



## Staff Report

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**Report To:** Owen Sound Downtown Improvement Area Board

**Report From:** Pamela Coulter, Director of Community Services  
Kate Allan, Director of Corporate Services

**Meeting Date:** November 10, 2021

**Report Code:** CS-21-139

**Subject:** Draft 2022 Budget

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### Recommendations:

THAT in consideration of Staff Report CS-21-139 respecting the 2022 Draft Budget, the Owen Sound River District Board of Management:

1. Provides direction to staff on the budgetary increase (2% or 5% levy increase) for the 2022 draft budget as outlined in the report; and
2. Directs staff to provide notice of a public meeting being held on January 12, 2022 respecting the 2022 draft budget.

### Highlights:

- The *Municipal Act* establishes the requirement for Business Improvement Areas to prepare a budget and hold a meeting where the budget can be discussed.
- Two budget scenarios are presented for consideration by the Board, one showing a 2% levy increase to members and one showing a 5% increase.
- Following consideration of the Board, notice of the meeting of the Board where the budget is to be discussed with the membership will be given.
- The draft budget as presented continues to move forward with the implementation of the River District Action Plan, maintains complimentary business sponsored parking, provides for a

partnership with the City on beautification and maintenance as well as promotion and experience development in the River District.

## **River District Action Plan Alignment:**

The 2022 budget supports the River District Action Plan in the areas of Branding, River District Management, River District Experience Development as well as River District Promotion.

## **Background:**

In 2019, the Downtown Improvement Area Board of Management (DIA) and the City of Owen Sound entered into a new partnership that allowed complimentary parking in the River District area sponsored jointly by the City and DIA.

City staff provide support to the Board, expertise, and human resources in the areas of: Marketing and Promotion, Events, Beautification & Maintenance as well as financial oversight and administrative support for the Board including the production of agendas, minutes etc. with guidance, direction and oversight from the Board.

2020 was the first full year of operations under this partnership agreement. The global pandemic had a significant impact on the delivery of services in 2020. In 2021, although there remained a significant impact of Covid-19, the provincial restrictions in place allowed more opportunity for marketing and events in the year. A separate report from the City's Director of Corporate Services will be provided with the 2021 mid-year financial report together with a projection of the end of year financials, including projected surplus.

Section 204 of the *Municipal Act* with respect to Business Improvement Areas requires:

### ***Budget***

**205** (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. 2002, c. 17, Sched. A, s. 40 (1).*

### ***Council to approve***

*(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. 2001, c. 25, s. 205 (2); 2002, c. 17, Sched. A, s. 40 (2).*

## **Analysis:**

Two options for a draft 2022 Operating Budget are presented (attached).

The draft budget was developed in consultation with the OSDIA Board Chair, Vice-Chair and Treasurer and is presented for review and input from the overall board.

In preparing the budget, staff also considered the commitment to share a contract staff position with the City to lead the implementation of the River District Action Plan (RDAP) as well as funds to ensure the ongoing commitment to implement the RDAP.

Main variances in the 2022 draft budget are:

- \$30,000 committed to the Community Development Coordinator position (approved in 2021).
- Budgeting \$18,000 (revenue) for a share in the parking revenue to reflect to update to the Agreement that shows a revenue sharing of 50/50 with the City.
- Reduction in the partnership share to \$3,000 (previously \$7,500) to continue partnership with the City to power wash sidewalks twice (late Spring/mid Summer). A separate report will come forward regarding the success of this initiative from 2021.
- A one-time expense of up to \$7,000 to fund the delivery of an election of the Board if required. The City Clerk will be providing a separate report on the matter of the election.
- \$1,000 increase in audit fee to reflect actual.
- Reducing vacancy rebate by \$6,000 to reflect elimination of this program.
- New in 2022 is a \$10,000 contribution to a capital reserve that would be held in a reserve and allow the Board to consider a special project either independently or in partnership with the City.

There are 2 options for the budget presented:

Option 1 shows a 2% levy increase (\$250,104 levy to members);

Option 2 shows a 5% increase to the membership (\$257,460 levy to members).

The difference on the average levy to a member between the 2% and 5% option is approximately \$27 for the year for each member. It has been several years where there has been no increase to the levy.

The difference in the budgets is in the net that is to be taken from the reserves under each scenario. To continue with the current level of service, an increase in the levy will be required or a reduction in the level of service will be necessary in future years.

Moving forward, the Board may want to consider some budgeting practices that would reduce the in-year budget impact of expenses that may be incurred once every four years. The City's budget each year sets aside an amount for the municipal election so that each year the amount is standard and does not increase the budget. If this approach was preferred, the 2022 election could be funded from reserves with a \$1750 allocation in each year beginning in 2022 for the 2026 election.

Staff recommend that any annual costs associated with website maintenance or content creation that requires external resources be considered by the River District Board of Management in the context of their annual Marketing and Promotion plan.

## **Consultation:**

Director of Corporate Services

OSDIA Chair, Vice-Chair and Treasurer

As required by the Municipal Act, the City Clerk will prepare for a notice of a meeting of the membership for the purpose of discussing the draft budget and following approval by the Board, the budget will be presented to City Council for approval.

## **Financial Implications:**

The overall levy would increase by 2% or 5% depending on the option supported by the Board.

There are 265 properties in the DIA within the City of Owen Sound. The DIA tax rate for 2021 is 0.00443262.

In 2021, the Board had inquired about a variable rate to be applied in areas where the level of service may be considered higher. It is recommended that this be considered as part of the overall report that explores the potential expansion of the boundary of the River District.

The City's budget includes significant support for the DIA area in terms of beautification and maintenance as well as waste pick up.

In 2022, the City's draft capital budget includes the following projects in support of the River District:

	<u>Downtown</u>					
<b>22C.1</b>	Replace/Install New Streetlights - River District	DOWNTOWN	100,000		100,000	
<b>17P.12</b>	DRP Phase 1 - 1st Ave E (800 Block)	DOWNTOWN	10,000		10,000	
<b>22C.2</b>	DRP Phase 2 - 1st Ave E (900 Block)	DOWNTOWN	1,776,000	RACI	676,000	1,100,000
<b>22C.5</b>	River District Waste Receptacles	DOWNTOWN	12,000		12,000	
<b>22C.6</b>	River District Tree Grates	DOWNTOWN	10,000		10,000	
<b>22C.7</b>	River District Mid Block Planters	DOWNTOWN	5,000		5,000	

In 2021 to date, \$94,750 has been spent in Parks staff time to support activities in the River District. This does not include activities such as street sweeping, or additional costs of waste pick up performed by Public Works.

Although many of the normally planned events didn't happen in the early part of 2021, the River District benefitted from various City initiatives including Music at the Market (\$20,000), Outdoor Movie Nights (\$4,375.00), and new River District decorative banners (\$18,000) at no cost to the River District Board of Management.

## **Attachments:**

1. Draft 2022 Operating Budget – 2% increase
2. Draft 2022 Operation Budget – 5% increase

## **Recommended by:**

Pamela Coulter, Director of Community Services

## **Reviewed by:**

Kate Allan, Director of Corporate Services

**Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Pamela Coulter at [pcoulter@owensound.ca](mailto:pcoulter@owensound.ca) or 519-376-4440 x. 1252.