

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Subject: Hamilton Road Business Improvement Area 2021 Proposed Budget – Municipal Special Levy

Date: January 18, 2021

Recommendation

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to the Hamilton Road Business Improvement Area:

- a. The Hamilton Road Business Improvement Area proposed 2021 budget submission in the amount of \$135,231 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by The Corporation of the City of London for the 2021 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 February 2, 2021.

Linkage to the Corporate Strategic Plan

Council’s 2019 to 2023 Strategic Plan for the City of London identifies “Growing Our Economy” and “Leading in Public Service” as strategic areas 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 20, 2020, Agenda item 2.3, Hamilton Road Business Improvement Area 2020 Proposed Budget – Municipal Special Levy. The report can found on the City’s website by visiting:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70359>

2.0 Financial Impact/Considerations

On November 18, 2020, the Board of Management of the Hamilton Road Business Improvement Area (HRBIA) approved the 2021 budget (Schedule "A") which was presented to the members at the Annual General meeting on the same day.

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 HRBIA has met this requirement in Schedule "A", noting the 2021 expenditure budget of \$135,231.

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

- a) HRBIA submitted a 2021 budget of \$135,231, which represents an increase of \$11,706 (9.5%) compared to its 2020 budget of \$123,525. The total increase in revenue is a result of the following:
 - i. A \$10,000 increase in Government Student Funding under the Canada Summer Jobs program administered by Service Canada.
 - ii. \$10,000 is budgeted for the Friends of the Tree Trunk Tour Fund. This fund will be established to be used for new tree sculptures and the related ongoing maintenance costs. Funding is donated from interested businesses and community members.
 - iii. \$5,000 is budgeted for the transfer of the remaining funds from the Hamilton Road Area Business Association to the Hamilton Road Business Improvement Area.
 - iv. The increases in revenues are partially offset by a decrease of \$10,794 in the Draw from Operating Fund and a decrease of \$2,500 in Administrative Fees.
- b) A Special Allowance of \$50,000 was granted by Council in February 2019 when the BIA was first starting operations. A balance of \$22,206 is remaining at the end of 2020. HRBIA was unable to complete the planned initiatives in 2019 as a significant amount of time was spent on establishing BIA policies and procedures and then in 2020, COVID-19 prevented the completion of these initiatives once again. \$5,029 is budgeted for long and short-term initiatives in 2021 for beautification, primarily banners. The remainder of the funds will be contributed to the operating fund. HRBIA will seek additional funding and grants to complete other long and short-term initiatives as necessary.
- c) Administrative Salaries and Wages - a \$25,618 increase is budgeted as a result of a staff member returning to work from a temporary leave and a consolidation of salaries and wages from Long-term and Short-term Initiatives.
- d) Summer Jobs - a \$10,000 increase in expense (including deductions) is offset by an increase of \$10,000 in revenue from the Government Student Funding program.
- e) Friends of the Tree Trunk Tour - \$10,000 is budgeted for new tree sculptures and related ongoing maintenance costs with funding provided by donations from businesses and community members.
- f) Long-term and Short-term Initiatives - a decrease of \$27,952 due to the financial impacts of COVID-19; amount budgeted for long-term and short-term initiatives to cover the cost of the following planned projects:
 - i. Pole banners and decoration brackets
 - ii. Road to Recovery Rebate
 - iii. Hamlet festival
- g) Long-term and Short-term Initiatives - Salaries and Wages – In 2021, Salaries and Wages is consolidated under Administrative Salaries and Wages.

At the time of submitting this report, the audited 2020 financial statements were unavailable. After adjustments to the draw from the operating fund, HRBIA projects a balanced year-end position, no surplus or deficit. The unaudited projected December 31, 2020 Operating Fund balance is approximately \$22,065. The year-end fund balance is 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 2021 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.

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Alan Dunbar, CPA, CGA, Manager, Financial Planning
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Submitted by: Kyle Murray, CPA, CA, Director, Financial Planning and
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Recommended by: Anna Lisa Barbon, CPA, CGA, Managing Director,
Corporate Services and City Treasurer, Chief Financial
Officer

Schedule "A"

Hamilton Road Business Improvement Area 2021 Proposed Budget with 2020 Comparators

Revenue Overview

Revenue Detail:	2018 (October to December) and 2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2020	Percentage Budget Change over 2020
Municipal Special Levy	68,574	70,000	0	70,000	0	70,000	51.8%	0	0.0%
Special Allowance Granted by Council	50,000	0	0	0	0	0	0.0%	0	0.0%
Draw from Operating Fund	0	33,000	0	9,039	-23,961	22,206	16.4%	-10,794	-32.7%
Government Student Funding	16,198	18,025	0	9,338	-8,687	28,025	20.7%	10,000	55.5%
Construction Beautification Reimbursement	0	0	0	3,461	3,461	0	0.0%	0	0.0%
Administrative Fees	2,544	2,500	0	2,500	0	0	0.0%	-2,500	-100.0%
Digital MainStreet	4,670	0	0	0	0	0	0.0%	0	0.0%
COVID Government Support Grants	0	0	0	957	957	0	0.0%	0	0.0%
Friends of Tree Trunk Tour Fund	0	0	0	0	0	10,000	7.4%	10,000	N/A
Hamilton Road Business Association Transfer	0	0	0	0	0	5,000	3.7%	5,000	N/A
Total Revenue	141,986	123,525	0	95,295	-28,230	135,231	100.0%	11,706	9.5%

