

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: Hyde Park 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 Hyde Park Business Improvement Area:

- a. The Hyde Park Business Improvement Area proposed 2021 budget submission in the amount of \$442,000 **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 Hyde Park Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$434,000;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-1519-490 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 Hyde Park 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 2.4, Hyde Park Business Association 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=70360>

2.0 Financial Impact/Considerations

On October 15, 2020, the Board of Management of the Hyde Park Business Improvement Area (HPBIA) approved the 2020 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 12, 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 HPBIA has met this requirement in Schedule "A", noting the 2021 expenditure budget of \$442,000.

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

- a) The HPBIA submitted a 2021 budget of \$442,000, which represents an increase of \$45,019 (11.3%) compared to its 2020 budget of \$396,981. The special levy remains the same to each member as in 2020, however the total amount to be collected has increased as a result of growth; new businesses establishing within HPBIA's boundaries.
- b) Significant changes to expenditures in 2021 include:
 - i. Salary and Wages - an increase of \$21,044 over 2020 is budgeted for the addition of one new part-time staff position and annual salary and wage rate increases.
 - ii. Office Equipment Upgrades - a decrease of \$8,500 over 2020 is budgeted, as required technology upgrades were made in 2020, therefore less is needed in 2021.
 - iii. CTV Ad Package - an increase of \$29,000 over 2020 is budgeted, as this program will be offered for a longer period of time during the year. This program assists with covering the costs of airtime for participating member businesses' commercials aired on TV.

At the time of submitting this report, audited 2020 financial statements were unavailable. Estimates received from HPBIA indicate a projected 2020 year-end surplus of \$22,332. The unaudited projected December 31, 2020 Operating Fund balance is approximately \$90,180. The year-end fund balance is presented in Schedule "B."

Conclusion

The owners of business property within the BIA will be responsible for payment of \$434,000 to be raised by the Corporation for the 2021 fiscal year for the purposes of HPBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay HPBIA 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"

Hyde Park 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	342,824	386,401	0	386,401	0	434,000	98.2%	47,599	12.3%
Government Student Funding	5,725	7,080	0	0	-7,080	8,000	1.8%	920	13.0%
Miscellaneous	4,176	3,500	0	0	-3,500	0	0.0%	-3,500	-100.0%
Total Revenue	352,725	396,981	0	386,401	-10,580	442,000	100.0%	45,019	11.3%

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									
Salary and Wages	115,029	133,941	0	130,941	3,000	154,985	35.1%	21,044	15.7%
Summer Student	5,820	7,080	0	18,660	-11,580	8,000	1.8%	920	13.0%
Insurance	1,025	2,825	0	2,825	0	3,000	0.7%	175	6.2%
Bookkeeping, Audit, Professional Fees	4,358	6,500	0	5,078	1,422	6,500	1.5%	0	0.0%
Total Administration	126,233	150,346	0	157,504	7,158	172,485	39.0%	22,139	14.7%
Office									
Office Equipment Upgrades	0	11,000	-7,000	6,040	4,960	2,500	0.6%	-8,500	-77.3%

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
Office Furniture	430	1,000	-1,000	0	1,000	1,000	0.2%	0	0.0%
Leasehold Improvements	0	5,000	-5,000	0	5,000	5,000	1.1%	0	0.0%
Total Office	430	17,000	-13,000	6,040	10,960	8,500	1.9%	-8,500	-50.0%
Rent									
Office Rent	21,931	22,799	0	22,318	481	22,554	5.1%	-245	-1.1%
Total Rent	21,931	22,799	0	22,318	481	22,554	5.1%	-245	-1.1%
General Expenses									
Phone, Internet, Office 365	1,909	2,626	0	2,133	493	2,500	0.6%	-126	-4.8%
Stationary/ Supplies	3,823	4,000	0	4,000	0	4,000	0.9%	0	0.0%
Training/ Conferences	4,199	6,000	-4,500	8	5,992	7,000	1.6%	1,000	16.7%
Subscriptions/ Memberships	574	800	0	1,286	-486	1,500	0.3%	700	87.5%
Bank Charges	578	350	0	751	-401	450	0.1%	100	28.6%
Operating	4,277	1,500	-500	975	525	1,500	0.3%	0	0.0%
Facility Repairs and Maintenance	549	0	0	0	0	0	0.0%	0	0.0%
Digital Mainstreet Program	3,473	0	0	0	0	0	0.0%	0	0.0%
Total General Expenses	19,383	15,276	-5,000	9,153	6,123	16,950	3.8%	1,674	11.0%
Member Services									
Annual General Meeting including Postage	6,873	8,000	-2,000	660	7,340	8,000	1.8%	0	0.0%
Total Member Services	6,873	8,000	-2,000	660	7,340	8,000	1.8%	0	0.0%
Business Development									
Communications and Marketing	6,911	6,000	0	1,680	4,320	6,500	1.5%	500	8.3%
Promotional Marketing Materials	3,089	3,000	-1,500	1,500	1,500	3,000	0.7%	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
Website Development, Hosting & Maintenance	2,115	1,500	500	1,933	-433	1,500	0.3%	0	0.0%
Monthly Business Networking Meetings	335	2,500	-1,000	796	1,704	2,000	0.5%	-500	-20.0%
Special Events/ Sponsorships	12,135	10,000	-2,000	8,000	2,000	9,000	2.0%	-1,000	-10.0%
Other Program Initiatives	6,378	5,660	0	5,660	0	5,500	1.2%	-160	-2.8%
Pondfest/ Outdoor Piano Program	16,381	18,000	-18,000	913	17,087	19,000	4.3%	1,000	5.6%
Traffic Calming Program	407	400	0	0	400	1,200	0.3%	800	200.0%
Member Incentive Program	-27	8,079	0	8,079	0	10,000	2.3%	1,921	23.8%
CTV Ad Package	33,247	31,000	20,000	45,590	-14,590	60,000	13.6%	29,000	93.5%
Bus Shelter Advertising Program	-900	9,000	0	6,947	2,053	9,000	2.0%	0	0.0%
Community Beautification Projects	37,575	80,000	-26,500	57,000	23,000	80,811	18.3%	811	1.0%
Total Business Development	117,646	175,139	-28,500	138,098	37,041	207,511	46.9%	32,372	18.5%
COVID-19 Projects	0	0	50,500	29,923	-29,923	0	0.0%	0	0.0%
Contingency	2,258	6,000	-2,000	373	5,627	6,000	1.4%	0	0.0%
Miscellaneous	5,411	0	0	0	0	0	0.0%	0	0.0%
Harmonized Sales Tax	0	2,421	0	0	2,421	0	0.0%	-2,421	-100.0%
Total Expenditure	300,165	396,981	0	364,069	32,912	442,000	100.0%	45,019	11.3%
Net Surplus/ Deficit	52,560	0	0	22,332	22,332	0			
Draw from/(Contribution to) Operating Fund	-52,560	0	0	-22,332	-22,332	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	67,848
Projected Draw from Operating Fund in 2020	0
2020 Projected Net Surplus	22,332
Operating Fund Balance 2020 Projected	90,180

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 Hyde Park 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-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-1519-490, as amended, provides for an improvement area to be known as the Hyde Park Business Improvement Area and establishes a Board of Management for it known as the Hyde Park 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 Hyde Park 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 Hyde Park Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$434,000.
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-1519-490, 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