

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Subject: London Downtown Business Association 2021 Proposed Budget - Municipal Special Levy

Date: January 18, 2021

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 2021 budget submission in the amount of \$1,972,282 **BE APPROVED** as outlined in Schedule “A”;
- b. The amount to be raised by the Corporation of the City of London for the 2021 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 \$1,877,082;
- 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 February 2, 2021.

Linkage to the Corporate Strategic Plan

Council’s 2019 to 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 (BIA’s) of London and continuing to build strong working relationships with such community partners. In line with these areas of focus, the City provides guidance to the BIA’s in regard 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 BIA members and thus promote continued growth in London’s economy.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Corporate Services Committee, January 20, 2020, Agenda item 2.6, London Downtown Business Association 2020 Proposed Budget – Municipal Special Levy. This report can be found on the City’s website by visiting:

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70362>

2.0 Financial Impact/Considerations

On October 8, 2020, the Board of Management of the London Downtown Business Association (LDBA) approved the 2021 budget (Schedule “A”) which was presented to the members at the Annual General Meeting on November 9, 2020.

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 2021 total expenditure budget of \$1,972,282.

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

- a) The LDBA submitted a 2021 budget of \$1,972,282 which represents an increase of \$145,792 (8.0%) compared to its 2020 budget of \$1,826,490. The total increase in revenue is a result of the following:
 - i. \$224,000 is budgeted for a Draw from Operating Fund which will be used to cover increased costs related to pressures from COVID-19 including \$100,000 for COVID grant funding, an increase in budget for Retention and Recruitment, and a new program (Public Safety Member Liaison).
 - ii. The increase in the Draw from Operating Fund is partially offset by a decrease of \$38,308 to the Municipal Special Levy. The Levy for 2021 is budgeted at \$1,877,082. This decrease is to provide some financial relief to member businesses due to the financial impacts of COVID-19.
- b) Significant changes to expenditures in 2021 include:
 - i. Transfer of Mainstreet London (MSL) items to LDBA budget – As of 2021, MSL is only budgeting for the LDBA Sponsorship for Grant Payments. All other expenses have been transferred to the LDBA budget to clearly identify which expenditures are funded from the Municipal Special Levy. This includes approximately \$95,000 for Wages and Benefits and \$50,000 for Retention and Recruitment.
 - ii. Legal and Audit - A decrease of \$15,000 from 2020 budget due to less professional fees anticipated in 2021.
 - iii. Retention and Recruitment – In addition to the transfer from MSL, this expenditure has increased another \$90,000 to \$140,000 to initiate a new recruitment program to help fill empty storefronts as well as increase retention efforts to further help existing businesses.
 - iv. Communications and Marketing - A decrease of \$40,000 from the 2020 budget, due to a portion of this budget being reallocated to the COVID-19 Response. 2020 also included a significant one-time expenditure for a new website.
 - v. Mainstreet Sponsorship - With the exception of grant programs, all expenditures have been transferred to LDBA, so no amount is budgeted.
 - vi. Public Safety Member Liaison - \$75,000 is budgeted to meet the needs of member businesses with respect to social, safety and crime issues that have arisen since the onset of COVID-19.
 - vii. Cleaning and Maintenance - An increase of \$42,500 over 2020 budgeted to meet member feedback requests. This includes an increase to the clean team hours which will provide more frequent checks and cleaning of all areas within the BIA boundary.
 - viii. COVID-19 Response - \$80,000 is budgeted to address any COVID-19 related financial impacts in 2021.

Civic Administration provides the following comments based on its review of the Mainstreet London (MSL) budget:

- a) LDBA submitted MSL's 2021 budget of \$200,000, which represents a decrease of \$185,500 (48.1%) compared to its 2020 budget of \$385,500. The decrease is a result of the following:
 - i. As of 2021, MSL is only budgeting for the LDBA Sponsorship for Grant Payments. All other expenses have been transferred to the LDBA budget to clearly identify which expenditures are funded from the Municipal

Special Levy. This includes approximately \$95,000 for Wages and Benefits and \$50,000 for Retention and Recruitment.

