

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: Argyle 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 Argyle Business Improvement Area:

- a. The Argyle Business Improvement Area proposed 2023 budget submission in the amount of \$295,620 **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 Argyle Business Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$215,000.
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law A.-6873-292 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 Argyle 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 2.2, Argyle 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=88889>

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 (BIA) must submit an annual budget to Council that Council may approve in whole or in part but may not add expenditures. The Argyle Business Improvement Area has met this requirement in Schedule "A", noting the 2023 total expenditure budget of \$295,620.

On October 12, 2022, the Board of Management of the Argyle Business Improvement Area (ABIA) approved the 2023 budget (Schedule "A") which was presented to the members at the Annual General Meeting on November 9, 2022.

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

- a) The ABIA submitted a 2023 budget of \$295,620, which represents an increase of \$12,620 (4.5%) compared to its 2022 budget of \$283,000. The special levy to the members remains the same as 2022. There is a slight increase in the Draw from Operating Fund/Reserve Fund and Canada Summer Jobs funding.
- b) Significant changes to expenditures in 2023 include:
 - i. Wages and Benefits – an increase of \$7,000 is budgeted for Executive Admin position expansion and potential staff pay increases approved by the Board.
 - ii. Student Wages and Benefits – an increase of \$5,000 is budgeted due to hiring additional summer students with Canada Summer Jobs funding.
 - iii. Special Events – a decrease of \$3,000 is budgeted due to more combined community events, requiring less resources from ABIA.
 - iv. Safety and Security – an increase of \$8,000 is expected in 2023 due to an increased need for additional security in the business area as highlighted by membership.

At the time of submitting this report, the audited 2022 financial statements were unavailable. After adjustments to the draw from the operating fund, ABIA projects a balanced year-end position, no surplus or deficit. The unaudited projected December 31, 2022 Operating Fund balance is \$51,207 and the unaudited projected Reserve Fund balance is \$70,000. 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 \$215,000 to be raised by the Corporation for the 2023 fiscal year for the purposes of the ABIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay ABIA 50% of the budgeted Municipal Special Levy amount, 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"

Argyle 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	215,000	215,000	215,000	0	215,000	72.7%	0	N/A
Tax Write Offs/Allowance	0	0	0	0	0	0.0%	0	N/A
Net Municipal Special Levy	215,000	215,000	215,000	0	215,000	72.7%	0	N/A
Draw from Operating Fund	0	50,000	7,820	-42,180	56,820	19.2%	6,820	13.6%
Digital Main Street	14,608	0	0	0	0	0.0%	0	N/A
Santa Clause Parade Sponsorship	2,000	2,700	2,500	-200	3,500	1.2%	800	29.6%
Government Student Funding	4,320	10,000	7,525	-2,475	15,000	5.1%	5,000	50.0%
City of London Patio Grant	7,844	0	16,500	16,500	0	0.0%	0	N/A
Argyle Currency Grant	0	0	28,000	28,000	0	0.0%	0	N/A
Argyle Community Well-Being Grant	0	0	1,345	1,345	0	0.0%	0	N/A
Interest Income	373	300	600	300	300	0.1%	0	N/A
HST Rebate	0	5,000	5,000	0	5,000	1.7%	0	N/A
Miscellaneous Income	450	0	0	0	0	0.0%	0	N/A
Total Revenue	244,595	283,000	284,290	1,290	295,620	100.0%	12,620	4.5%

