

TO:	CORPORATE SERVICES COMMITTEE MEETING ON MARCH 8, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2016 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the London Downtown Business Association proposed 2016 budget submission in the amount of \$1,743,210 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2016 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 \$1,839,210;
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 22, 2016 with respect to municipal special levy for the London Downtown Business Association.

BACKGROUND

The London Downtown Business Association (LDBA) approved its 2016 budget on February 18, 2016 (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 2016 expenditure budget is \$1,743,210.

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

- a) The LDBA submitted a 2016 budget of \$1,743,210 which represents a \$24,510 or 1.4% increase compared to its 2015 budget of \$1,718,700.
- b) Significant changes to revenues include an anticipated drawdown from the LDBA reserve for public art and a \$18,210 or 1.0% increase in the 2016 City of London levy compared to 2015. Significant changes to expenditures include increases in marketing and communications projects, MainStreet About Face Sponsorship, planters, Clean Team and public art resulting from the expansion of the business improvement area boundary. Partially offsetting these increases is the conclusion of the Top up Tenant Improvement Loan funding and reduced MainStreet London funding.

The LDBA also submitted the MainStreet London budget which was approved on February 18, 2016 (Schedule B). The following comments are offered based on our review:

- a) MainStreet London submitted a 2016 budget of \$340,000 which represents a decrease of \$82,500 or (19.5%) compared to its 2015 budget of \$422,500.
- b) Significant changes to revenues include a reduction of the LDBA sponsorship funding and increased funding provided by the LDBA for the About Face Program. Significant changes to expenditures include discontinued funding for the Fiber

Optic Program and increased About Face Program costs due to an anticipated increase in requests for funding.

At the time of submitting this report, 2015 draft financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there is an estimated combined year end surplus of \$106,300 for 2015 (LDBA surplus of \$107,812 and MainStreet deficit of -\$1,512). The unaudited December 31, 2015 reserve balances as reported by LDBA and MainStreet London, which include year end position adjustments, was \$164,940 (\$64,940 for LDBA and \$100,000 for MainStreet London).

As in 2015, 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 \$1,839,210.

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 Accounting & Reporting	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
2016 Proposed Budget
with 2015 Comparators**

Revenue Overview

LDBA Revenue Detail:	2015 Revised Budget	2015 Actuals	2015 Surplus (Deficit)	2016 Proposed Budget	Increase / (Decrease) over 2015
Total City of London Levy	1,821,000	1,821,000	0	1,839,210	18,210
Tax Write offs	(19,000)	(25,120)	(6,120)	(19,000)	0
Allowance for Vacancy Rebates	(85,000)	(81,833)	3,167	(85,000)	0
Net City of London Levy	1,717,000	1,714,047	(2,953)	1,735,210	18,210
LDBA Reserve Drawdown	0	0	0	7,000	7,000
Interest Income	1,700	2,045	345	1,000	(700)
Miscellaneous Income	0	5,080	5,080	0	0
Total LDBA Revenue	1,718,700	1,721,172	2,472	1,743,210	24,510

