

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: Hyde Park Business Improvement Association 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 Hyde Park Business Improvement Association:

- a. The Hyde Park Business Improvement Association proposed 2024 budget submission in the amount of \$740,869 **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 Hyde Park Business Improvement Association and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$599,000.
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-1519-490 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 Hyde Park Business Improvement Association **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 2.4, Hyde Park 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=96245>

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 (BIA) must submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures. The Hyde Park Business Improvement Association has met this requirement in Schedule “A”, noting the 2024 expenditure budget of \$740,869.

On September 20, 2023, the Board of Management of the Hyde Park Business Improvement Association (HPBIA) approved the 2024 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 8, 2023.

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

- a) The HPBIA submitted a 2024 budget of \$740,869, which represents a decrease of \$39,131 (-5.0%) compared to its 2023 budget of \$780,000. The total decrease in revenue is a result of the following:
 - i. A \$69,000 (13.0%) increase in Municipal Special Levy to cover overall increased costs.
 - ii. A \$124,131 (-71.3%) decrease to Draw from Operating Fund which is a result of the 2023 budget representing one-time initiatives that are not required in 2024.
 - iii. A \$15,000 increase to Miscellaneous Income is due to the BIA striving to increase event sponsorship in 2024.
- b) Significant changes to expenditures in 2024 include:
 - i. Wages, MERCS and Benefits – an increase of \$23,932 is budgeted to support salary increases, and to hire an additional part time staff.
 - ii. Office Furniture – a decrease of \$8,000 as this is not anticipated to be required in 2024.
 - iii. Leasehold Improvements – a decrease of \$20,000 as this work was completed in 2023.
 - iv. 1645 Hyde Park Road Lease – this item represents the cost for a 6-month lease to run a Sunday market.
 - v. Pondfest / Outdoor Piano Program – an increase of \$13,000 to help offset increasing costs to run these events.
 - vi. Breakfast with Santa / Christmas Market – an increase of \$5,000 to help offset increasing costs to run these events.
 - vii. Sunday Market – an increase of \$15,000 to support this new initiative endorsed by the board and to better reflect actual costs in 2024.
 - viii. Digital Sign – this budget item has been eliminated in 2024 due to barriers preventing the implementation of the program; this has been flagged for reconsideration in 2025.

At the time of submitting this report, audited 2023 financial statements were unavailable. Estimates received from HPBIA indicate a projected balanced net position in 2023. The unaudited projected December 31, 2023 Operating Fund balance is approximately \$143,816. The year-end fund balance is presented in Schedule “B.”

Conclusion

The owners of business property within the BIA will be responsible for payment of \$599,000 to be raised by the Corporation for the 2024 fiscal year for the purposes of HPBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay HPBIA 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"

Hyde Park Business Improvement Association 2024 Proposed Budget with 2023 Comparators Revenue Overview

Revenue Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	Variance	2024 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Municipal Special Levy	480,996	530,000	530,000	0	599,000	80.9%	69,000	13.0%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	N/A
Net Municipal Special Levy	480,996	530,000	530,000	0	599,000	80.9%	69,000	13.0%
Draw from Operating Fund	0	174,000	108,830	-65,170	49,869	6.7%	-124,131	(71.3%)
Canada Summer Jobs	0	16,000	14,039	-1,961	17,000	2.3%	1,000	6.3%
Interest Income	0	0	3,000	3,000	0	0.0%	0	N/A
HST Rebate	0	0	35,849	35,849	0	0.0%	0	N/A
Miscellaneous Income	143,787	60,000	70,000	10,000	75,000	10.1%	15,000	25.0%
Total Revenue	624,783	780,000	761,718	-18,282	740,869	100.0%	-39,131	-5.0%

