



Report to: General Committee

Date Report: May 9, 2011

SUBJECT: 2011 Unionville & Markham Village Business Improvement Areas (B.I.A.) Operating Budgets
PREPARED BY: Andrea Tang, Manager of Financial Planning, ext. 2433

RECOMMENDATION:

- 1) That the report entitled “2011 Unionville & Markham Village Business Improvement Areas (B.I.A.) Operating Budgets” dated May 9, 2011 be received;
- 2) And that the 2011 Operating Budget in the amount of \$211,000 for the Unionville B.I.A. (UBIA) be approved, subject to Recommendation No. 5 below;
- 3) And that the 2011 Operating Budget in the amount of \$281,255 for the Markham Village B.I.A. (MBIA) be approved;
- 4) And that the Special Tax Rate levy, in the amount of \$199,500 for the UBIA members and \$215,327 for the MBIA members be included in the 2011 Tax Levy By-law;
- 5) And that the UBIA provide the Town with a resolution of the membership of the UBIA authorizing execution of an agreement with the Town to provide for the 2010 operating shortfall of \$91,301 to be paid back to the Town of Markham over a 6 year period at \$15,000 per year from 2011 to 2015 and \$16,301 in 2016, in a form satisfactory to the Town Solicitor;
- 6) And that the overdraft provision Option #3 be approved that allows the B.I.A’s to be in an overdraft position no greater than \$20,000 over the tax levy revenues billed;
- 7) And that Staff bring forward an interim spending authority report every year, prior to the approval of the annual budget, which will allow the B.I.A’s to spend 50% of the prior year’s budget until such time the budget is approved;
- 8) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

To obtain Council approval for the UBIA and MBIA 2011 Operating Budgets and the establishment of an overdraft provision.

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 Board of Management of both the UBIA and MBIA has approved a budget in the amounts of \$211,000 (Exhibit 1) and 281,255 (Exhibit 2) respectively.

Funding of the 2011 operating budgets in the amount of \$199,500 for the UBIA and \$215,327 for the MBIA will be by means of a Special Tax Rate for those businesses within the Business Improvement Areas. This does not affect the General Tax Rate.

The authority to establish this tax rate and to levy taxes for the two B.I.A's will be included in the 2011 levying by-law.

In 2010, the UBIA incurred a deficit of \$91,301, therefore, an overdraft provision is proposed to enforce tighter controls over expenditures.

OPTIONS/ DISCUSSION:

OPERATING BUDGETS:

Unionville B.I.A. 2011 Budget

The UBIA has approved a budget of \$211,000 and the Operating Budget revenues include the following:

- Members' Tax Levy \$199,500;
- Fundraising and other revenue \$11,500.

When compared to the 2010 budget, revenues decreased by \$26,384 mainly driven by adjustments in discretionary advertising, event promotion, and the Jazz Festival accounts totaling \$23,500. The adjustments reflect the 2010 year end results and 2011 anticipated revenues.

The 2011 Operating Budget expenditures include the following:

- Event and entertainment promotion \$60,000;
- Discretionary advertising \$51,000;
- Contracted services \$50,000;
- Other expenses \$35,000, including office, strategic planning, Unionville Festival, and tax write-offs;
- Year 1 of 6 loan repayment of \$15,000 resulting from the 2010 deficit of \$91,301.

The 2011 expenditure budget decreased by \$26,384 mainly due to reductions in discretionary advertising, event & entertainment promotion, and street beautification totaling \$108,559 offset by increases in contracted services, strategic planning, the Unionville Festival, and loan repayment for a total of \$81,000.

The UBIA 2010 year-end financial statements identified a deficit of \$91,301. At the request of the UBIA as outlined in the letter from the UBIA to the Mayor and Members of Council dated March 19, 2011 (Exhibit III), the deficit is to retire over a 6 year period from 2011 to 2016 at the repayment rate of approximately \$15,000 per year (\$15,000 from 2011 to 2015

and \$16,301 in 2016) which will require a resolution of the membership of the UBIA authorizing execution of an agreement with the Town, in a form satisfactory to the Town Solicitor .

Markham Village B.I.A. Budget

The MBIA has approved a budget of \$281,255 and the Operating Budget revenues include the following:

- Members' Tax Levy \$215,327;
- Event promotion revenues \$47,399;
- Summer career placement grant \$10,350;
- Prior year surplus \$8,179.

