

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: Hamilton Road 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 Hamilton Road Business Improvement Area:

- a. The Hamilton Road Business Improvement Area proposed 2024 budget submission in the amount of \$354,592 **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 Hamilton Road Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$70,000.
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law C.P.-1528-486 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 Hamilton Road 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. This involves 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 2.2, Hamilton Road 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=96244>

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 Hamilton Road Business Improvement Area has met this requirement in Schedule “A”, noting the 2024 expenditure budget of \$354,592.

On November 17, 2023, the Board of Management of the Hamilton Road Business Improvement Area (HRBIA) approved the 2024 budget (Schedule “A”) which was presented to the members at the Annual General meeting on October 25, 2023.

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

- a) HRBIA submitted a 2024 budget of \$354,592, which represents an increase of \$239,527 (208.2%) compared to its 2023 budget of \$115,065. The \$239,527 increase will be 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 fully expended until 2024. Revenue also includes the special levy plus City of London Funding of \$100,000 that was not approved prior to the 2023 budget.
- b) Administration Salaries and Wages - A \$13,200 increase in budget as a result of inflationary increases and increased staff hours.
- c) Special Events & Sponsorships – A \$10,000 increase in budget to contract an event coordinator for additional events including an outdoor market.
- d) Planters/Hanging Baskets – A \$20,000 increase in budget to support having additional flower baskets in the business area.
- e) Beautification – A \$22,836 increase to design and install banners as well as hiring contractors to increase beautification efforts in the business area.
- f) Carnevale Event – A \$20,000 increase to support the cost for hosting a parade.
- g) COVID-19 Business Relief – an increase of \$125,000 for this one-time funding approved in late 2023; the majority of the expenditures will likely carry into 2024.

At the time of submitting this report, the audited 2023 financial statements were unavailable. After adjustments to the draw from the operating fund, HRBIA projects a surplus year-end position of \$164,287. The unaudited projected December 31, 2023 Operating Fund balance is approximately \$210,090, as presented in Schedule “B”.

Conclusion

The owners of business property within the business improvement area will be responsible for payment of \$70,000 to be raised by the Corporation for the 2024 fiscal year for the purposes of HRBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay HRBIA 50% of the budgeted Municipal Special Levy, with the remaining 50% to be paid on or after June 30th.

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"

Hamilton Road 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	70,478	70,000	70,478	478	70,000	19.7%	0	0%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	N/A
Net Municipal Special Levy	70,478	70,000	70,478	478	70,000	19.7%	0	N/A
Draw From Operating Fund	0	8,011	0	-8,011	154,092	43.5%	146,081	1823.5%
City of London Funding	N/A	0	100,000	100,000	100,000	28.2%	100,000	N/A
Digital Main Street	12,936	0	0	0	0	0.0%	0	N/A
Corporate Contributions	13,700	0	0	0	0	0.0%	0	N/A
Canada Summer Jobs Funding	23,921	27,054	9,277	-17,777	30,000	8.5%	2,946	10.9%
COVID-19 Business Relief Funding	0	0	125,000	125,000	0	0.0%	0	N/A
Friends from the Tree Tour Fund	0	10,000	10,883	883	500	0.1%	-9,500	(95.0%)
Miscellaneous Income	-239	0	846	846	0	0.0%	0	N/A
Total Revenue	120,796	115,065	316,484	201,419	354,592	100.0%	239,527	208.2%

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
Administration								
Admin Salaries and Wages	16,550	46,800	52,000	-5,200	60,000	16.9%	13,200	28.2%
Administration Other	24,636	0	0	0	0	0.0%	0	N/A
Payroll, Employment Insurance and Canadian Pension Plan	2,634	3,702	4,502	-800	4,800	1.4%	1,098	29.7%
Canada Summer Jobs Wages	20,782	25,580	8,284	17,296	30,000	8.5%	4,420	17.3%
CSJ Employment Insurance and Canadian Pension Plan	0	1,474	615	859	1,559	0.4%	85	5.8%
Telephone and Internet	1,719	1,560	1,500	60	1,500	0.4%	-60	(3.8%)
Alarm System	563	637	563	74	600	0.2%	-37	(5.8%)
Insurance	1,885	1,892	1,968	-76	2,000	0.6%	108	5.7%
Bookkeeping, Audit and Professional Fees	3,800	3,800	5,930	-2,130	6,900	1.9%	3,100	81.6%
Office Supplies and Equipment	3,595	1,000	3,500	-2,500	3,200	0.9%	2,200	220.0%
Training/ Conferences	3,100	3,500	1,197	2,303	2,500	0.7%	-1,000	(28.6%)
Office Cleaning/Maintenance	0	0	400	-400	1,500	0.4%	1,500	N/A
Total Administration	79,264	89,945	80,459	9,486	114,559	32.3%	24,614	27.4%
Rent								
Rent and Hydro	10,800	12,000	12,000	0	13,000	3.7%	1,000	8.3%
Total Rent	10,800	12,000	12,000	0	13,000	3.7%	1,000	8.3%

