

Staff Report 2019-30

Meeting Date: Tuesday, March 19, 2019

Subject: Bolton Business Improvement Area Proposed 2019 Operating Budget

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

RECOMMENDATION

That the Bolton Business Improvement Area's (BIA) 2019 Operating Budget in the amount of \$72,930.30 be approved as outlined in Schedule A of Staff Report 2019-30;

That the Bolton BIA Operating Budget be funded by:

- a) A special tax levy of \$56,000 to be included in the 2019 Final Tax Levy Bylaw for commercial properties located within the Bolton BIA boundaries; and
- b) \$3,000 in general event revenues; and
- c) A use of accumulated surplus of \$13,930.30;

That Town staff be authorized to advance one quarter of the Bolton BIA's 2019 special tax rate levy in the amount of \$14,000 to the Bolton Business Improvement Area Board of Management on June 1, 2019;

That Town staff be authorized to advance the next one quarter of the Bolton BIA's 2019 special tax rate levy in the amount of \$14,000 to the Bolton Business Improvement Area Board of Management on, or after, July 1, 2019 upon receipt of the BIA's 2018 audited financial statements; and

That Town staff be authorized to issue the balance of the special tax levy in the amount of \$28,000 to the Bolton BIA Board equally after the last two tax installment due dates on July 5, 2019 and September 6, 2019 subject to the receipt of the BIA's 2018 audited financial statements.

REPORT HIGHLIGHTS

- This report recommends the approval of the 2019 Operating Budget for the Bolton Business Improvement Area in the amount of \$72,930.30 and authorizes Town staff to collect and fund \$56,000 of the BIA's budget through a special tax rate levy applied to businesses within the Bolton BIA.
- The Bolton Business Improvement Area is designated to promote area businesses and the area as a shopping district.

- The 2019 Bolton BIA budget was presented to the Bolton BIA membership at their annual general meeting on December 3, 2018 and approved by the Board on January 23, 2019.

DISCUSSION

The Bolton Business Improvement Area (“BIA”) 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. This area is designated to promote the area as a business and shopping district.

The Board of Management held an Annual General Meeting of the membership to present the approved budget and to receive input on December 3, 2018. At a BIA Board of Management meeting held on January 23, 2019 the Board approved the 2019 proposed budget. There is no proposed change to the special tax levy that is the primary source of funding for the Bolton BIA's activities.

The Bolton BIA operating budget is mainly funded by a special tax rate levy applied to downtown businesses within the Bolton BIA. The proposed revenue, \$56,000, from the special tax rate levy has not changed from 2018. 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 \$13,930 of the BIA's unaudited, 2018 accumulated year-end surplus to fund the 2019 budgeted expenses.

The Bolton BIA has submitted a 2019 Operating Budget in the amount of \$72,930.30. Schedule A outlines a comparison of the 2018 and 2019 Operating budgets. Section 205(2) of the *Municipal Act, 2001 as amended*, states that the BIA board of management shall submit the budget to council by the date and in the form required by the municipality and the municipality may approve it in whole or in part, but may not add expenditures to it.

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 2019 Final Tax Levy.

On January 22, 2019, Council approved staff report 2019-14 regarding the appointment of the Board of Management for the Bolton BIA. In addition to the appointments, the resolution related to the report also included the following, which has been sent by the Clerks department to the Bolton BIA:

That the Bolton Business Improvement Area (BIA) Board of Management be required to develop a Strategic Plan that will direct the BIA's efforts over the next four (4) years and that the plan accompany the proposed 2019 BIA Budget;

That the Strategic Plan be presented at a Town Council meeting in 2019; and

That a copy of this resolution and Staff Report be provided to the BIA Board of Management for their action and reference.

On January 31, 2019, the Chair of the Bolton BIA Board of Management notified the Town that the Bolton BIA Board will not be preparing a strategic plan and will not be making a presenting, as requested by Council. Reasons for the Bolton BIA Boards decision are outlined in the January 31, 2019 email that is attached to this report as Schedule C. Given staff's concerns about the long-term financial sustainability of the Bolton BIA's operating budget (outlined in detail in the Financial Implications section of this report), lack of longer term (e.g. beyond 2019) plans for the BIA Board of Management (requested via the January 22, 2019 Council resolution, noted above), and other concerns outlined in a confidential staff report (on the March 19, 2019 General Committee agenda), staff recommend that the special tax levy, collected on behalf of the Bolton BIA, be transferred to the Bolton BIA Board later than usual. This will allow time for Council and the Bolton BIA Board to determine the long-term direction of the Bolton BIA and resolve any issues.

The Town normally transfers funds to the Bolton BIA Board, based on the Special Levy amount, in four installments. The Town had originally planned to transfer the first two installments to the Bolton BIA Board on April 1, 2019 and May 3, 2019. However, as noted above, time will be provided to both the Town and Bolton BIA Board to determine the long-term direction of the Bolton BIA and resolve any issues so the first two installment dates are recommended to be:

- 1) June 1, 2019; and
- 2) July 1, 2019.

FINANCIAL IMPLICATIONS

Funding for the Bolton BIA's 2019 Operating Budget will be established by a special tax rate in the amount of \$56,000 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 (as shown in Schedule B) in addition to the general tax rate.

There is no change in the overall 2019 Operating Budget from the 2018 Operating Budget. The special tax rate levy for the BIA will remain at \$56,000. The Bolton BIA proposes using \$13,930.30 from the total unaudited accumulated surplus from prior years in order to support the 2019 expenditures. After the audit of the 2018 financial statements, if the surplus is found to be less than \$13,930.30 the Bolton BIA Board will reduce its carry over to 2019 expenditures as appropriate.

