

## **Business Improvement Areas (BIAs) - 2023 Operating Budgets - Report 3**

**Date:** April 11, 2023

**To:** Economic and Community Development Committee

**From:** Chief Financial Officer and Treasurer

**Wards:** 5, 11, 12, 14, 18, 19

### **SUMMARY**

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This report brings forward the final group of 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 a special tax levy on the commercial and industrial properties within the respective BIA boundaries. The BIA is an association, independently managed from the City and operated by local businesses and property owners, joining together to organize, finance, and deliver capital streetscape improvements, and to promote economic development in a district with its own governance structure as set out in Chapter 19 of the Toronto Municipal Code and the City of Toronto Act, 2006.

There are currently 84 established BIAs in the City of Toronto. City Council previously approved the 2023 Operating Budgets for 77 BIAs through Report 1 and Report 2 at its meeting on February 7, 2023 (Item [EC1.2](#)) and March 29, 2023 (Item [EC2.2](#)). One BIA, Historic Queen East, is inactive. Included in this Report 3 is the 2023 Operating Budgets for the remaining 6 BIAs for City Council approval. Financing of individual Business Improvement Area Operating Budgets is raised by a special levy on the commercial and industrial properties within the respective BIA boundaries.

Under current Chapter 19 of the Toronto Municipal Code, the Business Improvement Areas By-law does not have specific provision requiring a BIA maintain a certain amount in their accumulated surplus. Should a BIA find itself in a deficit, be dissolved or becomes inactive, City Council has the authority to collect funds required and liabilities including interests, through the BIA levy as stipulated under the By-law. If a board is dissolved and the liabilities exceed the assets assumed by the City, Council shall recover the difference. As directed by City Council at its meeting on July 19, 2022, the General Manager, Economic Development and Culture will conduct additional review and consultation on other issues impacting BIAs. To ensure prudent stewardship of public resources and further strengthen financial management and oversight, the issue of maintaining a minimum balance requirement in the BIA accumulated surplus reserves will be part of the By-law review. Based on the outcome of the review, City staff will

present recommendations including the potential for amendment to the current Chapter 19 of the Toronto Municipal Code, and report back to Council by the fourth quarter of 2023 or first quarter of 2024.

The recommendation in this report reflects the board-adopted 2023 Operating Budgets by the respective BIAs' Boards of Management and General Membership. Complete budgets and supporting documentation have been reviewed by City staff to ensure that the 2023 Operating Budgets for BIAs reflect Council's approved policies and practices.

## RECOMMENDATIONS

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The Chief Financial Officer and Treasurer recommends that:

1. City Council adopt and certify the 2023 recommended Operating Budgets and Levy requirements of the following Business Improvement Areas:

<b>Business Improvement Area</b>	<b>2023 Operating Budget (\$)</b>	<b>2023 Levy Funds Required (\$)</b>
Bloor Annex	341,193	276,825
Danforth Mosaic	900,076	365,883
Danforth Village	362,412	264,912
Eglinton Hill	91,325	24,114
Willowdale	1,305,914	1,003,664
York-Eglinton	578,319	115,756
<b>Total</b>	<b>3,579,239</b>	<b>2,051,154</b>

## FINANCIAL IMPACT

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Financing of the Business Improvement Area Operating Budgets is raised by a special levy on the commercial and industrial properties within the respective BIA boundaries, accumulated surplus, grants administered and funded by the city and/or external parties, donations, sponsorships, festival revenues, and other third-party revenues. The BIA Office within the Economic Development & Culture Division (EDC) works with the BIAs to ensure that all BIAs are aware of the available City grant programs.

The BIA operating budgets and changes in levies are board-adopted by the respective BIAs' Boards of Management and General Membership. The 2023 Operating Budgets for the 6 BIAs total \$3.579 million which requires a special tax levy in the amount of

\$2.051 million reflecting a \$0.263 million or 15% increase in the special tax levy from 2022. All of the 2023 BIA Operating Budgets submitted for consideration are balanced budgets that are managed independently by the BIAs and not economically dependent on the City. Detailed budgets of individual BIAs discussed in this report are set out in Appendix A.

The BIA Operating Budgets have provisions set aside for required capital cost-sharing contributions for those capital projects approved in 2022 or prior and carried forward into 2023, as well as new capital cost-share projects in the 2023-2032 Capital Budget and Plan for Economic Development and Culture through the 2023 Budget process.

The dates at which the 2023 Operating Budgets were adopted by the respective BIAs' Boards of Management and General Membership are provided in Appendix B.

## **DECISION HISTORY**

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At its meeting on March 29, 30 and 31, 2023, City Council adopted the 2023 Operating Budget Report 2 for 27 of the 84 established BIAs.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EC2.2>

At its meeting on February 7 and 8, 2023, City Council adopted the 2023 Operating Budget Report 1 for 50 of the 84 established BIAs.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EC1.2>

At its meeting on July 19, 2022, City Council directed the General Manager, Economic Development and Culture, to conduct additional review and consultation on other issues impacting Business Improvement Areas, including the potential for further amendments to the Municipal Code, Chapter 19, Business Improvement Areas, and report back by the fourth quarter of 2023 based on the outcomes of the By-law's review.

