

TO:	FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MARCH 26, 2012
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2012 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the London Downtown Business Association (LDBA) proposed 2012 budget submission in the amount of \$881,325 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2012 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 \$933,025 (which accounts for \$850,025 for the City of London levy as required by the LDBA to help support its 2012 budget and an estimated allowance of \$83,000 to provide for vacancy rebates);
3. A special charge **BE ESTABLISHED** for the amount referred to in section 2 above by a levy in accordance with By-law CP-2 as amended; it being noted that the said special charges shall have priority lien status and shall be added to the tax roll pursuant to subsection 208(7) of the Municipal Act, 2001;
4. That the attached by-law (see Schedule C) **BE INTRODUCED** at the Municipal Council on April 10, 2012 with respect to municipal special levy for the London Downtown Business Improvement Area.

BACKGROUND

The London Downtown Business Association (LDBA) submitted its 2012 budget to the City of London's Finance Department on February 23, 2012. The LDBA approved its 2012 budget on December 15, 2011.

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 London Downtown Business Association has met this requirement in Schedule A, noting the 2012 expenditure budget is \$881,325.

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

- a) The \$850,025 2012 City of London Levy requested by the LDBA represents a 4% increase over the \$817,332 2011 City of London Levy. The increase in the City of London Levy is a result of funding requirements for new programs. The overall revenue budget submitted by the LDBA is \$881,325, representing a decrease of \$7,555, or 0.85%, compared to its 2011 budget of \$888,880. The lower revenue is a result of a decrease in the use of reserves to fund one-time costs and is partially offset by an increase in the requested City of London levy.
- b) The LDBA submitted a 2012 budget of \$881,325 which represents a decrease of \$7,555, or 0.85%, compared to its 2011 budget of \$888,880. The decrease in expenditures is primarily due to the one-time funding for a move that was to have occurred in 2011. This decrease is partially offset by the introduction of new programs such as Clean and Safe, WinterFest, a WiFi project and merchant workshops.

The London Downtown Business Association also submitted the MainStreet London budget which, too, was approved on December 15, 2011. The following comments are offered based on our review:

- a) The approved 2012 City of London budgeted contribution to MainStreet London is \$106,102, a 0% increase over 2011.
- b) MainStreet London's submitted 2012 budget of \$554,402 represents an increase of \$9,420, or 1.7% compared to its 2011 budget of \$544,982. The main increase in spending is for the purchase of new office technology which is partially offset by a decrease in the recruitment budget. Note that there was a reallocation of the budget for the annual meeting from MainStreet London to the LDBA (refer to Schedule B for the decrease in budget for Annual Public Meeting and Schedule A for the increase to the budget Annual General Meeting).

At the time of submitting this report, draft financial statements were unavailable. Estimates received by the LDBA and MSL indicated that there was a combined yearend surplus of \$43,927. Based on this surplus, the yearend fund balance at December 31, 2011 would be \$505,971, which is comprised of investments in tangible capital assets, operating surplus and contingency reserve fund (2010 - \$462,044). Note: the final yearend position is subject to external audit.

As in 2012, 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 \$850,025.

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 London Downtown Business Association meets this requirement each year through the City of London's Annual Financial Report.

PREPARED BY:	REVIEWED BY:
MICHELE SHEARS CAPITAL BUDGET OFFICER	LARRY PALARCHIO DIRECTOR - FINANCIAL PLANNING AND POLICY
RECOMMENDED BY:	
MIKE TURNER DEPUTY CITY TREASURER	

Cc: Martin Hayward – City Treasurer, Chief Financial Officer
J. Logan, Division Manager – Revenue & Tax Collector

Schedule A

Revenue Overview

LDBA Revenue Detail:	2011 Revised Budget	2011 Actuals	Surplus (Deficit)	2012 Proposed Budget	Increase / (Decrease) over 2011
Total City of London Levy	900,332	900,332	0	933,025	32,693
Allowance for vacancy rebates	(83,000)	(83,000)	0	(83,000)	0
<i>Net City of London Levy</i>	<i>817,332</i>	<i>817,332</i>	<i>0</i>	<i>850,025</i>	<i>32,693</i>
Tax Write offs	(8,000)	(10,990)	(2,990)	(8,000)	0
LDBA Reserve Drawdown	69,548	0	(69,548)	32,300	(37,248)
Interest Income	2,000	2,396	396	2,000	0
Superguide Government Funding	8,000	8,000	0	5,000	(3,000)
Total LDBA Revenue Budget	888,880	816,738	(72,142)	881,325	(7,555)