Expenditure Overview

Expenditure Detail:	2018 (October to December) and 2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Administration									
Administrative Salaries and Wages	41,943	39,278	-10,000	54,725	-15,447	64,896	48.0%	25,618	65.2%
Payroll, Employment Insurance and Canadian Pension Plan	4,198	2,022	0	3,719	-1,697	4,562	3.4%	2,540	125.6%
Bookkeeping, Audit and Professional Fees	0	0	0	3,500	-3,500	3,500	2.6%	3,500	N/A
Summer Jobs	14,663	17,000	0	8,859	8,141	26,577	19.7%	9,577	56.3%
Payroll, Employment Insurance and Canadian Pension Plan (Summer Jobs)	964	1,025	0	479	546	1,448	1.1%	423	41.3%
Telephone and Fax and Internet	1,708	1,600	0	1,143	457	1,116	0.8%	-484	-30.3%
Office Supplies and Equipment	9,318	500	0	1,184	-684	500	0.4%	0	0.0%
Office software	0	0	0	0	0	500	0.4%	500	N/A
Office Security	0	0	0	856	-856	1,200	0.9%	1,200	N/A
Office Cleaning	0	0	0	340	-340	720	0.5%	720	N/A
Printing	0	300	0	14	286	150	0.1%	-150	-50.0%
Insurance	1,281	1,600	0	1,710	-110	1,881	1.4%	281	17.6%
Training/Conference	1,656	0	0	0	0	0	0.0%	0	0.0%
Mileage Expenses	155	250	0	0	250	0	0.0%	-250	-100.0%
Postage and Courier	147	200	0	100	100	150	0.1%	-50	-25.0%
Bank Charges	73	150	0	63	87	70	0.1%	-80	-53.3%
Total Administration	76,106	63,925	-10,000	76,692	-12,767	107,270	79.3%	43,345	67.8%
Rent									
Office Rent	9,035	7,200	0	10,350	-3,150	10,800	8.0%	3,600	50.0%
Total Rent	9,035	7,200	0	10,350	-3,150	10,800	8.0%	3600	50.0%

Expenditure Detail:	2018 (October to December) and 2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Business Development									
Website Maintenance and Domain	4,284	1,000	0	210	790	20	0.0%	-980	-98.0%
Website and Email Hosting	0	0	0	0	0	960	0.7%	960	N/A
Strategic Planning	0	0	0	0	0	200	0.1%	200	N/A
Awards and Grants	0	0	0	57	-57	0	0.0%	0	0.0%
Signage and Permits	632	1,000	0	2,975	-1,975	0	0.0%	-1,000	-100.0%
Marketing	1,126	560	15,000	393	167	500	0.4%	-60	-10.7%
Legal Fees and Contract Services	0	0	0	85	-85	0	0.0%	0	0.0%
Public Art Maintenance	3,480	1,500	0	125	1,375	0	0.0%	-1,500	-100.0%
Friends of the Tree Trunk Tour	0	0	0	0	0	10,000	7.4%	10,000	N/A
Special Events/Projects	1,290	0	-5,000	3,903	-3,903	0	0.0%	0	0.0%
Long and Short-term Initiatives	1,385	32,978	0	0	32,978	5,026	3.7%	-27,952	-84.8%
Long and Short-term Initiatives: Salaries and Wages	11,940	14,637	0	0	14,637	0	0.0%	-14,637	-100.0%
Total Business Development	24,137	51,675	10,000	7,748	43,927	16,706	12.4%	-34,969	-67.7%
Member Services									
CRM/Membership Services	889	0	0	0	0	0	0.0%	0	0.0%
Annual General Meeting	203	500	0	250	250	200	0.1%	-300	-60.0%
Memberships - Provincial BIA	373	225	0	255	-30	255	0.2%	30	13.3%
Total Member Services	1,465	725	0	505	220	455	0.3%	-270	-37.2%
Total Expenditure	110,743	123,525	0	95,295	28,230	135,231	100.0%	11,706	9.5%
Net Surplus/ Deficit	31,243	0	0	0	0	0			
Draw from/(Contribution to) Operating Fund	-31,243	0	0	0	0	0			
Net	0	0	0	0	0	0			

All figures subject to audit. All figures subject to rounding.

Schedule "B"

Operating Fund Balance 2019 Audited	31,104
Projected Draw from Operating Fund in 2020	-9,039
2020 Projected Net Surplus	0
Operating Fund Balance 2020 Projected	22,065

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number

2021

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 2021 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 2021 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 2021 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.

Ed Holder, Mayor

Catharine Saunders, City Clerk

First Reading – February 2, 2021
Second Reading – February 2, 2021
Third Reading – February 2, 2021