

TO:	CORPORATE SERVICES COMMITTEE MEETING ON MARCH 3, 2015
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2015 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the London Downtown Business Association proposed 2015 budget submission in the amount of \$1,718,700 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2015 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 \$1,821,000;
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 March 10, 2015 with respect to municipal special levy for the London Downtown Business Association.

BACKGROUND

The London Downtown Business Association (LDBA) approved its 2015 budget on December 18, 2014 and submitted it to the City of London's Finance Department on January 19, 2015 (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 2015 expenditure budget is \$1,718,700.

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

- a) The LDBA submitted a 2015 budget of \$1,718,700 which represents a \$750,567 or 77.5% increase compared to its 2014 budget of \$968,133.
- b) Significant changes to revenues include a \$777,597 or 74.5% increase in the 2015 City of London levy compared to 2014 (2015 levy \$1,821,000, 2014 levy \$1,043,403). A major expansion, enlarging the area designated as an improvement area was approved for 2015. The number of tenants within this new boundary area increased from 215 to 523. Significant changes to expenditures include an increase in wages and benefits due to a portion of MainStreet London administration costs transferred to the LDBA and increased staffing resulting from the expansion of the business improvement area boundary. Expansion of the business improvement area is also the primary driver of other expenditure categories such as communications and marketing, and other business development initiatives.

The LDBA also submitted the MainStreet London budget (see Schedule B), which was approved on December 18, 2014. The following comments are offered based on our review:

- a) MainStreet London submitted a 2015 budget of \$422,500 which represents a decrease of \$19,193 or 4.3% compared to its 2014 budget of \$441,693.
- b) Significant changes to revenues include a reduction of the LDBA sponsorship funding due to the expenditures being transferred to LDBA and increased About Face funding due to anticipated increases in funding requests. Significant changes to expenditures include reductions to personnel and other administrative expenses due to costs transferred to the LDBA. Partially offsetting these reductions are increases in the About Face program to meet program requirements and a new fiber optic program that will be delivered in conjunction with the London Economic Development Corporation.

At the time of submitting this report, 2014 draft financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there is an estimated combined year end deficit of \$97,238 for 2014. The unaudited December 31, 2014 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 2014, 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 budgeted special levy amount of \$1,821,000.

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:
David Bordin Manager of Financial Planning & Policy	Jason Senese Manager of Financial Planning & Policy
Concurred By:	Recommended By:
Larry Palarchio Director of Financial Planning & Policy	Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

cc: Anna Lisa Barbon – Director, Financial Services
 Jim Logan – Division Manager, Taxation & Revenue
 Ian Collins – Senior Financial Business Administrator

Schedule A

**London Downtown Business Association
2015 Proposed Budget
with 2014 Comparators**

Revenue Overview

LDBA Revenue Detail:	2014 Revised Budget	2014 Actuals	Surplus (Deficit)	2015 Proposed Budget	Increase / (Decrease) over 2014
Total City of London Levy	1,043,403	1,043,403	0	1,821,000	777,597
Tax Write Offs	(9,000)	(67,271)	(58,271)	(19,000)	(10,000)
Allowance for Vacancy Rebates	(85,000)	(85,000)	0	(85,000)	0
LDBA Reserve Drawdown	16,730	0	(16,730)	0	(16,730)
Interest Income	2,000	776	(1,224)	1,700	(300)
Miscellaneous Income	0	0	0	0	0
Total LDBA Revenue	968,133	891,908	(76,225)	1,718,700	750,567

