



## BUSINESS IMPROVEMENT AREAS TOOLKIT

Edmonton

**3**

# Operating a BIA

May 2021

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## BIA OVERVIEW

A (BIA) is a statutory corporation created under the authority of Alberta's Municipal Government Act (MGA) **Business Improvement Area Regulation**.

According to the MGA, the purpose of a BIA is to:

- Improve, beautify, and maintain property in the BIA.
- Promote the BIA as a business or shopping area.
- Develop, improve, and maintain public parking.

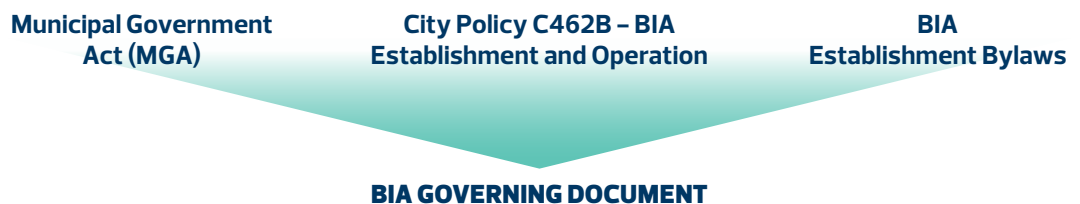
BIA activities must fall within these purposes.

How BIAs operate, along with the services and programs they deliver, is also guided by:

- City of Edmonton Bylaws that are adopted to create individual BIAs.
- **City of Edmonton City Policy C462B – BIA Establishment and Operation**.
- Day-to-day operating guidelines of each BIA.
- The needs of the area and member businesses.

# BIA OPERATING GUIDELINES AND PROCEDURES

Each BIA must establish its own governing document, operating guidelines, and procedures within the mandate and regulations established in the MGA, Business Improvement Area Regulations, within the City of Edmonton Policy C462B--BIA Establishment and Operation, and within the establishment bylaws specific to individual BIAs.



A governing document, operating guidelines and procedures:

- Allow the board to determine what rules they can all agree with and abide by, including what activities require member approval.
- Allow the board to make changes when the organization grows and changes.
- Ensure stability, continuity, and structure, especially during times of rapid growth, a rapid change in membership, or a change in executive director.

Boards should make their governing document, operating guidelines, and procedures available to all members. Additionally, boards should encourage members to read and understand them.

The City of Edmonton provides templates for key operating documents and procedures, and is available to review these to help the BIA ensure its operations are aligned with applicable regulation and policy.

City staff are available to help individual BIAs and their boards with strategic planning activities. The Alberta Government also provides help in strategic planning for non-profit organizations, such as BIAs. For information on how to access these one day workshops, call the Community Development Officer of Community Development Strategic Plans at 780-963-2281 or see [Strategic Planning Resources](#).

# SETTING BIA GOALS AND IDENTIFYING PRIORITIES

## Developing a multi-year strategic plan creates:

1. Shared understanding among the board of directors, executive director and the BIA membership, the community, and the City about what the economic development priorities are for the area and how they will be achieved.
2. Ability to focus resources to achieve established targets at specific times and move the area toward its goals.
3. Ability to track progress toward goals on an annual and quarterly basis.
4. Flexibility to make changes and/or improvements to the plan when opportunities or challenges occur.

## Developing the strategic plan may involve:

1. Conducting or updating a BIA needs assessment about what actions or improvements will help the economic development of the area.
2. Analyzing and prioritizing the needs identified.
3. Developing programs and projects that address the priority needs within the capacity of the BIA Association.
4. Creating a financial plan to implement priority programs and projects.

Evaluating how the BIA is progressing towards its goals is important. The strategic plan should have success measures associated with each focus area and action. Looking back to see how things progressed and making continuous improvements to support the economic development of the area is essential to overall success. The City helps BIAs understand trends in their areas through the BIA Economic Indicators.

# BIA FINANCES

## BUSINESS IMPROVEMENT AREA TAX

The majority of a BIA's revenue is provided through a levy that is funded by a BIA tax.

