



Report to: General Committee

Date Report: May 26, 2015

SUBJECT: 2015 Unionville Business Improvement Area and Markham
Village Business Improvement Area Operating Budgets
PREPARED BY: Andrea Tang, Manager of Financial Planning, ext. 2433

RECOMMENDATION:

- 1) That the report entitled “2015 Unionville Business Improvement Area and Markham Village Business Improvement Area Operating Budgets” dated May 26, 2015 be received;
- 2) And that the 2015 Operating Budget in the amount of \$290,319 for the Unionville Business Improvement Area (UBIA) be approved;
- 3) And that the 2015 Operating Budget in the amount of \$271,870 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 \$223,445 for the MBIA members be included in the 2015 Tax Levy By-law;
- 5) And that the MBIA provide the City with a resolution of the membership of the MBIA authorizing execution of an agreement with the City, pertaining to an interest free loan of \$32,000 to be paid back to the City of Markham over a 4 year period in the amount of \$8,000 per year from 2015 to 2018, in a form satisfactory to the City Solicitor;
- 6) 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 2015 Operating Budgets.

BACKGROUND:

The Business Improvement Areas (B.I.A.) 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 2015 operating budgets in the amounts of \$290,319 (Exhibit I) and \$271,870 (Exhibit II), 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 owner 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 2015 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 2015 levying by-law.

OPTIONS/ DISCUSSION:

OPERATING BUDGETS:

Unionville BIA Budget

The UBIA has approved a budget of \$290,319. Details of the 2015 Budget in comparison with the 2014 audited actuals and 2014 Budget are outlined in Exhibit I.

When compared to the 2014 budget, there is an increase in revenue of \$56,221 mainly due to the following items:

	2015 Budget \$	2014 Budget \$	Increase/(Decrease) \$
Central Counties Tourism	50,000	0	50,000
Prior Year Surplus	8,337	43	8,294
Grants	15,000	11,300	3,700
Advertising Sales	0	3,000	(3,000)
General Promotion	0	2,300	(2,300)

The 2015 expenditure budget increases by \$56,221 mainly due to the following items:

	2015 Budget \$	2014 Budget \$	Increase/(Decrease) \$
Street Beautification	28,000	9,556	18,444
Event & Entertainment Promotion	91,201	75,359	15,842
Advertising	60,000	46,920	13,080
Property Tax Adjustments	18,000	5,000	13,000
Contracted Services	63,000	67,343	(4,343)

The Management Board of the UBIA approved the budget on April 22, 2015 (Exhibit III).

Markham Village B.I.A. Budget

The MBIA has approved a budget of \$271,870. Details of the 2015 Budget in comparison with the 2014 audited actuals and 2014 Budget are outlined in Exhibit II.

When compared to the 2014 budget, there is a reduction in revenue of \$29,926 mainly due to the following items:

	2015 Budget \$	2014 Budget \$	Increase/(Decrease) \$
Prior Year Surplus	0	22,057	(22,057)
Event Promotion	11,835	30,722	(18,887)
Advertising	9,000	0	9,000
Member Tax Levy	223,445	215,327	8,118

The 2015 expenditure budget decreases by \$37,926 mainly due to the following items:

	2015 Budget \$	2014 Budget \$	Increase/(Decrease) \$
Advertising	45,962	75,349	(29,387)
Street Beautification	21,206	31,200	(9,994)
Event Promotion	48,112	57,710	(9,598)
Property Tax Adjustments	18,000	4,667	13,333

The MBIA 2014 year-end financial statements identified a deficit of \$34,070. The main driver of this deficit was property assessment appeals. Although the effects of assessment appeals on revenue are budgeted for, the quantity of successful appeals processed was not anticipated. As a result of an initiative set out by the Chair of the Assessment Review Board (ARB), a

commitment was made by the ARB to address the backlog of unresolved assessment appeals. The ARB intends to resolve 90% of its current and new caseload within the next four-year cycle ending in the 2016 taxation year. This initiative resulted in a significant increase in ARB appeals processed in 2014.

At the request of the MBIA, the 2014 deficit of \$34,070 is to retire over a 4 year interest free loan of \$32,000 at the repayment rate of \$8,000 per year from 2015 to 2018. A resolution is required of the membership of the MBIA authorizing execution of an agreement with the City, in a form satisfactory to the City Solicitor. The remaining deficit of \$2,070 (\$34,070-\$32,000) has been included in the 2015 Operating Budget. The 2015 budget has also been adjusted to account for the effects of ARB initiative in future years.

The Management Board of the MBIA approved the budget on February 26, 2015 (Exhibit IV). The budget was subsequently revised to align with the 2015 property tax adjustment forecast.

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 26th 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:

20/05/2015

20/05/2015

X 

Joel Lustig
Treasurer

X 

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Exhibit I – Unionville Business Improvement Area 2015 Budget

Exhibit II – Markham Village Business Improvement Area 2015 Budget

Exhibit III – Unionville Business Improvement Area 2015 Budget Board Meeting minutes

Exhibit IV – Markham Village Business Improvement Area 2015 Budget Board Meeting minutes