

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: Hamilton Road 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 Hamilton Road Business Improvement Area:

- a. The Hamilton Road Business Improvement Area proposed 2022 budget submission in the amount of \$121,414 **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 Hamilton Road Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$70,000.
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law C.P.-1528-486 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 Hamilton Road 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 2.2, Hamilton Road 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=76693>

2.0 Financial Impact/Considerations

On November 17, 2021, the Board of Management of the Hamilton Road Business Improvement Area (HRBIA) 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 HRBIA has met this requirement in Schedule "A", noting the 2022 expenditure budget of \$121,414.

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

- a) HRBIA submitted a 2022 budget of \$121,414 which represents a decrease of \$13,817 (10.2%) compared to its 2021 budget of \$135,231. The decrease results from a reduced draw from the operating fund (\$9,360 compared to \$22,206 in 2021).
- b) A one-time grant of \$30,000 was approved by Municipal Council on November 16, 2021, to help the HRBIA build up contingency funding.
- c) A \$5,000 donation from the Hamilton Road Business Association in 2021 will be contributed to a reserve fund in 2021 and then used towards the maintenance (staining and repair) of the Tree Trunk Tour assets in 2022.
- d) Administration Salaries and Wages - a \$24,896 decrease in budget as a result of reducing part time staff members from three in 2021 to two in 2022.
- e) Marketing – an increase of \$4,500 is budgeted to bring greater focus on promotion and advertisement in the HRBIA.
- f) Tree Trunk Tour Initiative – \$10,000 is budgeted to be received from the "Friends of the Tree Trunk Tour Fund" in 2022. HRBIA will spend \$8,000 in 2022 on a new tree trunk project at the western boundary of the BIA. The remaining \$2,000 will be put to a Reserve Fund and spent at a later time on maintenance work on the tree trunks.
- g) Anticipated Grant Funding – At the time of the budget submission, HRBIA had two pending grant applications, one to Mainstreet for \$20,000 which would be allocated to two murals (\$10,000) and a community celebration (\$10,000), and one to Tourism London for \$10,000 which would be spent on two additional murals. Because of the uncertainty of this funding, it is not shown in the 2022 budget. These projects will not proceed if the funding is not received.

At the time of submitting this report, the audited 2021 financial statements were unavailable. After adjustments to the draw from the operating fund, HRBIA projects a surplus year-end position of \$30,091, including the one-time funding provided by Municipal Council on November 16, 2021. The unaudited projected December 31, 2021 Operating Fund balance is approximately \$37,709 and the projected Reserve Fund balance is \$5,000. The year-end fund balance is presented in Schedule "B".

Conclusion

The owners of business property within the business improvement area will be responsible for payment of \$70,000 to be raised by the Corporation for the 2022 fiscal year for the purposes of HRBIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay HRBIA 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"

Hamilton Road 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	68,997	70,000	70,000	0	70,000	57.7%	0	0.0%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	0.0%
Net Municipal Special Levy	68,997	70,000	70,000	0	70,000	57.7%	0	0.0%
Draw from Operating Fund	0	22,206	0	-22,206	9,360	7.7%	-12,846	-57.8%
Canada Summer Jobs Funding	6,938	28,025	27,054	-971	27,054	22.3%	-971	-3.5%
Digital Main Street	12,453	0	0	0	0	0.0%	0	0.0%
Friends of the Tree Trunk Tour Fund	0	10,000	0	-10,000	10,000	8.2%	0	0.0%
Graffiti Removal Subsidy	0	0	5,000	5,000	0	0.0%	0	0.0%
City Banner Subsidy	0	0	3,461	3,461	0	0.0%	0	0.0%
City of London Patio Grant Program	0	0	12,650	12,650	0	0.0%	0	0.0%
City of London - One Time Funding	0	0	30,000	30,000	0	0.0%	0	0.0%
Donation from Hamilton Road Business Association	2,500	5,000	5,000	0	0	0.0%	-5,000	-100.0%
Draw from Reserve Fund	0	0	0	0	5,000	4.1%	5,000	0.0%
Total Revenue	90,888	135,231	153,165	17,934	121,414	100.0%	-13,817	-10.2%

