

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

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

Subject: London Downtown Business Association 2024 Proposed Budget - Municipal Special Levy

Date: January 15, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the London Downtown Business Association:

- a. The London Downtown Business Association proposed 2024 budget submission in the amount of \$3,010,227 **BE APPROVED** as outlined in Schedule “A”.
- b. The amount to be raised by the Corporation of the City of London for the 2024 fiscal year for the purposes of the London Downtown Business Association and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$2,050,227.
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, above, by a levy in accordance with By-law CP-2 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 London Downtown Business Association **BE INTRODUCED** at the Municipal Council meeting on January 23, 2024.

Linkage to the Corporate Strategic Plan

Council’s 2023 to 2027 Strategic Plan for the City of London identifies “Economic Growth, Culture, and Prosperity” as a strategic area of focus. This involves 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 9, 2023, Agenda item 2.4, London Downtown Business Association 2023 Proposed Budget – Municipal Special Levy. This report can be found on the City’s website by visiting:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=96246>

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 London Downtown Business Association has met this requirement in Schedule “A”, noting the 2024 total expenditure budget of \$3,010,227.

On September 27, 2023, the Board of Management of the London Downtown Business Association (LDBA) approved the 2024 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 7, 2023.

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

- a) The LDBA submitted a 2024 budget of \$3,010,227 which represents an increase of \$1,090,184 (56.8%) compared to its 2023 budget of \$1,920,043. The total increase in revenue is a result of the following:
 - i. The Municipal Special Levy increased by \$106,884 to \$2,050,227. This 5.5% increase is a board decision to account for inflationary pressures to ensure the same level of service is maintained.
 - ii. The Tax Write Offs/Allowance budget has been decreased by \$55,000 to \$110,000 in 2024 based on estimates provided by the Taxation and Revenue department at the City of London.
 - iii. The Draw from Operating Fund increased in 2024 by \$1,035,000 to \$1,065,000 in 2024 primarily due to special one-time COVID-19 Business Relief Funding approved by Municipal Council. This funding was received late in 2023 so could not be fully expended until 2024.
- b) Significant changes to expenditures in 2024 include:
 - i. Rent and Hydro – An increase of \$29,000 in anticipation of the lease expiring and possible relocation.
 - ii. Move and Leaseholds – An increase of \$30,000 in anticipation of the lease expiring and possible relocation.
 - iii. Member Services and Retention – An increase of \$15,300 to support new member programs (experiential trails).
 - iv. Data Research – An increase of \$5,000 from the 2023 budget to support an update to the Association’s strategic plan.
 - v. Community Led Event Sponsorships – Reallocation of \$25,000 of this budget to Downtown Gift Card Sponsorships to help ensure these funds are reinvested in downtown business.
 - vi. OBIAA Conference – This item has been removed from the 2024 budget as this event was one time in nature.
 - vii. Grant Program through Mainstreet – A decrease of \$27,500 to help bring the overall budget in line with board direction.
 - viii. Business Recruitment Through MainStreet - A decrease of \$45,000 to help bring the overall budget in line with board direction.
 - ix. COVID-19 Business Relief – an increase of \$1,065,000 for this one-time funding approved in late 2023; the majority of the expenditures will likely carry over into 2024.

- c) LDBA did not provide a separate budget for Mainstreet London because all expenditures will be funded by LDBA.

At the time of submitting this report, audited 2023 financial statements were unavailable. Estimates received from LDBA indicated that there is a projected year-end surplus of \$1,065,083 for 2023. The unaudited projected December 31, 2023, reserve fund balance is \$144,705 and the unaudited projected balance in the Operating Fund is \$1,792,523 including year-end adjustments.

Conclusion

The owners of business property within the BIA will be responsible for payment of \$2,050,227 to be raised by the Corporation for the 2024 fiscal year for the purposes of LDBA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the LDBA 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"

London Downtown Business Improvement Area 2024 Proposed Budget with 2023 Comparators

Revenue Overview

Revenue Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Revenue	Increase/Decrease over 2023	Percentage Budget Change over 2023
Municipal Special Levy	1,905,238	1,943,343	1,943,343	0	2,050,227	68.1%	106,884	5.5%
Tax Write Offs/Allowance	-204,686	-55,000	-199,000	-144,000	-110,000	-3.7%	-55,000	100.0%
Net Municipal Special Levy	1,700,552	1,888,343	1,744,343	-144,000	1,940,227	64.5%	51,884	2.7%
Draw from Operating Fund	0	30,000	57,000	27,000	1,065,000	35.4%	1,035,000	3450.0%
COVID-19 Business Relief Funding	0	0	1,160,000	1,160,000	0	0.0%	0	N/A
Interest Income	6,350	1,700	16,555	14,855	5,000	0.2%	3,300	194.1%
Miscellaneous Income	214,160	0	34,400	34,400	0	0.0%	0	N/A
Total Revenue	1,921,062	1,920,043	3,012,298	1,092,255	3,010,227	100.0%	1,090,184	56.8%

Expenditure Overview

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditures	Increase/Decrease over 2023	Percentage Budget Change over 2023
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Administration								
Wages and Benefits	567,679	587,100	561,610	25,490	592,000	19.7%	4,900	0.8%
Telephone and Internet	9,221	9,500	9,895	-395	9,500	0.3%	0	0%
Stationery and Supplies	3,991	4,000	4,000	0	4,000	0.1%	0	0%
Insurance	9,000	8,200	8,200	0	8,700	0.3%	500	6.1%
Legal, Audit and Professional Fees	16,257	9,000	9,160	-160	9,000	0.3%	0	0%

