

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee

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

**Subject:** Old East Village Business Improvement Area 2022 Proposed Budget – Municipal Special Levy

**Date:** January 10, 2022

## 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 Old East Village Business Improvement Area:

- a. The Old East Village Business Improvement Area proposed 2022 budget submission in the amount of \$240,350 **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 Old East Village Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$42,000;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-1 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 Old East Village 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 2.5, Old East Village 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=76696>

## 2.0 Financial Impact/Considerations

On October 7, 2021, the Board of Management of the Old East Village Business Improvement Area (OEVBIA) approved the 2022 budget (Schedule "A"), which was presented to the members at the Annual General Meeting on the same day.

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures. The OEVBIA has met this requirement in Schedule "A", noting the 2022 total expenditure budget of \$240,350.

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

- a) The OEVBIA submitted a 2022 budget of \$240,350 which represents an increase of \$6,000 (2.6%) compared to its 2021 budget of \$234,350. The special levy to the members remains the same as 2021. The \$6,000 increase will be funded from an increased Draw from the Operating Fund which is required for increased spending on operational costs. Revenue includes the special levy plus City of London Funding of \$141,102, the same amount as previous years.
- b) Significant changes to expenditures in 2022 include:
  - i. Operational Supplies and Costs - an increase of \$1,000 over 2021 is budgeted for updating computer software and maintenance.
  - ii. Purchased Services – an increase of \$1,800 over 2021 is budgeted to hire a new bookkeeping firm.

At the time of submitting this report, audited 2021 financial statements were unavailable. After adjustments to the draw from the operating fund, OEVBIA projects a balanced year-end position. The unaudited projected December 31, 2021 Operating Fund balance is approximately \$109,016 including year-end adjustments. The year-end fund balances are presented in Schedule "B."

## Conclusion

The owners of business property within the business improvement area will be responsible for payment of \$42,000 to be raised by the Corporation for the 2022 fiscal year for the purposes of OEVBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the OEVBIA 50% of the budgeted Municipal Special Levy, with the remaining 50% to be paid on or after June 30<sup>th</sup>.

**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"

### Old East Village 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            | 45,190               | 42,000               | 42,000                 | 0                       | 42,000               | 17.5%                       | 0                           | 0.0%                               |
| Tax Write Offs/Allowance          | 0                    | -2,000               | -2,000                 | 0                       | -2,000               | -0.8%                       | 0                           | 0.0%                               |
| <b>Net Municipal Special Levy</b> | <b>45,190</b>        | <b>40,000</b>        | <b>40,000</b>          | <b>0</b>                | <b>40,000</b>        | <b>16.6%</b>                | <b>0</b>                    | <b>0.0%</b>                        |
| Interest Income                   | 0                    | 120                  | 175                    | 55                      | 120                  | 0.0%                        | 0                           | 0.0%                               |
| City of London Funding            | 141,102              | 141,102              | 141,102                | 0                       | 141,102              | 58.7%                       | 0                           | 0.0%                               |
| Draw from Operating Fund          | 0                    | 53,128               | 21,271                 | -31,857                 | 59,128               | 24.6%                       | 6,000                       | 11.3%                              |
| HST Rebate                        | 0                    | 0                    | 0                      | 0                       | 0                    | 0.0%                        | 0                           | 0.0%                               |
| Digital Main Street grant         | 12,453               | 0                    | 0                      | 0                       | 0                    | 0.0%                        | 0                           | 0.0%                               |
| Miscellaneous Income              | 191                  | 0                    | 0                      | 0                       | 0                    | 0.0%                        | 0                           | 0.0%                               |
| <b>Total Revenue</b>              | <b>198,936</b>       | <b>234,350</b>       | <b>202,548</b>         | <b>-31,802</b>          | <b>240,350</b>       | <b>100.0%</b>               | <b>6,000</b>                | <b>2.6%</b>                        |

