

TO:	CORPORATE SERVICES COMMITTEE MEETING ON MARCH 25, 2014
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2014 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the London Downtown Business Association proposed 2014 budget submission in the amount of \$968,133 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2014 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 \$1,043,403 (which accounts for \$958,403 for the City of London levy as required by the London Downtown Business Association to help support its 2014 budget and an estimated allowance of \$85,000 to provide for vacancy rebates);
3. A special charge **BE ESTABLISHED** for the amount referred to in part 2, 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
4. That the attached by-law (see Schedule C) **BE INTRODUCED** at the Municipal Council on April 1, 2014 with respect to municipal special levy for the London Downtown Business Association.

BACKGROUND

The London Downtown Business Association (LDBA) approved its 2014 budget on December 19, 2013 and submitted it to the City of London's Finance Department on January 23, 2014 (see Schedule A).

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that the Council may approve in whole or in part but may not add expenditures to. The LDBA has met this requirement in Schedule A, noting the 2014 expenditure budget is \$968,133.

We provide the following comments based on our review of the submission:

- a) The LDBA submitted a 2014 budget of \$968,133 which represents a \$16,904 or 1.8% increase compared to its 2013 budget of \$951,229.
- b) Significant changes to revenues include a 2.5% increase in the 2014 City of London Levy requested by the LDBA from \$935,027 in 2013 to \$958,403 in 2014. The revenue increase will be partially offset by a decreased reliance on the use of reserves. Significant changes to expenditures include a budget increase in rent, utilities and office furniture related to the occupancy of the new office (rental agreement expires May 31, 2018) and increases in communication and marketing costs due to a budget realignment associated with the reduction in festivals. Sponsorship of Mainstreet London has been increased to partially cover the reduction of City funding to Main Street London.

The LDBA also submitted the MainStreet London budget which, too, was approved on December 19, 2013. The following comments are offered based on our review:

- a) MainStreet London submitted a 2014 budget of \$441,693 which represents a decrease of \$50,056 or 10.2%, compared to its 2013 budget of \$491,749.
- b) Significant changes to revenues include elimination of the \$53,000 City of London funding. Significant changes to expenditures include reduced costs related to the About Face program due to fewer anticipated funding project requests and the elimination of a part-time staff member.

At the time of submitting this report, 2013 draft financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there was a combined year end deficit of \$49,944 in 2013. The unaudited December 31, 2013 reserve balances as reported by LDBA and MainStreet London, which include year end position adjustments, was \$57,695 (\$57,695 for LDBA and nil for MainStreet London).

As in 2013, owners of business property within the business improvement area will be responsible for payment of the municipal levy to the City of London. The City of London will pay the LDBA on a quarterly basis based on the estimated special levy amount of \$958,403.

Under subsection 207(1) of the Municipal Act, 2001, a business improvement area must submit to Council its annual financial report for the preceding year. The LDBA meets this requirement each year through the City of London's Annual Financial Report.

PREPARED BY:	REVIEWED BY:
JASON SENESE MANAGER - FINANCIAL PLANNING & POLICY	LARRY PALARCHIO DIRECTOR - FINANCIAL PLANNING & POLICY
RECOMMENDED BY:	
MIKE TURNER DEPUTY CITY TREASURER	

cc: Martin Hayward – Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
 Jim Logan – Division Manager, Taxation & Revenue
 Ian Collins – Senior Financial Business Administrator

Schedule A

London Downtown Business Association 2014 Proposed Budget with 2013 Comparators

Revenue Overview

LDBA Revenue Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
Total City of London Levy	1,018,027	1,018,027	0	1,043,403	25,376
Allowance for vacancy rebates	(83,000)	(83,000)	0	(85,000)	(2,000)
<i>Net City of London Levy</i>	<i>935,027</i>	<i>935,027</i>	<i>0</i>	<i>958,403</i>	<i>23,376</i>
Tax Write offs	(8,000)	(9,212)	(1,212)	(9,000)	(1,000)
LDBA Reserve Drawdown	22,202	12,867	(9,335)	16,730	(5,472)
Interest Income	2,000	1,721	(279)	2,000	0
Miscellaneous Income	0	20,000	20,000	0	0
Total LDBA Revenue	951,229	960,403	9,174	968,133	16,904

