

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JANUARY 20, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2020 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

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 2020 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 2020 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 (Schedule “C”) with respect to Municipal Special Levy for the London Downtown Business Association **BE INTRODUCED** at the Municipal Council meeting on January 28, 2020.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee, March 19, 2019, Agenda item 4.1, London Downtown Business Association 2019 Proposed Budget – Municipal Special Levy
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=59981>

LINK TO STRATEGIC PLAN

Council’s 2019-2023 Strategic Plan for the City of London identifies “Growing Our Economy” and “Leading in Public Service” as strategic areas of focus; these 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 areas of focus, 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

On October 10, 2019, the Board of Management of the London Downtown Business Association (LDBA) approved the 2020 budget (Schedule "A") which was presented to the members at the Annual General Meeting on November 14, 2019.

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area (BIA) must submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures. The LDBA has met this requirement in Schedule "A", noting the 2020 total expenditure budget of \$1,826,490.

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

- a) The LDBA submitted a 2020 budget of \$1,826,490 which is the same as the prior year's approved budget.
- b) Revenue includes the Municipal Special Levy of \$1,915,390 less a \$90,000 tax write off, plus interest income of \$1,100. Total revenue is the same as the prior year's approved budget.
- c) Significant changes to expenditures in 2020 include:
 - i. Wages and Benefits - an increase to cover the cost of additional staff and contract requirements.
 - ii. Possible Move/Office Furniture - lease has been renewed on existing location, so moving costs and new furniture are no longer required.
 - iii. Communications and Marketing, Campaigns & Street Activations and Event Sponsorships - Campaigns & Street Activations and Event Sponsorships were previously included in Communications and Marketing but have now been listed as separate items in the 2020 budget. A net increase \$71,500 across the three expenditure lines is budgeted to support additional street activations and a new website.
 - iv. MainStreet Sponsorship and About Face Sponsorship - sponsorships have decreased as Mainstreet programs and work plans have been reduced, as determined by LDBA's Board of Management.

On October 10, 2019, the Board of Management of the LDBA approved the 2020 MainStreet London (MSL) budget (Schedule "B") and presented the budget to the membership for discussion at the Annual General Meeting.

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

- a) LDBA submitted MSL's 2020 budget of \$385,500, which represents a decrease of \$203,200 (34.5%) compared to its 2019 budget of \$588,700. The total decrease in revenue is a result of the following:
 - i. A significant decrease to the LDBA Sponsorship and About Face Sponsorship as Mainstreet programs and work plans (including wi-fi and recruitment) have been reduced.
 - ii. In 2019, Mainstreet received funding directly from the City of London to pay the contract for the Dundas Place manager. That contract ends in March 2020, generating a significant year over year decrease on this revenue line. A request for funding beyond March 2020 is included in City of London's additional investment business case #7A (Core Area Action Plan) in the 2020-2023 Multi-Year Budget.

Significant changes to MSL's expenditures in 2020 include:

- i. About Face - a decrease in 2020 to reflect reduced programs and work plans.
- ii. Dundas Place - a significant decrease as the contract for the Dundas Place manager ends in March 2020 (subject to 2020-2023 Multi-Year Budget decisions).
- iii. Wi-Fi - London Area Wireless Network (LAWN) - LDBA's Board of Management decided to cancel this program, saving \$37,000.
- iv. Recruitment - the budget has been reduced from \$65,000 to \$35,000.

At the time of submitting this report, audited 2019 financial statements were unavailable. Estimates received by the LDBA and MSL indicated that there is an estimated combined year-end surplus of \$294,348 for 2019 (LDBA surplus of \$294,294 and MSL surplus of \$54). The unaudited projected December 31, 2019 reserve fund balance is \$260,000 and the unaudited projected balance in the Operating Fund is \$400,000 including year-end adjustments.

The owners of business property within the BIA will be responsible for payment of \$1,915,390 to be raised by the Corporation for the 2020 fiscal year for the purposes of LDBA and pursuant to subsection 208(1) of the Municipal Act, 2001. Upon Council approval, the City of London will pay the LDBA 50% of the budgeted Municipal Special Levy, with the remaining 50% to be paid on or after June 30th.

