



Report to: General Committee

Meeting Date: May 16, 2016

SUBJECT: 2016 Unionville Business Improvement Area and Markham
Village Business Improvement Area Operating Budgets
PREPARED BY: Andrea Tang, Senior Manager of Financial Planning, ext. 2433

RECOMMENDATION:

- 1) That the report entitled “2016 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets” dated May 16, 2016 be received;
- 2) And that the 2016 Operating Budget in the amount of \$250,617 for the Unionville Business Improvement Area (UBIA) be approved;
- 3) And that the 2016 Operating Budget in the amount of \$345,623 for the Markham Village Business Improvement Area (MBIA) be approved;
- 4) And that the Special Tax Rate levy, in the amount of \$205,982 for the UBIA members and \$239,322 for the MBIA members be included in the 2016 Tax Levy By-law;
- 5) And 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 2016 Operating Budgets.

BACKGROUND:

The Business Improvement Areas (BIA) 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 2016 operating budgets in the amounts of \$250,617 (Exhibit I) and \$345,623 (Exhibit II) on March 30, 2016 and March 2, 2016, 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 provided a 2016 property tax adjustment forecast to assist the BIA management boards with the development of their respective budgets. The forecast includes a current status of completed tax adjustments and a forecast of all 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 2016 levying by-law.

OPTIONS/ DISCUSSION:

OPERATING BUDGETS:

Unionville B.I.A. Budget

The UBIA has approved a budget of \$250,617. Details of the 2016 Budget in comparison with the 2015 audited actuals and 2015 Budget are outlined in Exhibit I.

When compared to the 2015 budget, there is a decrease in revenue of \$39,702 mainly due to the following items:

	2016 Budget \$	2015 Budget \$	Increase/(Decrease) \$
Central Counties Tourism	0	50,000	(50,000)
Grants	4,000	15,000	(11,000)
Prior Year Surplus	24,135	8,337	15,798
General Promotion	5,000	0	5,000
Olde Tyme X'Mas	6,500	6,000	500

The 2016 expenditure budget decreases by \$41,003 mainly due to the following items:

	2016 Budget \$	2015 Budget \$	Increase/(Decrease) \$
Contracted Services	37,000	63,000	(26,000)
Street Beautification	20,000	28,000	(8,000)
Event & Entertainment Promotion	85,873	91,201	(5,328)
Property Tax Adjustments	16,000	18,000	(2,000)
Office Expenses	12,679	13,118	(439)
Advertising	60,764	60,000	764

The Management Board of the UBIA approved the budget on March 30, 2016 (Exhibit III).

Markham Village B.I.A. Budget

The MBIA has approved a budget of \$345,623. Details of the 2016 Budget in comparison with the 2015 audited actuals and 2015 Budget are outlined in Exhibit II.

When compared to the 2015 budget, there is an increase in revenue of \$73,753 mainly due to the following items:

	2016 Budget \$	2015 Budget \$	Increase/(Decrease) \$
Prior Year Surplus	57,745	0	57,745
Member Tax Levy	239,322	223,445	15,877
Event Promotion	12,115	11,835	280
Advertising	8,850	9,000	(150)

The 2016 expenditure budget increases by \$81,753 mainly due to the following items:

	2016 Budget \$	2015 Budget \$	Increase/(Decrease) \$
Event Promotion	97,720	48,112	49,608
Advertising	74,710	45,962	28,748
Office Expenses	32,276	28,309	3,967
Salaries & Benefits	68,000	66,500	1,500
Prior Year Deficit	0	2,070	(2,070)

The MBIA 2014 year-end financial statements identified a deficit of \$34,070. This deficit was to be retired through a 4 year interest free loan of \$32,000 (\$8,000 per year) from 2015 to 2018. The remaining deficit of \$2,070 (\$34,070-\$32,000) was included in the 2015 Operating Budget.

The 2015 year-end financial results had a surplus of \$91,815 which allowed the MVBIA to repay the full \$34,070 deficit in 2015, leaving a remaining surplus of \$57,745 (\$91,815-\$34,070) to be carried over to the 2016 Budget.

The Management Board of the MBIA approved the budget on March 2, 2016 (Exhibit IV).

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

A report on the annual tax levy and by-law will also be brought forward to General Committee on May 30th which will include the BIA's special tax rate for Council's approval.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable.

RECOMMENDED BY:

24/05/2016

24/05/2016

X



Joel Lustig
Treasurer

X



Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Exhibit I – Unionville Business Improvement Area 2016 Budget

Exhibit II – Markham Village Business Improvement Area 2016 Budget

Exhibit III – Unionville Business Improvement Area 2016 Budget Board Meeting minutes

Exhibit IV – Markham Village Business Improvement Area 2016 Budget Board Meeting minutes