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								
Wages and Benefits	91,118	82,000	73,000	9,000	89,000	30.1%	7,000	8.5%
Student Wages and Benefits	0	10,000	7,525	2,475	15,000	5.1%	5,000	50.0%
Seasonal/ PT Wages	0	10,000	10,000	0	7,000	2.4%	-3,000	(30.0%)
EI and CPP	0	6,000	6,000	0	6,500	2.2%	500	8.3%
Telephone and Internet	1,049	1,200	1,000	200	1,200	0.4%	0	N/A
Banking Charges	0	100	0	100	100	0.0%	0	N/A
Stationery and Supplies	119	0	0	0	0	0.0%	0	N/A
Insurance	1,714	1,900	1,750	150	2,000	0.7%	100	5.3%
Repairs and Maintenance	0	2,500	1,200	1,300	1,500	0.5%	-1,000	(40.0%)
Travel and Transportation	0	200	20	180	200	0.1%	0	N/A
Bookkeeping, Audit and Professional Fees	6,412	9,000	9,000	0	9,000	3.0%	0	N/A
Training/ Conferences	1,350	1,700	1,700	0	2,100	0.7%	400	23.5%
Subscriptions/ Memberships	590	700	600	100	700	0.2%	0	N/A
Utilities	1,629	2,000	2,300	-300	2,500	0.8%	500	25.0%
Cleaning	1,148	0	0	0	0	0.0%	0	N/A
Website Hosting and Domain	0	1,000	550	450	120	0.0%	-880	(88.0%)
Office Supplies	2,060	3,000	2,500	500	3,000	1.0%	0	N/A
Postage and Courier	0	200	0	200	200	0.1%	0	N/A
Miscellaneous Expense	0	1,000	1,000	0	0	0.0%	-1,000	(100.0%)
Total Administration	107,189	132,500	118,145	14,355	140,120	47.4%	7,620	5.8%

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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Rent								
Rent	19,732	20,000	20,000	0	20,000	6.8%	0	N/A
Total Rent	19,732	20,000	20,000	0	20,000	6.8%	0	N/A

Business Development								
Special Events	4,044	10,000	2,000	8,000	7,000	2.4%	-3,000	(30.0%)
Communications & Marketing	19,348	25,000	25,000	0	25,000	8.5%	0	N/A
Clean Streets Program	0	5,000	2,000	3,000	5,000	1.7%	0	N/A
Planters/Hanging Baskets	17,952	20,000	22,800	-2,800	20,000	6.8%	0	N/A
Santa Claus Parade	15,957	20,000	20,000	0	20,000	6.8%	0	N/A
Digital Main Street	14,608	0	0	0	0	0.0%	0	N/A
Safety and Security	6,838	12,000	10,000	2,000	20,000	6.8%	8,000	66.7%
Cleaning and Maintenance	1,550	0	0	0	0	0.0%	0	N/A
Social Improvement Program	0	10,000	0	10,000	10,000	3.4%	0	N/A
Signage and Banners	0	2,500	2,500	0	2,500	0.8%	0	N/A
Streetscape Improvement Program	0	4,000	4,000	0	4,000	1.4%	0	N/A
Patio Improvement Program	0	0	16,500	-16,500	0	0.0%	0	N/A
Argyle Community Well-Being Recovery Grant	0	0	1,345	-1,345	0	0.0%	0	N/A
Argyle Currency Program	0	0	28,000	-28,000	0	0.0%	0	N/A
Façade Improvement Grant	0	10,000	0	10,000	10,000	3.4%	0	N/A
Total Business Development	80,297	118,500	134,145	-15,645	123,500	41.8%	5,000	4.2%

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								
Harmonized Sales Tax	1,135	2,000	2,000	0	2,000	0.7%	0	N/A
Amortization	2,650	0	0	0	0	0.0%	0	N/A
Tax Write Offs	23,229	10,000	10,000	0	10,000	3.4%	0	N/A
Miscellaneous	0	0	0	0	0	0.0%	0	N/A
Total Other	27,014	12,000	12,000	0	12,000	4.1%	0	N/A
Total Expenditure	234,232	283,000	284,290	-1,290	295,620	100.0%	12,620	4.5%
Net Surplus/ Deficit	10,363	0	0	0	0			
Draw from / (Contribution to) Operating Fund	-10,363	0	0	0	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	59,027
Draw from Operating Fund in 2022	-7,820
2022 Projected Net Surplus	0
Operating Fund Balance 2022 Projected	51,207

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2021 Audited	70,000
Draw from Reserve Fund in 2022	0
2022 Contribution to Reserve Fund	0
Reserve Fund Balance 2022 Projected	70,000

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 Argyle 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 A.-6873-292, as amended, provides for an improvement area to be known as the Argyle Business Improvement Area and establishes a Board of Management for it known as the Argyle 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 Argyle 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 Argyle Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$215,000.
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 A.-6873-292, 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