

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee

**From:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

**Subject:** Old East Village Business Improvement Area 2024 Proposed Budget – Municipal Special Levy

**Date:** January 15, 2024

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the Old East Village Business Improvement Area:

- a. The Old East Village Business Improvement Area proposed 2024 budget submission in the amount of \$656,100 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by The Corporation of the City of London for the 2024 fiscal year for the purposes of the Old East Village Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$42,000;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-1 as amended; it being noted that the special charge shall have priority lien status and shall be added to the tax roll pursuant to subsection 208(7) of the Municipal Act, 2001; and
- d. The attached by-law (Schedule “C”) with respect to Municipal Special Levy for the Old East Village Business Improvement Area **BE INTRODUCED** at the Municipal Council meeting on January 23, 2024.

## Linkage to the Corporate Strategic Plan

Council’s 2023 to 2027 Strategic Plan for the City of London identifies “Economic Growth, Culture, and Prosperity” as a strategic area of focus. These involve working better together for economic growth with Business Improvement Areas (BIA’s) of London and continuing to build strong working relationships with such community partners. In line with these areas of focus, the City provides guidance to the BIA’s in regard to establishment and ongoing business and financial operations. The City also acts as the intermediary with respect to collecting the approved levy amounts which fund services provided to the BIA members and thus promote continued growth in London’s economy.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

Corporate Services Committee, January 9, 2023, Agenda item 2.5, Old East Village Business Improvement Area 2023 Proposed Budget – Municipal Special Levy. The report can be found on the City’s website by visiting:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=96247>

#### 1.2 What is a “Business Improvement Area”?

The Province defines a Business Improvement Area (BIA) as an “innovation that allows local business people and commercial property owners and tenants to join together and,

with the support of the municipality, to organize, finance, and carry out physical improvements and promote economic development in their district. Traditionally, a BIA is a body established by a municipality using the specific business improvement area provisions in the Municipal Act, 2001. It is governed by a board of management. Once a traditional BIA is approved by municipal council, businesses within its boundaries become members and pay the BIA levy along with their property taxes.” Further information regarding the functions, activities and benefits of BIA’s can be found here: <https://www.ontario.ca/document/business-improvement-area-handbook/introduction-business-improvement-areas>

## 2.0 Financial Impact/Considerations

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures. The Old East Village Business Improvement Area has met this requirement in Schedule “A”, noting the 2024 total expenditure budget of \$656,100.

On November 15, 2023, the Board of Management of the Old East Village Business Improvement Area (OEV BIA) approved the 2024 budget (Schedule “A”), which was presented to the members at the Annual General Meeting on the same day.

Civic Administration provides the following comments based on its review of the submission:

- a) The OEV BIA submitted a 2024 budget of \$656,100 which represents an increase of \$405,750 (162.1%) compared to its 2023 budget of \$250,350. The special levy to the members remains the same as 2023. The \$405,750 increase will be mainly funded from an increased Draw from the Operating Fund, which is primarily due to special one-time COVID-19 business relief funding approved by Municipal Council. This funding was received late in 2023 so could not be expended until 2024. Revenue includes the special levy plus City of London Funding of \$141,102, the same amount as previous years.
- b) Significant changes to expenditures in 2024 include:
  - i. Beautification – an increase of \$3,900 over 2023 is budgeted to provide for streetscape work following completion of construction.
  - ii. COVID-19 Business Relief – an increase of \$400,000 for this one-time funding approved in late 2023, the majority of the expenditures will likely carry over into 2024.

At the time of submitting this report, audited 2023 financial statements were unavailable. Estimates received from OEV BIA indicate a projected 2023 year-end surplus of \$611,206. The unaudited projected December 31, 2023 Operating Fund balance is approximately \$657,806 including year-end adjustments. The year-end fund balances are presented in Schedule “B.”

## Conclusion

The owners of business property within the business improvement area will be responsible for payment of \$42,000 to be raised by the Corporation for the 2024 fiscal year for the purposes of OEV BIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the OEV BIA 50% of the budgeted Municipal Special Levy, with the remaining 50% to be paid on or after June 30<sup>th</sup>.

