

TO:	CORPORATE SERVICES COMMITTEE MEETING ON APRIL 9, 2013
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA 2013 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the Old East Village Business Improvement Area proposed 2013 budget submission in the amount of \$511,291 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2013 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 Old East Village Business Improvement Area to help support its 2013 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 part 2, above, by a levy in accordance with By-law CP-1 as amended; it being noted that any 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
4. That the attached by-law (see Schedule B) **BE INTRODUCED** at the Municipal Council on April 16, 2013 with respect to municipal special levy for the Old East Village Business Improvement Area.

BACKGROUND

On March 5, 2013, the Old East Village Business Improvement Area (OEVBIA) submitted its proposed 2013 budget to the City of London's Finance Department (see Schedule A). The OEVBIA approved its 2013 budget on March 19, 2013.

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 OEVBIA has met this requirement in Schedule A, noting the 2013 expenditure budget of \$511,291.

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

- a) The OEVBIA submitted a 2013 budget of \$511,291 which represents an increase of \$123,322 or 32.8% compared to its 2012 budget of \$387,969.
- b) Significant changes in revenues include increased funding from the Ministry of Training, Colleges and Universities due to the recognition of deferred revenues from 2012 and increased funding support, increased surplus contributions, and additional funding from the London Community Foundation and Patrick Hodgson Family Foundation. Significant changes to expenditures include cost increases to training, education and development to cover staff and board member training in economic development, creation and management of loan funds and development and management of Development Corporations, the hiring of additional staff, and costs increases in purchased services.

At the time of submitting this report, 2012 Draft Financial Statements were unavailable. Estimates received from the OEVBIA indicated that there was a yearend surplus of \$67,403 in 2012. Based on information received, the yearend fund balance as at December 31, 2012 would be \$132,623 (2011 - \$65,220), which is comprised of investments in tangible capital assets, operating fund and contingency reserve funds.

As in 2012, 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 OEV BIA 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 OEV BIA meets this requirement each year through the City of London's Annual Financial Report.

This report was prepared with the assistance of Cathy Cucksey, Current Budget and Process Officer.

PREPARED BY:	REVIEWED BY:
JASON SENESE MANAGER – FINANCIAL PLANNING AND POLICY	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 Area
2013 Proposed Budget
with 2012 Comparators

Revenue Overview

OEVBIA Revenue Detail:	2012 Revised Budget	2012 Actuals	Surplus (Deficit)	2013 Proposed Budget	Increase / (Decrease) over 2012
Total City of London Levy	15,781	15,781	0	15,781	0
Allowance for Vacancy rebates	(1,000)	(1,000)	0	(1,000)	0
City of London Levy	14,781	14,781	0	14,781	0
Interest Income	0	74	74	0	0
Tax Levy Write Offs, Reductions and Supplementaries	0	0	0	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)	207,261	181,280 ⁽¹⁾	(25,981)	275,981 ⁽²⁾	68,720
In-Kind Donations	13,000	19,115	6,115	10,985	(2,015)
Prior Year Surplus	42,981	42,981	0	67,403	24,422
London Community Foundation & Patrick Hodgson Family Foundation Funding				32,000	32,000
Miscellaneous Revenue	1,305	5,805	4,500	1,500	195
Total OEVBIA Revenue	387,969	370,138	(17,831)	511,291	123,322

Expenditure Overview

OEVBIA Expenditure Detail:	2012 Revised Budget	2012 Actuals	Surplus (Deficit)	2013 Proposed Budget	Increase / (Decrease) over 2012
Administration ⁽³⁾	4,500	10,125	(5,625)	4,500	0
Advertising, Marketing & Promotion	14,500	2,445	12,055	14,500	0
Beautification	5,000	1,897	3,103	5,000	0
Special Projects	24,834	365	24,469	22,955	(1,879)
Equipment / Building Allowance for Upgrades, Maintenance & Repairs	3,724	125	3,599	4,380	656
Salary & Benefits	135,998	146,968	(10,970)	194,610	58,612
Office Rental	7,215	6,500	715	7,215	0
Telephone	3,600	3,140	460	4,009	409
Travel	6,975	1,498	5,477	12,240	5,265
Printing & Communications	9,990	4,049	5,941	15,000	5,010
Financial Audits	1,500	1,300	200	1,500	0
Training, Education and Development	2,769	1,494	1,275	25,110	22,341
Purchased Services	156,372	110,480	45,892	182,888	26,516
Operating Supplies and Costs	2,608	2,023	585	9,000	6,392
Community Initiatives	8,384	10,326	(1,942)	8,384	0
Miscellaneous Expenditure	0	0	0	0	0
Total OEVBIA Expenditures	387,969	302,735	85,234	511,291	123,322
Net Before Draw from/(Contribution to) Operating Fund	0	67,403	67,403	0	0
Draw from/(Contribution to) Operating Fund	0	(67,403)	(67,403)	0	0
Net	0	0	0	0	0

(1) Received \$207,261 in funding from the MTCU in 2012, of which \$181,280 was realized in 2012, noting that \$25,981 was recognized as deferred revenue as the corresponding expenditures were not incurred. These expenditures are expected to occur in 2013.

(2) Includes anticipated 2013 MTCU funding of \$250,000 due to extension of MTCU contract to December 31, 2013 and recognition of \$25,981 in deferred revenue from 2012.

(3) Administration expenditures include Amortization, Gain/(Loss) on Disposition of Assets and HST.

Consistent with prior years, the BIA levy budget specifically relates to the Old East Village District, which encompasses Dundas Street between Adelaide Street and Elizabeth Street. All other expenditures encompass Dundas Street between Adelaide Street and Charlotte Street.

All figures subject to audit.

Schedule B

Bill No.
2013

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 2013 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 2013 fiscal year submitted by The Old East Village Business Improvement Area Board of Management in the amount of \$511,291 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 2013 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