

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON MARCH 19, 2019</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>LONDON DOWNTOWN BUSINESS ASSOCIATION 2019 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY</b>

<b>RECOMMENDATION</b>
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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 Improvement Area:

- a. The London Downtown Business Association proposed 2019 budget submission in the amount of \$1,826,490 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by the Corporation of the City of London for the 2019 fiscal year for the purposes of the London Downtown Business Association Improvement Area and pursuant to subsection 208(1) of the Municipal Act, 2001 **BE FIXED** at \$1,915,390 (which includes \$1,825,390 for the Municipal Special Levy and an estimated \$90,000 for tax write-offs administered by the City of London on behalf of London Downtown Business Association Improvement Area);
- 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 Association Improvement Area **BE INTRODUCED** at the Municipal Council meeting on March 26, 2019.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Corporate Services Committee, March 20, 2018, Agenda item 2.1, London Downtown Business Association 2018 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=39742>

<b>LINK TO STRATEGIC PLAN</b>
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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 relationships 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 provided to the Business Improvement Area members and thus promote continued growth in London’s economy.

## BACKGROUND

The statutory requirements regarding the budget of a Business Improvement Area (BIA) are outlined in Section 205 of the Municipal Act, 2001.

### *Budget*

*205 (1) A board of management shall prepare a proposed budget for each fiscal year by the date and in the form required by the municipality and shall hold one or more meetings of the members of the improvement area for discussion of the proposed budget.*

### *Council to approve*

*(2) A board of management shall submit the budget to council by the date and in the form required by the municipality and the municipality may approve it in whole or in part but may not add expenditures to it.*

On January 17, 2019, the Board of Management of the London Downtown Business Association (LDBA) Improvement Area approved the 2019 budget (Schedule "A") and presented the budget to the membership for discussion at the Annual General Meeting on January 23, 2019. This satisfies subsection (1).

The LDBA satisfies the requirement in subsection (2) with recommendation a. requesting approval of Schedule "A", noting that the 2019 expenditure budget is \$1,826,490.

Civic Administration provides the following comments based on its review of LDBA's submission:

- a) The LDBA submitted a 2019 budget of \$1,826,490 which represents an increase of \$20,000 (1.1%) compared to its 2018 budget of \$1,806,490. This increase is a result of the elimination of the Business Vacancy Rebate and Reduction Program in 2019, resulting in an increase to total revenue by this same amount.
- b) Significant changes to expenditures in 2019 include:
  - i. Wages and Benefits - an increase to cover the costs of an added part-time position plus an increase in the cost of living for the existing personnel.
  - ii. Possible Move - a significant amount has been budgeted for a possible move as the cost of rent on the current location has increased substantially.
  - iii. Communications and Marketing – a decrease in this expenditure as a result of a decrease in planned festival sponsorships.
  - iv. Promo Downtown Dollars – an increase to provide downtown dollar giveaways in order to encourage more spending in the construction areas.
  - v. Mainstreet Sponsorship – expense has decreased as the funding for each year is based on the funds that are required to run the programs and work plans as decided by LDBA Improvement Area's Board of Management.
  - vi. Mainstreet About Face Sponsorship - an increase in 2019 as a result of the first payout of LDBA's 10 year commitment of \$100,000 per year made in 2014 to Fanshawe College for their new site in the former Kingsmills building.

On January 17, 2019, the Board of Management of the LDBA Improvement Area approved the 2019 Mainstreet London (MSL) budget (Schedule "B") and presented the budget to the membership for discussion at the Annual General Meeting on January 23, 2019.

Civic Administration provides the following comments based on its review of the MSL budget:

- a) LDBA submitted MSL's 2019 budget of \$588,700, which represents an increase of \$108,200 (22.5%) compared to its 2018 budget of \$480,500. Significant changes to revenues include an amount budgeted for Miscellaneous Income for one-time funding provided by the City of London for the hiring of a Dundas Place Manager. This position was intended to be a temporary two-year full-time position commencing in 2018. There was also a decrease in LDBA Sponsorship funding due to a reduction in costs related to recruitment work plans, partially offset by the increase in LDBA Sponsorship for About Face for Fanshawe College's newest building.

b) Significant changes to the MSL's expenditures in 2019 include:

- i. About Face - an increase in 2019 as a result of the first payout of LDBAIA's 10 year commitment of \$100,000 per year made in 2014 to Fanshawe College for their new site in the former Kingsmills building.
- ii. Wi-Fi London Area Wireless Network (LAWN) – expense has increased as replacement of old units are required in 2019.
- iii. Recruitment - a significant decrease in recruitment expenses as program costs are expected to be less in 2019.
- iv. Dundas Place - an amount budgeted for Dundas Place manager which administratively reports to MSL to coordinate with City and agency staff in executing the maintenance, activation, and security of Dundas Place.

