

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 7, 2017</b>
<b>FROM:</b>	<b>MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER &amp; ACTING CITY MANAGER</b>
<b>SUBJECT:</b>	<b>LONDON DOWNTOWN BUSINESS ASSOCIATION 2017 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY</b>

<b>RECOMMENDATIONS</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer & Acting City Manager, the following actions be taken with respect to the London Downtown Business Association:

1. The London Downtown Business Association proposed 2017 budget submission in the amount of \$1,793,833 **BE APPROVED** as outlined in Schedule "A";
2. The amount to be raised by The Corporation of the City of London for the 2017 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 \$1,877,833;
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. The attached by-law (see Schedule "C") with respect to municipal special levy for the London Downtown Business Improvement Area **BE INTRODUCED** at the Municipal Council meeting on March 21, 2017 for three readings.

<b>BACKGROUND</b>
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The London Downtown Business Association (LDBA) approved its 2017 budget on September 15, 2016 (Schedule "A").

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures to it. The LDBA has met this requirement in Schedule "A", noting the 2017 expenditure budget is \$1,793,833.

Civic Administration provides the following comments based on our review of the submission:

- a) The LDBA submitted a 2017 budget of \$1,793,833 which represents a \$50,623 or 2.9% increase compared to its 2016 budget of \$1,743,210.
- b) Changes to revenues include a \$38,623 or 2.1% increase in the City of London levy and an increase to the LDBA reserve drawdown to meet expenditure requirements.
- c) Significant changes to expenditures include increases to salary and wages to cover increased benefits/wages, downtown issues to achieve strategic plan priorities through the engagement of Live Work Learn Play (LWLP), and communications/marketing projects due to the re-introduction of the SuperGuide Summer Program. These increases are partially offset by decreases in expenditures for MainStreet sponsorship, MainStreet About Face sponsorship, Clean Team, and public art projects.

The LDBA also submitted the MainStreet London budget which was approved on September 15, 2016 (Schedule “B”). The following comments are offered based on our review:

- a) MainStreet London submitted a 2017 budget of \$261,000 which represents a decrease of \$79,000 or 23.2% compared to its 2016 budget of \$340,000.
- b) Significant changes to revenues include reductions to LDBA sponsorship for MainStreet London and the About Face Program. These reductions are partially offset by increased income in the form of an \$80,000 rebate from the City of London for a portion of unused Fiber Optic Program funding made by MainStreet London, which is included in miscellaneous income. Note: The requested rebate from the Fiber Optic Program is subject to approval.
- c) Significant changes to the expenditures include reductions to the About Face, business retention and recruitment programs.

At the time of submitting this report, 2016 financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there is an estimated combined year-end deficit of \$2,132 for 2016 (LDBA surplus of \$29,447 and MainStreet deficit of \$31,579). The unaudited December 31, 2016 reserve fund balances as reported by LDBA and MainStreet London, which include year-end position adjustments, was \$158,166 (\$58,166 for LDBA and \$100,000 for MainStreet London).

The 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 the budgeted special levy amount of \$1,877,833 on a quarterly basis.

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.

<b>PREPARED BY:</b>	<b>REVIEWED BY:</b>
<b>Louie Bruni Manager, Financial Modelling, Forecasting and Systems Control</b>	<b>Annette Ripepi Manager, Financial Planning &amp; Policy</b>
<b>CONCURRED BY:</b>	<b>RECOMMENDED BY:</b>
<b>Larry Palarchio Director, Financial Planning &amp; Policy</b>	<b>Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer &amp; Acting City Manager</b>

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

**London Downtown Business Association  
2017 Proposed Budget  
with 2016 Comparators**

**Revenue Overview**

LDBA Revenue Detail:	2016 Budget	2016 Actuals	2016 Surplus (Deficit)	2017 Proposed Budget	Increase / (Decrease) over 2016
Total City of London Levy	1,839,210	1,839,210	-	1,877,833	38,623
Tax Write offs	(19,000)	(199,771)	(180,771)	(20,000)	(1,000)
Allowance for Vacancy Rebates	(85,000)		85,000	(90,000)	(5,000)
<b>Net City of London Levy</b>	<b>1,735,210</b>	<b>1,639,439</b>	<b>(95,771)</b>	<b>1,767,833</b>	<b>32,623</b>
LDBA Reserve Drawdown	7,000	7,000	-	25,000	18,000
Interest Income	1,000	1,428	428	1,000	-
<b>Total LDBA Revenue</b>	<b>1,743,210</b>	<b>1,647,868</b>	<b>(95,343)</b>	<b>1,793,833</b>	<b>50,623</b>

