



Report to: General Committee

Meeting Date: May 19, 2020

SUBJECT: 2020 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets
PREPARED BY: Sandra Skelcher, Sr. Manager, Financial Planning and Reporting
Kishor Soneji, Senior Accountant

RECOMMENDATION:

1. That the report titled “2020 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets” dated May 19, 2020 be received; and,
2. That the 2020 Operating Budget in the amount of \$214,221 for the Unionville Business Improvement Area (UBIA) be approved; and,
3. That the 2020 Operating Budget in the amount of \$309,951 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 \$239,640 for the MBIA members be included in the 2020 Tax Levy By-law; and further,
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval of the UBIA and MBIA 2020 Operating Budgets.

BACKGROUND:

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

The Management Board of the UBIA approved their 2020 operating expenditure budget in the amount of \$214,221 (Exhibit I) on April 22, 2020.

The Management Board of the MBIA approved their 2020 operating expenditure budget in the amount \$309,951 (Exhibit II) on February 20, 2020.

The majority of funding for the operating budgets of the BIAs will be raised by means of a Special Tax Rate applied to commercial 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 it is reduced to \$750,000, then their BIA levy would 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)

The authority to establish this tax rate and to levy taxes for the two BIAs will be included in the 2020 levying by-law.

DISCUSSION:

Unionville BIA Operating Budget

The UBIA approved an operating expenditure budget of \$214,221. Details of the 2020 budget in comparison with the 2019 budget and audited actuals are outlined in Exhibit I. The UBIA ended 2019 with an accumulated surplus of \$6,144. The UBIA made 2020 budget revisions & re-allocations based on 2019 results and 2020 plan.

When compared to the 2019 budget, there is an overall decrease in revenue of \$13,000 due to a combination of the following items:

	2020	2019	Incr. /
	<u>Budget</u>	<u>Budget</u>	<u>(Decr.)</u>
Advertising Sales	-	3,000	(3,000)
Fundraising & Other Revenues	-	10,000	(10,000)

The 2020 expenditure budget increased by \$3,222 mainly due to the following items:

	2020	2019	Incr. /
	<u>Budget</u>	<u>Budget</u>	<u>(Decr.)</u>
Street Beautification	28,000	12,000	16,000
Advertising	52,371	51,000	1,371
Event & Entertainment Promotion	48,000	58,150	(10,150)
Office Expenses	20,900	12,814	8,086
Contracted Services	62,950	71,000	(8,050)
Property Tax Adjustments	-	4,000	(4,000)

The Management Board of the UBIA approved the budget on April 22, 2020 (Exhibit III).

Markham Village BIA Operating Budget

The MBIA approved an operating expenditure budget of \$309,951. Details of the 2020 budget in comparison with the 2019 budget and audited actuals are outlined in Exhibit II. The MBIA ended 2019 with an accumulated surplus of \$176,033. The MBIA made 2020 budget revisions & re-allocations based on 2019 results and 2020 plans.

When compared to the 2019 budget, there is a decrease in revenue of \$33,686 due to the following items:

	2020	2019	Incr. /
	<u>Budget</u>	<u>Budget</u>	<u>(Decr.)</u>
Event Promotion	14,500	17,483	(2,983)
Grants and Interest Income	21,000	52,021	(31,021)

The 2020 expenditure budget decreased by \$21,466 mainly due to the following items:

	2020	2019	Incr. /
	<u>Budget</u>	<u>Budget</u>	<u>(Decr.)</u>
Salaries & Benefits	97,882	88,602	9,280
Office Expenses	32,100	34,389	(2,289)
Street Beautification	23,000	17,000	6,000
Contracted Services	15,264	15,984	(720)
Advertising	24,082	41,517	(17,435)
Event Promotion	86,523	102,925	(16,402)

The Management Board of the MBIA approved the budget on February 20, 2020 (Exhibit IV).

FINANCIAL CONSIDERATIONS:

The annual tax rates and levy by-law is also included on the May 19, 2020 General Committee agenda and includes the BIA special tax rate for Council approval.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Exhibit I - Unionville Business Improvement Area 2020 Budget

Exhibit II - Markham Village Business Improvement Area 2020 Budget

Exhibit III - Unionville Business Improvement Area 2020 Budget Board Meeting minutes

Exhibit IV - Markham Village Business Improvement Area 2020 Budget Board Meeting minutes