- ii. Mainstreet's agreement with the City of London to pay for the Dundas Place Manager was extended from March 2020 to the end of December 2020; however, no amount has been budgeted for 2021 as this arrangement has concluded.

At the time of submitting this report, audited 2020 financial statements were unavailable. Estimates received by the LDBA and MSL indicated that there is an estimated combined year-end surplus of \$240,760 for 2020 (LDBA surplus of \$239,960 and MSL surplus of \$800). The unaudited projected December 31, 2020 reserve fund balance is \$134,896 and the unaudited projected balance in the Operating Fund is \$574,297 including year-end adjustments.

Conclusion

The owners of business property within the BIA will be responsible for payment of \$1,877,082 to be raised by the Corporation for the 2021 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: Zeina Nsair, CPA, CGA, Manager, Financial Modelling, Forecasting and Systems Control

Alan Dunbar, CPA, CGA, Manager, Financial Planning and Policy

Submitted by: Kyle Murray, CPA, CA, Director, Financial Planning and Business Support

Recommended by: Anna Lisa Barbon, CPA, CGA, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Schedule "A"

London Downtown Business Association 2021 Proposed Budget with 2020 Comparators

Revenue Overview

Revenue Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Revenue	Increase/Decrease over 2020	Percentage Budget Change over 2020
Municipal Special Levy	1,915,390	1,915,390	0	1,915,390	0	1,877,082	95.2%	-38,308	-2.0%
Tax Write offs	-112,939	-90,000	0	-150,000	-60,000	-130,000	-6.6%	-40,000	44.4%
Net Municipal Special Levy	1,802,451	1,825,390	0	1,765,390	-60,000	1,747,082	88.6%	-78,308	-4.3%
Draw from Operating Fund	0	0	300,000	300,000	300,000	224,000	11.4%	224,000	N/A
Interest Income	3,917	1,100	0	2,700	1,600	1,200	0.1%	100	9.1%
Miscellaneous Income	3,440	0	0	0	0	0	0.0%	0	0.0%
Total Revenue	1,809,808	1,826,490	300,000	2,068,090	241,600	1,972,282	100.0%	145,792	8.0%

Expenditure Overview

Expenditure Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Administration									
Wages and Benefits	610,546	570,000	0	486,000	84,000	641,200	32.5%	71,200	12.5%
Telephone	10,761	14,000	0	10,320	3,680	12,000	0.6%	-2,000	-14.3%
Stationery and Supplies	3,388	4,000	0	4,000	0	4,000	0.2%	0	0.0%
Insurance	7,388	7,400	0	7,637	-237	7,600	0.4%	200	2.7%
Professional Services	41,542	3,600	0	14,963	-11,363	3,500	0.2%	-100	-2.8%
Purchase and Leasing Equipment	15,313	16,500	0	17,700	-1,200	15,000	0.8%	-1,500	-9.1%
Training/ Conferences	5,252	18,000	0	5,100	12,900	18,000	0.9%	0	0.0%