PREPARED BY:	REVIEWED BY:
ZEINA NSAIR, CPA, CGA MANAGER, FINANCIAL MODELLING, FORECASTING AND SYSTEMS CONTROL	ALAN DUNBAR, CPA, CGA MANAGER FINANCIAL PLANNING & POLICY
SUBMITTED BY:	RECOMMENDED BY:
KYLE MURRAY, CPA, CA DIRECTOR FINANCIAL PLANNING & BUSINESS SUPPORT	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Schedule "A"

London Downtown Business Association Improvement Area
2020 Proposed Budget
with 2019 Comparators

Revenue Overview

LDBA Improvement Area Revenue Detail:	2018 Audited	2019 Approved Budget	2019 Projected Actuals	2019 Projected Surplus (Deficit)	2020 Proposed Budget	% of Total Rev	Increase / (Decrease) over 2019	% Budget Change over 2019
Municipal Special Levy	1,915,390	1,915,390	1,915,390	-	1,915,390		-	0.0%
Tax Write offs	(55,808)	(90,000)	(90,000)	-	(90,000)		-	0.0%
Net Municipal Special Levy	1,859,582	1,825,390	1,825,390	-	1,825,390		-	0.0%
Interest Income	2,950	1,100	2,800	1,700	1,100		-	0.0%
Total LDBA Improvement Area Revenue	1,862,532	1,826,490	1,828,190	1,700	1,826,490	100.0%	-	0.0%

Expenditure Overview

LDBA Improvement Area Expenditure Detail:	2018 Audited	2019 Approved Budget	2019 Projected Actuals	2019 Projected Surplus (Deficit)	2020 Proposed Budget	% of Total Exp	Increase / (Decrease) over 2019	% Budget Change over 2019
ADMINISTRATION								
Wages and Benefits	435,910	486,000	484,684	1,316	570,000		84,000	17.3%
Telephone	13,463	15,000	13,682	1,318	14,000		(1,000)	(6.7%)
Stationery and Supplies	3,418	4,000	3,883	117	4,000		-	0.0%
Insurance	7,113	7,200	7,388	(188)	7,400		200	2.8%
Professional Services	3,529	3,600	26,258	(22,658)	3,600		-	0.0%
Purchase and Leasing Equipment	16,777	16,500	15,500	1,000	16,500		-	0.0%
Training / Conferences	19,607	18,000	6,106	11,894	18,000		-	0.0%
Meals and Entertainment	-	-	-	-	5,000		5,000	0.0%
Subscriptions / Memberships	3,618	3,100	3,482	(382)	3,100		-	0.0%
Legal & Audit	3,233	10,000	27,918	(17,918)	20,000		10,000	100.0%
Cleaning	8,146	8,000	7,991	9	8,000		-	0.0%
Board Development & Expenses	5,132	5,000	3,165	1,835	5,000		-	0.0%
Office Furniture	7,979	11,000	-	11,000	-		(11,000)	(100.0%)
Possible Move	-	60,000	-	60,000	-		(60,000)	(100.0%)
Miscellaneous Expense	3,513	3,290	1,517	1,773	3,390		100	3.0%
Total Administration	531,438	650,690	601,574	49,116	677,990	37.1%	27,300	4.2%
RENT								
Rent and Hydro	69,194	80,000	78,820	1,180	83,000		3,000	3.8%
Total Rent	69,194	80,000	78,820	1,180	83,000	4.5%	3,000	3.8%
MEMBER SERVICES								
Graffiti Removal	52,200	53,000	52,200	800	53,000		-	0.0%
Business to Business	-	-	-	-	6,000		6,000	0.0%
Annual General Meeting	24,190	20,000	7,290	12,710	8,000		(12,000)	(60.0%)
Total Member Services	76,390	73,000	59,490	13,510	67,000	3.7%	(6,000)	(8.2%)
BUSINESS DEVELOPMENT								
Communications & Marketing	409,014	284,000	228,741	55,259	258,000		(26,000)	(9.2%)
Campaigns & Street Activations	-	-	-	-	51,500		51,500	0.0%
Event Sponsorships	-	-	-	-	46,000		46,000	0.0%
Promo Downtown Dollars	65,000	65,000	60,000	5,000	60,000		(5,000)	(7.7%)
MainStreet Sponsorship	266,065	219,700	128,100	91,600	149,500		(70,200)	(32.0%)
MainStreet About Face Sponsorship	174,435	225,000	183,700	41,300	200,000		(25,000)	(11.1%)
Planters	24,376	30,000	28,847	1,153	30,000		-	0.0%
Public Art	6,518	10,000	2,250	7,750	10,000		-	0.0%
Clean Team	142,078	146,100	149,443	(3,343)	152,500		6,400	4.4%
Volunteer Recognition	-	2,500	101	2,399	4,000		1,500	60.0%
Miscellaneous	1,898	5,000	1,830	3,170	3,000		(2,000)	(40.0%)
Total Business Development	1,089,385	987,300	783,012	204,288	964,500	52.8%	(22,800)	(2.3%)
HST	11,887	35,500	11,000	24,500	34,000		(1,500)	(4.2%)
Total LDBA Improvement Area	1,778,292	1,826,490	1,533,896	292,594	1,826,490	100.0%	-	0.0%
Net Surplus / (Deficit)	84,240	-	294,294	294,294	-		-	-
Draw from / (Contribution to) Operating	(84,240)	-	(294,294)	(294,294)	-		-	-
Net	-	-	-	-	-		-	-

