

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: Old East Village 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 Old East Village Business Improvement Area:

- a. The Old East Village Business Improvement Area proposed 2021 budget submission in the amount of \$234,350 **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 Old East Village Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$42,000;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-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
- d. The attached by-law (Schedule “C”) with respect to Municipal Special Levy for the Old East Village 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 2.5, Old East Village 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=70361>

2.0 Financial Impact/Considerations

On October 21, 2020, the Board of Management of the Old East Village Business Improvement Area (OEVBIA) approved the 2021 budget (Schedule "A"), which was presented to the members at the Annual General Meeting on October 29, 2020.

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 OEVBIA has met this requirement in Schedule "A", noting the 2021 total expenditure budget of \$234,350.

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

- a) The OEVBIA submitted a 2021 budget of \$234,350 which represents an increase of \$20,650 (9.7%) compared to its 2020 budget of \$213,700. The special levy to the members remains the same as 2020 but there is an increase in the Draw from Operating Fund which will be used to cover increased costs, mostly related to addressing pressures from COVID-19. Revenue includes the special levy plus City of London Funding of \$141,102, the same amount as previous years.
- b) Significant changes to expenditures in 2021 include:
 - i. Salaries and Benefits - an increase of \$11,150 over 2020 is budgeted for part-time staff wages and cost of living increases.
 - ii. COVID-19 Budget - \$12,000 is budgeted to fund the following:
 - Additional/unidentified COVID-19 related supports in 2021
 - Graffiti removal program
 - Beautification - COVID-19 related needs/opportunities
 - Digital Marketing Fund

At the time of submitting this report, audited 2020 financial statements were unavailable. After adjustments to the draw from the operating fund, OEVBIA projects a balanced year-end position, no surplus or deficit. The unaudited projected December 31, 2020 reserve fund balance is \$8,002 and the unaudited projected balance in the Operating Fund is \$117,713 including year-end adjustments. The year-end fund balances are presented in Schedule "B."

Conclusion

The owners of business property within the business improvement area will be responsible for payment of \$42,000 to be raised by the Corporation for the 2021 fiscal year for the purposes of OEVBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the OEVBIA 50% of the budgeted Municipal Special Levy, with the remaining 50% to be paid on or after June 30th.

Prepared by:	Zeina Nsair, CPA, CGA, Manager, Financial Modelling, Forecasting and Systems Control
	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, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Schedule "A"

Old East Village Business Improvement Area 2021 Proposed Budget (with 2020 Comparators)

Revenue Overview

Revenue Detail:	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	40,000	42,000	0	42,000	0	42,000	18%	0	0.0%
Less: Allowance for Levy Rebates	0	-2,000	0	-2,000	0	-2,000	-1%	0	0.0%
Net Municipal Special Levy	40,000	40,000	0	40,000	0	40,000	17%	0	0.0%
Interest Revenue	169	65	0	120	55	120	0%	55	84.6%
City of London Funding	141,102	141,102	0	141,102	0	141,102	60%	0	0.0%
Draw from Operating Fund	0	32,533	0	2,705	-29,828	53,128	23%	20,595	63.3%
Reserve Fund Drawdown	0	0	0	0	0	0	0%	0	0.0%
Miscellaneous	3,440	0	0	0	0	0	0%	0	0.0%
Total Revenue	184,711	213,700	0	183,927	-29,773	234,350	100%	20,650	9.7%

Expenditure Overview

Expenditure Detail:	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									
Telephone	1,199	1,500	0	1,279	221	1,500	0.6%	0	0.0%
Travel	750	700	0	136	564	700	0.3%	0	0.0%
Operating Supplies and Costs	180	1,000	0	650	350	1,000	0.4%	0	0.0%
Printing and Communications	283	1,500	0	500	1,000	1,500	0.6%	0	0.0%
Equipment/ Building Allowance for Upgrades, Maintenance and Repairs	2,048	4,500	0	1,205	3,295	4,500	1.9%	0	0.0%

Expenditure Detail:	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
Salary and Benefits	1,901	2,000	0	1,020	980	2,000	0.9%	0	0.0%
Financial Audits	1,400	1,600	0	1,450	150	1,600	0.7%	0	0.0%
Training, Education and Development	302	500	0	0	500	500	0.2%	0	0.0%
Miscellaneous Administration	6,000	5,500	0	3,660	1,840	5,500	2.3%	0	0.0%
Total Administration	14,063	18,800	0	9,900	8,900	18,800	8.0%	0	0.0%
Rent									
Office Rental	12,661	14,400	0	14,400	0	14,400	6.1%	0	0.0%
Total Rent	12,661	14,400	0	14,400	0	14,400	6.1%	0	0.0%
Business Development/ Member Services									
Advertising, Marketing and Promotion	6,828	6,500	-1,350	5,150	1,350	6,500	2.8%	0	0.0%
Purchased Services	7,938	19,000	0	10,200	8,800	16,500	7.0%	-2,500	-13.2%
Salary and Benefits	96,420	138,000	0	134,850	3,150	149,150	63.6%	11,150	8.1%
Special Projects	6,023	6,500	-4,000	2,000	4,500	6,500	2.8%	0	0.0%
Beautification	1,832	5,000	-4,300	0	5,000	5,000	2.1%	0	0.0%
Community Initiatives	4,933	5,500	-3,000	1,798	3,702	5,500	2.3%	0	0.0%
Total Business Development / Member Services	123,974	180,500	-12,650	153,998	26,502	189,150	80.7%	8,650	4.8%
Other									
COVID-19 Budget	0	0	12,650	5,629	-5,629	12,000	5.1%	12,000	N/A
Harmonized Sales Tax Expense	714	0	0	0	0	0	0.0%	0	0.0%
Total Other	714	0	12,650	5,629	-5,629	12,000	5.1%	12,000	0.0%
Total Expenditure	151,412	213,700	0	183,927	29,773	234,350	100.0%	20,650	9.7%
Net Surplus/ Deficit	33,299	0	0	0	0	0			
Draw from/(Contribution to) Operating Fund	-33,299	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

Operating Fund Balance 2019 Audited	120,418
Projected Draw from Operating Fund in 2020	-2,705
2020 Projected Net Surplus	0
Operating Fund Balance 2020 Projected	117,713

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2019 Audited	8,002
Projected Draw from Reserve Fund in 2020	0
2020 Contribution to Reserve Fund	0
Reserve Fund Balance 2020 Projected	8,002

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill No.

2021

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 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-1, as amended, provides for an improvement area to be known as the Old East Village Business Improvement Area and establishes 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 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 Old East Village 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 Old East Village Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$42,000.
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-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.

Ed Holder, Mayor

Catharine Saunders, City Clerk

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