**Prepared by:** Dylan Dubois, CPA, Financial Business Administrator  
Alan Dunbar, CPA, CGA, Manager, Financial Planning and Policy

**Submitted by:** Kyle Murray, CPA, CA, Director, Financial Planning and Business Support

**Recommended by:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

## Schedule "A"

### Old East Village Business Improvement Area 2024 Proposed Budget with 2023 Comparators

#### Revenue Overview

Revenue Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Municipal Special Levy	42,000	42,000	42,000	0	42,000	6.4%	0	N/A
Tax Write Offs/Allowance	-2,000	-2,000	-2,000	0	-2,000	-0.3%	0	N/A
Net Municipal Special Levy	40,000	40,000	40,000	0	40,000	6.1%	0	N/A
Interest Income	0	120	300	180	250	0.0%	130	108.3%
City of London Funding	141,102	141,102	141,102	0	141,102	21.5%	0	N/A
Draw from Operating Fund	0	69,128	0	-69,128	470,748	71.7%	401,620	581.0%
COVID-19 Business Relief Funding	0	0	500,000	500,000	0	0.0%	0	N/A
LEDC Vacancy Reduction Program	65,000	0	30,000	30,000	0	0.0%	0	N/A
Other Program Funding	36,109	0	0	0	0	0.0%	0	N/A
Activation Funding	93,445	0	50,000	50,000	0	0.0%	0	N/A
Canadian Urban Institute	65,123	0	11,339	11,339	0	0.0%	0	N/A
HST Rebate	0	0	23,000	23,000	4,000	0.6%	4,000	N/A
Miscellaneous Income	0	0	0	0	0	0.0%	0	N/A
<b>Total Revenue</b>	<b>440,779</b>	<b>250,350</b>	<b>795,741</b>	<b>545,391</b>	<b>656,100</b>	<b>100.0%</b>	<b>405,750</b>	<b>162.1%</b>

## Expenditure Overview

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditure	Increase/ Decrease over 2023	Percentage Budget Change over 2023
<b>Administration</b>								
Telephone and Internet	1,654	1,700	1,172	528	1,750	0.3%	50	2.9%
Travel	0	700	126	574	500	0.1%	-200	(28.6%)
Operating Supplies & Costs	2,150	2,000	1,030	970	2,000	0.3%	0	N/A
Printing & Communications	1,208	1,500	697	803	1,500	0.2%	0	N/A
Equipment & Building Allowance	200	4,500	0	4,500	4,500	0.7%	0	N/A
Salary & Benefits	1,617	2,000	1,282	718	2,000	0.3%	0	N/A
Financial Audits	5,751	3,350	3,000	350	3,350	0.5%	0	N/A
Training Education Development	330	1,000	60	940	2,000	0.3%	1,000	100.0%
Miscellaneous Expense	4,982	6,000	3,944	2,056	7,000	1.1%	1,000	16.7%
<b>Total Administration</b>	<b>17,892</b>	<b>22,750</b>	<b>11,311</b>	<b>11,439</b>	<b>24,600</b>	<b>3.7%</b>	<b>1,850</b>	<b>8.1%</b>
<b>Rent</b>								
Rent and Hydro	12,769	15,000	8,585	6,415	15,000	2.3%	0	N/A
<b>Total Rent</b>	<b>12,769</b>	<b>15,000</b>	<b>8,585</b>	<b>6,415</b>	<b>15,000</b>	<b>2.3%</b>	<b>0</b>	<b>N/A</b>
<b>Member Services</b>								
Advertising Marketing Promotions	3,098	8,500	3,681	4,819	8,500	1.3%	0	N/A
Purchases Services	12,400	20,000	12,925	7,075	20,000	3.0%	0	N/A
Salary & Benefits	156,566	160,000	139,708	20,292	160,000	24.4%	0	N/A
<b>Total Member Services</b>	<b>172,064</b>	<b>188,500</b>	<b>156,314</b>	<b>32,186</b>	<b>188,500</b>	<b>28.7%</b>	<b>0</b>	<b>N/A</b>

