



STAFF REPORT ACTION REQUIRED

2009 Business Improvement Area Operating Budgets: Report No. 3

Date:	January 23, 2009
To:	Economic Development Committee
From:	Acting Deputy City Manager and Chief Financial Officer
Wards:	15, 16, 17, 19, 22, 37 and 40
Reference Number:	P:\2009\Internal Services\FP\ed09004FP (AFS#8708)

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 by January 20, 2009 have been reviewed and are reported herein; BIA Operating Budgets received after this date will be brought forward in later reports. Of the 68 established BIAs, 22 BIA budgets were approved by City Council on December 1-3, 2008 in Report No. 1; 36 BIA budgets are pending Council approval on January 27, 2009 in Report No. 2; five BIA budgets are submitted for approval in this report; four BIAs have yet to submit their operating budgets; and one BIA is inactive.

The recommendations reflect 2009 Operating Budgets approved by the respective BIAs' Boards of Management and have been reviewed by City staff to ensure BIA budgets reflect Council's approved policies and practices.

RECOMMENDATIONS

The Acting Deputy City Manager and Chief Financial Officer recommends that:

1. the Economic Development Committee adopt and certify to City Council the 2009 expenditure requests and levy requirements of the following Business Improvement Areas:

Business Improvement Area	2009 Expenditure Estimates (\$)	2009 Levy Funds Required (\$)
Fairbank Village	107,492	0
Kennedy Road	338,594	245,507
Little Italy	391,874	292,374
The Eglinton Way	268,620	241,836
York-Eglinton	227,252	147,607

FINANCIAL IMPACT

No City funding is required since financing of Business Improvement Area budgets is raised by a special levy on members which totals \$927,324 in this report.

All of the 2009 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 2009 Operating Budget. The BIA budgets have provisions for required capital cost-sharing contributions for those projects approved in 2008 or prior and carried forward into 2009, as well as new capital cost-share projects approved in the 2009 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 2009 budgets were approved are set out below:

Business Improvement Area	Approved by Board of Management	Approved by Membership
Fairbank Village	January 13, 2009	November 18, 2008
Kennedy Road	October 23, 2008	December 16, 2008
Little Italy	September 10, 2008	October 8, 2008
The Eglinton Way	November 17, 2008	January 19, 2009
York-Eglinton	November 4, 2008	November 4, 2008

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 2009 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 their 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 18, 2008 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 2009 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, Culture and Tourism’s annual 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 2009 Operating Budget's 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 2008 or prior and carried forward into 2009, and new capital projects approved in the 2009 Economic Development, Culture and Tourism 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 2009 Operating Budget.

COMMENTS

The *Fairbank Village BIA* 2009 Operating Budget was approved at a meeting of the BIA's general membership on November 18, 2008 with revisions from the Board's original proposed budget. The revised budget was approved by the Board of Management on January 13, 2009. As 2009 will be a challenging year financially for most small businesses in the area, the BIA proposes to use \$104,659 of its accumulated surplus funds and the appeal provision surplus of \$2,833 to fund an expenditure budget of \$107,492, instead of a BIA levy on its members in 2009. Planned expenditures comprise of \$29,904 for general BIA administration; \$15,000 to implement a tree lighting capital cost-shared project and \$45,000 set aside for future streetscape improvement capital cost-shared projects such as pedestrian lights, new benches, landscaping and planters; \$11,000 for capital maintenance; and \$6,588 for advertising and website maintenance. In 2008, various proposed initiatives were deferred due to the lack of a BIA coordinator; as a result, an operating surplus of \$45,354 is forecasted in 2008. It is recommended that the Fairbank Village BIA's 2009 budget of expenditures totalling \$107,492 and no BIA levy requirement be approved.