Expenditure Overview

LDBA Expenditure Detail:	2011 Revised Budget	2011 Actuals	Surplus (Deficit)	2012 Proposed Budget	Increase / (Decrease) over 2011
<u>Administration</u>					
Telephone	2,000	2,069	(69)	3,550	1,550
Training / Conferences	3,700	1,542	2,158	5,700	2,000
Subscriptions / Memberships	1,700	958	742	1,700	0
Legal & Audit	3,000	2,099	901	3,000	0
Insurance	4,800	4,100	700	0	(4,800)
Board Development & Expenses	1,200	740	460	1,200	0
Misc Expense	500	512	(12)	820	320
Depreciation Expense Furniture/Phone	0	2,306	(2,306)	0	0
Total Administration	16,900	14,326	2,574	15,970	(930)
<u>Rent</u>					
Rent and Hydro	55,800	46,044	9,756	53,000	(2,800)
Move	50,000	0	50,000	0	(50,000)
Total Rent	105,800	46,044	59,756	53,000	(52,800)
<u>Member Services</u>					
Graffiti Removal	35,000	32,400	2,600	37,000	2,000
Downtown Beautification	14,000	13,934	66	10,800	(3,200)
Clean and Safe	0	0	0	20,000	20,000
Downtown Consulting	5,000	1,669	3,331	2,000	(3,000)
Annual General Meeting	5,000	10,670	(5,670)	10,000	5,000
Communications & Marketing	56,000	51,078	4,922	54,000	(2,000)
WinterFest	0	0	0	7,500	7,500
Wi-Fi Project	0	0	0	18,000	18,000
Merchant Workshops	0	0	0	2,800	2,800
Ontario Business Improvement Area Association Conference Host	8,300	8,289	11	0	(8,300)
Total Member Services	123,300	118,039	5,261	162,100	38,800
<u>Business Development</u>					
Festivals MainStreet London	130,000	117,212	12,788	100,000	(30,000)
Promo Downtown Dollars	10,500	10,500	0	30,000	19,500
MainStreet Sponsorship	307,380	307,380	0	316,800	9,420
MainStreet Aboutface Sponsorship	130,000	130,000	0	130,000	0
<i>Total MainStreet Funding</i>	<i>437,380</i>	<i>437,380</i>	<i>0</i>	<i>446,800</i>	<i>9,420</i>
Downtown Issues	500	4,092	(3,592)	500	0
Public Art	12,000	0	12,000	16,000	4,000
Superguide Program	39,000	34,649	4,351	41,750	2,750
Miscellaneous	1,000	1,422	(422)	1,205	205
Depreciation Expense - Metal Trees	0	22,716	(22,716)	0	0
Total Business Development	630,380	627,970	2,410	636,255	5,875
HST	12,500	2,328	10,172	14,000	1,500
Total LDBA Expenditure Budget	888,880	808,707	80,173	881,325	(7,555)
Net Before Contribution to Operating Surplus Fund	0	8,031	(8,031)	0	0
Draw from (Contribution to) Operating Surplus Fund	0	(8,031)	8,031	0	0
Net	0	0	0	0	0

Note: all figures subject to audit.

Schedule B

MainStreet London
2012 Proposed Budget
with 2011 Comparators

Object of Revenue / Source of Expenditure	2011 Revised Budget	2011 Actuals	Surplus (Deficit)	2012 Proposed Budget	Increase / (Decrease) over 2011
Revenue					
City of London Funding	106,102	106,102	0	106,102	0
London Downtown Business Association (LDBA) Sponsorship	307,380	307,380	0	316,800	9,420
LDBA Sponsorship for Aboutface	130,000	130,000	0	130,000	0
<i>Total LDBA Funding</i>	<i>437,380</i>	<i>437,380</i>	<i>0</i>	<i>446,800</i>	<i>9,420</i>
Interest Income	1,500	2,306	806	1,500	0
Miscellaneous Income	0	4,344	4,344		
Total Revenue	544,982	550,132	5,150	554,402	9,420
Expenditures					
<u>Administration Payroll</u>					
Salaries - Total	265,441	265,317	124	272,070	6,629
Salary Expenses/Benefits	35,453	35,436	17	37,515	2,062
Total Administrative Payroll	300,894	300,753	141	309,585	8,691
<u>Administration</u>					
Telephone	5,600	4,254	1,346	2,900	(2,700)
Loan Payment	6,110	0	6,110	3,316	(2,794)
Stationary & Supplies	3,000	3,135	(135)	3,200	200
Travel & Expenses	600	1,248	(648)	1,300	700
Conferences & Continuing Education	2,027	2,022	5	3,000	973
Memberships	1,265	862	403	1,265	0
Legal & Audit	1,200	1,171	29	1,200	0
Insurance	6,000	5,595	405	6,500	500
Professional Services	500	865	(365)	500	0
Postage & Courier	250	276	(26)	300	50
Purchase/Leasing Furniture & Equipment	15,500	22,810	(7,310)	34,800	19,300
Cleaning	5,300	4,475	825	5,500	200
Miscellaneous Expenses	536	478	58	2,436	1,900
HST Write off of 50% at year end	8,000	6,847	1,153	8,200	200
Total Administration	55,888	54,038	1,850	74,417	18,529
<u>Organization / Design / Promotion</u>					
Volunteer Recognition/Event	200	52	148	400	200
Annual Public Meeting	8,000	7,191	809	0	(8,000)
Aboutface	130,000	103,185	26,815	130,000	0
Communication / Marketing	10,000	11,581	(1,581)	10,000	0
Recruitment	40,000	37,437	2,563	30,000	(10,000)
Total Organization / Design / Promotion	188,200	159,446	28,754	170,400	(17,800)
Total Expense	544,982	514,237	30,745	554,402	9,420
Net Before Contribution to Operating Surplus Fund	0	35,896	(35,896)	0	0
Draw from (Contribution to) Operating Surplus Fund	0	(35,896)	35,896	0	0
Net	0	0	0	0	0

Note: all figures subject to audit.

Schedule C

Bill No.
2012

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 2012 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 2012 fiscal year submitted by The London Downtown Business Association Improvement Area Board of Management in the amount of \$881,325 attached as Schedule "A", which includes a City of London Levy in the amount of \$850,025, is approved.
2. The amount to be raised by the Corporation for the 2012 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 \$933,025.
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 on the day it is passed.

Joe Fontana
Mayor

Saunders, Cathy
City Clerk