

TO:	CORPORATE SERVICES COMMITTEE MEETING ON MARCH 25, 2014
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA 2014 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the Old East Village Business Improvement Area proposed 2014 budget submission in the amount of \$264,834 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2014 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 \$15,781 (which accounts for \$14,781 for the City of London levy as required by the Old East Village Business Improvement Area to help support its 2014 budget and an estimated allowance of \$1,000 to provide for vacancy rebates);
3. A special charge **BE ESTABLISHED** for the amount referred to in part 2, 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
4. That the attached by-law (see Schedule B) **BE INTRODUCED** at the Municipal Council on April 1, 2014 with respect to municipal special levy for the Old East Village Business Improvement Area.

BACKGROUND

The Old East Village Business Improvement Area (OEVVIA) approved its 2014 budget on January 21, 2014 and submitted it to the City of London's Finance Department on January 22, 2014 (see Schedule A).

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that the Council may approve in whole or in part but may not add expenditures to. The OEVVIA has met this requirement in Schedule A, noting the 2014 expenditure budget of \$264,834.

We provide the following comments based on our review of the submission:

- a) The OEVVIA submitted a 2014 budget of \$264,834 which represents a \$246,457 or 48.2% decrease compared to its 2013 budget of \$511,291.
- b) Significant changes in revenues include the loss of funding received from the Ministry of Training, Colleges and Universities, due to project funding completed effective December 31, 2013, the loss of one-time funding received from the London Community Foundation and Patrick Hodgson Family Foundation and increased surplus contributions. Significant changes to expenditures include the reduction in salaries and benefits related to the elimination of 1.5 equivalents and a decrease in purchased services as a result of the completion of the Ministry of Training, Colleges and Universities contract and a reduction in training, education and development due to a partnership with MaRS Centre for Impact Investment that provides greater in-house training opportunities and support.

At the time of submitting this report, 2013 draft financial statements were unavailable. Estimates received from the OEVVIA indicated that there was a year end surplus of \$142,226 in 2013. The unaudited December 31, 2013 reserve balance as reported by OEVVIA, which includes year end position adjustments, was \$5,762.

As in 2013, owners of business property within the business improvement area will be responsible for payment of the municipal levy to the City of London. The City of London will pay the OEVBIA in one lump sum payment of the amount levied mid-year.

Under subsection 207(1) of the Municipal Act, 2001, a business improvement area must submit to Council its annual financial report for the preceding year. The OEVBIA meets this requirement each year through the City of London's Annual Financial Report.

PREPARED BY:	REVIEWED BY:
JASON SENESE MANAGER – FINANCIAL PLANNING & POLICY	LARRY PALARCHIO DIRECTOR - FINANCIAL PLANNING & POLICY
RECOMMENDED BY:	
MIKE TURNER DEPUTY CITY TREASURER	

cc: Martin Hayward – Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
Jim Logan – Division Manager, Taxation & Revenue
Ian Collins – Senior Financial Business Administrator

Schedule A

Old East Village Business Improvement Area 2014 Proposed Budget with 2013 Comparators

Revenue Overview

OEVBIA Revenue Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
Total City of London Levy	15,781	15,781	0	15,781	0
Allowance for Vacancy rebates	(1,000)	(1,000)	0	(1,000)	0
<i>Net City of London Levy</i>	<i>14,781</i>	<i>14,781</i>	<i>0</i>	<i>14,781</i>	<i>0</i>
Interest Income	0	93	93	0	0
City of London Funding	106,102	106,102	0	106,102	0
Creative Cities Funding	2,539	814	(1,725)	1,725	(814)
Funding from the Ministry of Training, Colleges and Universities (MTCU)	275,981	(1) 355,981	80,000	0	(275,981)
In-Kind Donations	10,985	11,625	640	0	(10,985)
Prior Year Surplus	67,403	67,403	0	142,226	74,823
London Community Foundation & Patrick Hodgson Family Foundation Funding	32,000	32,000	0	0	(32,000)
Miscellaneous Revenue	1,500	3,500	2,000	0	(1,500)
Total OEVBIA Revenue	511,291	592,299	81,008	264,834	(246,457)

Expenditure Overview

OEVBIA Expenditure Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
Administration	4,500	4,403	97	4,500	0
Advertising, Marketing and Promotion	14,500	9,641	4,859	9,500	(5,000)
Beautification	5,000	2,815	2,185	5,000	0
Special Projects	22,955	4,870	18,085	23,669	714
Equipment / Building Allowance for Upgrades, Maintenance and Repairs	4,380	623	3,757	8,276	3,896
Salary & Benefits	194,610	141,750	52,860	110,192	(84,418)
Office Rental	7,215	7,423	(208)	10,597	3,382
Telephone	4,009	2,758	1,251	2,800	(1,209)
Travel	12,240	1,048	11,192	3,000	(9,240)
Printing and Communications	15,000	6,249	8,751	6,000	(9,000)
Financial Audits	1,500	3,300	(1,800)	1,500	0
Training, Education and Development	25,110	1,552	23,558	1,500	(23,610)
Purchased Services	182,888	237,304	(54,416)	63,300	(119,588)
Operating Supplies and Costs	9,000	4,782	4,218	4,500	(4,500)
Community Initiatives	8,384	17,886	(9,502)	10,500	2,116
HST Expense	0	3,669	(3,669)	0	0
Total OEVBIA Expenditures	511,291	450,073	61,218	264,834	(246,457)
Net Surplus / (Deficit)	0	142,226	142,226	0	0
Net	0	0	0	0	0

Consistent with prior years, the BIA levy budget specifically relates to the Old East Village District, which encompasses Dundas Street between Adelaide Street and Elizabeth Street. All other expenditures encompass Dundas Street between Adelaide Street and Charlotte Street.

All figures subject to audit.

(1) 2013 additional funding resulting from an additional MTCU contract amendment.

Schedule B

Bill No.
2014

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 2014 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-1, as amended, provides for an improvement area to be known as the Old East Village Business Improvement Area and to establish 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 Council shall annually raise the amount required for the purposes of The Old East Village Business Improvement Area Board of Management;

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 2014 fiscal year submitted by The Old East Village Business Improvement Area Board of Management in the amount of \$264,834 attached as Schedule "A", which includes a City of London Levy in the amount of \$14,781, is approved.
2. The amount to be raised by the Corporation for the 2014 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 \$15,781.
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.

Joe Fontana,
Mayor

Catharine Saunders,
City Clerk