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| TO: | CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 20, 2018 |
| FROM: | ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER |
| SUBJECT: | LONDON DOWNTOWN BUSINESS ASSOCIATION 2018 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY |

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| RECOMMENDATION |
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to the London Downtown Business Association:

- a. The London Downtown Business Association proposed 2018 budget submission in the amount of \$1,806,490 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by The Corporation of the City of London for the 2018 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 \$1,915,390;
- c. A special charge **BE ESTABLISHED** for the amount referred to in part b, 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
- d. 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 27, 2018 for three readings.

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| LINK TO STRATEGIC PLAN |
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Council’s 2015-2019 Strategic Plan for the City of London identifies “Growing Our Economy” and “Leading in Public Service” as strategic areas of focus. These areas include “Strategic, collaborative partnerships” and “Collaborative, engaged leadership” as strategic priorities. These priorities involve working better together for economic growth with Business Improvement Areas and continuing to build strong working relationship with such community partners. In line with these strategies, the City provides guidance to the Business Improvement Areas of London in regards to establishment and ongoing business and financial operations. The City also acts as the intermediary with respect to collecting the approved levy amounts which fund services to the Business Improvement Area members and thus promote continued growth in London’s economy.

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| BACKGROUND |
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The London Downtown Business Association (LDBA) approved its 2018 budget on January 23, 2018 (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 2018 expenditure budget is \$1,806,490.

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

- a) The LDBA submitted a 2018 budget of \$1,806,490 which represents a \$12,657 or 0.7% increase compared to its 2017 budget of \$1,793,833.

- b) Changes to revenues include a \$37,557 or 2.0% increase in the City of London levy, offset by a decrease in the LDBA reserve drawdown.
- c) Significant changes to expenditures include an increase to salary and wages to cover increased benefits/wages and an increase in the Clean Team program to expand and include two team members. These increases are partially offset by decreases in expenditures due to the discontinuation of the Pigeon Program, cost savings measures being taken for the Annual General Meeting, the Downtown Issues program being transferred to and now encompassed by MainStreet London and the completion of a lease contract for office furniture.

The LDBA also submitted the MainStreet London budget which was approved on January 23, 2018 (Schedule "B"). The following comments are offered based on our review:

- a) MainStreet London submitted a 2018 budget of \$480,500 which represents an increase of \$219,500 or 84.1% compared to its 2017 budget of \$261,000.
- b) Significant changes to revenues include increased funding to the LDBA Sponsorship due to the transfer of the Downtown Issues program to MainStreet London and increased funding being allocated to the expansion of the recruitment program.
- c) Significant changes to expenditures include an increase in recruitment program expenses due to the board approved program expansion and an anticipated increase in associated HST expenses.

At the time of submitting this report, 2017 financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there is an estimated combined year-end surplus of \$129,911 for 2017 (LDBA surplus of \$98,832 and MainStreet surplus of \$31,079). The unaudited December 31, 2017 reserve fund balance reported by LDBA is \$58,977.

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 \$1,915,390, upon Council approval.

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.

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| PREPARED BY: | REVIEWED AND CONCURRED BY: |
| | |
| CINDY WILLIAMSON, CPA, CGA MANAGER, FINANCIAL MODELLING, FORECASTING AND SYSTEMS CONTROL | ALAN DUNBAR, CPA, CGA MANAGER, FINANCIAL PLANNING & POLICY |
| RECOMMENDED BY: | |
| | |
| ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER | |

**London Downtown Business Association
2018 Proposed Budget
with 2017 Comparators**

Revenue Overview

| LDBA Revenue Detail: | 2017 Approved Budget | 2017 Actuals | 2017 Surplus (Deficit) | 2018 Proposed Budget | % of Total Rev | Increase / (Decrease) over 2017 |
|--------------------------------|-------------------------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------|
| Total City of London Levy | 1,877,833 | 1,877,833 | - | 1,915,390 | | 37,557 |
| Tax Write offs | (20,000) | (89,811) | (69,811) | (90,000) | | (70,000) |
| Allowance for Vacancy Rebates | (90,000) | (38,892) | 51,108 | (20,000) | | 70,000 |
| Net City of London Levy | 1,767,833 | 1,749,130 | (18,703) | 1,805,390 | | 37,557 |
| LDBA Reserve Drawdown | 25,000 | - | (25,000) | - | | (25,000) |
| Interest Income | 1,000 | 2,068 | 1,068 | 1,100 | | 100 |
| Total LDBA Revenue | 1,793,833 | 1,751,198 | (42,635) | 1,806,490 | 100.0% | 12,657 |

