

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: Hyde Park 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 Hyde Park Business Improvement Area:

- a. The Hyde Park Business Improvement Area proposed 2022 budget submission in the amount of \$553,810 **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 Hyde Park Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$484,000.
- 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 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 2.3, Hyde Park Business Association 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=76694>

2.0 Financial Impact/Considerations

On October 28, 2021, the Board of Management of the Hyde Park Business Improvement Area (HPBIA) approved the 2022 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 23, 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 HPBIA has met this requirement in Schedule "A", noting the 2022 expenditure budget of \$553,810.

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

- a) The HPBIA submitted a 2022 budget of \$553,810, which represents an increase of \$111,810 (25.3%) compared to its 2021 budget of \$442,000. The total increase in revenue is a result of the following:
 - i. A \$50,000 (11.5%) increase in Municipal Special Levy to cover overall increased costs. The increase is similar to that experienced in 2020 and 2021 and is generally absorbed by new businesses locating in the Hyde Park BIA area.
 - ii. \$20,810 is budgeted as a Draw from Operating Fund and allocated towards an overall temporary increase to compensate for areas that could not be funded in 2020 and 2021 because of COVID-19.
 - iii. Miscellaneous Income of \$40,000 is budgeted in 2022 for members' contributions to the CP Rail and CTV Advertisement Programs.
- b) Significant changes to expenditures in 2022 include:
 - i. 1645 Hyde Park Road Lease – an amount of \$22,800 is budgeted for the first year of a five-year lease of this property that will be used to extend the footprint of Hyde Park Village Green. This lease provides an opportunity to assess the community benefit from having access to this property for events occurring at the Hyde Park Village Green.
 - ii. Social Media Marketing Subsidy Program - \$6,000 is budgeted for a new program to support COVID recovery in the HPBIA
 - iii. Breakfast with Santa / Christmas Market - \$19,000 is budgeted to make this an annual event in 2022. This celebration was first held in 2021 at a cost of \$33,000, noting that HPBIA will moderate expenses in 2022 to accommodate the budget for this event.
 - iv. CP Bridge Ad Program - \$60,000 is budgeted for the first time for the CP Rail Bridge Ad program. This is expected to provide space to promote BIA messaging with members purchasing advertising space at reduced rate.

At the time of submitting this report, audited 2021 financial statements were unavailable. Estimates received from HPBIA indicate a projected 2021 year-end surplus of \$28,083. The unaudited projected December 31, 2021 Operating Fund balance is approximately \$182,020. 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 \$484,000 to be raised by the Corporation for the 2022 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:	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"

Hyde Park 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	389,779	434,000	434,000	0	484,000	87.4%	50,000	11.5%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	0.0%
Net Municipal Special Levy	389,779	434,000	434,000	0	484,000	87.4%	50,000	11.5%
Draw from Operating Fund	0	0	0	0	20,810	3.8%	20,810	0.0%
Government Student Funding	22,510	8,000	19,746	11,746	9,000	1.6%	1,000	12.5%
Interest Income	0	0	0	0	0	0.0%	0	0.0%
HST Rebate	0	0	21,287	21,287	0	0.0%	0	0.0%
City of London Patio grant	0	0	12,641	12,641	0	0.0%	0	0.0%
Miscellaneous Income	12,453	0	3,020	3,020	40,000	7.2%	40,000	0.0%
Total Revenue	424,742	442,000	490,694	48,694	553,810	100.0%	111,810	25.3%

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 & Office								
Wages, Benefits, MERCS	113,258	154,985	127,443	27,542	160,410	29.0%	5,425	3.5%
Student Wages and Benefits	19,800	8,000	19,746	-11,746	9,000	1.6%	1,000	12.5%