When compared to the 2010 budget, revenues have increased by \$30,148 mainly driven by increase in event promotion and change in the use of the 2010 year-end surplus totaling \$33,273.

The 2011 Operating Budget expenditures include the following:

- Administration expenses \$123,555, which includes salaries and benefits, office expenses, and professional and audit fees;
- Event promotion \$71,100;
- Discretionary advertising \$49,100;
- Street beautification \$25,000;
- Tax write-offs \$12,500.

The 2011 expenditure budget has also increased by \$30,148 mainly resulted from increases in event promotions and salaries & benefits totaling \$45,252, offset by reduction in professional & audit fees of \$18,200.

OVERDRAFT PROVISION:

Staff recommends an expenditure control process be implemented where expenditures will only be paid from collected revenues and not anticipated revenues which will assist preventing the B.I.A's to be in a deficit position.

Prior to the approval of the annual budget, staff will bring forward an interim spending authority report every year which allows the B.I.A's to spend 50% of their prior year budget until the budget is approved.

In addition, the following three options for an overdraft provision are outlined below for consideration:

Option #1 – No overdraft

The B.I.A. will have an expenditure limit up to the amount of tax levy revenues billed and other miscellaneous revenues received. For example, the MBIA local tax levy is \$215,327,

thus the expenditure limit will be \$215,327. Additional expenditures can be incurred up to the amount of revenues received from sources other than the member (B.I.A.) local tax levy. Any expense resulting in an overdraft position will not be processed and will require a formal request to Council from the B.I.A. identifying the expenditure, supporting justification, and any anticipated revenue to cover the expense.

Option #2 – Overdraft limit equivalent to 10% over the tax levy revenues billed

The B.I.A. will have an overdraft limit of 10% over the amount of tax levy revenues billed. As an example, the MBIA local tax levy is \$215,327, thus the limit for expenses would be \$236,860 ($\$215,327 + 10\% \times \$215,327$). Additional expenditures can be incurred up to the amount of revenue received from sources other than the member (B.I.A.) local tax levy. Any expense resulting in an overdraft position greater than 10% of the tax levy revenues billed will not be processed and will require a formal request to Council from the B.I.A. identifying the expenditure, supporting justification, and any anticipated revenue to cover the expense.

Option #3 – Overdraft limit equivalent to \$20,000 over the tax levy revenues billed

The B.I.A. will have an overdraft limit of \$20,000 over the amount of tax levy revenues billed. As an example, the MBIA local tax levy is \$215,327, thus the limit for expenses would be \$235,327 ($\$215,327 + \$20,000$). Additional expenditures can be incurred up to the amount of revenue received from sources other than the member (B.I.A.) local tax levy. Any expense resulting in an overdraft position greater than \$20,000 of the tax levy revenues billed will not be processed and will require a formal request to Council from the B.I.A. identifying the expenditure, supporting justification, and any anticipated revenue to cover the expense.

Staff recommend Option #3, which allows the B.I.A.'s to be in an overdraft position equivalent to \$20,000 over the tax levy revenues billed. This option allows the B.I.A.'s to be in an overdraft position which provides the B.I.A.'s with some flexibility in managing cash flows as well as the ease for administrative purposes as the overdraft limit is fixed at \$20,000.

At the request of the UBIA, Staff also recommend the UBIA 2010 deficit of \$91,301 be retired over a 6 year period with repayment of \$15,000 per year from 2011 to 2015 and \$16,301 in 2016 which requires a resolution of the membership of the UBIA authorizing execution of an agreement with the Town.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Not applicable.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable.

RECOMMENDED BY:

05/05/2011

X 

Joel Lustig
Treasurer

06/05/2011

X 

Andy Taylor
Commissioner, Corporate Services

ATTACHMENTS:

[Exhibit I – Unionville Business Improvement Area Proposed 2011 Budget & Approved 2010 Budget](#)

[Exhibit II – Markham Village Business Improvement Area Proposed 2011 Budget & Approved 2010 Budget](#)

[Exhibit III – Unionville Business Improvement Area letter to the Mayor and Members of Council dated March 19, 2011](#)