The *Kennedy Road BIA* 2009 Operating Budget was approved at meetings of the BIA's Board of Management on October 23, 2008 and its general membership on December 16, 2008. The BIA proposes a balanced budget by maintaining a similar levy as in 2008 to fund advertising and promotional initiatives, capital maintenance, general BIA administration, and continue with the boulevard streetscaping project but on a smaller scale. Capital cost-shared projects planned for 2009 include the installation of median globe lights, boulevard planting and furnishings. Based upon the results of the 2008 market research study, the BIA plans to undertake a significant advertising, marketing and promotion campaign to promote the area in a major way in 2009. This initiative is funded in part from the appeal provision surplus of \$87,087 that the City is returning to the BIA. Administration expenditures will be less as the BIA will not have a coordinator in 2009 and security costs will remain lower than in previous years. To balance the budget, the BIA expects other revenues of \$6,000 from GST recoveries. It is

recommended that the Kennedy Road BIA's 2009 budget of expenditures totalling \$338,594 and a BIA levy of \$245,507 be approved.

The ***Little Italy BIA*** 2009 Operating Budget was approved at meetings of the BIA's Board of Management on September 10, 2008 and its general membership on October 8, 2008. The balanced budget of expenditures of \$391,874 will require a levy of \$292,374 in 2009 which is 9% less than in 2008. The reduced levy requirement in 2009 is due to higher sponsorship revenues of \$68,000 expected from The Taste of Little Italy and Fiera events, estimated GST recoveries of \$11,000, and a larger appeal provision surplus of \$20,501 being returned to the BIA from the City. The proposed operating budget will enable the BIA to continue with advertising and marketing plans, promotional events and festivals, capital maintenance, and general BIA administration. Proposed capital expenditures include new banners and tree lights. Higher than budgeted TTC and policing costs related to the festival events will result in a 2008 projected year-end actual operating deficit of \$26,505. The BIA will fund the operating deficit from its accumulated surplus funds of \$26,641. It is recommended that the Little Italy BIA's 2009 budget of expenditures totalling \$391,874 and a BIA levy of \$292,374 be approved.

The Eglinton Way BIA 2009 Operating Budget was approved at meetings of the BIA's Board of Management on November 17, 2008 and its general membership on January 19, 2009. The BIA proposes a balanced budget of \$268,620 in expenditures and the same amount in revenues derived from a BIA levy of \$241,836, interest income of \$1,000, GST recoveries of \$3,000 and the appeal provision surplus of \$22,784 that the City is returning to the BIA. Budget expenditures include \$59,635 for general BIA administration; \$41,500 for continued implementation of its streetscape improvement capital program; \$67,000 for capital maintenance and street cleaning; and \$78,500 for advertising, marketing and promotion. It is recommended that The Eglinton Way BIA's 2009 budget of expenditures totalling \$268,620 and a BIA levy of \$241,836 be approved.

The ***York-Eglinton BIA*** 2009 Operating Budget was approved at meetings of the BIA's Board of Management and its general membership both held on November 4, 2008. The BIA proposes a balanced budget having expenditures of \$227,252 and revenues from a BIA levy of \$147,607, the appeal provision surplus of \$6,277 that the City is returning to the BIA, funds reserved for capital cost-shared projects of \$30,000, and using up the remaining accumulated surplus funds of \$43,368. Budget expenditures include \$30,000 to complete the pedestrian lighting-LED light ring project, a capital cost-shared project started in late 2008 and carried forward into 2009; \$40,000 for ongoing capital maintenance and sidewalk pressure washing, a new initiative in 2009; \$59,868 for advertising, marketing and promotion including a proposed festival event; and \$83,966

for general BIA administration, a full-time BIA coordinator and the addition of a part-time employee to support the marketing and advertising initiatives in 2009. It is recommended that the York-Eglinton BIA's 2009 budget of expenditures totalling \$227,252 and a BIA levy of \$147,607 be approved.