All figures subject to audit.
All figures subject to rounding.

Schedule "B"

MainStreet London
2020 Proposed Budget
with 2019 Comparators

Revenue Overview

MainStreet London Revenue Detail:	2018 Audited	2019 Approved Budget	2019 Projected Actuals	2019 Projected Surplus (Deficit)	2020 Proposed Budget	% of Total Rev	Increase / (Decrease) over 2019	% Budget Change over 2019
London Downtown Business Association Sponsorship	266,065	219,700	128,071	(91,629)	149,500		(70,200)	(32.0%)
LDBA Sponsorship for About Face	174,435	225,000	183,700	(41,300)	200,000		(25,000)	(11.1%)
City of London Funding - Dundas Place Manager	37,812	144,000	144,000	-	36,000		(108,000)	(75.0%)
Interest Income	2,023	-	-	-	-		-	0.0%
Total MainStreet London Revenue	480,335	588,700	455,771	(132,929)	385,500	100.0%	(203,200)	(34.5%)

Expenditure Overview

MainStreet London Expenditure Detail:	2018 Audited	2019 Approved Budget	2019 Projected Actuals	2019 Projected Surplus (Deficit)	2020 Proposed Budget	% of Total Exp	Increase / (Decrease) over 2019	% Budget Change over 2019
ADMINISTRATION								
Personnel Costs	92,651	93,800	93,380	420	95,000		1,200	1.3%
Total Administration	92,651	93,800	93,380	420	95,000	24.6%	1,200	1.3%
ORGANIZATION / DESIGN / PROMOTION								
About Face	174,435	225,000	183,700	41,300	200,000		(25,000)	(11.1%)
Dundas Place	37,812	144,000	144,000	-	36,000		(108,000)	(75.0%)
TIL Bad Debt	13,784	-	-	-	-		-	0.0%
Wi-Fi - LAWN	48,164	37,000	10,282	26,718	-		(37,000)	(100.0%)
Business Retention	13,349	14,700	10,952	3,748	15,000		300	2.0%
Recruitment	77,230	65,000	10,403	54,597	35,000		(30,000)	(46.2%)
Total Organization / Design / Promotion	364,774	485,700	359,337	126,363	286,000	74.2%	(199,700)	(41.1%)
HST Write off of 50% at year end	4,956	9,200	3,000	6,200	4,500		(4,700)	(51.1%)
Total Other	4,956	9,200	3,000	6,200	4,500	1.2%	(4,700)	(51.1%)
Total MainStreet London Expenditure	462,381	588,700	455,717	132,983	385,500	100.0%	(203,200)	(34.5%)
Net Surplus / (Deficit)	17,954	-	54	54	-		-	-
Draw from (Contribution to) Operating Fund	(17,954)	-	(54)	(54)	-		-	-
Net	-	-	-	-	-		-	-

All figures subject to audit.

All figures subject to rounding.

Schedule "C"

Bill No.
2020

By-law No.
A by-law to raise the amount required for the purposes of the London Downtown Business Improvement Area Board of Management for the year 2020 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-laws 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 Improvement Area and establishes a Board of Management for it known as the London Downtown Business 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 2020 fiscal year submitted by the London Downtown Business Improvement Area Board of Management attached as Schedule "A" is approved.
2. The amount to be raised by the Corporation for the 2020 fiscal year for the purposes of the London Downtown Business 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 – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020