Expenditure Overview

LDBA Expenditure Detail:	2014 Revised Budget	2014 Actuals	Surplus (Deficit)	2015 Proposed Budget	Increase / (Decrease) over 2014
<u>Administration</u>					
Wages and Benefits	0	0	0	511,000	511,000
Telephone	5,750	6,599	(849)	11,500	5,750
Stationery and Supplies	3,500	3,289	211	3,500	0
Insurance	0	0	0	6,500	6,500
Professional Services	0	0	0	3,600	3,600
Purchase and Leasing Equipment	0	0	0	19,000	19,000
Training / Conferences	16,100	16,864	(764)	19,000	2,900
Subscriptions / Memberships	2,590	2,714	(124)	2,600	10
Legal & Audit	2,000	3,668	(1,668)	5,000	3,000
Cleaning	6,300	6,736	(436)	6,300	0
Board Development & Expenses	1,200	1,221	(21)	5,000	3,800
Office Furniture	12,000	11,637	363	16,000	4,000
Misc. Expense	1,000	727	273	4,000	3,000
Depreciation Expense-Furniture/Phone	0	12,427	(12,427)	0	0
Total Administration	50,440	65,882	(15,442)	613,000	562,560
<u>Rent</u>					
Rent and Hydro	64,500	58,891	5,609	77,000	12,500
Move	0	3,200	(3,200)	0	0
Total Rent	64,500	62,091	2,409	77,000	12,500
<u>Member Services</u>					
Graffiti Removal	31,000	31,199	(199)	32,000	1,000
Pigeon Program	12,000	4,880	7,120	8,000	(4,000)
Annual General Meeting	14,000	0	14,000	40,000	26,000
Wi-Fi Project	19,500	18,390	1,110	0	(19,500)
Total Member Services	76,500	54,469	22,031	80,000	3,500
<u>Business Development</u>					
Communications & Marketing	210,000	226,511	(16,511)	301,500	91,500
Festivals	0	0	0	0	0
Promo Downtown Dollars	30,000	30,000	0	50,000	20,000
Top up Tenant Improvement Loan Funding	0	0	0	72,355	72,355
MainStreet Sponsorship	375,193	375,193	0	252,500	(122,693)
MainStreet About Face Sponsorship	65,000	65,000	0	170,000	105,000
Total MainStreet Funding	440,193	440,193	0	422,500	(17,693)
Planters	15,000	11,807	3,193	20,000	5,000
Public Art	7,000	0	7,000	7,000	0
Clean Team	54,500	54,657	(157)	30,000	(24,500)
Downtown Issues	0	0	0	4,000	4,000
Volunteer Recognition	0	0	0	5,000	5,000
Miscellaneous	2,000	0	2,000	2,345	345
Depreciation Expense - Metal Trees	0	22,716	(22,716)	0	0
Total Business Development	758,693	785,884	(27,191)	914,700	156,007
HST	18,000	6,093	11,907	34,000	16,000
Total LDBA Expenditure	968,133	974,419	(6,286)	1,718,700	750,567
Net Surplus / (Deficit)	0	(82,511)	(82,511)	0	0
Draw from / (Contribution to) Operating Surplus Fund	0	82,511	82,511	0	0
Net	0	0	0	0	0

All figures subject to audit.

Schedule B

MainStreet London
2015 Proposed Budget
with 2014 Comparators

Revenue Overview

MainStreet London Revenue Detail:	2014 Revised Budget	2014 Actuals	Surplus (Deficit)	2015 Proposed Budget	Increase / (Decrease) over 2014
Revenue					
London Downtown Business	375,193	375,193	0	252,500	(122,693)
LDBA Sponsorship for About Face	65,000	65,000	0	170,000	105,000
Total LDBA Funding	440,193	440,193	0	422,500	(17,693)
Interest Income	1,500	758	(742)	0	(1,500)
Miscellaneous Income	0	726	726	0	0
Total Mainstreet London Revenue	441,693	441,677	(16)	422,500	(19,193)

Expenditure Overview

MainStreet London Expenditure Detail:	2014 Revised Budget	2014 Actuals	Surplus (Deficit)	2015 Proposed Budget	Increase / (Decrease) over 2014
Administration Payroll					
Personnel Costs	330,385	330,386	(1)	87,000	(243,385)
Total Administrative Payroll	330,385	330,386	(1)	87,000	(243,385)
Administration					
Telephone	4,000	4,004	(4)	0	(4,000)
Conferences & Continuing Education	2,500	2,081	419	0	(2,500)
Legal & Audit	1,000	822	178	0	(1,000)
Insurance	5,900	6,147	(247)	0	(5,900)
Professional Services	600	110	490	0	(600)
Purchase/Leasing Furniture & Equipment	14,000	19,057	(5,057)	0	(14,000)
Miscellaneous Expenses	1,908	11,632	(9,724)	0	(1,908)
HST Write off of 50% at year end	8,500	3,837	4,663	6,000	(2,500)
Depreciation Expense	0	4,592	(4,592)	0	0
Total Administration	38,408	52,282	(13,874)	6,000	(32,408)
Organization / Design / Promotion					
Volunteer Recognition/Event	400	0	400	0	(400)
About Face	65,000	63,964	1,036	170,000	105,000
Fiber Optic Program	0	0	0	100,000	100,000
Wi-Fi - LAWN	0	0	0	19,500	19,500
Business Retention	0	0	0	10,000	10,000
Recruitment	7,500	9,772	(2,272)	30,000	22,500
Total Organization / Design / Promotion	72,900	73,736	(836)	329,500	256,600
Total MainStreet London Expense	441,693	456,404	(14,711)	422,500	(19,193)
Net Surplus / (Deficit)	0	(14,727)	(14,727)	0	0
Draw from / (Contribution to) Operating Surplus Fund	0	14,727	14,727	0	0
Net	0	0	0	0	0

All figures subject to audit.

Schedule C

Bill No.
2015

By-law No. A.- _____

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 2015 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 2015 fiscal year submitted by The London Downtown Business Association Improvement Area Board of Management in the amount of \$1,718,700 attached as Schedule "A" is approved.
2. The amount to be raised by the Corporation for the 2015 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 \$1,821,000.
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-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.

Passed in Open Council March 10, 2015

Matt Brown,
Mayor

Catharine Saunders,
City Clerk

First Reading – March 10, 2015
Second Reading – March 10, 2015
Third Reading – March 10, 2015