

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Subject: Argyle Business Improvement Area 2022 Proposed Budget – Municipal Special Levy

Date: January 10, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the Argyle Business Improvement Area:

- a. The Argyle Business Improvement Area proposed 2022 budget submission in the amount of \$283,000 **BE APPROVED** as outlined in Schedule “A”.
- b. The amount to be raised by The Corporation of the City of London for the 2022 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 January 25, 2022.

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 18, 2021, Agenda item 2.1, Argyle Business Improvement Area 2021 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=76692>

2.0 Financial Impact/Considerations

On October 14, 2021, the Board of Management of the Argyle Business Improvement Area (ABIA) approved the 2022 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 18, 2021.

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 2022 total expenditure budget of \$283,000.

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

- a) The ABIA submitted a 2022 budget of \$283,000, which represents an increase of \$21,000 (8.0%) compared to its 2021 budget of \$262,000. The special levy to the members remains the same as 2021. There is an increase in the Draw from Operating Fund as a result of surplus to carry over to 2022 in addition to a slight increase in non-levy revenue (e.g. sponsorship, Digital Main Street, boardroom rentals).
- b) Significant changes to expenditures in 2022 include:
 - i. Wages and Benefits – an increase of \$5,000 is budgeted for Executive Admin position expansion and potential staff pay increases the Board may approve.
 - ii. Social Improvement - \$10,000 is budgeted for Social Improvement, a new program initiative that would have direct impact on social issues that exist in the area (homelessness, drug use, mental health, etc.).
 - iii. Streetscape - \$4,000 is budgeted for a new program which involves small-scale improvements at the street level (branding, décor/beautification). This would include additional cigarette ashtrays and street pole wraps.
 - iv. Computer Equipment - \$1,000 has been budgeted to acquire a new desktop computer for ABIA's bookkeeper.

ABIA established a reserve fund account at 2020 year-end to set aside funds for anticipated and unanticipated expenditures that may occur due to unforeseen events. \$70,000 was transferred from ABIA's Operating Fund to the reserve fund at 2020 year-end. On October 5, 2021, City Council approved the Argyle Community Improvement Plan (CIP) after a regeneration study was completed in 2020. ABIA intends to use some of the reserve fund for potential future projects in partnership with the City such as pedestrian-scale lighting, sidewalk renewal and islands or boulevards on Dundas Street.

At the time of submitting this report, the audited 2021 financial statements were unavailable. The ABIA projected a year-end surplus of \$20,250. After the transfer to establish the new reserve fund at 2020 year-end, the unaudited projected balance in the Operating Fund at December 31, 2021 is \$67,014 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 2022 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: Nathan Asare-Bediako, CPA, CGA, Financial Business Administrator

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, Deputy City Manager, Finance Supports

Schedule "A"

Argyle Business Improvement Area 2022 Proposed Budget with 2021 Comparators

Revenue Overview

Revenue Detail:	2020 Audited Actuals	2021 Approved Budget	2021 Projected Actuals	2021 Projected Variance	2022 Proposed Budget	Percentage of Total Revenue	Increase/Decrease over 2021	Percentage Budget Change over 2021
Municipal Special Levy	215,000	215,000	215,000	0	215,000	76.0%	0	0.0%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	0.0%
Net Municipal Special Levy	215,000	215,000	215,000	0	215,000	76.0%	0	0.0%
Draw from Operating Fund	0	30,000	0	-30,000	50,000	17.7%	20,000	66.7%
Government Student Funding	11,115	10,000	4,445	-5,555	10,000	3.5%	0	0.0%
Interest Income	604	250	300	50	300	0.1%	50	20.0%
HST Rebate	0	5,000	5,000	0	5,000	1.8%	0	0.0%
Miscellaneous Income (sponsorship, DMS, etc)	12,853	1,750	6,400	4,650	2,700	1.0%	950	54.3%
Total Revenue	239,572	262,000	231,145	-30,855	283,000	100.0%	21,000	8.0%