Expenditure Overview

| LDBA Expenditure Detail: | 2017 Approved Budget | 2017 Actuals | 2017 Surplus (Deficit) | 2018 Proposed Budget | % of Total Exp | Increase / (Decrease) over 2017 |
|-------------------------------------------------|-------------------------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------|
| ADMINISTRATION | | | | | | |
| Wages and Benefits | 418,675 | 417,675 | 1,000 | 435,910 | | 17,235 |
| Telephone | 14,900 | 13,328 | 1,572 | 15,000 | | 100 |
| Stationery and Supplies | 3,500 | 3,639 | (139) | 3,500 | | - |
| Insurance | 6,600 | 6,611 | (11) | 6,700 | | 100 |
| Professional Services | 3,600 | 469 | 3,131 | 3,600 | | - |
| Purchase and Leasing Equipment | 18,900 | 18,263 | 637 | 17,000 | | (1,900) |
| Training / Conferences | 17,700 | 17,762 | (62) | 18,000 | | 300 |
| Subscriptions / Memberships | 3,000 | 4,325 | (1,325) | 3,000 | | - |
| Legal & Audit | 5,000 | 3,946 | 1,054 | 5,000 | | - |
| Cleaning | 7,500 | 6,877 | 623 | 7,700 | | 200 |
| Board Development & Expenses | 5,000 | 4,676 | 324 | 5,000 | | - |
| Office Furniture | 11,000 | 11,306 | (306) | 7,300 | | (3,700) |
| Miscellaneous Expense | 5,000 | 3,531 | 1,469 | 3,590 | | (1,410) |
| Total Administration | 520,375 | 512,408 | 7,967 | 531,300 | 29.4% | 10,925 |
| RENT | | | | | | |
| Rent and Hydro | 77,000 | 67,150 | 9,850 | 78,000 | | 1,000 |
| Total Rent | 77,000 | 67,150 | 9,850 | 78,000 | 4.3% | 1,000 |
| MEMBER SERVICES | | | | | | |
| Graffiti Removal | 54,000 | 52,200 | 1,800 | 54,000 | | - |
| Pigeon Program | 8,000 | 5,985 | 2,015 | - | | (8,000) |
| Annual General Meeting | 20,000 | 23,566 | (3,566) | 15,000 | | (5,000) |
| Total Member Services | 82,000 | 81,751 | 249 | 69,000 | 3.8% | (13,000) |
| BUSINESS DEVELOPMENT | | | | | | |
| Communications & Marketing | 357,000 | 352,817 | 4,183 | 350,000 | | (7,000) |
| Promo Downtown Dollars | 55,000 | 55,000 | - | 55,000 | | - |
| MainStreet Sponsorship | 56,000 | 56,000 | - | 355,500 | | 299,500 |
| MainStreet About Face Sponsorship | 125,000 | 61,260 | 63,740 | 125,000 | | - |
| Planters | 39,000 | 31,715 | 7,285 | 39,100 | | 100 |
| Public Art | - | 3,330 | (3,330) | 10,000 | | 10,000 |
| Clean Team | 85,000 | 84,458 | 542 | 143,000 | | 58,000 |
| Downtown Issues | 344,000 | 328,905 | 15,095 | - | | (344,000) |
| Volunteer Recognition | 5,000 | 100 | 4,900 | 5,000 | | - |
| Miscellaneous | 4,358 | 2,528 | 1,831 | 5,090 | | 732 |
| Total Business Development | 1,070,358 | 976,113 | 94,246 | 1,087,690 | 60.2% | 17,332 |
| HST | 44,100 | 14,944 | 29,156 | 40,500 | | (3,600) |
| Total LDBA Expenditure | 1,793,833 | 1,652,366 | 141,468 | 1,806,490 | 100.0% | 12,657 |
| Net Surplus / (Deficit) | - | 98,832 | 98,832 | - | | |
| Draw from / (Contribution to) Operating Fund | - | (98,832) | (98,832) | - | | |
| Net | - | - | - | - | | |

All figures subject to audit.

All figures subject to rounding.

**MainStreet London
2018 Proposed Budget
with 2017 Comparators**

Revenue Overview

| MainStreet London Revenue Detail: | 2017 Approved Budget | 2017 Actuals | 2017 Surplus (Deficit) | 2018 Proposed Budget | % of Total Rev | Increase / (Decrease) over 2017 |
|---------------------------------------------------------|-------------------------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------|
| London Downtown Business Association (LDBA) Sponsorship | 56,000 | 56,000 | - | 355,500 | | 299,500 |
| LDBA Sponsorship for About Face | 125,000 | 61,260 | (63,740) | 125,000 | | - |
| Interest Income | | 1,221 | 1,221 | | | - |
| Miscellaneous Income | 80,000 | 109,083 | 29,083 | | | (80,000) |
| Total MainStreet London Revenue | 261,000 | 227,564 | (33,436) | 480,500 | 100.0% | 219,500 |

Expenditure Overview

| MainStreet London Expenditure Detail: | 2017 Approved Budget | 2017 Actuals | 2017 Surplus (Deficit) | 2018 Proposed Budget | % of Total Exp | Increase / (Decrease) over 2017 |
|------------------------------------------------|-------------------------------------|-------------------------|---------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------|
| ADMINISTRATION | | | | | | |
| Personnel Costs | 92,513 | 92,514 | (1) | 92,650 | | 137 |
| Total Administration | 5,487 | 1,150 | 4,337 | 11,100 | 2.3% | 5,613 |
| ORGANIZATION / DESIGN / PROMOTION | | | | | | |
| About Face | 125,000 | 61,260 | 63,740 | 125,000 | | - |
| Fiber Optic Program | | | - | | | - |
| Wi-Fi - LAWN | 20,000 | 21,610 | (1,610) | 21,000 | | 1,000 |
| Business Retention | 9,000 | 10,687 | (1,687) | 9,400 | | 400 |
| Recruitment | 9,000 | 9,264 | (264) | 221,350 | | 212,350 |
| Total Organization / Design / Promotion | 163,000 | 102,820 | 60,179 | 376,750 | 78.4% | 213,750 |
| HST Write off of 50% at year end | 5,487 | 1,150 | 4,337 | 11,100 | | 5,613 |
| Total MainStreet London Expenditure | 261,000 | 196,484 | 64,515 | 480,500 | 100.0% | 219,500 |
| Net Surplus / (Deficit) | - | 31,079 | 31,079 | - | | |
| Draw from (Contribution to) Operating Fund | - | (31,079) | (31,079) | - | | |
| Net | - | - | - | - | | |

All figures subject to audit.

All figures subject to rounding.

Schedule "C"

Bill No.
2018

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 2018 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 2018 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 2018 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 \$1,915,390.
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 27, 2018
Second Reading – March 27, 2018
Third Reading – March 27, 2018