



Staff Report

Report To: River District Board of Management

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

Meeting Date: January 11, 2023

Report Code: CS-23-006

Subject: Draft 2023 River District Budget

Recommendations:

THAT in consideration of Staff Report CS-23-006 respecting the Draft 2023 River District Budget, the River District Board of Management:

1. Provides direction to staff on the budgetary increase (2% or 0% or other) for the draft 2023 operating budget as outlined in the report; and
2. Directs staff to provide notice of a public meeting to be held on March 8, 2023.

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 no increase.
- Following consideration of the Board, a 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.

Previous Report/Authority:

None

Background:

In 2019, the Downtown Improvement Area Board of Management (DIA) and the City of Owen Sound entered 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 leadership, direction, and oversight from the Board.

2020 was the first full year of operations under this partnership agreement.

During the year, the Director of Corporate Services provides updates to the Board respecting budget.

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 2023 Operating Budget are presented (attached).

In preparing the budget, staff included 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 2023 draft budget are:

- \$37,601 committed to the Community Development Coordinator position (approved in 2021). This reflects wages of \$30,745 (River District portion) and overhead of:
 - \$4,089 (13.3%); and
 - \$2,767 (9%). In 2023, with changes to OMERS, an employee who is on contract is now eligible for pension benefits. This will increase the overhead rate to 22.3%.
- Budgeting \$20,000 (revenue) for a share in the parking revenue to reflect the update to the Agreement that shows a revenue sharing of 50/50 with the City. This is budgeted for \$2,000 more revenue than budgeted in 2022.
- Partnership share of \$3,000 for street washing.
- New in 2022 was 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. This is reflected again in the 2023 budget.

There are two options for the budget presented:

Option 1 shows a 2% levy increase (\$255,106 levy to members).

Option 2 shows a 0% increase to the membership (\$250,104 levy to members).

The difference in the average levy to a member between the 2% and 0% options is approximately \$19 for the year for each member. Prior to 2022, it was several years since there has been an increase to the levy and a small increase in the levy is responsible given the costs for marketing and promotion and events have increased.

Both budgets show a transfer from reserves at year end due to total expenditures exceeding revenue generated. To continue with the current level of service with the coordinator supporting the implementation of the Branding and Marketing Action Plan going forward, an increase in the levy will be required, an alternative funding source 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 2026 election could be funded by allocating \$1,250 each year to an election reserve. Alternatively, if there is an election, the funds required could be supported in an election year by a transfer from reserves.

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.

In 2023, the City will be bringing forward an updated waste management strategy for the entire City. In part, this strategy will implement provincial changes in recycling and implement a producer pay model. Certain areas of the City are exempt and the River District is one of these areas. The Board will be kept informed about these changes and how they may impact River District businesses and residents going forward as part of that process.

Financial Implications:

The overall levy would increase by 2% or 0% with the average impact per member estimated at \$19.00. Staff are recommending the 2% budget go forward to the public meeting.

There are 257 properties in the River District within the City of Owen Sound. The River District tax rate for 2022 is 0.00455451.

Both scenarios require a transfer from reserves in order to have a balanced budget. In order to balance the budget without reserve funding the levy increase required would be 10%.

To continue with the current level of service with the coordinator supporting the implementation of the Branding and Marketing Action Plan going forward, an increase in the levy will be required, an alternative funding source or a reduction in the level of service will be necessary in future years.

In 2022, approximately \$110,000 in costs were incurred by the City to support activities in the River District including maintenance, horticulture, arboriculture, and watering. This does not include activities such as street sweeping, or additional costs of waste pick up performed by Public Works.

The River District benefits from a number of events and activations delivered by the City paid for by the Municipal levy. In 2023, these will include Music at the Market and Outdoor Movie Nights.

The River District will have several new waste receptacles installed early in 2023 as well as tree grates. The City has also been replacing and upgrading the on street poles in the River District as part of the City's capital program. Several new replacement trees will be planted also by the City at no cost to the River District to replace trees impacted by Emerald Ash Borer.

Other services provided at an enhanced level in the River District include daily waste pick up from the receptacles, street sweeping, and snow removal.

Communication Strategy:

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.

Consultation:

Manager of Community and Business Development, Community Development Coordinator, Manager of Parks and Open Space, City Clerk.

Attachments:

1. 2% budget
2. 0% budget

Prepared and Recommended by:

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Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Pamela Coulter, Director of Community Services at pcoulter@owensound.ca or 519-376-4440 ext. 1252.