



Report to: General Committee

Meeting Date: April 26, 2021

SUBJECT:	2021 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets
PREPARED BY:	Lisa Chen, Senior Manager, Financial Planning and Reporting Kishor Soneji, Senior Accountant

RECOMMENDATION:

- 1) That the report titled “2021 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets” dated April 26, 2021 be received; and
- 2) That the 2021 Operating Budget in the amount of \$300,000 for the Unionville Business Improvement Area (UBIA) be approved; and
- 3) That the 2021 Operating Budget in the amount of \$265,763 for the Markham Village Business Improvement Area (MVBIA) be approved; and
- 4) That the Special Tax Rate levy, in the amount of \$214,221 for the UBIA members and \$160,559 for the MBIA members be included in the 2021 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 of the UBIA and MBIA 2021 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 2021 operating expenditure budget in the amount of \$300,000 on February 17, 2021.

The Management Board of the MVBIA approved their 2021 operating expenditure budget in the amount \$265,763 on March 9, 2021.

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).

Description	Amount	Reference
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 2021 levying by-law.

DISCUSSION:

Unionville BIA Operating Budget

The UBIA's 2021 operating expenditure budget of \$300,000 represents an increase of \$85,779 compared to the prior year. Details of the 2021 budget in comparison with the 2020 budget and audited actuals are outlined in Appendix A. The UBIA ended 2020 with an accumulated surplus of \$74,990, of which \$50,000 will be used to fund the 2021 budget.

The 2021 revenue budget maintains the levy at the same amount as the prior year at \$214,221. Compared to the 2020 budget, the 2021 revenue budget increased \$85,779 mainly due to the following items:

	<u>2021 Budget</u>	<u>2020 Budget</u>	<u>Incr. / (Decr.)</u>
Transfer from Surplus	50,000	-	50,000
Grants and Sponsorships	35,000	-	35,000

The 2021 expenditure budget increased \$85,779 mainly due to the following items:

	<u>2021 Budget</u>	<u>2020 Budget</u>	<u>Incr. / (Decr.)</u>
Retail Action Strategy	40,000	-	40,000
Contracted Services	81,500	62,950	18,550
Event & Entertainment Promotion	57,000	48,000	9,000

The UBIA Management Board approved the budget on February 17, 2021 (Appendix B).

Markham Village BIA Operating Budget

The MBIA approved an operating expenditure budget of \$265,763, representing a decrease of \$44,188 compared to the prior year. The 2021 budget also includes \$61,166 of accumulated surplus as a funding source. Details of the 2021 budget in comparison with the 2021 budget and audited actuals are outlined in Appendix C.

The 2021 revenue budget decreases the levy by 33%, from \$239,640 in 2020 to \$160,559 in 2021. Compared to the 2020 budget, the 2021 revenue budget increased \$44,188 mainly due to the following items:

	<u>2021 Budget</u>	<u>2020 Budget</u>	<u>Incr. / (Decr.)</u>
Transfer from Surplus	61,166	12,220	48,946
Member Tax Levy	160,559	239,640	(79,081)
Event Promotion	5,000	14,500	(9,500)
Grants and Interest Income	16,447	21,000	(4,553)

The 2021 expenditure budget decreased \$44,188 mainly due to the following items:

	<u>2021 Budget</u>	<u>2020 Budget</u>	<u>Incr. / (Decr.)</u>
Event Promotion	47,900	86,523	(38,623)
Salaries & Benefits	81,174	97,882	(16,708)
Advertising	30,244	24,082	6,162
Street Beautification	27,500	23,000	4,500

The MBIA Management Board approved the budget on March 9, 2021 (Appendix D).

FINANCIAL CONSIDERATIONS

The City of Markham's annual tax rates and levy by-law will be in the May 10, 2021 General Committee agenda and the BIA special tax rate will be included for Council approval.

RECOMMENDED BY:

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A - Unionville Business Improvement Area 2021 Budget

Appendix B - Unionville Business Improvement Area 2021 Budget Board meeting minutes

Appendix C - Markham Village Business Improvement Area 2021 Budget

Appendix D - Markham Village Business Improvement Area 2021 Budget Board meeting minutes