

City of Mississauga Corporate Report



Date: January 17, 2023 To: Chair and Members of Budget Committee	Originator's files:
From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: January 23, 2023

Subject

2023 Business Improvement Area Budgets Additional Information

Recommendation

1. That the 2023 budget submissions for the Clarkson, Malton, Port Credit and Streetsville Business Improvement Areas (BIA's), as set out in Appendix 1 of the Corporate Report dated January 17, 2023 from the Commissioner of Corporate Services and Chief Financial Officer, entitled, "2023 Business Improvement Area Budgets Additional Information" be approved.
2. That all necessary By-laws be enacted and that the necessary budget adjustments be made.

Executive Summary

- Beginning with the 2022 budget, the City's five Business Improvement Area's (BIA's) were requested to provide their board approved budgets to coincide with the City's overall business planning and budget process.
- Aligning the BIA's budget cycle with the City's allows Council to consider the BIA's needs in conjunction with the rest of the City's, allows the full tax levy to be issued early in the new year, and establishes a spending plan that can be monitored for the full year.
- A revised budget for the Malton BIA for \$257,000, which includes \$200,000 in tax levy funding requested has been submitted for approval following their January 17th board meeting.
- Approval of the Budget is required prior to Finance issuing payment for the final levy.

Background

Finance provides oversight and support to each of the City's five BIA's on their financial reporting obligations, budget, and the year-end external audit. Each BIA maintains a constitution

or governance by-law that governs the process to prepare, review and approve their annual operating budget. These comply with Section 205 (1) & (2) of the *Municipal Act*, which states that:

- (1) A board of management shall prepare a proposed budget for each fiscal year by the date and in the form required by the municipality and shall hold one or more meetings of the members of the improvement area for discussion of the proposed budget.
- (2) A 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.

While staff do request confirmation from the BIA's that their budget is board approved prior to submission to the City, the processes that lead to the approval of their budget by the board, including discussion with members, are the responsibility of the BIA to administer.

At the January 16th, 2023 Budget Committee meeting, staff were directed to provide additional information on the timing change for the submission of the BIA's budgets. Historically, the approval of the BIA's annual budgets by Council was considered as part of the tax ratios, rates and due dates each April. While the April deadline provided additional time for the BIA's to prepare, approve and submit their budgets to the City for final approval, there were some concerns with the timing:

- The BIA's only received their tax levy funding following the approval of the tax ratios, rates and due dates report, typically in May and risked running into cash flow issues where not enough cash may be on hand to pay off liabilities for the first 5 months of the year. To mitigate the risk, the City would advance up to 50% of their prior year's annual levy upon request from a BIA, with the advanced amount reduced from the final payment following Council approval of their budget;
- The final approval of the BIA budgets by Council means that an approved budget is not in effect for the BIA for over one-third of the fiscal year; and
- The timing of the BIA budgets approval in April meant that the needs of the BIA's could not be evaluated relative to the overall City business plan and budget.

Beginning with the 2022 budget, staff requested the BIA's to provide their Board approved budgets to the City for inclusion in the City's overall business planning and budget process. The rationale to align with the City's process provides the opportunity for the full tax levy to be paid to the BIA's in January each year and reduces the number of advances required, allows Council to consider the business needs of the BIA's in conjunction with the rest of the budget, and ensures that an annual spending plan is in place for the BIA's for a full year.

Comments

Staff maintain an ongoing dialogue throughout the year with the BIA's to support their financial affairs. Finance staff have also worked with the BIA's to standardize the annual budget submission template.

In the event that a BIA is unable to submit a budget by the Budget Committee deadline, their budget submission would be submitted to Council through a separate report, provided the budget is submitted to the City prior to the approval of tax ratios, rates and due dates in April.

Following the initial budget submission presented to Budget Committee on January 16th, the Malton BIA has provided staff with a revised, board approved budget submission in the amount of \$257,000, which includes an increase of the tax levy portion of the budget to \$200,000.

Financial Impact

There are no financial impacts as a result of this report. The revised 2023 budget submissions for the Clarkson, Malton, Port Credit and Streetsville Business Improvement Areas (BIA's) now total \$2,047,477. The revised detailed budgets for the BIA's are outlined in Appendix 1.

Conclusion

Aligning the BIA's budget cycle with the City's allows Council to consider the BIA's needs in conjunction with the rest of the City's, provides the full tax levy to be issued to the BIA's early in the new year, and establishes a spending plan that can be monitored for the full year. Approval of the BIA's budgets is required prior to Finance issuing payment for the final levy.



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

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