#### 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 |
|------------------------------|----------------------|----------------------|------------------------|-------------------------|----------------------|-----------------------------|-----------------------------|------------------------------------|
| <b>Administration</b>        |                      |                      |                        |                         |                      |                             |                             |                                    |
| Telephone and Internet       | 1,240                | 1,500                | 1,250                  | 250                     | 1,500                | 0.6%                        | 0                           | 0.0%                               |
| Travel                       | 136                  | 700                  | 0                      | 700                     | 700                  | 0.3%                        | 0                           | 0.0%                               |
| Operating Supplies and Costs | 1,176                | 1,000                | 578                    | 422                     | 2,000                | 0.8%                        | 1,000                       | 100.0%                             |
| Printing and Communications  | 150                  | 1,500                | 550                    | 950                     | 1,500                | 0.6%                        | 0                           | 0.0%                               |

| Expenditure Detail:  | 2020<br>Audited<br>Actuals | 2021<br>Approved<br>Budget | 2021<br>Projected<br>Actuals | 2021<br>Projected<br>Variance | 2022<br>Proposed<br>Budget | Percentage<br>of Total<br>Revenue | Increase/<br>Decrease<br>over 2021 | Percentage<br>Budget<br>Change over<br>2021 |
|--|----------------------------|----------------------------|------------------------------|-------------------------------|----------------------------|-----------------------------------|------------------------------------|---|
| Equipment/Building Allowance for Upgrades, Maintenance and Repairs | 755                        | 4,500                      | 2,000                        | 2,500                         | 4,500                      | 1.9%                              | 0                                  | 0.0%  |
| Salary & Benefits  | 0                          | 2,000                      | 0                            | 2,000                         | 2,000                      | 0.8%                              | 0                                  | 0.0%  |
| Financial Audits   | 1,450                      | 1,600                      | 2,500                        | -900                          | 2,500                      | 1.0%                              | 900                                | 56.3%                                       |
| Training, Education and Development                                | 0                          | 500                        | 0                            | 500                           | 1,000                      | 0.4%                              | 500                                | 100.0%                                      |
| Miscellaneous Administration                                       | 4,794                      | 5,500                      | 3,720                        | 1,780                         | 6,000                      | 2.5%                              | 500                                | 9.1%  |
| <b>Total Administration</b>  | <b>9,701</b>               | <b>18,800</b>              | <b>10,598</b>                | <b>8,202</b>                  | <b>21,700</b>              | <b>9.0%</b>                       | <b>2,900</b>                       | <b>15.4%</b>                                |
| <b>Rent</b>  |                            |                            |                              |                               |                            |                                   |                                    |   |
| Office Rental  | 12,661                     | 14,400                     | 12,660                       | 1,740                         | 14,400                     | 6.0%                              | 0                                  | 0.0%  |
| <b>Total Rent</b>  | <b>12,661</b>              | <b>14,400</b>              | <b>12,660</b>                | <b>1,740</b>                  | <b>14,400</b>              | <b>6.0%</b>                       | <b>0</b>                           | <b>0.0%</b>                                 |
| <b>Member Services</b>   |                            |                            |                              |                               |                            |                                   |                                    |   |
| Advertising, Marketing & Promotion                                 | 6,313                      | 6,500                      | 6,500                        | 0                             | 6,950                      | 2.9%                              | 450                                | 6.9%  |
| Purchased Services   | 7,200                      | 16,500                     | 15,800                       | 700                           | 18,300                     | 7.6%                              | 1,800                              | 10.9%                                       |
| Salary & Benefits  | 133,874                    | 149,150                    | 134,140                      | 15,010                        | 150,000                    | 62.4%                             | 850                                | 0.6%  |
| <b>Total Member Services</b>                                       | <b>147,387</b>             | <b>172,150</b>             | <b>156,440</b>               | <b>15,710</b>                 | <b>175,250</b>             | <b>72.9%</b>                      | <b>3,100</b>                       | <b>1.8%</b>                                 |
| <b>Business Development</b>  |                            |                            |                              |                               |                            |                                   |                                    |   |
| Special Projects   | 12,723                     | 6,500                      | 3,250                        | 3,250                         | 6,500                      | 2.7%                              | 0                                  | 0.0%  |
| Beautification   | 200                        | 5,000                      | 4,500                        | 500                           | 5,000                      | 2.1%                              | 0                                  | 0.0%  |
| Community Initiatives  | 2,683                      | 5,500                      | 2,500                        | 3,000                         | 5,500                      | 2.3%                              | 0                                  | 0.0%  |
| <b>Total Business Development</b>                                  | <b>15,606</b>              | <b>17,000</b>              | <b>10,250</b>                | <b>6,750</b>                  | <b>17,000</b>              | <b>7.1%</b>                       | <b>0</b>                           | <b>0.0%</b>                                 |
| <b>Other</b>   |                            |                            |                              |                               |                            |                                   |                                    |   |
| Covid-19 Budget  | 3,998                      | 12,000                     | 12,000                       | 0                             | 12,000                     | 5.0%                              | 0                                  | 0.0%  |
| Harmonized Sales Tax   | 608                        | 0                          | 600                          | -600                          | 0                          | 0.0%                              | 0                                  | 0.0%  |
| <b>Total Other</b>   | <b>4,606</b>               | <b>12,000</b>              | <b>12,600</b>                | <b>-600</b>                   | <b>12,000</b>              | <b>5.0%</b>                       | <b>0</b>                           | <b>0.0%</b>                                 |
| <b>Total Expenditure</b>   | <b>189,961</b>             | <b>234,350</b>             | <b>202,548</b>               | <b>31,802</b>                 | <b>240,350</b>             | <b>100.0%</b>                     | <b>6,000</b>                       | <b>2.6%</b>                                 |