At the time of submitting this report, audited 2018 financial statements were unavailable. Estimates received by the LDBA and MSL indicated that there is an estimated combined year-end surplus of \$101,158 for 2018 (LDBA surplus of \$83,203 and MSL surplus of \$17,955). The unaudited December 31, 2018 reserve fund balance is \$59,799 and the unaudited balance in the Operating Fund is \$703,252, including year-end adjustments.

The owners of business property within the business improvement area will be responsible for payment of \$1,915,390 to be raised by the Corporation for the 2019 fiscal year for the purposes of LDBAIA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the LDBA Improvement Area the budgeted Net Municipal Special Levy amount of \$1,825,390 which reflects tax write-offs.

Under subsection 207(1) of the Municipal Act, 2001, a business improvement area must submit to Council its audited 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>ZEINA NSAIR, CPA, CGA MANAGER, FINANCIAL MODELLING, FORECASTING AND SYSTEMS CONTROL FINANCIAL PLANNING &amp; POLICY</b>	<b>ALAN DUNBAR, CPA, CGA MANAGER FINANCIAL PLANNING &amp; POLICY</b>
<b>SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
<b>KYLE MURRAY, CPA, CA DIRECTOR FINANCIAL PLANNING &amp; BUSINESS SUPPORT</b>	<b>ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>

Schedule "A"

London Downtown Business Association Improvement Area  
2019 Proposed Budget  
with 2018 Comparators

Revenue Overview

LDBA Improvement Area Revenue Detail:	2018 Approved Budget	2018 Actuals	2018 Surplus (Deficit)	2019 Proposed Budget	% of Total Rev	Increase / (Decrease) over 2018
Municipal Special Levy	1,915,390	1,915,390	-	1,915,390		-
Tax Write offs	(90,000)	(55,808)	34,192	(90,000)		-
Allowance for Vacancy Rebates	(20,000)	-	20,000			20,000
<b>Net Municipal Special Levy</b>	<b>1,805,390</b>	<b>1,859,582</b>	<b>54,192</b>	<b>1,825,390</b>		<b>20,000</b>
Interest Income	1,100	2,128	1,028	1,100		-
<b>Total LDBA Improvement Area Revenue</b>	<b>1,806,490</b>	<b>1,861,711</b>	<b>55,220</b>	<b>1,826,490</b>	<b>100.0%</b>	<b>20,000</b>

Expenditure Overview

LDBA Improvement Area Expenditure Detail:	2018 Approved Budget	2018 Actuals	2018 Surplus (Deficit)	2019 Proposed Budget	% of Total Exp	Increase / (Decrease) over 2018
<b>ADMINISTRATION</b>						
Wages and Benefits	435,910	435,910	-	486,000		50,090
Telephone	15,000	13,463	1,537	15,000		-
Stationery and Supplies	3,500	3,418	82	4,000		500
Insurance	6,700	7,113	(413)	7,200		500
Professional Services	3,600	3,529	71	3,600		-
Purchase and Leasing Equipment	17,000	16,777	223	16,500		(500)
Training / Conferences	18,000	19,607	(1,607)	18,000		-
Subscriptions / Memberships	3,000	3,618	(618)	3,100		100
Legal & Audit	5,000	3,233	1,767	10,000		5,000
Cleaning	7,700	8,146	(446)	8,000		300
Board Development & Expenses	5,000	5,132	(132)	5,000		-
Office Furniture	7,300	7,979	(679)	11,000		3,700
Possible Move				60,000		60,000
Miscellaneous Expense	3,590	3,513	77	3,290		(300)
<b>Total Administration</b>	<b>531,300</b>	<b>531,438</b>	<b>(138)</b>	<b>650,690</b>	<b>35.6%</b>	<b>119,390</b>
<b>RENT</b>						
Rent and Hydro	78,000	69,194	8,806	80,000		2,000
<b>Total Rent</b>	<b>78,000</b>	<b>69,194</b>	<b>8,806</b>	<b>80,000</b>	<b>4.4%</b>	<b>2,000</b>
<b>MEMBER SERVICES</b>						
Graffiti Removal	54,000	52,200	1,800	53,000		(1,000)
Annual General Meeting	15,000	24,190	(9,190)	20,000		5,000
<b>Total Member Services</b>	<b>69,000</b>	<b>76,390</b>	<b>(7,390)</b>	<b>73,000</b>	<b>4.0%</b>	<b>4,000</b>
<b>BUSINESS DEVELOPMENT</b>						
Communications & Marketing	350,000	409,014	(59,014)	284,000		(66,000)
Promo Downtown Dollars	55,000	65,000	(10,000)	65,000		10,000
Top up Tenant Improvement Loan Funding			-			-
MainStreet Sponsorship	355,500	266,065	89,435	219,700		(135,800)
MainStreet About Face Sponsorship	125,000	174,435	(49,435)	225,000		100,000
Planters	39,100	24,376	14,724	30,000		(9,100)
Public Art	10,000	6,518	3,482	10,000		-
Clean Team	143,000	142,078	922	146,100		3,100
Downtown Issues	-	-	-	-		-
Volunteer Recognition	5,000	172	4,828	2,500		(2,500)
Miscellaneous	5,090	1,941	3,149	5,000		(90)
<b>Total Business Development</b>	<b>1,087,690</b>	<b>1,089,599</b>	<b>(1,909)</b>	<b>987,300</b>	<b>54.1%</b>	<b>(100,390)</b>
HST	40,500	11,887	28,613	35,500		(5,000)
<b>Total LDBA Improvement Area</b>	<b>1,806,490</b>	<b>1,778,507</b>	<b>27,982</b>	<b>1,826,490</b>	<b>100.0%</b>	<b>20,000</b>
Net Surplus / (Deficit)	-	<b>83,203</b>	<b>83,202</b>	-		
Draw from / (Contribution to) Operating Fund	-	<b>(83,203)</b>	<b>(83,202)</b>	-		
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