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
Member Services								
CRM/Member Services	0	600	0	600	600	0.2%	0	0%
Annual General Meeting	536	250	0	250	500	0.1%	250	100.0%
Memberships - Provincial Business	0	270	244	26	260	0.1%	-10	(3.7%)
Total Member Services	536	1,120	244	876	1,360	0.4%	240	21.4%
Business Development								
Website Maintenance and Domain	840	1,000	2,000	-1,000	1,200	0.3%	200	20.0%
Website and Email Hosting	0	300	0	300	0	0.0%	-300	(100.0%)
Signage & Permits	1,970	500	0	500	0	0.0%	-500	(100.0%)
Strategic Planning	0	200	0	200	0	0.0%	-200	(100.0%)
Tree Trunk Tour Fund Initiative	0	10,000	636	9,364	5,000	1.4%	-5,000	(50.0%)
Bank Fees	68	0	80	-80	100	0.0%	100	N/A
Amortization of Tangible Capital Assets	637	0	637	-637	637	0.2%	637	N/A
Contract Admin Wages	1,444	0	16,300	-16,300	1,000	0.3%	1,000	N/A
Networking: Board Meetings, Parking, Business Networking	0	0	350	-350	1,500	0.4%	1,500	N/A
Hambucks Dollar Incentive Program	0	0	6,500	-6,500	1,500	0.4%	1,500	N/A
Awards & Grants	10,345	0	0	0	500	0.1%	500	N/A
Digital Main Street	0	0	0	0	0	0.0%	0	N/A
Marketing	0	0	2,000	-2,000	1,500	0.4%	1,500	N/A
Special Events & Sponsorships	2,419	0	3,642	-3,642	10,000	2.8%	10,000	N/A
Public Art/Tree Sculpture Maintenance	0	0	10,000	-10,000	5,000	1.4%	5,000	N/A
Graffiti Removal	0	0	1,200	-1,200	1,500	0.4%	1,500	N/A
Safety Program	0	0	4,500	-4,500	5,400	1.5%	5,400	N/A

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
Business Development (Continued)								
Banners Installation	0	0	1,500	-1,500	3,000	0.8%	3,000	N/A
Planters/Hanging Baskets	0	0	10,149	-10,149	20,000	5.6%	20,000	N/A
Beautification	11,931	0	0	0	22,836	6.4%	22,836	N/A
Carnevale Event	0	0	0	0	20,000	5.6%	20,000	N/A
COVID-19 Business Relief	0	0	0	0	125,000	35.3%	125,000	N/A
Total Business Development	29,653	12,000	59,494	-47,494	225,673	63.6%	213,673	1780.6%
Other								
Harmonized Sales Tax	0	0	0	0	0	0.0%	0	N/A
Miscellaneous	0	0	0	0	0	0.0%	0	N/A
Total Other	0	0	0	0	0	0.0%	0	N/A
Total Expenditure	120,252	115,065	152,197	-37,132	354,592	100.0%	239,527	208.2%
Net Surplus/ Deficit	544	0	164,287	164,287	0			
Draw from / (Contribution to) Operating Fund	-544	0	-164,287	-164,287	0			
Net	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

Operating Fund

Operating Fund Balance 2022 Audited	45,803
Draw from Operating Fund in 2023	0
2022 Projected Net Surplus	164,287
Operating Fund Balance 2023 Projected	210,090

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2022 Audited	0
Draw from Reserve Fund in 2023	0
2022 Contribution to Reserve Fund	0
Reserve Fund Balance 2023 Projected	0

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number
2024
By-law Number

A by-law to raise the amount required for the purposes of the Hamilton Road 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-1528-486, as amended, provides for an improvement area to be known as the Hamilton Road Business Improvement Area and establishes a Board of Management for it known as the Hamilton Road 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 Hamilton Road 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 Hamilton Road Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$70,000.
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-1528-486, 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