Expenditure Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Meetings and Meals	0	5,000	0	195	4,805	4,000	0.2%	-1,000	-20.0%
Subscriptions/ Memberships	3,482	3,100	0	3,622	-522	3,600	0.2%	500	16.1%
Legal & Audit	25,438	20,000	0	5,850	14,150	5,000	0.3%	-15,000	-75.0%
Cleaning	8,231	8,000	0	4,856	3,144	7,700	0.4%	-300	-3.8%
Board Development & Expenses	3,722	5,000	0	384	4,616	3,000	0.2%	-2,000	-40.0%
Miscellaneous Expenses	2,000	3,390	0	1,000	2,390	1,000	0.1%	-2,390	-70.5%
COVID-19 Administrative Savings/Cuts	0	0	-127,890	0	0	0	0.1%	0	0.0%
Total Administration	737,064	677,990	-127,890	561,626	116,363	725,600	36.8%	47,610	7.0%
Rent									
Rent and Hydro	78,541	83,000	-4,060	79,050	3,950	83,000	4.2%	0	0.0%
Total Rent	78,541	83,000	-4,060	79,050	3,950	83,000	4.2%	0	0.0%
Member Services									
Graffiti Removal	52,200	53,000	0	52,200	800	53,000	2.7%	0	0.0%
Business to Business	0	6,000	-2,000	0	6,000	5,000	0.3%	-1,000	-16.7%
Retention and Recruitment	0	0	-41,500	0	0	140,000	7.1%	140,000	N/A
Communications & Marketing	213,903	258,000	-85,601	151,000	107,000	218,000	11.1%	-40,000	-15.5%
Annual General Meeting	7,530	8,000	0	7,500	500	3,900	0.2%	-4,100	-51.3%
Total Member Services	273,633	325,000	-129,101	210,700	114,300	419,900	21.3%	94,900	29.2%
Business Development									
Promo Downtown Dollars	60,000	60,000	0	60,000	0	60,000	3.0%	0	0.0%
Campaigns and Street Activations	0	51,500	-19,500	39,000	12,500	52,000	2.6%	500	1.0%
Event Sponsorships	0	46,000	-26,000	3,850	42,150	33,850	1.7%	-12,150	-26.4%
MainStreet Sponsorship	134,062	149,500	0	49,001	100,499	0	0.0%	-149,500	-100.0%
MainStreet About Face Sponsorship	192,165	200,000	-50,000	51,865	48,135	200,000	10.1%	0	0.0%

Expenditure Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Planters	25,764	30,000	-15,000	15,000	15,000	28,000	1.4%	-2,000	-6.7%
Public Art	2,250	10,000	-7,500	5,000	5,000	0	0.0%	-10,000	-100.0%
Public Safety Member Liaison	0	0	0	0	0	75,000	3.8%	75,000	N/A
Cleaning and Maintenance	146,623	152,500	-2,700	148,000	4,500	195,000	9.9%	42,500	27.9%
Volunteer Recognition	0	4,000	-4,000	0	4,000	0	0.0%	-4,000	-100.0%
Miscellaneous	682	3,000	-1,998	16,538	-13,538	1,932	0.1%	-1,068	-35.6%
COVID-19 Response	0	0	397,309	177,000	-177,000	80,000	4.1%	80,000	N/A
COVID-19 MSL Marketing Grant	0	0	300,000	300,000	-300,000	0	0.0%	0	0.0%
Total Business Development	561,546	706,500	570,611	965,254	-258,754	725,782	36.8%	19,282	2.7%
Other									
Harmonized Sales Tax	9,629	34,000	-9,560	11,500	22,500	18,000	0.9%	-16,000	-47.1%
Miscellaneous	16,161	0	0	0	0	0	0.0%	0	0.0%
Total Other	25,790	34,000	-9,560	11,500	22,500	18,000	0.9%	-16,000	-47.1%
Total Expenditure	1,676,574	1,826,490	300,000	1,828,130	-1,641	1,972,282	100.0%	145,792	8.0%
Net Surplus/ Deficit	133,235	0	0	239,960	239,960	0			
Draw from / (Contribution to) Operating Fund	-133,235	0	0	-239,960	-239,960	0			
Net	0	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