Expenditure Overview

Expenditure Detail:	2020 Audited Actuals	2021 Approved Budget	2021 Projected Actuals	2021 Projected Variance	2022 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2021	Percentage Budget Change over 2021
Administration								
Wages and Benefits	94,845	77,000	74,000	3,000	82,000	29.0%	5,000	6.5%
Student Wages and Benefits	0	10,000	4,445	5,555	10,000	3.5%	0	0.0%
Seasonal / PT Wages	0	10,000	10,000	0	10,000	3.5%	0	0.0%
EI and CPP	0	6,000	6,000	0	6,000	2.1%	0	0.0%
Telephone and Internet	951	1,200	1,000	200	1,200	0.4%	0	0.0%
Insurance	1,589	1,800	1,750	50	1,900	0.7%	100	5.6%
Bookkeeping, Audit and Professional Fees	5,568	9,000	8,000	1,000	9,000	3.2%	0	0.0%
Purchase and Leasing Equipment	0	0	0	0	1,000	0.4%	1,000	0.0%
Training/ Conferences	2,356	1,000	1,300	-300	1,700	0.6%	700	70.0%
Subscriptions/ Memberships	487	500	600	-100	700	0.2%	200	40.0%
Utilities	1,574	2,000	1,700	300	2,000	0.7%	0	0.0%
Signage/Banners	0	2,500	2,500	0	2,500	0.9%	0	0.0%
Office Supplies	2,151	3,000	1,800	1,200	3,000	1.1%	0	0.0%
Postage and Courier	0	200	50	150	200	0.1%	0	0.0%
Travel and Transportation	0	200	25	175	200	0.1%	0	0.0%
Bank Charges	0	100	0	100	100	0.0%	0	0.0%
Website Maintenance and Domain / IT	0	1,000	25	975	1,000	0.4%	0	0.0%
Miscellaneous Expense (DMS, Amortization)	15,407	0	0	0	0	0.0%	0	0.0%
Office Administration	1,213	0	0	0	0	0.0%	0	0.0%
Total Administration	126,141	125,500	113,195	12,305	132,500	46.8%	7,000	5.6%
Rent								
Rent	19,505	20,000	20,000	0	20,000	7.1%	0	0.0%
Total Rent	19,505	20,000	20,000	0	20,000	7.1%	0	0.0%

Expenditure Detail:	2020 Audited Actuals	2021 Approved Budget	2021 Projected Actuals	2021 Projected Variance	2022 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2021	Percentage Budget Change over 2021
Member Services								
Communications & Marketing	18,038	25,000	20,000	5,000	25,000	8.8%	0	0.0%
Total Member Services	18,038	25,000	20,000	5,000	25,000	8.8%	0	0.0%
Business Development								
Special Events	3,456	10,000	4,500	5,500	10,000	3.5%	0	0.0%
Other Program Initiatives	12,914	20,000	15,000	5,000	20,000	7.1%	0	0.0%
Planters/Hanging Baskets	23,390	20,000	16,000	4,000	20,000	7.1%	0	0.0%
Clean Streets	0	5,000	2,000	3,000	5,000	1.8%	0	0.0%
Façade Improvement Grant	0	10,000	0	10,000	10,000	3.5%	0	0.0%
Public Safety	0	12,000	7,000	5,000	12,000	4.2%	0	0.0%
Repairs and Maintenance	3,584	2,500	1,200	1,300	2,500	0.9%	0	0.0%
Streetscape	0	0	0	0	4,000	1.4%	4,000	0.0%
Social Improvement	0	0	0	0	10,000	3.5%	10,000	0.0%
Total Business Development	43,344	79,500	45,700	33,800	93,500	33.0%	14,000	17.6%
Other								
Harmonized Sales Tax	0	2,000	2,000	0	2,000	0.7%	0	0.0%
Tax Write Offs	3,140	10,000	10,000	0	10,000	3.5%	0	0.0%
Total Other	3,140	12,000	12,000	0	12,000	4.2%	0	0.0%
Total Expenditure	210,168	262,000	210,895	51,105	283,000	100.0%	21,000	8.0%
Net Surplus/ Deficit	29,404	0	20,250	20,250	0			
Draw from / (Contribution to) Operating Fund	-29,404	0	-20,250	-20,250	0			
Net	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

Operating Fund

Operating Fund Balance 2020 Audited	46,764
Draw from Operating Fund in 2021	0
2021 Projected Net Surplus	20,250
Operating Fund Balance 2021 Projected	67,014

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2020 Audited	70,000
Draw from Reserve Fund in 2021	0
2021 Contribution to Reserve Fund	0
Reserve Fund Balance 2021 Projected	70,000

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number
2022
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 2022 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 2022 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 2022 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

Michael Schulthess, City Clerk

First Reading – January 25, 2022

Second Reading – January 25, 2022

Third Reading – January 25, 2022