

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: Argyle 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 Argyle Business Improvement Area:

- a. The Argyle Business Improvement Area proposed 2021 budget submission in the amount of \$262,000 **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 Argyle Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$215,000;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law A.-6873-292 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 Argyle 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 2.2, Argyle Business Improvement Area 2020 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=70358>

2.0 Financial Impact/Considerations

On October 15, 2020, the Board of Management of the Argyle Business Improvement Area (ABIA) approved the 2021 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 18, 2020.

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 ABIA has met this requirement in Schedule “A”, noting the 2021 total expenditure budget of \$262,000.

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

- a) The ABIA submitted a 2021 budget of \$262,000, which represents a decrease of \$22,100 (7.8%) compared to its 2020 budget of \$284,100. The special levy to the members remains the same as 2020 but there is a decrease in the Draw from Operating Fund which will be used to cover a portion of the operating expenditures in 2021. Less non-levy revenue (e.g. boardroom rentals) is also expected in 2021.
- b) Significant changes to expenditures in 2021 include:
 - i. Seasonal/Part-time Wages - \$10,000 is budgeted for Seasonal/Part-time Wages for 2021; this amount was budgeted under Other Program Initiatives in the past, but this is now segregated.
 - ii. Safety and Security and Clean Streets - In 2021, \$12,000 is budgeted for Safety and Security, a new program being implemented whereby ABIA will be contracting out "on-call" security workers to deal with member concerns surrounding their properties. A \$5,000 budget for Clean Streets is also new; to be used for improving the appearance of the BIA area.
 - iii. Improvement Grant - \$10,000 is budgeted for a select number of grants in 2021 for façade improvements to BIA members' properties.
 - iv. Long-term Initiatives - Nothing is budgeted for long-term initiatives in 2021 due to the significant uncertainty of COVID-19 financial impacts on ABIA's 2021 budget.

ABIA will be establishing a reserve fund at 2020 year-end to set aside funds for anticipated and unanticipated expenditures that may occur due to unforeseen events, such as the COVID-19 pandemic. ABIA wants to improve its financial position in order to adapt to the financial impacts of COVID-19 and other potential, non-controllable factors as they may arise. One of the uses of the reserve fund would be for potential cost-sharing projects between ABIA and the City. City Planning is currently conducting a regeneration study in Argyle to determine what public tools and resources can be used for further improvement in the area. \$70,000 will be transferred from ABIA's Operating Fund to establish the reserve fund at year-end.

At the time of submitting this report, the audited 2020 financial statements were unavailable. The ABIA projected a year-end surplus of \$34,263 after adjustments to the draw from the operating fund. After the transfer to establish the new reserve fund at year-end, the unaudited projected balance in the Operating Fund at December 31, 2020 is \$49,099 including year-end adjustments. The year-end fund balances are presented in Schedule "B."

Conclusion

The owners of business property within the BIA will be responsible for payment of \$215,000 to be raised by the Corporation for the 2021 fiscal year for the purposes of ABIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay ABIA 50% of the budgeted Municipal Special Levy amount, 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"

Argyle 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	215,000	215,000	0	215,000	0	215,000	82.1%	0	0.0%
Interest Revenue	407	100	0	300	200	250	0.1%	150	150.0%
Draw from Operating Fund	0	50,000	0	0	-50,000	30,000	11.5%	-20,000	-40.0%
Government Student Funding	12,300	10,000	0	11,390	1,390	10,000	3.8%	0	0.0%
Miscellaneous	7,180	4,000	0	2,000	-2,000	1,750	0.7%	-2,250	-56.3%
Harmonized Sales Tax Rebate	0	5,000	0	5,000	0	5,000	1.9%	0	0.0%
Total Revenue	234,887	284,100	0	233,690	-50,410	262,000	100%	-22,100	-7.8%

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									
Salaries and Wages	86,895	80,000	0	80,000	0	77,000	29.4%	-3,000	-3.8%
Student Wages and Benefits	0	10,000	0	11,390	-1,390	10,000	3.8%	0	0.0%
Seasonal/Part-time Wages	0	0	0	0	0	10,000	3.8%	10,000	N/A

