TORONTO

STAFF REPORT
ACTION REQUIRED

Business Improvement Areas (BIAs) – 2014 Operating Budgets - Report No. 4

Date:	March 26, 2014
To:	Economic Development Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	5, 17
Reference Number:	P:\2014\Internal Services\Fp\Ed14010Fp (AFS #18937)

SUMMARY

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

All active BIAs have submitted complete budgets and supporting documentation which have been reviewed and are reported here and in prior reports. This report culminates the approval of BIA Operating Budgets for 2014. Of the 77 established BIAs, two BIA budgets are submitted for approval in this report; budgets of all other active BIAs have been included in previous reports. For details on each BIA's stage in the budget process, please refer to Appendix B – Status of BIA Budget Submissions.

The recommendations in this report reflect 2014 Operating Budgets approved by the respective BIAs' Boards of Management and Memberships 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 2014 recommended expenditures and levy requirements of the following Business Improvement Areas:

Business Improvement Area	2014 Expenditure Estimates ($)	2014 Levy Funds Required ($)
Regal Heights Village	85,244	72,718
shoptheQueensway.com	186,334	125,000

Financial Impact

No City funding is required since financing of Business Improvement Area operating budgets is raised by a special levy on members which totals $197,718 in this report.

The two 2014 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 respective 2014 Operating Budgets. The BIA budgets are required to have provisions for capital cost-sharing contributions for those projects approved in 2013 or prior and carried forward into 2014, as well as new capital cost-share projects submitted for funding through the 2014 Capital Budget for Economic Development and Culture.

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 2014 budgets were approved are set out below:

Business Improvement Area	Approved by Board of Management	Approved by Membership
Regal Heights Village	February 5, 2014	March 5, 2014
shoptheQueensway.com	February 25, 2014	March 24, 2014

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 2014 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 cash flows and revenues required by the BIAs to meet its operating obligations in the future, rather than the 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 July 31, 2013 identified either a provision surplus or provision deficit. Since the appeal provisions are held by the City, any 2013 appeal provision surpluses will be returned to the respective BIAs in 2014, and any appeal provision deficits must be funded through the respective BIA's 2014 levy, accumulated surplus, or other funding source. Therefore, each BIA is required to address the identified surplus or deficit amount within its respective operating budget for the following fiscal year. The recommended 2014 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 and Culture annual Capital Budget and includes an "Equal Share Funding" option whereby capital costs are shared 50%/50% between the City and the BIA.
http://www.toronto.ca/legdocs/2003/agendas/council/cc030722/edp6rpt/cl014.pdf

On October 30, 2012, City Council adopted a report entitled "Providing new BIA Streetscape Funding Opportunities" (EX23.12) approving amendments to the BIA Capital Cost-Sharing Program Guidelines. The intention of the amendments was to provide a new financing opportunity to respond to increasing demand for City funding. The recommended adjustments include the introduction of a "Financed Funding" option for BIAs undertaking larger streetscape projects whereby the City contributes a lower share of funding (35% instead of 50%) but provides financing for up to 100% of the BIAs' portion of costs.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.12

Although BIAs who utilize the new financing option will pay for a higher portion of project costs, they will be able to complete streetscape improvements in one phase instead of piecemeal, minimize business disruption, and realize cost savings through larger contract tendering. BIAs who utilize the financing options will repay by way of City deduction from the annual BIA levy.

The BIA Capital Cost-Share program guidelines set out eligibility criteria that BIAs must satisfy in order to participate. For the Equal Share Funding option, the BIA must have in place its share of the project funding (50 percent) prior to making a capital cost-sharing request. 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.

BIAs with capital cost-share projects approved by the City in 2013 or prior, and carried forward into 2014, and new capital projects submitted for funding through the 2014 Economic Development and Culture Capital Budget, will only be eligible if it has in place its 50 percent share of the project funding. This share may be funded from the BIA's prior years' accumulated surplus (including cash in-hand reserved for specific capital cost-share projects) and/or from a BIA levy.

For the Financed Funding option, BIAs are required to enter into a loan agreement with the City. For the purpose of their annual budgeting, they are required to include an amount sufficient to cover loan repayment obligations for the year, including interest, and indicate its future repayment obligations. BIAs that wish to participate in this program but have not yet finalized a loan agreement with the City are required to provide

estimates of these figures. In this report, no BIAs have a capital project financed through this program.

Another eligibility criteria for the BIA Capital Cost-Share program 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.

