

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 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 Old East Village Business Improvement Area:

- a. The Old East Village Business Improvement Area proposed 2023 budget submission in the amount of \$250,350 **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 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 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 2.6, Old East Village 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=88893>

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 Old East Village Business Improvement Area has met this requirement in Schedule “A”, noting the 2023 total expenditure budget of \$250,350.

On November 9, 2022, the Board of Management of the Old East Village Business Improvement Area (OEV BIA) approved the 2023 budget (Schedule “A”), which was presented to the members at the Annual General Meeting on the same day.

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

- a) The OEV BIA submitted a 2023 budget of \$250,350 which represents an increase of \$10,000 (4.2%) compared to its 2022 budget of \$240,350. The special levy to the members remains the same as 2022. The \$10,000 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 2023 include:
 - i. Advertising Marketing Promotions – an increase of \$1,550 over 2022 is budgeted to contribute to a larger marketing campaign promoting the Only in OEV experiential tourism series.
 - ii. Purchased Services – an increase of \$1,700 over 2022 is budgeted to increase bookkeeper support.
 - iii. Salary & Benefits – an increase of \$10,000 over 2022 is budgeted to provide inflationary wage increases to staff.
 - iv. Special Projects – an increase of \$3,500 over 2022 is budgeted to provide area events and programming on Dundas as construction concludes.
 - v. Beautification – an increase of \$3,100 over 2022 is budgeted to provide additional lighting, pole banners, flowers, etc. following completion of recent construction on Dundas.
 - vi. COVID Budget – this budget has been eliminated for 2023 given the majority of pandemic impacts have subsided.

At the time of submitting this report, audited 2022 financial statements were unavailable. Estimates received from OEV BIA indicate a projected 2022 year-end surplus of \$50,627. The unaudited projected December 31, 2022 Operating Fund balance is approximately \$163,526 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 2023 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 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"

Old East Village 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	42,000	42,000	42,000	0	42,000	16.8%	0	N/A
Tax Write Offs/Allowance	0	-2,000	-2,000	0	-2,000	-0.8%	0	N/A
Net Municipal Special Levy	42,000	40,000	40,000	0	40,000	16.0%	0	N/A
Interest Income		120	233	113	120	0.0%	0	N/A
City of London Funding	141,102	141,102	141,102	0	141,102	56.4%	0	N/A
Draw from Operating Fund		59,128	0	-59,128	69,128	27.6%	10,000	16.9%
Other Program Funding	27,551	0	19,500	19,500	0	0.0%	0	N/A
Digital Main Street Grant	14,608	0		0	0	0.0%	0	N/A
LEDC Vacancy Reduction Program	0	0	85,000	85,000	0	0.0%	0	N/A
Activation Funding	0	0	87,250	87,250	0	0.0%	0	N/A
Canadian Urban Institute	10,778	0	79,000	79,000	0	0.0%	0	N/A
HST Rebate	0	0	0	0	0	0.0%	0	N/A
Miscellaneous Income	0	0	0	0	0	0.0%	0	N/A
Total Revenue	236,039	240,350	452,085	211,735	250,350	100.0%	10,000	4.2%

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								
Telephone and Internet	1,635	1,500	1,650	-150	1,700	0.7%	200	13.3%
Travel	5	700	0	700	700	0.3%	0	N/A
Operating Supplies & Costs	906	2,000	556	1,444	2,000	0.8%	0	N/A
Printing & Communications	289	1,500	651	849	1,500	0.6%	0	N/A
Equipment & Building Allowance	0	4,500	200	4,300	4,500	1.8%	0	N/A
Salary & Benefits	0	2,000	1,698	302	2,000	0.8%	0	N/A
Financial Audits	3,331	2,500	2,300	200	3,350	1.3%	850	34.0%
Training Education Development	0	1,000	158	842	1,000	0.4%	0	N/A
Miscellaneous Expense	7,742	6,000	4,867	1,133	6,000	2.4%	0	N/A
Total Administration	13,908	21,700	12,080	9,620	22,750	9.1%	1,050	4.8%
Rent								
Office Rental	12,659	14,400	12,629	1,771	15,000	6.0%	600	4.2%
Total Rent	12,659	14,400	12,629	1,771	15,000	6.0%	600	4.2%
Member Services								
Advertising Marketing Promotions	16,784	6,950	9,771	-2,821	8,500	3.4%	1,550	22.3%
Purchased Services	26,250	18,300	84,291	-65,991	20,000	8.0%	1,700	9.3%
Salary & Benefits	143,098	150,000	146,328	3,672	160,000	63.9%	10,000	6.7%
Total Member Services	186,132	175,250	240,390	-65,140	188,500	75.3%	13,250	7.6%

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
Business Development								
Special Projects	17,179	6,500	98,918	-92,418	10,000	4.0%	3,500	53.8%
Beautification	2,000	5,000	22,300	-17,300	8,100	3.2%	3,100	62.0%
Community Initiatives	206	5,500	4,321	1,179	6,000	2.4%	500	9.1%
Total Business Development	19,385	17,000	125,539	-108,539	24,100	9.6%	7,100	41.8%
Other								
COVID Budget	8,569	12,000	9,915	2,085	0	0.0%	-12,000	(100.0%)
Late Fees Penalties	0	0	886	-886	0	0.0%	0	N/A
Other Program Expenses	10,746	0	0	0	0	0.0%	0	N/A
Amortization of tangible assets	800	0	0	0	0	0.0%	0	N/A
Harmonized Sales Tax	508	0	19	-19	0	0.0%	0	N/A
Miscellaneous	0	0	0	0	0	0.0%	0	N/A
Total Other	20,623	12,000	10,820	1,180	0	0.0%	-12,000	(100.0%)
Total Expenditure	252,707	240,350	401,457	-161,108	250,350	100.0%	10,000	4.2%
Net Surplus/ Deficit	-16,668	0	50,627	50,627	0			
Draw from / (Contribution to) Operating Fund	16,668	0	-50,627	-50,627	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	112,899
Draw from Operating Fund in 2022	0
2022 Projected Net Surplus	50,627
Operating Fund Balance 2022 Projected	163,526

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 No.
2023
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 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-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 2023 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 2023 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.

Josh Morgan, Mayor

Michael Schulthess, City Clerk

First Reading – January 24, 2023

Second Reading – January 24, 2023

Third Reading – January 24, 2023