This levy:

- is a tool to pool resources from business members to fund BIA programs, services, and improvements.
- provides a steady revenue stream for a BIA.
- is collected annually by the City from member businesses on behalf of the BIA and remitted, *in full*, back to the BIA in quarterly installments.

The BIA tax:

- is payable by all businesses within a BIA, including professional corporations.
- is calculated each year for each business based on several key factors – see the [Step-by-Step Guide to BIA Taxes](#) for more information.
- is not the same as property tax. Read the [FAQs on BIA area assessment](#) for more information.

Each November, the City requests that each BIA reviews a list of businesses within the BIA boundaries to help confirm the list of businesses that will be liable to pay the BIA tax in the upcoming year.

The City mails BIA assessment and tax notices to all businesses within all BIAs in Edmonton in February. BIA **tax payments** are due March 31.

## OTHER SOURCES OF REVENUE

BIAs may pursue other funding sources to support their activities. Other sources of funding may include grants and revenue from events. The Alberta Government, for example, provides **grants** to support economic prosperity in cities and towns.

Because a BIA is different from other not-for-profit organizations and societies, there are some sources of revenue that are not available to them, such as:

- casinos
- investment income
- grants that require recipients to be a registered charity

## BIA FINANCES *(CONT.)*

### ANNUAL BUDGET

A BIA is permitted to spend money on activities that advance the purpose of the BIA and that are included in the annual budget that has been approved by City Council.

#### The annual budget:

- outlines the BIA's proposed programs and related costs for the upcoming calendar year.
- is created by the board of directors with the support of the executive director.
- is discussed with and should be voted on by BIA members at the AGM.
- is submitted to City Council for formal approval at the end of each calendar year.
- must be presented in a particular format and clearly indicate what projects and activities are proposed for funding and how these advance the BIA's purpose and goals.
- must include all potential sources of funding (not only funding from the BIA tax).
- must include the cost of each project and activity (or the costs of categories of projects and activities).
- may identify spending that is contingent on additional funding from other sources such as grants and use of BIA reserves.

#### Key considerations:

- The annual BIA budget must be delivered to the city by middle of October to ensure Council can review for funding approval in the next calendar year. The annual budget cannot be changed, once finalized.
- In accordance with the MGA, a director who makes an expenditure that is not included in the approved budget is liable to the municipality for that expenditure.

City policy requires that BIAs notify their members at least two weeks in advance of the date that their proposed annual budgets will be presented to City Council. It is up to each BIA to send this notice to all member businesses and to provide all members with copies of the proposed budget at this time.

## **BIA FINANCES** (CONT.)

### **LONG TERM FINANCIAL PLANNING**

Some BIA projects may need several years to be fully implemented. The BIA Board of Directors should do long term financial planning to ensure that projects can be financed in segments.

Key considerations for long term financial planning:

- BIAs have a limited ability to accumulate funds for use in future years – this is because the BIA tax is only collected annually and paid to a BIA through quarterly installments.
- BIAs are not allowed to borrow funds beyond the needs for the current year.
- A BIA is not required to spend the total BIA levy they receive in the assessment year, although funds collected from members should be actively directed towards projects that benefit the BIA and members overall instead of being held in 'rainy-day funds'.
- BIAs can amass some reserve funds each year, though these should be tied to specific future projects and activities.
- Any surplus funding (reserves) from a given year must be carried over to the budget(s) of subsequent year(s) to ensure that any proposed spending of these surpluses is subject to the same approval process as funds acquired on an annual basis through other means.

### **QUARTERLY VARIANCE REPORTS**

Each BIA must submit three (3) quarterly variance reports to the City each year. These are due in mid-April, mid-July, and mid-October.

### **AUDITED FINANCIAL STATEMENTS**

Each BIA must have their financial statements audited annually and must submit these to the City. An audited financial statement confirms that the association's financial records have been examined and validated by a qualified independent auditor. It is the responsibility of each BIA to appoint and pay a qualified auditor to do this work.