[Agenda Item History - 2022.EC31.12 \(toronto.ca\)](#)

## **COMMENTS**

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The Business Improvement Area (BIA) is an association, managed and operated by local businesses and property owners, joining together to organize, finance, and deliver capital streetscape improvements, and to promote economic development in a district. Each BIA is governed by a Board of Management that serves its local membership, known as the general membership in this report, and follows the policies set out in Chapter 19 of the Toronto Municipal Code and the City of Toronto Act, 2006. On an annual basis the Board of Management holds an annual general meeting to report on the BIA's accomplishments, status of current projects, forecasted revenues and expenditures for the current year, the budget for the following year, as well as appointments of an auditor and membership elections.

Through the annual general meeting the general membership approves the levy that is a key source of funding for the annual budgets. The levy is a special charge on commercial and industrial rateable property in the business improvement area. This special charge, or levy, is identified as a separate line item on the final property tax bill. The BIA Operating Budgets must be approved annually by City Council prior to collection of the special levy and spending of the budget through the BIA governance structure. Below is the financial summary of the 2023 Operating Budget, by BIA, with supplementary information detailing net change from 2022 as set out in Appendix A

Following the general membership approval and submission of the annual budgets to Council, Council approves to disburse funds to the BIA's Board of Management in three portions throughout the calendar year. A BIA may also use funds previously set aside in their reserve, known as the accumulated surplus, to fund their annual operations, to offset budget pressures, as well as third party funding such as grants, donations, sponsorships, and festival revenues.

The **Bloor Annex BIA** has proposed a 2023 Operating Budget of \$341,193 with a levy of \$276,825 consistent with 2022. The proposed budget has increased by 10% or \$29,888 from prior year mainly driven by higher contribution to accumulated surplus reserves, administration, and maintenance expenditures (Appendix A, Table 1).

The **Danforth Mosaic Village BIA** has proposed a 2023 Operating Budget of \$900,076 with a levy of \$365,883 consistent with 2022. The proposed budget has increased by 20% or \$151,964 from prior year. Capital expenditures have increased by \$100,000 for Caithness Park and East Lynne Park projects. Maintenance expenditures have increased by \$49,236 for holiday decorations, floral displays, and broken windows replacements. The above expenditures are offset by increased withdrawals of \$172,721 from accumulated surplus reserves (Appendix A, Table 2).

The **Danforth Village BIA** has proposed a 2023 Operating Budget of \$362,412 with a levy of \$264,912. The proposed budget has increased by 39% or \$101,639 from prior year. Festivals and events expenditures have increased by \$37,150 for resuming the Danforth Rocks event after three years of pause. Maintenance expenditures have increased by \$28,000 for floral displays, graffiti removal, pedestrian light poles, window washing services, and other amenity and maintenance projects. Tax appeal expenditures and appeal provision deficit have increased by \$24,083 and \$7,781 respectively. Withdrawal from accumulated surplus reserve and use of appeal provision surplus have decreased by \$145,995 and \$32,278 respectively to replenish the accumulated surplus reserves. The above expenditures and reductions in withdrawals of accumulated surplus reserves are offset by a levy increase of \$264,912 (Appendix A, Table 3).

The **Eglinton Hill BIA** has proposed a 2023 Operating Budget of \$91,325 with a levy of \$24,114 which is 6% or \$1,665 lower than 2022. The proposed budget has increased by 6% or \$5,546 from prior year mainly driven by higher administration and maintenance expenditures (Appendix A, Table 4).

The **Willowdale BIA** has proposed a 2023 Operating Budget of \$1,305,914 with a levy of \$1,003,664 consistent with 2022. The proposed budget has increased by 17% or \$193,841 from prior year. Capital expenditures have increased by \$88,180 for Streetscape Master Plan project. Maintenance expenditures have increased by \$16,400 for graffiti removal. Contribution to accumulated surplus reserves have increased by \$131,997. The above expenditures are offset by a decreased spending of \$42,320 in promotion and advertising, an increased withdrawal of \$161,248 from accumulated surplus reserves, and increased revenue of \$46,750 in grants from Innovation Fund, Streetscape Master Plan Program and Tourism Relief Fund (Appendix A, Table 5).

The **York-Eglinton BIA** has proposed a 2023 Operating Budget of \$578,319 with a levy of \$115,756 consistent with 2022. The proposed budget has increased by 33% or \$142,371 from prior year. Capital expenditures have increased by \$85,000 for various projects including Streetscape Master Plan, banners, hanging baskets, pedestrian scale lighting, and street signs. Administration expenditures have increased by \$23,373 for salaries and benefits increases. Maintenance expenditures have increased by \$14,500 for floral displays. Festivals, and promotion expenditures have increased by \$10,000 and \$9,500 respectively. The above expenditures are offset by increased revenue of \$103,625 in grants from the City's Main Street Innovation Fund, Streetscape Master Plan Program, and Construction Mediation Grant, and increased withdrawals of \$87,000 from accumulated surplus reserves (Appendix A, Table 6).

## **CONTACT**

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## **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

## **ATTACHMENTS**

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Appendix A - Summary of 2023 Operating Budget by Business Improvement Area  
Appendix B - Status of Business Improvement Area 2023 Operating Budget Approvals