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 unaudited 2018 accumulated surplus of \$23,296 and planned 2019 draws to fund the BIA's operating budget in the budgeted amounts of \$13,930.30, the projected accumulated surplus expected to be available for the BIA's 2020 budget is anticipated to be \$9,366 (= \$23,296 - \$13,930). If there is no change the planned expenditures in 2020, the revenue from the special tax rate levy will need to be increased from \$56,000 to approximately \$60,564 to account for lower accumulated surplus funds. Businesses within the Bolton BIA should be prepared for such an increase in 2020 onwards and/or the Bolton BIA should be prepared to reduce expenses in those years.

The Town will make four payments of \$14,000 to the Bolton BIA on the below dates:

Payment Date	Installment Amount
June 1, 2019	\$14,000
July 1, 2019*	\$14,000
July 5, 2019*	\$14,000
September 6, 2019*	\$14,000
Total Payments	\$56,000

*These payments are conditional on the receipt of the BIA's 2018 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

The matter contained in this report is not relative to the Council Work Plan.

ATTACHMENTS

Schedule A – Bolton BIA 2019 Operating Budget

Schedule B – Bolton BIA Boundaries

Schedule C – Response from Bolton BIA Board regarding the January 22, 2019 Council Resolution

Schedule A to Staff Report 2019-30: Bolton BIA 2019 Operating Budget

2018 AND 2019 BOLTON BIA BUDGET

REVENUES	2019 Budget	2018 Budget
REVENUE - SPECIAL TAX RATE LEVY	\$ 56,000.00	\$ 56,000.00
GENERAL REVENUE	3,000.00	3,000.00
ACCUMULATED SURPLUS	13,930.30	13,930.30
REVENUE TOTAL	\$ 72,930.30	\$ 72,930.30

Note A
Note B

EXPENSES	2019 Budget	2018 Budget
Landscape Maintenance & Improvements		
WATERING / MAINTENANCE	\$ 9,600.00	\$ 9,600.00
FLOWERS	10,000.00	10,000.00
GOLF CART REPAIRS	1,500.00	1,500.00
Promotion Projects		
BANNERS (Replace, Install, Remove)	10,000.00	15,000.00
SEASONAL DECORATIONS (Winter)	10,000.00	5,000.00
EVENTS	12,000.00	12,000.00
MARKETING	2,000.00	2,000.00
FUTURE PROJECTS / REPAIRS	-	-
FARMERS MARKET	2,000.00	2,000.00
Administrative		
WEBSITE	600.00	600.00
MEMBERSHIPS (BIA)	300.00	300.00
MEETING EXPENSES	200.00	200.00
STAFF EXPENSE	9,000.00	9,000.00
AUDIT	2,330.30	2,330.30
OFFICE SUPPLIES & BANK CHARGES	400.00	400.00
INSURANCE	3,000.00	3,000.00
HST (Included in the total line items above)		
EXPENSES TOTAL	\$ 72,930.30	\$ 72,930.30
NET OPERATING BUDGET	0.00	0.00

Note A - 2018 General Revenue includes Farmers Market Vendor Fees

Note B - The 2018 Budget allowed the use of the Accumulated Surplus to fund 2018 operations. The audited Accumulated Surplus as of December 31, 2017 is \$37,251.



BOLTON BIA BOUNDARY (BY-LAW 80-72)

LOCATION MAP



Date: August 2010

location map Bolton BIA boundary bylaw 2002-151

Schedule C to Report 2019-30

From: JPCLAW <jpclaw@jpclaw.ca>
Sent: Thursday, January 31, 2019 4:11 PM
To: Amanda Fusco <Amanda.Fusco@caledon.ca>
Cc: sahoppler@caledon.ca; 'Verona Teskey' <Verona.Teskey@caledon.ca>; 'Rex & Verona Teskey' <Rex.Verona.Teskey@caledon.ca>; 'Bryan Gnida' <Bryan.Gnida@caledon.ca>; 'Oleg Rudnitsky Royal Courtyards' <manage-group@royalcourtyards.com>; 'Sodhitvinder Singh' <Sodhitvinder.Singh@caledon.ca>; 'alfblock' <alfblock@caledon.ca>; Annette Groves <Annette.Groves@caledon.ca>; Tony Rosa <Tony.Rosa@caledon.ca>
Subject: Downtown Bolton BIA

Dear Amanda

Thank you for sending the confirmation of our appointments. However I have to say I am surprised and disappointed that Council would see fit to attempt to impose on us the onerous obligation of preparing a multi year strategic plan. This was done without any prior consultation or even some notice through the two councilors who sit on our Board and who act as liaison with Council. In any event, as I am sure you are aware, Council cannot "require" the BIA to produce a strategic plan or anything else.

We on the BIA Board are volunteers and none of us are strategic planners. At the same time we have been pressed by the Town's treasurer to produce our budget which I have done following the first meeting of the Board. To suggest that the budget be accompanied by a strategic plan completed by us in a matter of days, with the parameters set out in your staff report is patently ridiculous.

I note, by the way, that one of the strategic plans you quoted as an example, that of the Goderich BIA was prepared by a professional consulting firm over a period of time and with extensive consultations.

Please advise Council, therefore, that we will not be producing a strategic plan and will not be making a presentation. Council can ascertain our plans for the coming year by reference to the minutes of our meeting on January 23rd or from the two councilors who were present.

If the Economic Development Department of the Town of Caledon is interested in developing a strategic plan for Bolton, the BIA is happy to provide input upon request.

Jean Carberry

Chair, Downtown Bolton BIA

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