These statements must be reviewed and approved by the BIA's Board and then must be submitted to the City. The City reviews the statements, along with annual reports, and forwards both to the Executive Committee of City Council for their information. Executive directors and/or board chairs present an overview of these to Executive Committee once a year (see page 11).



## BIA FINANCES (CONT.)

### GST REBATES

Requirements for GST registration, and opportunities to recover GST paid through rebates, are governed by federal tax rules. The information below is provided as a general guide to help BIAs understand potential obligations with regards to GST. Each BIA should consult with an accounting or tax professional to understand how federal tax rules apply to their particular association, along with its revenues and activities.

#### Collecting GST

BIAs with over \$50,000 in annual revenue from 'taxable supplies' must register for a GST account, and must charge GST for taxable commercial activities such as luncheons and special events. (A 'taxable supply' is the sale of taxable goods and/or a delivery of taxable services. The BIA tax levy is not a taxable supply). They must also remit the GST to the federal government.

#### Tax Rebates

As a non-profit organization (which is defined as a 'public service body' in the Canadian *Excise Tax Act*), a BIA may be able to recover some of the GST that it pays towards its operating expenses. This is done through filing a claim for Input Tax Credits for the full amount of GST paid on purchases and expenses related to the

commercial activities of the association. If the BIA has annual taxable revenues under \$50,000 and chooses not to voluntarily register for GST, then the BIA cannot charge its customers GST, and cannot claim GST paid on its business purchases through an Input Tax Credit.

Where an expense incurred by the BIA is not for a commercial activity, a BIA may be eligible for a public service bodies rebate (PSB rebate) to recover all or a portion of the GST that it pays on its eligible purchases and expenses. The portion of GST eligible for the PSB rebate depends on the public service body activity type the BIA is classified as under the Excise Tax Act. Potentially, a 50% rebate is available for a BIA as a "qualifying non-profit organization" and a 100% rebate factor is available for those BIAs that are eligible to be determined as a "municipality" for GST purposes. A BIA must apply to the federal government for this 'municipality' status. *A BIA does not have to be registered for GST in order to apply for a public service bodies' rebate.*

For more information on GST Input Tax Credits and the Public Service Bodies rebate, as well as other taxation information related to public service bodies, please call the CRA business enquiries line at 1-800-959-5525 or go online to the Government of Canada website at [www.canada.ca](http://www.canada.ca).

# ANNUAL ADMINISTRATIVE REQUIREMENTS

## ANNUAL REQUIREMENTS

Each year a BIA must submit the following to the City:

- Quarterly variance reports ('budget versus actuals' report).
- Annual report for the previous calendar year.
- Audited financial statements for the previous calendar year.
- Proposed budget for the upcoming calendar year.
- Proposed Board of Directors for the upcoming calendar year.



City policy requires all BIA members to receive 14 days written notice of the AGM date and place. It is the responsibility of each BIA to send this notice to all member businesses.

## THE ANNUAL GENERAL MEETING (AGM)

All BIAs must hold an Annual General Meeting (AGM). This ensures that the BIA membership is aware of major changes to the budget and proposed expenditures, and has an opportunity to provide feedback to the board on proposals.

The BIA membership also has the opportunity to democratically influence the operation of their BIA through the annual nomination of prospective directors to the BIA's board. The names put forward are then provided to Edmonton City Council for approval. AGM minutes must be recorded.

Each AGM must include the following:

- Report on proposed programs/services and budget for the coming year.
- Independent auditor's report including financial statements for the previous fiscal year.
- Nomination of prospective directors to the BIA board.
- Report on current and proposed major projects.
- Review of proposed BIA annual budget.
- Approval of minutes of the previous AGM.

City of Edmonton requires that a very specific format be followed at all Annual General Meetings: See How-To: Holding an Annual General Meeting.

# ANNUAL ADMINISTRATIVE REQUIREMENTS *(CONT.)*

## ANNUAL REPORTS

Each BIA must submit an annual report to the City. This report should:

- be submitted early in the calendar year, and at the same time as the BIA's audited financial statement.
- outline key activities and successes from the previous calendar year, to give City Council's Executive Committee an understanding the BIA's goals, programs and services, and what it has achieved.

