

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 2023 Proposed Budget – Municipal Special Levy

Date: January 9, 2023

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 2023 budget submission in the amount of \$115,065 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by The Corporation of the City of London for the 2023 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 24, 2023.

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 10, 2022, Agenda item 2.3, Hamilton Road Business Improvement Area 2022 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=88890>

1.2 What is a “Business Improvement Area”?

The Province defines a Business Improvement Area (BIA) as an “innovation that allows local business people and commercial property owners and tenants to join together and, with the support of the municipality, to organize, finance, and carry out physical improvements and promote economic development in their district. Traditionally, a BIA is

a body established by a municipality using the specific business improvement area provisions in the Municipal Act, 2001. It is governed by a board of management. Once a traditional BIA is approved by municipal council, businesses within its boundaries become members and pay the BIA levy along with their property taxes.” Further information regarding the functions, activities and benefits of BIA’s can be found here:

<https://www.ontario.ca/document/business-improvement-area-handbook/introduction-business-improvement-areas>

2.0 Financial Impact/Considerations

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 Hamilton Road Business Improvement Area has met this requirement in Schedule “A”, noting the 2023 expenditure budget of \$115,065.

On November 16, 2022, the Board of Management of the Hamilton Road Business Improvement Area (HRBIA) approved the 2023 budget (Schedule “A”) which was presented to the members at the Annual General meeting on December 16, 2022.

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

- a) HRBIA submitted a 2023 budget of \$115,065 which represents a decrease of \$6,349 (5.2%) compared to its 2022 budget of \$121,414. The decrease results from a reduced draw from the operating fund and no further donations expected in 2023.
- b) Administration Salaries and Wages - A \$6,800 increase in budget as a result of inflationary increases.
- c) Marketing – Elimination of this budget item to support an increase in salaries. This item is seen as more discretionary in nature and will be reassessed in the future.
- d) Long and Short Term Initiatives – This budget item is being eliminated as there is currently no plan for long and short term initiatives in 2023; these will be determined at a later date.
- e) Tree Trunk Tour Maintenance – This budget line has been eliminated as this was funded from donations which are not expected in 2023.

At the time of submitting this report, the audited 2022 financial statements were unavailable. After adjustments to the draw from the operating fund, HRBIA projects a surplus year-end position of \$23,828. The unaudited projected December 31, 2022 Operating Fund balance is approximately \$68,450. The year-end fund balance is presented in Schedule “B”.

It should also be noted that the HRBIA submitted a budget amendment to the 2023 Annual Budget for additional funding from the City of London in the amount of \$100,000 to support operational needs. This amendment will be deliberated in later January, after the HRBIA’s 2023 budget is approved.

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 2023 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: Dylan Dubois, CPA, 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 2023 Proposed Budget with 2022 Comparators

Revenue Overview

Revenue Detail:	2021 Audited Actuals	2022 Approved Budget	2022 Projected Actuals	2022 Projected Variance	2023 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2022	Percentage Budget Change over 2022
Municipal Special Levy	69,778	70,000	70,000	0	70,000	60.8%	0	0.0%
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	0.0%
Net Municipal Special Levy	69,778	70,000	70,000	0	70,000	60.8%	0	0.0%
Draw from Operating Fund	0	9,360	0	-9,360	8,011	7.0%	-1,349	(14.4%)
Canada Summer Jobs Funding	28,152	27,054	27,054	0	27,054	23.5%	0	0.0%
Digital Main Street	14,476	0	0	0	0	0.0%	0	0.0%
Friends of the Tree Trunk Tour Fund	0	10,000	0	-10,000	10,000	8.7%	0	0.0%
Graffiti Removal Subsidy	5,000	0	0	0	0	0.0%	0	0.0%
Anticipated Grant Funding	0	0	30,000	30,000	0	0.0%	0	0.0%
City Banner Subsidy	3,461	0	0	0	0	0.0%	0	0.0%
City of London Patio Grant Program	12,650	0	15,000	15,000	0	0.0%	0	0.0%
Operating Fund	30,000	0	0	0	0	0.0%	0	0.0%
Miscellaneous Income	5,450	5,000	0	-5,000	0	0.0%	-5,000	(100.0%)
Total Revenue	168,967	121,414	142,054	20,640	115,065	100.0%	-6,349	-5.2%

