

## **Staff Report 2022-0009**

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Meeting Date: February 15, 2022

Subject: 2022 Bolton Business Improvement Area (BIA) Budget

Submitted By: Hillary Bryers, Manager, Revenue, Finance / Deputy Treasurer

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### **RECOMMENDATION**

That the Bolton Business Improvement Area's (BIA) 2022 Operating Budget, as approved by the Bolton BIA Board of Management on November 17, 2021, in the amount of \$54,740 as outlined in Schedule A of Staff Report 2022-0009, be approved;

That the Bolton BIA Operating Budget be funded by:

- a) A special tax levy of \$39,740 to be included in the 2022 Final Tax Levy By-law for commercial properties located within the Bolton BIA boundaries;
- b) General revenue of \$5,000; and
- c) A use of accumulated surplus of \$10,000;

That staff be authorized to advance one quarter of the Bolton BIA's 2022 special tax rate levy in the amount of \$9,935 to the Bolton Business Improvement Area Board of Management on March 4, 2022;

That staff be authorized to advance the next one quarter of the Bolton BIA's 2022 special tax rate levy in the amount of \$9,935 to the Bolton Business Improvement Area Board of Management on, or after, May 6, 2022 upon receipt of the BIA's 2021 audited financial statements; and

That staff be authorized to issue the balance of the special tax levy in the amount of \$9,935 to the Bolton BIA Board equally after the last two tax installment due dates on July 8, 2022 and September 2, 2022 subject to the receipt of the BIA's 2021 audited financial statements.

### **REPORT HIGHLIGHTS**

- The Bolton Business Improvement Area was established to promote the businesses within the area and to improve, beautify and maintain municipally owned lands, buildings and structures in the area above the current service level provided by the Town.
- This report recommends the approval of the 2022 Operating Budget for the Bolton Business Improvement Area (BIA).
- The budget was approved by the Bolton BIA Board of management (BIA Board) on November 17, 2021 and submitted to the Town totaled \$54,740.
- The budget for 2022 includes a special tax rate levy of \$39,740 and includes projected revenues and expenses for the farmers market.

## **DISCUSSION**

The Bolton Business Improvement Area Board of Management is a local board that was established to promote the businesses within the area and to improve, beautify and maintain municipally owned lands, buildings and structures in the area above the current service level provided by the Town. The Bolton Business Improvement Area is defined by by-law and is designated to promote the area as a business and shopping district.

The Board of Management held an Annual General Meeting of the Bolton BIA membership to present and to receive input on the BIA's 2022 Operating Budget on November 17, 2021. The budget was approved at said meeting.

The Bolton BIA operating budget is mainly funded by a special tax rate levy of \$39,740.00 applied to downtown businesses within the Bolton BIA. Other funding that is received is in the form of user fees from events organized by the Bolton BIA. In addition, the Bolton BIA Board of Management wishes to use \$10,000.00 of the BIA's unaudited, 2021 accumulated year-end surplus to fund the 2022 budgeted expenses.

### COVID-19 Pandemic: Impacts on Bolton BIA budget

In 2020 and 2021, the Bolton BIA revised their budget downward to reflect less expenses and a lower special tax levy required as a result of the COVID-19 pandemic and the need to cancel public events to comply with Provincial guidance and stay at home orders. The 2022 Bolton BIA budget includes the reinstatement of some revenues and expenses that were removed during the pandemic – notably the farmers market and new Christmas décor. Marketing, streetscaping costs and staff expenses have also continued to be reduced for 2022 to control expenditures during this difficult time for businesses. The Town's Economic Development office is working closely with the Bolton BIA to support the reintroduction of reduced services and collaborating on initiatives that align with the Bolton Downtown Revitalization Plan's objectives. The 2021 and 2022 budgets are presented for comparison in Schedule A to this report.

## **FINANCIAL IMPLICATIONS**

As per Section 208 of the *Municipal Act, 2001, as amended*, a special tax rate may be established to fund the Bolton BIA. The special tax rate for the Bolton BIA will be included as part of the 2022 Final Tax Levy.

Funding for the Bolton BIA's 2022 Operating Budget will be established by a special tax rate in the amount of \$39,740 for those businesses within the Business Improvement Area. This special tax rate is separate from the general tax rate and is applied to businesses within the Bolton BIA's boundary in addition to the general tax rate.

The Bolton BIA proposes using \$10,000 from the total unaudited accumulated surplus from prior years in order to support the 2022 expenditures as noted above. Funding of operating budgets from previous year's surpluses is not sustainable in the long-term. As in previous years, Town staff have advised the Bolton BIA Board of Management that utilizing surpluses to fund operating budgets may result in an increase in the special tax levy if expenses remain the same and there is no remaining surplus to draw from in future

years. This would result in fluctuations from year to year in the amount of special levy for the Bolton BIA paid by each business within the BIA area.

Based on the BIA's 2020 unaudited financial statements the opening accumulated surplus was \$11,851 and planned 2021 draws to fund the BIA's 2021 operating budget was the budgeted amount of \$9,250 (2021 financial statements were not finalized at the time of writing this report). However, in 2021, the Bolton BIA has reported that they have not spent their proposed 2021 budget and will have a larger surplus to carry over to 2022. This is due to some planned expenses not being incurred in 2021 (Christmas banners, future projects, meeting and staff expenses).

The planned 2022 draws to fund the BIA's operating budget is the budgeted amount of \$10,000 as a draw from accumulated surplus. Once this accumulated surplus is expended, businesses within the Bolton BIA should be prepared for an increase in the special tax rate levy in 2023 onwards and/or the Bolton BIA should be prepared to reduce expenses in those years. If once the 2021 financial statements are received by the Town and the amount of accumulated surplus is less than the proposed 2022 draw, the Bolton BIA will have to reduce expenses accordingly to balance their budget.

The Town will make four payments of \$9,935 to the Bolton BIA on the below dates:

<b>Payment Date</b>	<b>Installment Amount</b>
March 4, 2022	\$9,935
May 6, 2022*	\$9,935
July 8, 2022*	\$9,935
September 2, 2022*	\$9,935
<b>Total Payments</b>	<b>\$39,740</b>

\*These payments are conditional on the receipt of the BIA's 2021 audited financial statements.

It is the responsibility of the Bolton BIA board to maintain the financial records in accordance with the *Municipal Act, 2001, as amended*. These records are audited by the Town of Caledon's municipal auditor.

## **COUNCIL WORK PLAN**

Subject matter is not relevant to the Council Workplan.

## **ATTACHMENTS**

Schedule A: Bolton BIA 2022 and 2021 Operating Budget