The report and audited financial statement are presented together by executive directors and/or board chairs to the Executive Committee of City Council and should be submitted by mid-summer each year to ensure fall presentations to Committee.

### Presenting to City Council's Executive Committee

Each BIA must present its annual report and audited financial statement to City Council each year. Presentations are in-person at an Executive Committee meeting and are typically between five and ten minutes long. City staff accept and review annual reports and audited financial statements, prepare covering administrative reports, and schedule dates for presentations.

### Tips for presenting to Executive Committee:

- Reference both your annual report and audited financial statement.
- Speak to any matters that might not be clear or that may raise questions from Committee, such as any discrepancies between planned and actual spending, and any reserves your BIA might have, with plans for using these funds in future years.
- Demonstrate the value of your BIA to your members and the wider community by highlighting key activities, services, and accomplishments from the previous year.

# ANNUAL ADMINISTRATIVE REQUIREMENTS *(CONT.)*

## ANNUAL SEQUENCE OF EVENTS TO ADMINISTER A BIA

While each BIA is unique and will offer services and programs tailored to the needs of member businesses, the same basic operating and annual reporting requirements apply to all BIAs in Edmonton. Operating activities of each BIA should follow this basic sequence of annual events:

### BIAs begin planning for the upcoming year:

#### AUGUST

- BIAs review and update their strategic plan. They also create a budget to meet the upcoming year's operating costs and the cost of planned BIA programs and/or projects in that year.

#### SEPTEMBER/OCTOBER

- BIAs hold AGMs. The board chair, directors, and/or the BIA's executive director report on the previous year's activities and finances. Members review the Board approved budget for the upcoming year and nominate the next year's board of directors.
- BIAs submit their annual budgets and board nominations to the City.

- BIAs receive fourth quarterly BIA levy installments from the City to fund their work in October.
- BIAs submit the third of three required quarterly variance reports for the year.

#### NOVEMBER

- BIAs review a list of businesses within the BIA boundaries to help the City confirm the BIA tax levy list for the upcoming year.
- BIAs provide notice to all members that their proposed budgets and board nominations are being considered by City Council.

#### DECEMBER

- City Administration presents the proposed budgets and board nominations of each BIA for the following year to City Council for consideration and final approval. BIAs may wish to attend this meeting to answer questions.

#### JANUARY

- New BIA Board of Directors begins its work. A chair and officers are appointed by the board. BIAs may hold board orientation sessions to kick things off.

# ANNUAL ADMINISTRATIVE REQUIREMENTS *(CONT.)*

- City Council approves the BIA tax rate for each area. These rates are based on the annual budgets approved in December and on business assessments in each BIA.
- BIAs may share approved BIA tax rates with their boards and members.
- BIAs receive first of four quarterly BIA levy installments from the City to fund their work.
- BIAs receive confirmation of key dates and deadlines from the City for the calendar year.

## FEBRUARY

- City sends out BIA assessment notices to all businesses in the area including professional corporations. BIAs may wish to obtain tax levy lists for their areas and prepare for questions from their members.
- BIA member tax payments are due March 31.

## MARCH

- BIA financial statements from the previous year are audited by an independent auditor. It is the responsibility of each BIA to hire an auditor (as appointed by the BIA's board) to review their finances.
- Executive directors prepare reports for the previous year to submit to their boards, share

with members and present to City Council Executive Committee in late spring.

## APRIL

- BIAs submit annual reports and financial statements from the previous year to the City. These are reviewed and forwarded for presentation at a City Council Executive Committee meeting.
- BIAs receive the second of four quarterly BIA levy installments from the City to fund their work.
- BIAs submit the first of three required quarterly variance reports.

## MAY/JUNE

- Executive directors and/or BIA chairs present their annual reports and audited financial statements from the previous year to Executive Committee.

## JULY

- A BIA interested in changing its geographic boundary submits a formal request to the City.
- BIAs receive the third of four quarterly BIA levy installments from the City to fund their work.

