



Report to: General Committee

Meeting Date: May 21, 2019

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**SUBJECT:** 2019 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets  
**PREPARED BY:** Sandra Skelcher, Senior Manager, Financial Planning and Reporting, ext. 3880

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**RECOMMENDATION:**

- 1) That the report titled “2019 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets” dated May 21, 2019 be received; and
- 2) That the 2019 Operating Budget in the amount of \$210,999 for the Unionville Business Improvement Area (UBIA) be approved; and
- 3) That the 2019 Operating Budget in the amount of \$331,417 for the Markham Village Business Improvement Area (MBIA) be approved; and
- 4) That the Special Tax Rate levy, in the amount of \$214,221 for the UBIA members and \$239,322 for the MBIA members be included in the 2019 Tax Levy By-law; and
- 5) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

To obtain Council approval for the UBIA and MBIA 2019 Operating Budgets.

**BACKGROUND:**

The Business Improvement Areas (BIAs) are geographical areas encompassing the Main Street of Unionville and the Main Street of Markham. The associations co-ordinate promotion of the businesses within the areas.

The Management Boards for the UBIA and MBIA have approved the 2019 operating expenditure budgets in the amounts of \$210,999 (Exhibit I) and \$331,417 (Exhibit II) on March 7, 2019 and April 18, 2019, respectively.

The majority of funding for the operating budgets of the BIA will be raised by means of a Special Tax Rate applied to commercial and industrial properties within each respective Business Improvement Area boundary.

Each property within the BIA boundary pays a portion of the total levy, based on their proportionate assessment share to the total BIA assessment base. The following example outlines how the Special Tax Rate and the BIA levy for an individual property is calculated. It also illustrates the effects of assessment appeals on the BIA funding:

If an operating budget of \$200,000 is approved and the BIA has a total property assessment base of \$50,000,000 then the Special Tax Rate is calculated to be 0.4% ( $\$200,000 \div \$50,000,000$ ).

A property with an assessment value of \$1,000,000 will have a BIA levy of \$4,000 ( $\$1,000,000 \times 0.4\%$ ).

If the aforementioned property successfully appeals their property assessment and has it reduced to \$750,000 then their BIA levy would also be reduced accordingly to \$3,000 ( $\$750,000 \times 0.4\%$ ). Therefore, the actual funding recovered by the BIA through the levy would be \$1,000 less than budgeted (\$4,000-\$3,000).

Operating Budget Approved	\$200,000	(A)
BIA Total Property Assessment Base	\$50,000,000	(B)
Special Tax Rate	0.4%	(C) = (A) ÷ (B)
Assessment Value of a Property	\$1,000,000	(D)
BIA Tax Levy of the Property	\$4,000	(E) = (D) x (C)
Assessment Value Revised Due to Appeal	\$750,000	(F)
Revised BIA Tax Levy of the Property	\$3,000	(G) = (F) x (C)
Levy Decrease Due to Appeal	(\$1,000)	(G) - (E)

Finance Staff have provided a status of completed tax adjustments and a forecast of potential outstanding tax adjustments for both the UBIA and the MBIA.

The authority to establish this tax rate and to levy taxes for the two BIAs will be included in the 2019 levying by-law.

## **DISCUSSION:**

### **Unionville BIA Operating Budget**

The UBIA approved an operating expenditure budget of \$210,999. Details of the 2019 budget in comparison with the 2018 budget and audited actuals are outlined in Exhibit I. The UBIA ended 2018 with an accumulated deficit of (\$16,222). To address this, the Board approved a 4% increase in the 2019 special tax rate and further reviewed expected revenues. The Board is committed, through their 2019 budget, to reduce expenditures and to return the UBIA to a balanced financial position.

When compared to the 2018 budget, there is an overall decrease in revenue of \$52,161 due to a combination of the following items:

	<b>2019</b>	<b>2018</b>	<b>Incr. /</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>(Decr.)</u></b>
Member Tax Levy	214,221	205,982	8,239
Advertising Sales	3,000	-	3,000
Fundraising & Other Revenues	10,000	73,400	(63,400)

The 2019 expenditure budget decreased by \$72,757 mainly due to the following items:

	<b>2019</b>	<b>2018</b>	<b>Incr. /</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>(Decr.)</u></b>
Street Beautification	12,000	25,000	(13,000)
Advertising	51,000	66,318	(15,318)
Event & Entertainment Promotion	58,150	97,047	(38,897)

The Management Board of the UBIA approved the budget on March 7, 2019 (Exhibit III).

### **Markham Village BIA Operating Budget**

The MBIA approved an operating expenditure budget of \$331,417. Details of the 2019 budget in comparison with the 2018 budget and audited actuals are outlined in Exhibit II. The MBIA made 2019 budget revisions & re-allocations based on 2018 results and 2019 plans.

When compared to the 2018 budget, there is an increase in revenue of \$45,882 due to the following items:

	<b>2019</b>	<b>2018</b>	<b>Incr. /</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>(Decr.)</u></b>
Event Promotion	17,483	18,622	(1,139)
Grants and Interest Income	52,021	5,000	47,021

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The 2019 expenditure budget decreased by \$116,883 mainly due to the following items:

	<b>2019</b>	<b>2018</b>	<b>Incr. /</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>(Decr.)</u></b>
Salaries & Benefits	88,602	20,798	67,804
Street Beautification	17,000	58,500	(41,500)
Contracted Services	15,984	64,747	(48,763)
Advertising	41,517	98,257	(56,740)
Property Tax Adjustments	10,000	30,000	(20,000)

The Management Board of the MBIA approved the budget on April 18, 2019 (Exhibit IV).

**FINANCIAL CONSIDERATIONS:**

A report on the annual tax levy and by-law will be brought forward to General Committee and will include the BIA's special tax rate for Council approval.

**HUMAN RESOURCES CONSIDERATIONS:**

Not applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Not applicable.

**RECOMMENDED BY:**

Joel Lustig  
Treasurer

Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Exhibit I - Unionville Business Improvement Area 2019 Budget

Exhibit II - Markham Village Business Improvement Area 2019 Budget

Exhibit III - Unionville Business Improvement Area 2019 Budget Board Meeting  
minutes

Exhibit IV - Markham Village Business Improvement Area 2019 Budget Board Meeting  
minutes