Expenditure Overview

LDBA Expenditure Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
<u>Administration</u>					
Telephone	4,800	6,371	(1,571)	5,750	950
Stationery and Supplies	0	0	0	3,500	3,500
Training / Conferences	5,000	5,752	(752)	16,100	11,100
Subscriptions / Memberships	1,300	2,491	(1,191)	2,590	1,290
Legal & Audit	4,000	4,607	(607)	2,000	(2,000)
Cleaning	0	0	0	6,300	6,300
Board Development & Expenses	1,500	1,753	(253)	1,200	(300)
Office Furniture	0	0	0	12,000	12,000
Misc Expense	900	899	1	1,000	100
Depreciation Expense - Furniture/Phone	0	538	(538)	0	0
Total Administration	17,500	22,412	(4,912)	50,440	32,940
<u>Rent</u>					
Rent and Hydro	32,000	59,839	(27,839)	64,500	32,500
Move	80,000	116,247	(36,247)	0	(80,000)
Total Rent	112,000	176,086	(64,086)	64,500	(47,500)
<u>Member Services</u>					
Graffiti Removal	34,000	31,699	2,301	31,000	(3,000)
Pigeon Program	12,000	11,158	842	12,000	0
Annual General Meeting	14,000	0	14,000	14,000	0
Wi-Fi Project	18,000	28,335	(10,335)	19,500	1,500
Total Member Services	78,000	71,191	6,809	76,500	(1,500)
<u>Business Development</u>					
Communications & Marketing	132,000	156,530	(24,530)	210,000	78,000
Festivals	50,000	36,048	13,952	0	(50,000)
Promo Downtown Dollars	40,000	30,000	10,000	30,000	(10,000)
MainStreet Sponsorship	347,249	347,249	0	375,193	27,944
MainStreet About Face Sponsorship	75,000	50,000	25,000	65,000	(10,000)
<i>Total MainStreet Funding</i>	<i>422,249</i>	<i>397,249</i>	<i>25,000</i>	<i>440,193</i>	<i>17,944</i>
Planters	15,000	13,465	1,535	15,000	0
Public Art	7,000	9,475	(2,475)	7,000	0
Clean Team	60,000	50,950	9,050	54,500	(5,500)
Miscellaneous	3,480	2,804	676	2,000	(1,480)
Depreciation Expense - Metal Trees	0	22,716	(22,716)	0	0
Total Business Development	729,729	719,238	10,491	758,693	28,964
HST	14,000	7,728	6,272	18,000	4,000
Total LDBA Expenditure	951,229	996,655	(45,426)	968,133	16,904
Net Surplus / (Deficit)	0	(36,252)	(36,252)	0	0
Net	0	0	0	0	0

Note: all figures subject to audit.

Schedule B

**MainStreet London
2014 Proposed Budget
with 2013 Comparators**

Revenue Overview

Mainstreet London Revenue Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
Revenue					
City of London Funding	53,000	53,000	0	0	(53,000)
London Downtown Business	347,249	347,249	0	375,193	27,944
LDBA Sponsorship for Aboutface	75,000	50,000	(25,000)	65,000	(10,000)
<i>Total LDBA Funding</i>	<i>422,249</i>	<i>397,249</i>	<i>(25,000)</i>	<i>440,193</i>	<i>17,944</i>
Interest Income	1,500	1,909	409	1,500	0
Reserve Drawdown	15,000	0	(15,000)	0	(15,000)
Total Mainstreet London Revenue	491,749	452,158	(39,591)	441,693	(50,056)

Expenditure Overview

Mainstreet London Expenditure Detail:	2013 Revised Budget	2013 Actuals	Surplus (Deficit)	2014 Proposed Budget	Increase / (Decrease) over 2013
Administration Payroll					
Personnel Costs	354,865	354,865	0	330,385	(24,480)
Total Administrative Payroll	354,865	354,865	0	330,385	(24,480)
Administration					
Telephone	4,000	4,062	(62)	4,000	0
Stationary & Supplies	3,000	3,465	(465)	0	(3,000)
Travel & Expenses	1,600	1,858	(258)	0	(1,600)
Conferences & Continuing Education	2,600	2,610	(10)	2,500	(100)
Memberships	1,265	1,288	(23)	0	(1,265)
Legal & Audit	1,000	2,383	(1,383)	1,000	0
Insurance	5,900	5,880	20	5,900	0
Professional Services	500	521	(21)	600	100
Postage & Courier	300	567	(267)	0	(300)
Purchase/Leasing Furniture & Equipment	12,500	20,149	(7,649)	14,000	1,500
Cleaning	3,000	4,650	(1,650)	0	(3,000)
Meeting Expense	0	46	(46)	0	0
Miscellaneous Expenses	2,019	5,884	(3,865)	1,908	(111)
HST Write off of 50% at year end	8,800	(1,877)	10,677	8,500	(300)
Depreciation Expense	0	4,592	(4,592)	0	0
Total Administration	46,484	56,078	(9,594)	38,408	(8,076)
Organization / Design / Promotion					
Volunteer Recognition/Event	400	195	205	400	0
About Face	75,000	39,670	35,330	65,000	(10,000)
Recruitment	15,000	15,042	(42)	7,500	(7,500)
Total Organization / Design / Promotion	90,400	54,907	35,493	72,900	(17,500)
Total Mainstreet London Expense	491,749	465,850	25,899	441,693	(50,056)
Net Surplus / (Deficit)	0	(13,692)	(13,692)	0	0
Net	0	0	0	0	0

Note: all figures subject to audit.

Schedule C

Bill No.
2014

By-law No.

A by-law to raise the amount required for the purposes of The London Downtown Business Association Improvement Area Board of Management for the year 2014 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-law 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 Association Improvement Area and to establish a Board of Management for it known as The London Downtown Business Association Improvement Area Board of Management;

AND WHEREAS subsection 208(1) of the *Municipal Act, 2001* provides that Council shall annually raise the amount required for the purposes of The London Downtown Business Association Improvement Area Board of Management;

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 2014 fiscal year submitted by The London Downtown Business Association Improvement Area Board of Management in the amount of \$968,133 attached as Schedule "A", which includes a City of London Levy in the amount of \$958,403, is approved.
2. The amount to be raised by the Corporation for the 2014 fiscal year for the purposes of The London Downtown Business Association Improvement Area Board of Management and pursuant to subsection 208(1) of the *Municipal Act, 2001* is \$1,043,403.
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.

Joe Fontana,
Mayor

Catharine Saunders,
City Clerk