**Expenditure Overview**

LDBA Expenditure Detail:	2016 Budget	2016 Actuals	2016 Surplus (Deficit)	2017 Proposed Budget	Increase / (Decrease) over 2016
<b>Administration</b>					
Wages and Benefits	402,741	402,720	21	418,675	15,934
Telephone	14,900	12,876	2,024	14,900	-
Stationery and Supplies	3,500	3,171	329	3,500	-
Insurance	6,600	6,611	(11)	6,600	-
Professional Services	3,600	3,785	(185)	3,600	-
Purchase and Leasing Equipment	19,000	15,909	3,091	18,900	(100)
Training / Conferences	18,000	17,505	495	17,700	(300)
Subscriptions / Memberships	3,000	2,586	414	3,000	-
Legal & Audit	5,000	3,991	1,009	5,000	-
Cleaning	6,300	7,955	(1,655)	7,500	1,200
Board Development & Expenses	5,000	5,534	(534)	5,000	-
Office Furniture	11,000	9,753	1,247	11,000	-
Miscellaneous Expense	5,000	2,042	2,958	5,000	-
<b>Total Administration</b>	<b>503,641</b>	<b>494,439</b>	<b>9,203</b>	<b>520,375</b>	<b>16,734</b>
<b>Rent</b>					
Rent and Hydro	77,000	66,299	10,701	77,000	-
<b>Total Rent</b>	<b>77,000</b>	<b>66,299</b>	<b>10,701</b>	<b>77,000</b>	-
<b>Member Services</b>					
Graffiti Removal	52,500	52,200	300	54,000	1,500
Pigeon Program	8,000	7,218	782	8,000	-
Annual General Meeting	40,000	14,187	25,813	20,000	(20,000)
Ontario BIA Conference	15,000	5,827	9,173	-	(15,000)
<b>Total Member Services</b>	<b>115,500</b>	<b>79,432</b>	<b>36,068</b>	<b>82,000</b>	<b>(33,500)</b>
<b>Business Development</b>					
Communications & Marketing	340,000	349,700	(9,700)	357,000	17,000
Promo Downtown Dollars	55,000	56,790	(1,790)	55,000	-
MainStreet Sponsorship	140,000	107,714	32,286	56,000	(84,000)
MainStreet About Face Sponsorship	200,000	58,840	141,160	125,000	(75,000)
Planters	54,500	35,099	19,401	39,000	(15,500)
Public Art	27,000	10,850	16,150	-	(27,000)
Clean Team	171,000	121,856	49,144	85,000	(86,000)
Downtown Issues	5,000	220,573	(215,573)	344,000	339,000
Volunteer Recognition	5,000	71	4,930	5,000	-
Miscellaneous	4,069	2,622	1,447	4,358	289
<b>Total Business Development</b>	<b>1,001,569</b>	<b>964,114</b>	<b>37,455</b>	<b>1,070,358</b>	<b>68,789</b>
<b>HST</b>	<b>45,500</b>	<b>14,137</b>	<b>31,363</b>	<b>44,100</b>	<b>(1,400)</b>
<b>Total LDBA Expenditure</b>	<b>1,743,210</b>	<b>1,618,421</b>	<b>124,790</b>	<b>1,793,833</b>	<b>50,623</b>
Net Surplus / (Deficit)	-	29,447	29,447	-	
Draw from / (Contribution to) Operating Fund	-	(29,447)	(29,447)	-	
<b>Net</b>	-	-	-	-	

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

**MainStreet London  
2017 Proposed Budget  
with 2016 Comparators**

**Revenue Overview**

<b>MainStreet London Revenue Detail:</b>	<b>2016 Budget</b>	<b>2016 Actuals</b>	<b>2016 Surplus (Deficit)</b>	<b>2017 Proposed Budget</b>	<b>Increase / (Decrease) over 2016</b>
London Downtown Business Association (LDBA) Sponsorship	140,000	107,714	(32,286)	56,000	(84,000)
LDBA Sponsorship for About Face	200,000	58,840	(141,160)	125,000	(75,000)
Interest Income	-	752	752		-
Miscellaneous Income	-	195	195	80,000	80,000
<b>Total MainStreet London Revenue</b>	<b>340,000</b>	<b>167,500</b>	<b>(172,499)</b>	<b>261,000</b>	<b>(79,000)</b>

**Expenditure Overview**

<b>MainStreet London Expenditure Detail:</b>	<b>2016 Budget</b>	<b>2016 Actuals</b>	<b>2016 Surplus (Deficit)</b>	<b>2017 Proposed Budget</b>	<b>Increase / (Decrease) over 2016</b>
<b><u>Administration Payroll</u></b>					
Personnel Costs	89,000	88,933	67	92,513	3,513
<b>Total Administrative Payroll</b>	<b>89,000</b>	<b>88,933</b>	<b>67</b>	<b>92,513</b>	<b>3,513</b>
<b><u>Administration</u></b>					
HST Write off of 50% at year end	6,000	13,678	(7,678)	5,487	(513)
<b>Total Administration</b>	<b>6,000</b>	<b>13,678</b>	<b>(7,678)</b>	<b>5,487</b>	<b>(513)</b>
<b><u>Organization / Design / Promotion</u></b>					
About Face	200,000	58,840	141,160	125,000	(75,000)
Wi-Fi - LAWN	20,000	21,541	(1,541)	20,000	-
Business Retention	10,000	4,754	5,246	9,000	(1,000)
Recruitment	15,000	11,334	3,666	9,000	(6,000)
<b>Total Organization / Design / Promotion</b>	<b>245,000</b>	<b>96,468</b>	<b>148,531</b>	<b>163,000</b>	<b>(82,000)</b>
<b>Total MainStreet London Expenditure</b>	<b>340,000</b>	<b>199,079</b>	<b>140,920</b>	<b>261,000</b>	<b>(79,000)</b>
Net Surplus / (Deficit)	-	(31,579)	(31,579)	-	-
Draw from (Contribution to) Operating Fund	-	31,579	31,579	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

All figures subject to audit.

All figures subject to rounding.

**Schedule "C"**

Bill No.  
2017

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 2017 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 2017 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 2017 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 \$1,877,833.
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

First Reading – March 21, 2017  
Second Reading – March 21, 2017  
Third Reading – March 21, 2017