# BIA LIABILITY AND INSURANCE

BIAs must carry insurance. The City encourages BIAs to obtain their insurance through the City's insurance program. BIAs may also choose to carry their own insurance through regular insurance carriers.

## BIA INSURANCE NEEDS

### Minimum insurance required:

- \$2,000,000 minimum general liability. This is to provide indemnity for claims made against the BIA due to negligence resulting in property damage or bodily injury to a third party.
- \$1,000,000 in "Errors and Omissions" Insurance (also called Directors and Officers Liability). This is to provide indemnity for damages that are caused by any BIA wrongful act.

### Other insurance considerations:

- A BIA should carry property insurance to protect its building and contents, insurance to cover special events and activities, and should consider crime insurance in situations where cash is handled.
- If a BIA is holding an event where liquor will be served, they should consider purchasing a 'host liquor liability policy'.
- BIA employees and volunteers who use their personal vehicles to conduct BIA business should contact their personal auto insurance provider to ensure they have adequate coverage.
- BIAs should obtain evidence of insurance for vendors they hire for events. Examples of vendors may include entertainers or carriage ride providers.

### Things to know about the City's Insurance Policy and renewal process:

- It covers May 1 to Apr 30 (renewal is on May 1 each year).
- Nothing is required from the BIA in order to renew unless their insurance needs have changed.
- BIAs are responsible for contacting the City's Risk Management team for all updates including address and contact information changes.
- BIAs are invoiced for requested insurance any time after May 1.
- BIAs are provided an insurance certificate which provides evidence of insurance coverage and types of coverage. BIAs may provide a copy of this certificate to third parties as required.

To contract with the City, or to ask questions about what is or isn't covered and requirements for special activities, BIAs should call the [City's Risk Management](#) team.

## RECORDS MANAGEMENT

Information is an asset. Records management is an important part of doing business and is essential to respond to the collective needs and requirements of the BIA.

Key requirements include:

- BIA Boards must have information retention policies and management procedures to oversee the use, retention, and destruction of data. These policies and procedures must meet or exceed regulatory requirements.
- BIAs must develop their own records policy and procedures to ensure they protect their members' information, and are able to provide and collect information in an appropriate manner.
- An appropriate board or staff member needs to be assigned the responsibility to implement these, perform annual reviews, and conduct briefing sessions for all new directors, volunteers, and staff. Typically, the BIA Board Chair owns overall accountability for records management.



# RECORDS MANAGEMENT (CONT.)

## FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY (FOIP)

The *Freedom of Information and Protection of Privacy (FOIP) Act* is Alberta legislation that applies to BIAs. FOIP serves a dual purpose: to provide individuals with access to the records of public bodies (including their own) and to outline a public body's responsibilities regarding the protection of privacy.

Under the FOIP Act, BIAs are public bodies, separate from the City of Edmonton. A Board Chair for a BIA is the "head" of the board, pursuant to the Act. A FOIP Head is responsible for all decisions made under the FOIP Act including processing access to information requests and the protection of privacy. Information about delegating FOIP duties is available from the Office of the City Clerk's Corporate Access and Privacy Office.

The City of Edmonton provides membership data necessary to BIAs for the ongoing assessment of their programs, financial status, and membership. The information is provided as requested, and in accordance with the City's [access for information procedures](#) for BIAs.

Membership data provided by the City:

- Can only be used by the BIA's board or executive director for the provision of services related to the operational goals of the BIA.
- Cannot be distributed by the BIA's board or executive director to third parties for any purpose.
- The board of directors is responsible and accountable for the appropriate destruction of membership data, either by secure shredding/destructive methods, electronic data destruction/hard drive wiping, or both.

Several local institutions provide FOIP training. BIAs are encouraged to seek out training that best meets their association's needs. The Government of Alberta offers a [free online course](#) that is available to anyone.



BUSINESS IMPROVEMENT  
AREAS TOOLKIT

**3** **Operating a BIA**

The logo for the City of Edmonton, featuring the word "Edmonton" in white text on a dark blue square background.