Expenditure Overview

LDBA Expenditure Detail:	2015 Revised Budget	2015 Actuals	2015 Surplus (Deficit)	2016 Proposed Budget	Increase / (Decrease) over 2015
Administration					
Wages and Benefits	392,000	387,051	4,949	402,741	10,741
Telephone	11,500	11,940	(440)	14,900	3,400
Stationery and Supplies	3,500	3,496	4	3,500	0
Insurance	6,500	6,493	7	6,600	100
Professional Services	3,600	3,211	389	3,600	0
Purchase and Leasing Equipment	19,000	21,237	(2,237)	19,000	0
Training / Conferences	19,000	19,302	(302)	18,000	(1,000)
Subscriptions / Memberships	2,600	3,954	(1,354)	3,000	400
Legal & Audit	5,000	6,827	(1,827)	5,000	0
Cleaning	6,300	6,607	(307)	6,300	0
Board Development & Expenses	5,000	5,201	(201)	5,000	0
Office Furniture	16,000	12,005	3,995	11,000	(5,000)
Miscellaneous Expense	4,000	3,968	32	5,000	1,000
Depreciation Expense-Furniture/Phone	0	5,546	(5,546)	0	0
Total Administration	494,000	496,838	(2,838)	503,641	9,641
Rent					
Rent and Hydro	77,000	64,397	12,603	77,000	0
Total Rent	77,000	64,397	12,603	77,000	0
Member Services					
Graffiti Removal	48,000	47,905	95	52,500	4,500
Pigeon Program	8,000	6,416	1,584	8,000	0
Annual General Meeting	40,000	7,948	32,052	40,000	0
Ontario BIA Conference	0	0	0	15,000	15,000
Depreciation Expense - Solar Chargers	0	6,006	(6,006)	0	0
Total Member Services	96,000	68,275	27,725	115,500	19,500
Business Development					
Communications & Marketing	294,500	275,199	19,301	340,000	45,500
Promo Downtown Dollars	50,000	47,000	3,000	55,000	5,000
Top up Tenant Improvement Loan Funding	72,355	72,000	355	0	(72,355)
MainStreet Sponsorship	252,500	252,500	0	140,000	(112,500)
MainStreet About Face Sponsorship	170,000	170,000	0	200,000	30,000
Planters	18,000	14,308	3,692	54,500	36,500
Public Art	7,000	760	6,240	27,000	20,000
Clean Team	142,000	115,042	26,958	171,000	29,000
Downtown Issues	4,000	0	4,000	5,000	1,000
Volunteer Recognition	5,000	4,670	330	5,000	0
Miscellaneous	2,345	687	1,658	4,069	1,724
Depreciation Expense - Metal Trees	0	22,716	(22,716)	0	0
Total Business Development	1,017,700	974,882	42,818	1,001,569	(16,131)
HST	34,000	8,968	25,032	45,500	11,500
Total LDBA Expenditure	1,718,700	1,613,360	105,340	1,743,210	24,510
Net Surplus / (Deficit)	0	107,812	107,812	0	0
Draw from / (Contribution to) Operating Surplus Fund	0	(107,812)	(107,812)	0	0
Net	0	0	0	0	0

All figures subject to audit.

**MainStreet London
2016 Proposed Budget
with 2015 Comparators**

Revenue Overview

MainStreet London Revenue Detail:	2015 Revised Budget	2015 Actuals	2015 Surplus (Deficit)	2016 Proposed Budget	Increase / (Decrease) over 2015
Revenue					
London Downtown Business Association (LDBA) Sponsorship	252,500	252,500	0	140,000	(112,500)
LDBA Sponsorship for About Face	170,000	170,000	0	200,000	30,000
Interest Income	0	395	395	0	0
Miscellaneous Income	0	1,015	1,015		0
Total MainStreet London Revenue	422,500	423,910	1,410	340,000	(82,500)

Expenditure Overview

MainStreet London Expenditure Detail:	2015 Revised Budget	2015 Actuals	2015 Surplus (Deficit)	2016 Proposed Budget	Increase / (Decrease) over 2015
<u>Administration Payroll</u>					
Personnel Costs	87,000	86,978	22	89,000	2,000
Total Administrative Payroll	87,000	86,978	22	89,000	2,000
<u>Administration</u>					
HST Write off of 50% at year end	6,000	5,083	917	6,000	0
Depreciation Expense	0	4,592	(4,592)	0	0
Total Administration	6,000	9,675	(3,675)	6,000	0
<u>Organization / Design / Promotion</u>					
About Face	170,000	168,064	1,936	200,000	30,000
Fiber Optic Program	100,000	100,000	0	0	(100,000)
Wi-Fi - LAWN	19,500	34,432	(14,932)	20,000	500
Business Retention	10,000	2,524	7,476	10,000	0
Recruitment	30,000	23,749	6,251	15,000	(15,000)
Total Organization / Design / Promotion	329,500	328,769	731	245,000	(84,500)
Total MainStreet London Expenditure	422,500	425,422	(2,922)	340,000	(82,500)
Net Surplus / (Deficit)	0	(1,512)	(1,512)	0	0
Draw from (Contribution to) Operating Surplus Fund	0	1,512	1,512	0	0
Net	0	0	0	0	0

All figures subject to audit.

Schedule C

Bill No.
2016

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 2016 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 2016 fiscal year submitted by The London Downtown Business Association Improvement Area Board of Management attached as Schedule "A" is approved.
2. The amount to be raised by the Corporation for the 2016 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 \$1,839,210.
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.

Matt Brown,
Mayor

Catharine Saunders,
City Clerk