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2023	Percentage Budget Change over 2023
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Business Development								
Special Projects	16,298	10,000	3,091	6,909	10,000	1.5%	0	N/A
Other Program Expenses	264,930	0	0	0	0	0.0%	0	N/A
Beautification	5,888	8,100	4,860	3,240	12,000	1.8%	3,900	48.1%
COVID-19 Business Relief	8,074	0	0	0	400,000	61.0%	400,000	0.0%
Community Initiatives	2,586	6,000	374	5,626	6,000	0.9%	0	N/A
<b>Total Business Development</b>	<b>297,776</b>	<b>24,100</b>	<b>8,325</b>	<b>15,775</b>	<b>428,000</b>	<b>65.2%</b>	<b>403,900</b>	<b>1675.9%</b>

Other								
Harmonized Sales Tax	2,631	0	0	0	0	0.0%	0	N/A
Miscellaneous	0	0	0	0	0	0.0%	0	N/A
<b>Total Other</b>	<b>2,631</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>N/A</b>

<b>Total Expenditure</b>	<b>503,132</b>	<b>250,350</b>	<b>184,535</b>	<b>65,815</b>	<b>656,100</b>	<b>100.0%</b>	<b>405,750</b>	<b>162.1%</b>
<b>Net Surplus/ Deficit</b>	<b>-62,353</b>	<b>0</b>	<b>611,206</b>	<b>611,206</b>	<b>0</b>			
<b>Draw from / (Contribution to) Operating Fund</b>	<b>62,353</b>	<b>0</b>	<b>-611,206</b>	<b>-611,206</b>	<b>0</b>			
<b>Net</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

All figures subject to audit.

All figures subject to rounding.

## Schedule “B”

### Operating Fund

<b>Operating Fund Balance 2022 Audited</b>	<b>46,600</b>
Draw from Operating Fund in 2023	0
2023 Projected Net Surplus	611,206
<b>Operating Fund Balance 2023 Projected</b>	<b>657,806</b>

All figures subject to audit.

All figures subject to rounding.

### Reserve Fund

<b>Reserve Fund Balance 2022 Audited</b>	<b>0</b>
Draw from Reserve Fund in 2023	0
2023 Contribution to Reserve Fund	0
<b>Reserve Fund Balance 2023 Projected</b>	<b>0</b>

All figures subject to audit.

All figures subject to rounding.

## Schedule “C”

Bill No.  
2024  
By-law No.

A by-law to raise the amount required for the purposes of the Old East Village Business Improvement Area Board of Management for the year 2024 in accordance with section 208 of the Municipal Act, 2001.

WHEREAS subsection 5(3) of the Municipal Act, 2001 S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the Municipal Act, 2001 as amended provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the Municipal Act, 2001 as amended provides that a municipality may pass by-laws respecting; the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS By-law CP-1, as amended, provides for an improvement area to be known as the Old East Village Business Improvement Area and establishes a Board of Management for it known as the Old East Village Business Improvement Area Board of Management;

AND WHEREAS subsection 208(1) of the Municipal Act, 2001 provides that the municipality shall annually raise the amount required for the purposes of the board of management (of a business improvement area);

AND WHEREAS section 23 of the Municipal Act, 2001 provides that without limiting sections 9, 10 and 11 those sections authorize a municipality to delegate its powers under the Municipal Act, 2001;

AND WHEREAS it is deemed expedient to pass this by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. That the budget for the 2024 fiscal year submitted by the Old East Village Business Improvement Area Board of Management attached as Schedule “A” is approved.
2. The amount to be raised by the Corporation for the 2024 fiscal year for the purposes of The Old East Village Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$42,000.
3. A special charge is established for the amount referred to in section 2 of this by-law by a levy in accordance with By-law CP-1, as amended.
4. The special charge referred to in section 3 of this by-law shall have priority lien status and shall be added to the tax roll pursuant to subsection 208(7) of the Municipal Act, 2001.

5. The administration of this by-law is delegated to the City Treasurer who is hereby authorized and directed to do such things as may be necessary or advisable to carry out fully the provisions of this by-law.
6. This by-law comes into force and effect on the day it is passed.

Josh Morgan, Mayor

Michael Schulthess, City Clerk

First Reading – January 23,2024  
Second Reading – January 23,2024  
Third Reading – January 23,2024