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SIGNATURE

Cam Weldon
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ATTACHMENTS

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

APPENDIX A

Fairbank Village BIA 2009 Budget Summary			
	2008 Approved Budget	2008 Projected Actual	2009 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	78,340	78,340	0
- Other Revenue	0	0	0
- Appeal Provision Surplus	602	602	2,833
- Contribution from Accumulated Surplus	55,000	0	104,659
Total Revenues	133,942	78,942	107,492
Expenditures:			
- Administration	22,504	3,911	29,904
- Capital	35,000	0	60,000
- Maintenance	15,000	6,300	11,000
- Promotion & Advertising	54,316	16,255	6,588
- 10% Provision for Assessment Appeal Reductions	7,122	7,122	0
Total Expenditures	133,942	33,588	107,492
Surplus/(Deficit)	0	45,354	0

Kennedy Road BIA 2009 Budget Summary			
	2008 Approved Budget	2008 Projected Actual	2009 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	247,500	247,500	245,507
- Other Revenue	5,000	7,500	6,000
- Appeal Provision Surplus	N/A	N/A	87,087
- Contribution from Accumulated Surplus	25,000	25,550	0
Total Revenues	277,500	280,550	338,594
Expenditures:			
- Administration	109,938	84,835	79,575
- Capital	50,000	106,000	60,000
- Maintenance	40,000	33,553	36,700
- Promotion & Advertising	43,000	15,000	140,000
- Appeal Provision Deficit	12,062	12,062	N/A
- 10% Provision for Assessment Appeal Reductions	22,500	22,500	22,319
Total Expenditures	277,500	273,950	338,594
Surplus/(Deficit)	0	6,600	0

Little Italy BIA 2009 Budget Summary			
	2008 Approved Budget	2008 Projected Actual	2009 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	320,718	320,718	292,374
- Other Revenue	45,000	76,000	79,000
- Appeal Provision Surplus	18,394	18,394	20,501
Total Revenues	384,111	415,111	391,874
Expenditures:			
- Administration	23,305	22,535	21,795
- Capital	77,150	35,678	39,000
- Maintenance	31,000	21,000	31,000
- Promotion & Advertising	223,500	333,247	273,500
- 10% Provision for Assessment Appeal Reductions and Write-offs	29,156	29,156	26,579
Total Expenditures	384,111	441,616	391,874
Surplus/(Deficit)	0	(26,505)*	0

*To be funded from the BIA's accumulated surplus.

The Eglinton Way BIA 2009 Budget Summary			
	2008 Approved Budget	2008 Projected Actual	2009 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	234,821	234,821	241,836
- Other Revenue	4,200	6,250	4,000
- Appeal Provision Surplus	16,499	16,499	22,784
Total Revenues	255,520	257,570	268,620
Expenditures:			
- Administration	51,473	59,629	59,635
- Capital	30,500	0	41,500
- Maintenance	43,400	78,100	67,000
- Promotion & Advertising	108,800	98,600	78,500
- 10% Provision for Assessment Appeal Reductions and Write-offs	21,347	21,347	21,985
Total Expenditures	255,520	257,676	268,620
Surplus/(Deficit)	0	(106)	0