All figures subject to audit.

All figures subject to rounding.

## Schedule "B"

**MainStreet London  
2019 Proposed Budget  
with 2018 Comparators**

**Revenue Overview**

<b>MainStreet London Revenue Detail:</b>	<b>2018 Approved Budget</b>	<b>2018 Actuals</b>	<b>2018 Surplus (Deficit)</b>	<b>2019 Proposed Budget</b>	<b>% of Total Rev</b>	<b>Increase / (Decrease) over 2018</b>
London Downtown Business Association Sponsorship	355,500	266,065	(89,435)	219,700		(135,800)
LDBA Sponsorship for About Face	125,000	174,435	49,435	225,000		100,000
Interest Income	-	2,023	2,023	-		-
Miscellaneous Income	-	37,812	37,812	144,000		144,000
<b>Total MainStreet London Revenue</b>	<b>480,500</b>	<b>480,335</b>	<b>(165)</b>	<b>588,700</b>	<b>100.0%</b>	<b>108,200</b>

**Expenditure Overview**

<b>MainStreet London Expenditure Detail:</b>	<b>2018 Approved Budget</b>	<b>2018 Actuals</b>	<b>2018 Surplus (Deficit)</b>	<b>2019 Proposed Budget</b>	<b>% of Total Exp</b>	<b>Increase / (Decrease) over 2018</b>
<b>ADMINISTRATION</b>						
Personnel Costs	92,650	92,650	-	93,800		1,150
<b>Total Administration</b>	<b>92,650</b>	<b>92,650</b>	<b>-</b>	<b>93,800</b>	<b>15.9%</b>	<b>1,150</b>
<b>ORGANIZATION / DESIGN / PROMOTION</b>						
About Face	125,000	174,435	(49,435)	225,000		100,000
Dundas Place	-	-	-	144,000		144,000
TIL Bad Debt	-	13,784	(13,784)	-		-
Wi-Fi - LAWN	21,000	48,164	(27,164)	37,000		16,000
Business Retention	9,400	13,349	(3,949)	14,700		5,300
Recruitment	221,350	115,042	106,308	65,000		(156,350)
<b>Total Organization / Design / Promotion</b>	<b>376,750</b>	<b>364,774</b>	<b>11,976</b>	<b>485,700</b>	<b>82.5%</b>	<b>108,950</b>
HST Write off of 50% at year end	11,100	4,956	6,144	9,200		(1,900)
<b>Total Other</b>	<b>11,100</b>	<b>4,956</b>	<b>6,144</b>	<b>9,200</b>	<b>1.6%</b>	<b>(1,900)</b>
<b>Total MainStreet London Expenditure</b>	<b>480,500</b>	<b>462,380</b>	<b>18,120</b>	<b>588,700</b>	<b>100.0%</b>	<b>108,200</b>
Net Surplus / (Deficit)	-	17,955	17,955	-		
Draw from (Contribution to) Operating Fund	-	(17,955)	(17,955)	-		
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

All figures subject to audit.

All figures subject to rounding.

**Schedule "C"**

Bill No.  
2019

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 2019 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 establishes 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 the municipality shall annually raise the amount required for the purposes of the board of management (of a business improvement area);

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 2019 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 2019 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.

Ed Holder,  
Mayor

Catharine Saunders,  
City Clerk

First Reading – March 26, 2019  
Second Reading – March 26, 2019  
Third Reading – March 26, 2019