COMMENTS

The *Regal Heights Village BIA* 2014 Operating Budget was approved at meetings of the BIA's Board of Management on February 5, 2014 and its general membership on March 5, 2014. For the 2014 year, the BIA will focus on multiple promotion and advertising initiatives involving members and the local community. This increase in promotional event expenditure, offset with a decrease in advertising and marketing activities, results in a 42.6% overall decrease to the expenditure category from $54,000 in 2013 to $31,000 in 2014. The BIA has also increased its maintenance expense from $24,000 budgeted for 2013 to $29,000 budgeted for 2014, or 20.8%, allowing the BIA to increase horticulture maintenance, remove graffiti, and allocate some funds toward miscellaneous repair and maintenance requirements. The BIA is not anticipating any cost-shared capital projects for 2014, but has budgeted for a small banner replacement capital project fully funded by the BIA. This results in a 93.8% decrease in the BIA's capital budget from $32,000 in 2013 to only $2,000 in 2014. The BIA has also allocated $16,633 to cover general administration costs. To fund these expenditures, the BIA has proposed a $72,718 levy on members, and will only require $11,719 in accumulated surplus funds compared to $58,301 budgeted for 2013. The BIA also expects to receive $807 in appeal provision surplus funds to be returned from the City to the BIA. It is recommended that Regal Heights Village BIA's 2014 Budget of expenditures totalling $85,244 and a BIA levy of $72,718 be approved.

The *shoptheQueensway.com BIA* 2014 Operating Budget was approved at meetings of the BIA's Board of Management on February 25, 2014 and its general membership on March 24, 2014. The BIA's proposed 2014 budget reflects an expanded area as approved by City Council on February 19, 2014. While the BIA successfully started a community festival, launched a website, and developed a local marketing campaign in its inaugural 2013 year, the 2014 year will focus on implementing elements of its streetscape plan. The BIA has increased its capital expenditure allocation from $41,050 in 2013 to $145,259 for 2014. This 2014 expenditure category allocates $100,154 for cost-shared capital projects with the City for banner hardware, street signs, and other streetscape improvements, as well as $45,105 for other streetscape projects, including banner replacements, fully funded by the BIA. As the BIA is relatively new, it does not anticipate any major maintenance requirements in 2014. The BIA has also increased its administration budget allocation from $7,192 in 2013 to $17,884 in 2014, mostly to begin budgeting for staffing costs as determined during 2013. Meanwhile, the BIA has postponed all promotion and advertising activities except the development and maintenance of its current website, resulting in a decreased expenditure for this category

from $52,300 in 2013 to $9,716 in 2014. The BIA has also budgeted for an appeal provision deficit of $2,111. To fund increased expenditures of $186,334, the Board has proposed a $125,000 levy on members and a $58,714 draw on the BIA's accumulated surplus funds. The BIA also expects to receive $2,620 in other revenue. It is recommended that shoptheQueensway.com BIA's 2014 Budget of expenditures totalling $186,334 and a BIA levy of $125,000 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 and Culture
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

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Roberto Rossini
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

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

APPENDIX A

Regal Heights Village BIA 2014 Budget Summary			
	2013 Approved Budget	2013 Projected Actual	2014 Budget Request ($)
Revenue:			
- Levy Funds Required (incl. 10% provision)	72,819	72,819	72,718
- Appeal Provision Surplus	4,658	4,658	807
- Contribution from Accumulated Surplus	58,301	0	11,719
Total Revenues	135,778	77,477	85,244
Expenditures:			
- Administration	19,158	14,779	16,633
- Capital	32,000	0	2,000
- Maintenance	24,000	21,640	29,000
- Promotion & Advertising	54,000	29,137	31,000
- Provision for Assessment Appeal Reductions and Write-offs	6,620	4,426	6,611
Total Expenditures	135,778	69,982	85,244
Surplus/(Deficit)	0	7,495	0

shoptheQueensway.com BIA 2014 Budget Summary			
	2013 Approved Budget	2013 Projected Actual	2014 Budget Request ($)
Revenue:			
- Levy Funds Required (incl. 10% provision)	99,596	99,596	125,000
- Other Revenue	18,000	57,610	2,620
- Contribution from Accumulated Surplus	0	0	58,714
Total Revenues	117,596	157,206	186,334
Expenditures:			
- Administration	7,192	11,020	17,884
- Capital	41,050	489	145,259
- Maintenance	8,000	864	0
- Promotion & Advertising	52,300	77,065	9,716
- Appeal Provision Deficit	0	0	2,111
- Provision for Assessment Appeal Reductions and Write-offs	9,054	11,165	11,364
Total Expenditures	117,596	100,603	186,334
Surplus/(Deficit)	0	56,603	0