Expenditure Overview

Expenditure Detail:	2021 Audited Actuals	2022 Approved Budget	2022 Projected Actuals	2022 Projected Variance	2023 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2022	Percentage Budget Change over 2022
Administration								
Admin Salaries and Wages	46,593	40,000	27,210	12,790	46,800	40.7%	6,800	17.0%
Payroll, Employment Insurance and Canadian Pension Plan	3,174	3,164	1,976	1,188	3,702	3.2%	538	17.0%
Canada Summer Jobs	22,800	25,580	25,580	0	25,580	22.2%	0	0.0%
CSJ Payroll, Employment Insurance and Canadian Pension Plan	1,553	1,474	1,200	274	1,474	1.3%	0	0.0%
Telephone and Internet	1,303	1,200	1,560	-360	1,560	1.4%	360	30.0%
Alarm System	0	0	637	-637	637	0.6%	637	0.0%
Insurance	1,771	1,881	1,892	-11	1,892	1.6%	11	0.6%
Bookkeeping, Audit and Professional Fees	3,600	3,600	3,800	-200	3,800	3.3%	200	5.6%
Office Supplies and Equipment	17,543	2,420	1,000	1,420	1,000	0.9%	-1,420	(58.7%)
Training/ Conferences	2,573	2,500	3,100	-600	3,500	3.0%	1,000	40.0%
Total Administration	100,910	81,819	67,955	13,864	89,945	78.2%	8,126	9.9%
Rent								
Office Rent	10,800	10,800	11,619	-819	12,000	10.4%	1,200	11.1%
Total Rent	10,800	10,800	11,619	-819	12,000	10.4%	1,200	11.1%

Expenditure Detail:	2021 Audited Actuals	2022 Approved Budget	2022 Projected Actuals	2022 Projected Variance	2023 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2022	Percentage Budget Change over 2022
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Member Services								
CRM/Membership Services	343	600	0	600	600	0.5%	0	0.0%
Annual General Meeting	167	200	250	-50	250	0.2%	50	25.0%
Memberships - Provincial Business	0	255	270	-15	270	0.2%	15	5.9%
Total Member Services	510	1,055	520	535	1,120	1.0%	65	6.2%

Business Development								
Website Maintenance and Domain	220	240	904	-664	1,000	0.9%	760	316.7%
Website and Email Hosting	840	300	300	0	300	0.3%	0	0.0%
Signage	0	0	0	0	500	0.4%	500	0.0%
Strategic Planning	0	200	200	0	200	0.2%	0	0.0%
Marketing	413	5,000	0	5,000	0	0.0%	-5,000	(100.0%)
Tree Trunk Tour Fund Initiative	0	10,000	0	10,000	10,000	8.7%	0	0.0%
Annual Graffiti Removal	5,000	2,000	0	2,000	0	0.0%	-2,000	(100.0%)
Anticipated Grant Funds	0	0	30,000	-30,000	0	0.0%	0	0.0%
Long and Short Term Initiatives	5,099	5,000	3,000	2,000	0	0.0%	-5,000	(100.0%)
Tree Trunk Tour Maintenance	0	5,000	3,729	1,271	0	0.0%	-5,000	(100.0%)
City of London Patio Grant Program	12,650	0	0	0	0	0.0%	0	0.0%
Total Business Development	24,222	27,740	38,133	-10,393	12,000	10.4%	-15,740	-56.7%

Expenditure Detail:	2021 Audited Actuals	2022 Approved Budget	2022 Projected Actuals	2022 Projected Variance	2023 Proposed Budget	Percentage of Total Revenue	Increase/ Decrease over 2022	Percentage Budget Change over 2022
Other								
Amortization of Capital Assets	572	0	0	0	0	0.0%	0	0.0%
Total Other	572	0	0	0	0	0.0%	0	0.0%
Total Expenditure	137,013	121,414	118,226	3,187	115,065	100.0%	-6,349	(5.2%)
Net Surplus/ Deficit	31,954	0	23,828	23,828	0			
Draw from / (Contribution to) Operating Fund	-31,954	0	-23,828	-23,828	0			
Net	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

Operating Fund

Operating Fund Balance 2021 Audited	44,622
Draw from Operating Fund in 2022	0
2022 Projected Net Surplus	23,828
Operating Fund Balance 2022 Projected	68,450

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2021 Audited	0
Draw from Reserve Fund in 2022	0
2022 Contribution to Reserve Fund	0
Reserve Fund Balance 2022 Projected	0

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number
2023
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 2023 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 2023 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 2023 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.

Josh Morgan, Mayor

Michael Schulthess, City Clerk

First Reading – January 24, 2023

Second Reading – January 24, 2023

Third Reading – January 24, 2023