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
Insurance	2,279	3,000	2,903	97	3,200	0.6%	200	6.7%
Bookkeeping, Audit and Professional Fees	4,833	6,500	8,829	-2,329	6,000	1.1%	-500	-7.7%
Office Equipment Upgrades	1,486	2,500	2,500	0	2,500	0.5%	0	0.0%
Office Furniture	0	1,000	1,000	0	0	0.0%	-1,000	-100.0%
Leasehold Improvements	0	5,000	5,000	0	0	0.0%	-5,000	-100.0%
Phone, Internet, Office 365	2,167	2,500	2,076	424	2,500	0.5%	0	0.0%
Office Supplies	3,092	4,000	4,000	0	4,000	0.7%	0	0.0%
Training & Conferences	8	7,000	3,351	3,649	7,000	1.3%	0	0.0%
Subscriptions & Memberships	1,336	1,500	1,801	-301	1,500	0.3%	0	0.0%
Bank Charges	740	450	880	-430	650	0.1%	200	44.4%
Operating	-2,319	1,500	2,509	-1,009	2,000	0.4%	500	33.3%
Digital Mainstreet Program	12,453	0	0	0	0	0.0%	0	0.0%
Total Administration	159,133	197,935	182,038	15,897	198,760	35.9%	825	0.4%
Rent								
Rent and Hydro	22,589	22,554	22,864	-310	23,550	4.3%	996	4.4%
Total Rent	22,589	22,554	22,864	-310	23,550	4.3%	996	4.4%
Member Services								
Annual General Meeting	851	8,000	0	8,000	7,000	1.3%	-1,000	-12.5%
1645 Hyde Park Road Lease	0	0	0	0	22,800	4.1%	22,800	0.0%
Total Member Services	851	8,000	0	8,000	29,800	5.4%	21,800	272.5%
Business Development								
Communications, Marketing	2,419	6,500	6,771	-271	6,500	1.2%	0	0.0%
Promotional Marketing Materials	1,532	3,000	3,000	0	3,000	0.5%	0	0.0%
Website Dev. Hosting & Maintenance	2,087	1,500	1,000	500	1,500	0.3%	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
Board Meeting & Monthly Bus. Networking Mtgs	810	2,000	1,526	474	2,000	0.4%	0	0.0%
Special Events & Sponsorships	2,485	9,000	8,565	435	10,000	1.8%	1,000	11.1%
Other Program Initiatives	2,019	5,500	5,500	0	5,500	1.0%	0	0.0%
Other Program Initiatives; Patio Program	0	0	12,641	-12,641	0	0.0%	0	0.0%
Social Media Marketing Subsidy Program	0	0	2,880	-2,880	6,000	1.1%	6,000	0.0%
Pond Fest / Outdoor Piano Program	929	19,000	0	19,000	20,000	3.6%	1,000	5.3%
Breakfast with Santa /Christmas Market	213	0	33,000	-33,000	19,000	3.4%	19,000	0.0%
Traffic Calming Program	407	1,200	765	435	1,200	0.2%	0	0.0%
Hyde Park Dollars Incentive Program	10,721	10,000	14,000	-4,000	12,000	2.2%	2,000	20.0%
CTV Ad Program	43,068	60,000	59,751	249	60,000	10.8%	0	0.0%
CP Bridge Ad Program	0	0	0	0	60,000	10.8%	60,000	0.0%
Bus Shelter Advertising Program	6,939	9,000	8,529	471	9,000	1.6%	0	0.0%
Community Beautification Projects	57,342	80,811	80,811	0	80,000	14.4%	-811	-1.0%
Here comes Santa	4,862	0	0	0	0	0.0%	0	0.0%
Total Business Development	135,832	207,511	238,739	-31,228	295,700	53.4%	88,189	42.5%
Other								
Harmonized Sales Tax	0	0	3,333	-3,333	0	0.0%	0	0.0%
Contingency	970	6,000	5,000	1,000	6,000	1.1%	0	0.0%
Depreciation	8,674	0	0	0	0	0.0%	0	0.0%
Miscellaneous	12,989	0	10,636	-10,636	0	0.0%	0	0.0%
Total Other	22,633	6,000	18,969	-12,969	6,000	1.1%	0	0.0%
Total Expenditure	341,038	442,000	462,611	-20,610	553,810	100.0%	111,810	25.3%

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
Net Surplus/ Deficit	83,704	0	28,083	28,084	0			
Draw from / (Contribution to) Operating Fund	-83,704	0	-28,083	-28,084	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	153,937
Draw from Operating Fund in 2021	0
2021 Projected Net Surplus	28,083
Operating Fund Balance 2021 Projected	182,020

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2020 Audited	-
Draw from Reserve Fund in 2021	0
2021 Contribution to Reserve Fund	0
Reserve Fund Balance 2021 Projected	-

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 Hyde Park 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-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 2022 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 2022 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 \$484,000.
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

Michael Schulthess, City Clerk

First Reading – January 25, 2022

Second Reading – January 25, 2022

Third Reading – January 25, 2022