APPENDIX B

Status of Business Improvement Area Budget Submissions	
Business Improvement Area	**Stage in Budget Process**
Albion-Islington	Approved by Council on February 19, 2014
Baby Points Gates	Pending Council Approval on April 1, 2014
Bloor Annex	Approved by Council on February 19, 2014
Bloor by the Park	Approved by Council on February 19, 2014
Bloorcourt Village	Approved by Council on February 19, 2014
Bloordale Village	Pending Council Approval on April 1, 2014
Bloor Street	Approved by Council on February 19, 2014
Bloor West Village	Approved by Council on December 16, 2013
Bloor-Yorkville	Approved by Council on February 19, 2014
Cabbagetown	Approved by Council on February 19, 2014
Chinatown	Approved by Council on December 16, 2013
Church-Wellesley Village	Approved by Council on February 19, 2014
College-Dufferin	Approved by Council on February 19, 2014
College Promenade	Pending Council Approval on April 1, 2014
Corso Italia	Pending Council Approval on April 1, 2014
Crossroads of the Danforth	Pending Council Approval on April 1, 2014
Danforth Mosaic	Approved by Council on February 19, 2014
Danforth Village	Approved by Council on December 16, 2013
Dovercourt Village	Approved by Council on February 19, 2014
Downtown Yonge	Approved by Council on February 19, 2014
Dufferin-Finch	Approved by Council on December 16, 2013
Dundas West	Pending Council Approval on April 1, 2014
Eglinton Hill	Pending Council Approval on April 1, 2014
Emery Village	Pending Council Approval on April 1, 2014
Fairbank Village	Approved by Council on December 16, 2013
Financial District	Approved by Council on February 19, 2014
Forest Hill Village	Approved by Council on February 19, 2014
Gerrard India Bazaar	Approved by Council on December 16, 2013
Greektown on the Danforth	Approved by Council on February 19, 2014
Harbord Street	Approved by Council on February 19, 2014
Hillcrest Village	Pending Council Approval on April 1, 2014
Historic Queen East	Inactive
Junction Gardens	Pending Council Approval on April 1, 2014
Kennedy Road	Pending Council Approval on April 1, 2014
Kensington Market	Approved by Council on February 19, 2014
Korea Town	Approved by Council on December 16, 2013
Lakeshore Village	Pending Council Approval on April 1, 2014
Leslieville	Pending Council Approval on April 1, 2014
Liberty Village	Approved by Council on February 19, 2014
Little Italy	Pending Council Approval on April 1, 2014

Little Portugal	Pending Council Approval on April 1, 2014
Long Branch	Approved by Council on February 19, 2014
Mimico By The Lake	Approved by Council on February 19, 2014
Mimico Village	Approved by Council on December 16, 2013
Mirvish Village	Approved by Council on February 19, 2014
Mount Dennis	Pending Council Approval on April 1, 2014
Mount Pleasant	Approved by Council on February 19, 2014
Oakwood Village	Pending Council Approval on April 1, 2014
Pape Village	Approved by Council on February 19, 2014
Parkdale Village	Approved by Council on December 16, 2013
Queen Street West	Pending Council Approval on April 1, 2014
Regal Heights Village	**Included in this report**
Riverside District	Approved by Council on December 16, 2013
Roncesvalles Village	Approved by Council on February 19, 2014
Rosedale Main Street	Approved by Council on February 19, 2014
Sheppard East Village	Pending Council Approval on April 1, 2014
shoptheQueensway.com	**Included in this report**
St. Clair Gardens	Approved by Council on February 19, 2014
St. Lawrence Market Neighbourhood	Approved by Council on February 19, 2014
The Beach	Approved by Council on February 19, 2014
The Danforth	Approved by Council on December 16, 2013
The Dupont Strip	Approved by Council on February 19, 2014
The Eglinton Way	Approved by Council on February 19, 2014
The Kingsway	Pending Council Approval on April 1, 2014
The Waterfront	Approved by Council on February 19, 2014
Toronto Entertainment District	Approved by Council on February 19, 2014
Trinity Bellwoods	Pending Council Approval on April 1, 2014
Upper Village	Pending Council Approval on April 1, 2014
Uptown Yonge	Approved by Council on February 19, 2014
Village of Islington	Approved by Council on February 19, 2014
Weston Village	Pending Council Approval on April 1, 2014
West Queen West	Approved by Council on December 16, 2013
Wexford Heights	Approved by Council on February 19, 2014
Wilson-Keele	Approved by Council on December 16, 2013
Wychwood Heights	Pending Council Approval on April 1, 2014
Yonge-Lawrence Village	Approved by Council on February 19, 2014
York-Eglinton	Approved by Council on February 19, 2014