| Expenditure Detail:                                 | 2020<br>Audited<br>Actuals | 2021<br>Approved<br>Budget | 2021<br>Projected<br>Actuals | 2021<br>Projected<br>Variance | 2022<br>Proposed<br>Budget | Percentage<br>of Total<br>Revenue | Increase/<br>Decrease<br>over 2021 | Percentage<br>Budget<br>Change over<br>2021 |
|---|----------------------------|----------------------------|------------------------------|-------------------------------|----------------------------|-----------------------------------|------------------------------------|---|
| <b>Net Surplus/ Deficit</b>                         | <b>8,975</b>               | <b>0</b>                   | <b>0</b>                     | <b>0</b>                      | <b>0</b>                   |                                   |                                    |   |
| <b>Draw from / (Contribution to) Operating Fund</b> | <b>-8,975</b>              | <b>0</b>                   | <b>0</b>                     | <b>0</b>                      | <b>0</b>                   |                                   |                                    |   |
| Net   | 0                          | 0                          | 0                            | 0                             | 0                          |                                   |                                    |   |

All figures subject to audit.

All figures subject to rounding.

## Schedule "B"

### Operating Fund

|  |                |
|--|----------------|
| <b>Operating Fund Balance 2020 Audited</b>   | <b>130,287</b> |
| Draw from Operating Fund in 2021             | -21,271        |
| 2021 Projected Net Surplus                   | 0              |
| <b>Operating Fund Balance 2021 Projected</b> | <b>109,016</b> |

All figures subject to audit.

All figures subject to rounding.

### Reserve Fund

|  |          |
|--|----------|
| <b>Reserve Fund Balance 2020 Audited</b>   | <b>-</b> |
| Draw from Reserve Fund in 2021             | 0        |
| 2021 Contribution to Reserve Fund          | 0        |
| <b>Reserve Fund Balance 2021 Projected</b> | <b>-</b> |

All figures subject to audit.

All figures subject to rounding.

## Schedule “C”

Bill No.  
2022  
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 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 CP-1, as amended, provides for an improvement area to be known as the Old East Village Business Improvement Area and establishes 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 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 Old East Village 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 Old East Village Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$42,000.
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-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 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