of furniture and equipment to set up the BIA office; \$20,000 for capital maintenance to install additional Cavalcade/Christmas lights; and \$16,500 for website maintenance and other marketing expenses. Other funding requirements in 2010 include addressing the appeal provision deficit of \$48,028 and the cumulative operating deficit of \$14,076.

The 2010 BIA levy requirement of \$694,418 is \$279,791 or 67.5% higher than in 2009, primarily driven by the Redpath Toronto Waterfront Festival event. Other anticipated revenues include GST recoveries of \$40,000, which will contribute to producing a balanced budget.

It is recommended that The Waterfront BIA's 2010 budget of expenditures totalling \$1,464,418 and a 2010 BIA levy of \$694,418 be approved.

CONTACT

Judy Skinner
Manager, Financial Planning
Financial Planning Division
Phone: 416-397-4219
Fax: 416-392-3649
e-mail: jskinne1@toronto.ca

Mike Major
Manager, Business Improvement Areas
Economic Development, Culture & Tourism
Phone: 416-392-0623
Fax: 416-392-1380
e-mail: mmajor@toronto.ca

Nick Naddeo
Manager, Revenue Accounting & Collection
Revenue Services Division
Phone: 416-395-6789
Fax: 416-395-6703
e-mail: nnaddeo@toronto.ca

SIGNATURE

Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENT

Appendix A – BIA Budget Summary

APPENDIX A

The Waterfront BIA 2010 Budget Summary			
	2009 Approved Budget	2009 Projected Actual	2010 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	414,627	414,627	694,418
- Other Revenue	485,000	70,300	770,000
Total Revenues	899,627	484,927	1,464,418
Expenditures:			
- Administration	141,850	132,518	222,490
- Capital	0	0	10,000
- Maintenance	20,000	5,000	20,000
- Promotion & Advertising	653,500	250,265	1,086,695
- Appeal Provision Deficit	46,583	46,583	48,028
- Funding of Prior Year's Operating Deficit	0	26,943	14,076
- 10% Provision for Assessment Appeal Reductions and Write-offs	37,693	37,693	63,129
Total Expenditures	899,627	499,003	1,464,418
Surplus/(Deficit)	0	(14,076)	0