MainStreet London 2021 Proposed Budget with 2020 Comparators

Revenue Overview

Revenue Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Revenue	Increase/Decrease over 2020	Percentage Budget Change over 2020
London Downtown Business Association Sponsorship	134,062	149,500	0	49,001	-100,499	0	0.0%	-149,500	-100.0%
LDBA Sponsorship for Grant Programs	192,165	200,000	0	151,865	-48,135	200,000	100.0%	0	0.0%
LDBA COVID-19 MSL Marketing Grant	0	0	300,000	300,000	300,000	0	0.0%	0	0.0%
Draw from Operating Fund	0	0	156,000	156,000	156,000	0	0.0%	0	0.0%
City of London	83,709	36,000	0	90,023	54,023	0	0.0%	-36,000	-100.0%
Interest Income	1,593	0	0	1,176	1,176	0	0.0%	0	0.0%
Miscellaneous Income	11,760	0	0	156,793	156,793	0	0.0%	0	0.0%
Total Revenue	423,289	385,500	456,000	904,858	519,358	200,000	100.0%	-185,500	-48.1%

Expenditure Overview

Expenditure Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/Decrease over 2020	Percentage Budget Change over 2020
Administration									
Wages and Benefits	93,668	95,000	0	95,000	0	0	0.0%	-95,000	-100.0%
Total Administration	93,668	95,000	0	95,000	0	0	0.0%	-95,000	-100.0%
Organization/ Design/ Promotion									
Grants	192,165	200,000	0	261,865	61,865	200,000	100.0%	0	0.0%
COVID-19 MSL Marketing Grant	0	0	300,000	300,000	300,000	0	0.0%	0	0.0%
COVID-19 MSL Restart Grant	0	0	156,000	156,000	156,000	0	0.0%	0	0.0%

Expenditure Detail:	2019 Audited	2020 Approved Budget	2020 COVID-19 Contingency Revisions	2020 Projected Actuals	2020 Projected Variance	2021 Proposed Budget	Percentage of Total Expenditure	Increase/ Decrease over 2020	Percentage Budget Change over 2020
Dundas Place	83,709	36,000	0	90,023	54,023	0	0.0%	-36,000	-100.0%
TIL Bad Debt	27,222	0	0	0	0	0	0.0%	0	0.0%
Wi-Fi - LAWN	10,282	0	0	0	0	0	0.0%	0	0.0%
Business Retention	3,044	15,000	0	807	-14,193	0	0.0%	-15,000	-100.0%
Recruitment	664	35,000	0	363	-34,637	0	0.0%	-35,000	-100.0%
Total Organization/ Design/ Promotion	317,085	286,000	456,000	809,058	523,058	200,000	100.0%	-86,000	-30.1%
Other									
Harmonized Sales Tax Write off of 50% at year-end	999	4,500	0	0	-4,500	0	0.0%	-4,500	-100.0%
Total Other	999	4,500	0	0	-4,500	0	0.0%	-4,500	-100.0%
Total MainStreet London Expenditure	411,752	385,500	456,000	904,058	518,558	200,000	100.0%	-185,500	-48.1%
Net Surplus/ Deficit	11,537	0	0	800	800	0			
Draw from (Contribution to) Operating Fund	-11,537	0	0	-800	-800	0			
Net	0	0	0	0	0	0			

All figures subject to audit.

All figures subject to rounding.

Schedule "B"

Operating Fund

Operating Fund Balance 2019 Audited	790,337
Projected Draw from Operating Fund in 2020	-456,000
2020 Projected Net Surplus	240,760
Operating Fund Balance 2020 Projected	575,097

All figures subject to audit.

All figures subject to rounding.

Reserve Fund

Reserve Fund Balance 2019 Audited	134,896
Projected Draw from Reserve Fund in 2020	0
Projected Contribution to Reserve Fund in 2020	0
Reserve Fund Balance 2020 Projected	134,896

All figures subject to audit.

All figures subject to rounding.

Schedule “C”

Bill Number

2021

By-law Number

A by-law to raise the amount required for the purposes of the London Downtown Business Improvement Area Board of Management for the year 2021 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 2021 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 2021 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 \$1,877,082.
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 – February 2, 2021
Second Reading – February 2, 2021
Third Reading – February 2, 2021