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditures	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Administration (Continued)								
Purchase and Leasing Equipment	14,747	15,000	16,345	-1,345	18,000	0.6%	3,000	20.0%
Training/Conferences	17,953	18,000	18,475	-475	18,000	0.6%	0	0%
Meetings and Meals	1,132	4,000	3,200	800	4,000	0.1%	0	0%
Subscriptions/ Memberships	4,956	4,500	4,500	0	4,500	0.1%	0	0%
Cleaning	8,746	9,200	9,965	-765	9,200	0.3%	0	0%
Board Development & Expenses	678	5,000	3,690	1,310	4,000	0.1%	-1,000	(20.0%)
Miscellaneous Expense	714	1,000	500	500	750	0.0%	-250	(25.0%)
Total Administration	655,074	674,500	649,540	24,960	681,650	22.6%	7,150	1.1%
Rent								
Rent and Hydro	79,718	83,000	81,000	2,000	112,000	3.7%	29,000	34.9%
Move and Leaseholds	0	0	0	0	30,000	1.0%	30,000	N/A
Total Rent	79,718	83,000	81,000	2,000	142,000	4.7%	59,000	34.9%
Member Services								
Graffiti Removal	52,914	53,000	53,890	-890	54,000	1.8%	1,000	1.9%
Member Services and Retention	78,393	96,500	95,185	1,315	111,800	3.7%	15,300	15.9%
Annual General Meeting	4,850	8,000	4,150	3,850	8,400	0.3%	400	5.0%
Data Research	42,420	10,000	8,600	1,400	15,000	0.5%	5,000	50.0%
Total Member Services	178,577	167,500	161,825	5,675	189,200	6.3%	21,700	13.0%

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditures	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Business Development								
Communications and Marketing	238,282	227,250	225,000	2,250	226,650	7.5%	-600	(0.3%)
Event Sponsorships	106,232	80,500	55,000	25,500	75,000	2.5%	-5,500	(6.8%)
Community Led Event Sponsorships	38,905	25,000	15,000	10,000	0	0.0%	-25,000	(100.0%)
Downtown Gift Card Sponsorships	57,978	50,000	50,000	0	75,000	2.5%	25,000	50.0%
Pandemic Response	155,649	0	0	0	0	0.0%	0	N/A
OBIAA Conference	0	15,000	13,000	2,000	0	0.0%	-15,000	(100.0%)
Grant Program Through MainStreet	100,000	165,000	165,000	0	137,500	4.6%	-27,500	(16.7%)
Business Recruitment Through MainStreet	74,696	140,000	140,000	0	95,000	3.2%	-45,000	(32.1%)
Planters	32,839	33,000	32,850	150	40,000	1.3%	7,000	21.2%
Public Realm/Art	43,924	33,000	20,000	13,000	33,000	1.1%	0	0%
Cleaning and Maintenance	168,996	209,380	231,000	-21,620	215,500	7.2%	6,120	2.9%
COVID-19 Business Relief	0	0	95,000	-95,000	1,065,000	35.4%	1,065,000	N/A
Miscellaneous	0	1,368	1,000	368	1,227	0.0%	-141	(10.3%)
Total Business Development	1,017,501	979,498	1,042,850	-63,352	1,963,877	65.2%	984,379	100.5%

Expenditure Detail:	2022 Audited Actuals	2023 Approved Budget	2023 Projected Actuals	2023 Projected Variance	2024 Proposed Budget	Percentage of Total Expenditures	Increase/ Decrease over 2023	Percentage Budget Change over 2023
Other								
Harmonized Sales Tax	13,685	15,545	12,000	3,545	12,500	0.4%	-3,045	(19.6%)
Reserve build up	0	0	0	0	21,000	0.7%	21,000	N/A
Total Other	13,685	15,545	12,000	3,545	33,500	1.1%	17,955	-19.6%
Total Expenditure	1,944,555	1,920,043	1,947,215	-27,172	3,010,227	100.0%	1,090,184	56.8%
Net Surplus/ Deficit	-23,493	0	1,065,083	1,065,083	0			
Draw from / (Contribution to) Operating Fund	23,493	0	-1,065,083	-1,065,083	0			
Net	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

Operating Fund

Operating Fund Balance 2022 Audited	670,440
Draw from Operating Fund in 2023	57,000
2023 Projected Net Surplus	1,065,083
Operating Fund Balance 2023 Projected	1,792,523

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2022 Audited	144,705
Draw from Reserve Fund in 2023	0
2023 Contribution to Reserve Fund	0
Reserve Fund Balance 2023 Projected	144,705

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number
2024
By-law Number

A by-law to raise the amount required for the purposes of the London Downtown Business Improvement Area Board of Management for the year 2024 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-2, as amended, provides for an improvement area to be known as the London Downtown Business Improvement Area and establishes a Board of Management for it known as the London Downtown 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 2024 fiscal year submitted by the London Downtown Business Improvement Area Board of Management attached as Schedule “A” is approved.
2. The amount to be raised by the Corporation for the 2024 fiscal year for the purposes of the London Downtown Business Improvement Area Board of Management and pursuant to subsection 208(1) of the Municipal Act, 2001 is \$2,050,227.
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-2, 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 23, 2024

Second Reading – January 23, 2024

Third Reading – January 23, 2024