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
Employment Insurance and Canadian Pension Plan	0	6,000	0	5,800	200	6,000	2.3%	0	0.0%
Bookkeeping, Audit and Professional Fees	9,199	9,000	0	6,500	2,500	9,000	3.4%	0	0.0%
Utilities	2,086	2,000	0	1,600	400	2,000	0.8%	0	0.0%
Telephone and Fax and Internet	960	1,500	0	1,000	500	1,200	0.5%	-300	-20.0%
Insurance	1,297	2,000	0	1,500	500	1,800	0.7%	-200	-10.0%
Repairs and Maintenance	1,466	4,000	0	3,000	1,000	2,500	1.0%	-1,500	-37.5%
Travel and Transportation	0	200	0	50	150	200	0.1%	0	0.0%
Bank Charges	0	100	0	50	50	100	0.0%	0	0.0%
Memberships - Provincial Business Improvement Area	0	500	0	488	13	500	0.2%	0	0.0%
Office Supplies	5,445	5,000	0	2,000	3,000	3,000	1.1%	-2,000	-40.0%
Postage and Courier	0	300	0	50	250	200	0.1%	-100	-33.3%
Signage/Banner Brackets	0	4,500	0	3,900	600	2,500	1.0%	-2,000	-44.4%
Professional Development (Conference)	2,701	4,000	0	2,000	2,000	1,000	0.4%	-3,000	-75.0%
Website Maintenance and Domain	0	1,000	0	100	900	1,000	0.4%	0	0.0%
Total Administration	110,049	130,100	0	119,428	10,673	128,000	48.9%	-2,100	-1.6%
Rent									
Office Rent	19,278	22,000	0	19,500	2,500	20,000	7.6%	-2,000	-9.1%
Total Rent	19,278	22,000	0	19,500	2,500	20,000	7.6%	-2,000	-9.1%
Member Services									
Special Events	0	10,000	-2,500	4,000	6,000	10,000	3.8%	0	0.0%
Summer Graffiti Clean-up	0	0	1,500	0	0	0	0.0%	0	0.0%
Clean Streets	0	0	0	0	0	5,000	1.9%	5,000	N/A
Safety and Security	0	0	0	0	0	12,000	4.6%	12,000	N/A

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
Improvement Grant	0	0	0	0	0	10,000	3.8%	10,000	N/A
Total Member Services	0	10,000	-1,000	4,000	6,000	37,000	14.1%	27,000	270.0%
Business Development									
Marketing and Consulting	8,964	25,000	-12,500	7,500	17,500	25,000	9.5%	0	0.0%
Radio Advertising - Member Recovery Efforts	0	0	12,500	12,500	-12,500	0	0.0%	0	0.0%
Online Gift Card Auction	0	0	1,000	0	0	0	0.0%	0	0.0%
Other Program Initiatives	26,380	30,000	0	10,000	20,000	20,000	7.6%	-10,000	-33.3%
Planters/Hanging Basket Program	20,650	20,000	0	19,500	500	20,000	7.6%	0	0.0%
Total Business Development	55,994	75,000	1,000	49,500	25,500	65,000	24.8%	-10,000	-13.3%
Other									
Harmonized Sales Tax	0	2,000	0	0	2,000	2,000	0.8%	0	0.0%
Tax Write Offs/ Business Appeals	6,152	10,000	0	0	10,000	10,000	3.8%	0	0.0%
Long-term Initiatives	0	35,000	0	7,000	28,000	0	0.0%	-35,000	-100.0%
Miscellaneous	3,346	0	0	0	0	0	0.0%	0	0.0%
Total Other	9,498	47,000	0	7,000	40,000	12,000	4.6%	-35,000	-74.5%
Total Expenditure	194,819	284,100	0	199,428	84,673	262,000	100.0%	-22,100	-7.8%
Net Surplus/ (Deficit)	40,068	0	0	34,263	34,263	0			
Draw from/(Contribution to) Operating Fund	-40,068	0	0	-34,263	-34,263	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	84,836
Projected Draw from Operating Fund in 2020	0
2020 Projected Net Surplus	34,263
Projected Contribution to Reserve Fund	-70,000
Operating Fund Balance 2020 Projected	49,099

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2019 Audited	0
Projected Draw from Reserve Fund in 2020	0
Projected Contribution to Reserve Fund	70,000
Reserve Fund Balance 2020 Projected	70,000

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 Argyle 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 A.-6873-292, as amended, provides for an improvement area to be known as the Argyle Business Improvement Area and establishes a Board of Management for it known as the Argyle 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 Argyle 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 Argyle Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$215,000.
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 A.-6873-292, 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