Expenditure Overview

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	Variance	2024 Proposed Budget	Percentage of Total Expenditure	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Administration								
Wage, Benefits & MERCS	164,069	208,973	208,973	0	232,905	31.4%	23,932	11.5%
Student Wages and Benefits	19,952	16,000	14,039	1,961	17,000	2.3%	1,000	6.3%
Insurance	3,072	3,400	3,455	-55	3,600	0.5%	200	5.9%
Bookkeeping, Audit and Professional Fees	6,050	6,000	9,275	-3,275	4,000	0.5%	-2,000	(33.3%)
Office Equipment Upgrades	607	2,500	2,500	0	1,000	0.1%	-1,500	(60.0%)
Office Furniture	0	10,000	10,000	0	2,000	0.3%	-8,000	(80.0%)
Leasehold Improvements	0	20,000	25,000	-5,000	0	0.0%	-20,000	(100.0%)
Phone, Internet, Office 365	2,792	2,500	2,940	-440	2,500	0.3%	0	0%
Office Supplies	3,658	4,000	4,600	-600	4,000	0.5%	0	0%
Training & Conferences	9,594	10,000	4,134	5,866	15,000	2.0%	5,000	50.0%
Subscriptions & Memberships	1,979	1,500	2,754	-1,254	3,000	0.4%	1,500	100.0%
Bank Charges	1,174	650	1,100	-450	650	0.1%	0	0%
Operating	1,243	3,000	6,073	-3,073	4,000	0.5%	1,000	33.3%
Employee Health Insurance Benefit	1,006	1,500	1,518	-18	1,500	0.2%	0	0%
Total Administration	215,196	290,023	296,360	-6,338	291,155	39.3%	1,132	0.4%
Rent								
Rent and Hydro	24,538	24,257	24,292	-35	24,984	3.4%	727	3.0%
Total Rent	24,538	24,257	24,292	-35	24,984	3.4%	727	3.0%

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	Variance	2024 Proposed Budget	Percentage of Total Expenditure	Increase/ Decrease over 2023	Percentage Budget Change over 2023
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Member Services								
Annual General Meeting	10,608	9,000	2,500	6,500	2,000	0.3%	-7,000	(77.8%)
1645 Hyde Park Road Lease	1,068	0	11,707	-11,707	14,000	1.9%	14,000	N/A
Total Member Services	11,676	9,000	14,207	-5,207	16,000	2.2%	7,000	77.8%

Business Development								
Communications, Marketing	25,553	30,000	30,000	0	30,000	4.0%	0	0%
Promotional Marketing Materials	892	3,000	3,000	0	3,000	0.4%	0	0%
Website Dev., Hosting, & Maintenance	722	2,500	1,362	1,138	800	0.1%	-1,700	(68.0%)
Board Meeting & Monthly Business Networking Meetings	1,776	2,000	2,000	0	2,000	0.3%	0	0%
Special Events & Sponsorships	9,693	10,000	10,000	0	10,000	1.3%	0	0%
Other Program Initiatives	4,765	10,000	10,000	0	10,000	1.3%	0	0%
PondFest / Outdoor Piano Program	43,758	42,000	47,131	-5,131	55,000	7.4%	13,000	31.0%
Breakfast with Santa / Christmas Market	62,691	55,000	55,000	0	60,000	8.1%	5,000	9.1%
Sunday Market	0	0	11,441	-11,441	15,000	2.0%	15,000	N/A
Traffic Calming Program	27	1,200	1,399	-199	1,500	0.2%	300	25.0%
Hyde Park Dollars Incentive Program	18,034	15,000	12,370	2,630	15,000	2.0%	0	0%
HPBIA Loyalty Card Program	6,059	1,500	0	1,500	500	0.1%	-1,000	(66.7%)
CTV Ad Program	61,478	69,390	72,329	-2,939	70,461	9.5%	1,071	1.5%
Digital Sign	0	80,000	0	80,000	0	0.0%	-80,000	(100.0%)
Bus Shelter Advertising Program	8,909	9,700	10,117	-417	9,969	1.3%	269	2.8%
Community Beautification Projects	65,842	120,000	120,000	0	120,000	16.2%	0	0%
Total Business Development	310,198	451,290	386,149	65,141	403,230	54.4%	-48,060	-10.6%

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	Variance	2024 Proposed Budget	Percentage of Total Expenditure	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Other								
Harmonized Sales Tax	0	0	0	0	0	0.0%	0	N/A
Contingency	2,220	5,430	710	4,720	5,500	0.7%	70	1.3%
Digital Mainstreet	24,916	0	0	0	0	0.0%	0	N/A
Amortization	8,336	0	0	0	0	0.0%	0	N/A
Strat Planning	0	0	40,000	-40,000	0	0.0%	0	N/A
Total Other	35,472	5,430	40,710	-35,280	5,500	0.7%	70	1.3%
Total Expenditure	597,079	780,000	761,718	18,281	740,869	100.0%	-39,131	(5.0%)
Net Surplus/ Deficit	27,704	0	0	0	0			
Draw from / (Contribution to) Operating Fund	-27,704	0	0	0	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	252,646
Draw from Operating Fund in 2023	-108,830
2023 Projected Net Surplus	0
Operating Fund Balance 2023 Projected	143,816

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
2023 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 Hyde Park Business Improvement Association 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-law 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-1519-490, as amended, provides for an improvement area to be known as the Hyde Park Business Improvement Association and establishes a Board of Management for it known as the Hyde Park Business Improvement Association 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 Hyde Park Business Improvement Association 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 Hyde Park Business Improvement Association Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$599,000.
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-1519-490, 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