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								
Admin Salaries and Wages	66,077	64,896	46,074	18,822	40,000	33.5%	-24,896	-38.4%
Payroll, Employment Insurance and Canadian Pension Plan	3,478	4,562	3,470	1,092	3,164	2.6%	-1,398	-30.6%
Canada Summer Jobs	6,591	26,577	25,580	997	25,580	21.4%	-997	-3.8%
CSJ Payroll, Employment Insurance and Canadian Pension Plan	347	1,448	1,474	-26	1,474	1.2%	26	1.8%
Telephone and Internet	1,143	1,116	1,302	-186	1,200	1.0%	84	7.5%
Insurance	1,710	1,881	1,845	36	1,881	1.6%	0	0.0%
Bookkeeping, Audit and Professional Fees	3,500	3,500	3,600	-100	3,600	3.0%	100	2.9%
Office Supplies and Equipment	3,290	3,290	1,629	1,661	2,420	2.0%	-870	-26.4%
Training/ Conferences	0	0	2,574	-2,574	2,500	2.1%	2,500	0.0%
Total Administration	86,136	107,270	87,548	19,722	81,819	68.5%	-25,451	-23.7%
Rent								
Office Rent	11,718	10,800	10,800	0	10,800	9.0%	0	0.0%
Total Rent	11,718	10,800	10,800	0	10,800	9.0%	0	0.0%
Member Services								
CRM/Membership Services	446	0	0	0	600	0.5%	600	0.0%
Annual General Meeting	0	200	250	-50	200	0.2%	0	0.0%
Memberships - Provincial Business	0	255	255	0	255	0.2%	0	0.0%
Total Member Services	446	455	505	-50	1,055	0.9%	600	131.9%
Business Development								

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
Website Maintenance and Domain	210	20	220	-200	240	0.2%	220	1100.0%
Website and Email Hosting	0	960	840	120	300	0.3%	-660	-68.8%
Signage	2,975	0	0	0	0	0.0%	0	0.0%
Strategic Planning	0	200	0	200	200	0.2%	0	0.0%
Marketing	393	500	412	88	5,000	4.2%	4,500	900.0%
Tree Trunk Tour Initiative	0	10,000	0	10,000	8,000	6.7%	-2,000	-20.0%
Annual Graffiti Removal	0	0	5,000	-5,000	2,000	1.7%	2,000	0.0%
Long and Short Term Initiatives	5,612	5,026	5,099	-73	5,000	4.2%	-26	-0.5%
Tree Trunk Tour Maintenance	0	0	0	0	5,000	4.2%	5,000	0.0%
City of London Patio Grant Program	0	0	12,650	-12,650	0	0.0%	0	0.0%
Total Business Development	9,190	16,706	24,221	-7,515	25,740	21.6%	9,034	54.1%
Other								
Amortization of Capital Assets	253	0	0	0	0	0.0%	0	0.0%
Contribution to Reserve Fund	0	0	5,000	-5,000	2,000	1.6%	2,000	0.0%
Total Other	253	0	5,000	-5,000	2,000	0.0%	0	0.0%
Total Expenditure	107,743	135,231	128,074	7,157	121,414	100.0%	-13,817	-10.2%
Net Surplus/ Deficit	-16,855	0	25,091	25,091	0			
Draw from / (Contribution to) Operating Fund	16,855	0	-25,091	-25,091	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	12,618
Draw from Operating Fund in 2021	0
2021 Projected Net Surplus	25,091
Operating Fund Balance 2021 Projected	37,709

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	5,000
Reserve Fund Balance 2021 Projected	5,000

All figures subject to audit

Schedule “C”

Bill Number
2022
By-law Number

A by-law to raise the amount required for the purposes of the Hamilton Road 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-1528-486, as amended, provides for an improvement area to be known as the Hamilton Road Business Improvement Area and establishes a Board of Management for it known as the Hamilton Road 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 Hamilton Road 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 Hamilton Road Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$70,000.
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-1528-486, 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