

TO:	FINANCE & ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MARCH 26, 2012
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA 2012 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the Old East Village Business Improvement Area (OEVBIA) proposed 2012 budget submission in the amount of \$387,990 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2012 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 OEVBIA to help support its 2012 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 Recommendation 2 above by a levy in accordance with By-law CP-1 as amended; it being noted that the said special charges 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 10, 2012 with respect to municipal special levy for the Old East Village Business Improvement Area.

BACKGROUND

On February 17, 2012, the Old East Village Business Improvement Area (OEVBIA) submitted its proposed 2012 budget to the City of London's Finance Department (see Schedule A). The budget, which does not have a requested increase to the municipal special levy, is subject to final approval by the board of the OEVBIA on March 28, 2012.

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 Old East Village Business Improvement Area has met this requirement in Schedule A, noting the 2012 expenditure budget of \$387,990.

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

- a) The total dollar value of the 2012 Municipal Special Levy requested by the OEVBIA, \$14,781, represents a 0% increase over the 2011 municipal levy and is used to help fund the 2012 expenditure budget. The total 2012 revenue budget of \$387,990, which includes the special municipal levy, represents an \$89,002, or 18.7%, decrease in comparison to the 2011 Old East Village Business Improvement Area budget of \$476,992. This is primarily due to decreased funding from the Ministry of Training, Colleges and Universities (MTCU) of \$87,204.
- b) The 2012 expenditure budget of \$387,990 represents an \$89,002, or 18.7%, decrease in comparison to the 2011 Old East Village Business Improvement Area budget of \$476,992. The decrease in expenditures in 2012 is primarily resulting from a decrease in the funding received by the MTCU. This is the second year for the "Rejuvenating the London Old East Village Labour Market" project. Costs include the ongoing work undertaken by two employees.

At the time of submitting this report, 2011 Draft Financial Statements were unavailable. Estimates received from the Old East Village Business Improvement Area indicated that there was a yearend surplus of \$16,775 in 2011. Based on information received, the yearend fund balance as at December 31, 2011 would be \$63,570 (2010 - \$46,795),

which is comprised of investments in tangible capital assets, operating fund and contingency reserve funds.

Due to timing, the 2012 budget as submitted by the Old Village Business Improvement Area is still subject to its final board approval. As a result, the recommendations put forward in this report are also subject to the budget's final OEVBIA board approval. In the event that there are changes to the proposed budget, Civic Administration will provide amended recommendations and by-law for the meeting on April 10, 2012.

As in 2011, 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 Old East Village Business Improvement Area 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 Old East Village Business Improvement Area meets this requirement each year through the City of London's Annual Financial Report.

PREPARED BY:	REVIEWED BY:
MICHELE SHEARS CAPITAL BUDGET OFFICER	LARRY PALARCHIO DIRECTOR - FINANCIAL PLANNING AND POLICY
RECOMMENDED BY:	
MIKE TURNER DEPUTY CITY TREASURER	

Cc: Martin Hayward – City Treasurer, Chief Financial Officer
J. Logan, Division Manager – Revenue & Tax Collector

Schedule A

Old East Village Business Improvement Association
2012 Proposed Budget
with 2011 Comparators

Revenue Overview

OEVBIA Revenue Detail:	2011 Revised Budget	2011 Actuals	Surplus (Deficit)	2012 Proposed Budget	Increase / (Decrease) over 2011
Total City of London Levy	14,781	14,781	0	15,781	1,000
Allowance for vacancy rebates	0	0	0	(1,000)	(1,000)
<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	78	78	0	0
Tax Levy Write Offs, Reductions and Supplementaries	0	21	21	0	0
City of London Funding	106,102	106,102	0	106,102	0
Creative Cities Funding	2,539	0	(2,539)	2,539	0
Funding from the Ministry of Training, Colleges and Universities (MTCU) (1)	294,465	160,820	(133,645)	207,261 ²	(87,204)
In-Kind Donations	41,560	30,000	(11,560)	13,000	(28,560)
Prior Year Surplus	17,545	0	(17,545)	43,002	25,457
Miscellaneous Revenue	0	2,195	2,195	1,305	1,305
Total OEVBIA Revenue	476,992	313,997	(162,995)	387,990	(89,002)

Expenditure Overview

OEVBIA Expenditure Detail:	2011 Revised Budget	2011 Actuals	Surplus (Deficit)	2012 Proposed Budget	Increase / (Decrease) over 2011
Administration (3)	4,000	13,057	(9,057)	4,500	500
Advertising, Marketing & Promotion	4,303	738	3,565	14,500	10,197
Beautification	5,000	3,113	1,887	5,000	0
Special Projects	19,089	682	18,407	24,855	5,766
Equipment / Building Allowance for Upgrades, Maintenance & Repairs	2,473	228	2,245	3,724	1,251
Salary & Benefits	214,684	126,515	88,169	135,998	(78,686)
Office Rental	13,560	11,500	2,060	7,215	(6,345)
Telephone	7,000	3,159	3,841	3,600	(3,400)
Travel	7,600	1,635	5,965	6,975	(625)
Printing & Communications	11,500	2,664	8,836	9,990	(1,510)
Financial Audits	1,500	1,300	200	1,500	0
Training, Education and Development	3,710	2,202	1,508	2,769	(941)
Purchased Services	157,941	122,501	35,440	156,372	(1,569)
Operating Supplies and Costs	3,000	1,550	1,450	2,608	(392)
Community Initiatives	11,575	6,378	5,197	8,384	(3,191)
Start-Up Costs (4)	9,530	0	9,530	0	(9,530)
Miscellaneous Expenditure	527	0	527	0	(527)
Total OEVBIA Expenditures	476,992	297,222	179,770	387,990	(89,002)
Net Before Draw from/(Contribution to) Operating Fund	0	16,775	(16,775)	0	0
Draw from/(Contribution to) Operating Fund	0	(16,775)	16,775	0	0
Net	0	0	0	0	0

- Notes: (1) Received \$294,465 in funding from the MTCU in 2011, of which \$160,820 was realized in 2011, noting that \$5,199 was used for the purchase of capital assets, and \$133,645 was recognized as deferred revenue because corresponding expenditures were not incurred. These expenditures are expected to occur in 2012.
(2) Includes anticipated 2012 MTCU funding of \$73,616 and the recognition of \$133,645 in deferred revenue from 2011.
(3) Administration expenditures include Amortization, Gain/(Loss) on Disposition of Assets and HST.
(4) The purchase of capital assets occurred in 2011. The assets were capitalized on the balance sheet and were therefore not expensed in 2011.
(5) All figures subject to audit.

Schedule B

Bill No.
2012

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 2012 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 2012 fiscal year submitted by The Old East Village Business Improvement Area Board of Management in the amount of \$387,990 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 2012 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 on the day it is passed.

Joe Fontana
Mayor

Saunders, Cathy
City Clerk