York-Eglinton BIA 2009 Budget Summary			
	2008 Approved Budget	2008 Projected Actual	2009 Budget Request (\$)
Revenue:			
- Levy Funds Required (incl. 10% provision)	38,600	38,600	147,607
- Other Revenue	0	2,400	0
- Appeal Provision Surplus	10,950	10,950	6,277
- Contribution from Accumulated Surplus	130,000	60,928	73,368
Total Revenues	179,550	112,878	227,252
Expenditures:			
- Administration	64,541	53,006	83,966
- Capital	30,000	0	30,000
- Maintenance	25,000	22,612	40,000
- Promotion & Advertising	56,500	33,750	59,868
- 10% Provision for Assessment Appeal Reductions and Write-offs	3,509	3,509	13,419
Total Expenditures	179,550	112,878	227,252
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 December 1-3, 2008
Bloor Annex	Council adopted December 1-3, 2008
Bloor by the Park	Pending Council approval on January 27, 2009
Bloorcourt Village	Council adopted December 1-3, 2008
Bloordale Village	Council adopted December 1-3, 2008
Bloor Street	Pending Council approval on January 27, 2009
Bloor West Village	Council adopted December 1-3, 2008
Bloor-Yorkville	Pending Council approval on January 27, 2009
Chinatown	Council adopted December 1-3, 2008
Church-Wellesley Village	Pending Council approval on January 27, 2009
College Promenade	Council adopted December 1-3, 2008
Corso Italia	Council adopted December 1-3, 2008
Crossroads of the Danforth	Pending Council approval on January 27, 2009
Danforth Mosaic (formerly Midtown Danforth)	Council adopted December 1-3, 2008
Danforth Village	Pending Council approval on January 27, 2009
Dovercourt Village	Pending Council approval on January 27, 2009
Downtown Yonge	Pending Council approval on January 27, 2009
Dundas-Bathurst	Pending Council approval on January 27, 2009
Dundas West	Council adopted December 1-3, 2008
Eglinton Hill	Pending Council approval on January 27, 2009
Emery Village	Council adopted December 1-3, 2008
Fairbank Village	Included in this report
Forest Hill Village	Pending Council approval on January 27, 2009
Gerrard India Bazaar	Pending Council approval on January 27, 2009
Greektown on the Danforth	Pending Council approval on January 27, 2009
Harbord Street	Pending Council approval on January 27, 2009
Hillcrest Village	Pending Council approval on January 27, 2009
Historic Queen East (formerly Old Queen Street)	No 2007 or 2008 budget. No AGM scheduled. Inactive.
Junction Gardens	Council adopted December 1-3, 2008
Kennedy Road	Included in this report
Korea Town	Council adopted December 1-3, 2008
Lakeshore Village	Council adopted December 1-3, 2008
Liberty Village	Pending Council approval on January 27, 2009
Little Italy	Included in this report
Little Portugal (formerly Dundas-Ossington)	Council adopted December 1-3, 2008
Long Branch	Pending Council approval on January 27, 2009
Mimico by the Lake	Pending Council approval on January 27, 2009
Mimico Village	Pending Council approval on January 27, 2009
Mirvish Village	Council adopted December 1-3, 2008

Mount Dennis	AGM scheduled for January 29, 2009
Mount Pleasant	Inaugural AGM scheduled for March 2, 2009
Oakwood Village	Inaugural AGM held January 20, 2009. Budget to be submitted in June 2009.
Old Cabbagetown	Pending Council approval on January 27, 2009
Pape Village	Pending Council approval on January 27, 2009
Parkdale Village	Council adopted December 1-3, 2008
Queens Quay Harbourfront	Council adopted December 1-3, 2008
Queen Street West	Inaugural AGM scheduled for February 10, 2009
Regal Heights Village (formerly St. Clair Avenue West)	Council adopted December 1-3, 2008
Riverside District	Pending Council approval on January 27, 2009
Roncesvalles Village	Pending Council approval on January 27, 2009
Rosedale Main Street	Pending Council approval on January 27, 2009
St. Clair Gardens	Pending Council approval on January 27, 2009
St. Lawrence Market Neighbourhood	Pending Council approval on January 27, 2009
Sheppard East Village	Pending Council approval on January 27, 2009
The Beach	Council adopted December 1-3, 2008
The Danforth	Pending Council approval on January 27, 2009
The Eglinton Way	Included in this report
The Kingsway	Pending Council approval on January 27, 2009
Toronto Entertainment District	Pending Council approval on January 27, 2009
Upper Village	Pending Council approval on January 27, 2009
Uptown Yonge	Pending Council approval on January 27, 2009
Village of Islington	Council adopted December 1-3, 2008
West Queen West	Pending Council approval on January 27, 2009
Weston Village	Pending Council approval on January 27, 2009
Wexford Heights	Pending Council approval on January 27, 2009
Wychwood Heights	Pending Council approval on January 27, 2009
Yonge-Lawrence Village	Council adopted December 1-3, 2008
York-Eglinton	Included in this report