

TO:	CORPORATE SERVICES COMMITTEE MEETING ON APRIL 9, 2013
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	LONDON DOWNTOWN BUSINESS ASSOCIATION 2013 PROPOSED BUDGET – MUNICIPAL SPECIAL LEVY

RECOMMENDATION

It is recommended:

1. That the London Downtown Business Association proposed 2013 budget submission in the amount of \$951,229 **BE APPROVED** as outlined in Schedule A;
2. The amount to be raised by the Corporation for the 2013 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 \$1,018,027 (which accounts for \$935,027 for the City of London levy as required by the LDBA to help support its 2013 budget and an estimated allowance of \$83,000 to provide for vacancy rebates);
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 any 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. That the attached by-law (see Schedule C) **BE INTRODUCED** at the Municipal Council on April 16, 2013 with respect to municipal special levy for the London Downtown Business Improvement Area.

BACKGROUND

The London Downtown Business Association (LDBA) approved its 2013 budget on February 13, 2013 and submitted it to the City of London's Finance Department on February 20, 2013.

Under subsection 205(2) of the Municipal Act, 2001, a business improvement area must submit an annual budget to Council that the Council may approve in whole or in part but may not add expenditures to. The LDBA has met this requirement in Schedule A, noting the 2013 expenditure budget is \$951,229.

We provide the following comments based on our review of the submission:

- a) The LDBA submitted a 2013 budget of \$951,229 which represents an increase of \$69,904, or 7.9% compared to its 2012 budget of \$881,325.
- b) Significant changes to revenues include a 10% increase in the 2013 City of London Levy requested by the LDBA from \$850,025 in 2012 to \$935,027 in 2013. The revenue increase will be partially offset by a reduced reliance on the use of reserves to fund one-time costs. Significant changes to expenditures include a one-time budget increase in 2013 related to office relocation and building improvements. A relocation task force has been assembled to identify a suitable location. Also, the marketing budget has been increased partly due to the support for the World Figure Skating Championships being hosted here in London.

The LDBA also submitted the MainStreet London budget which, too, was approved on February 13, 2013. The following comments are offered based on our review:

- a) MainStreet London submitted a 2013 budget of \$491,749 which represents a decrease of \$62,753, or 11.3%, compared to its 2012 budget of \$554,502.
- b) Significant changes to revenues include reduced funding from LDBA and the City of London. Significant changes to expenditures include reduced costs related to the About Face program and the budget related to the purchase and leasing of equipment partially offset by the addition of a part-time staff member.

At the time of submitting this report, draft financial statements were unavailable. Estimates received by the LDBA and MainStreet London indicated that there was a combined year end surplus of \$2,300. Based on this surplus, the year end fund balance at December 31, 2012 would be \$516,390, which is comprised of investments in tangible capital assets, operating surplus and contingency reserve fund (2011 - \$514,090). Note: the final yearend position is subject to external audit.

As in 2012, 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 on a quarterly basis based on the estimated special levy amount of \$935,027.

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.

This report was prepared with the assistance of Cathy Cucksey, Current Budget & Process Officer.

PREPARED BY:	REVIEWED BY:
JASON SENESE MANAGER - FINANCIAL PLANNING AND POLICY	LARRY PALARCHIO DIRECTOR - FINANCIAL PLANNING AND POLICY
RECOMMENDED BY:	
MIKE TURNER DEPUTY CITY TREASURER	

Cc: Martin Hayward – City Treasurer, Chief Financial Officer
J. Logan, Division Manager – Revenue & Tax Collector

Schedule A

Revenue Overview

LDBA Revenue Detail:	2012 Revised Budget	2012 Actuals	Surplus (Deficit)	2013 Proposed Budget	Increase / (Decrease) over 2012
Total City of London Levy	933,025	933,025	0	1,018,027	85,002
Allowance for vacancy rebates	(83,000)	(83,000)	0	(83,000)	0
<i>Net City of London Levy</i>	<i>850,025</i>	<i>850,025</i>	<i>0</i>	<i>935,027</i>	<i>85,002</i>
Tax Write offs	(8,000)	(9,212)	(1,212)	(8,000)	0
LDBA Reserve Drawdown	32,300		(32,300)	22,202	(10,098)
Interest Income	2,000	2,360	360	2,000	0
Miscellaneous Income	5,000	15,000	10,000		(5,000)
Total LDBA Revenue Budget	881,325	858,173	(23,152)	951,229	69,904

Expenditure Overview

LDBA Expenditure Detail:	2012 Revised Budget	2012 Actuals	Surplus (Deficit)	2013 Proposed Budget	Increase / (Decrease) over 2012
<u>Administration</u>					
Telephone	3,550	5,387	(1,837)	4,800	1,250
Training / Conferences	5,700	4,831	869	5,000	(700)
Subscriptions / Memberships	1,700	1,493	207	1,300	(400)
Legal & Audit	3,000	1,822	1,178	4,000	1,000
Board Development & Expenses	1,200	798	402	1,500	300
Misc Expense	820	698	122	900	80
Depreciation Expense - Furniture/Phone		2,306	(2,306)		
Total Administration	15,970	17,335	(1,365)	17,500	1,530
<u>Rent</u>					
Rent and Hydro	53,000	40,726	12,274	32,000	(21,000)
Move	0	8,721	(8,721)	80,000	80,000
Total Rent	53,000	49,447	3,553	112,000	59,000
<u>Member Services</u>					
Graffiti Removal	37,000	33,300	3,700	34,000	(3,000)
Pigeon Program	10,800	11,421	(621)	12,000	1,200
Clean and Safe	20,000	9,100	10,900		(20,000)
Downtown Consulting	2,000	1,300	700		(2,000)
Annual General Meeting	10,000	16,812	(6,812)	14,000	4,000
Santa Claus Parade	7,500		7,500		(7,500)
Wi-Fi Project	18,000	27,786	(9,786)	18,000	0
Total Member Services	105,300	99,719	5,581	78,000	(27,300)
<u>Business Development</u>					
Communications & Marketing	54,000	73,974	(19,974)	132,000	78,000
Festivals	100,000	95,112	4,888	50,000	(50,000)
Promo Downtown Dollars	30,000	30,000	0	40,000	10,000
MainStreet Sponsorship	316,800	316,800	0	347,249	30,449
MainStreet Aboutface Sponsorship	130,000	130,000	0	75,000	(55,000)
<i>Total MainStreet Funding</i>	<i>446,800</i>	<i>446,800</i>	<i>0</i>	<i>422,249</i>	<i>(24,551)</i>
Planters			0	15,000	15,000
Downtown Issues	500		500		(500)
Public Art	16,000	12,627	3,373	7,000	(9,000)
Clean Team	41,750	36,942	4,808	60,000	18,250
Miscellaneous	1,205		1,205	3,480	2,275
Depreciation Expense - Furniture/Phone		22,716	(22,716)		0
Total Business Development	690,255	718,171	(27,916)	729,729	39,474
HST	16,800	3,776	13,024	14,000	(2,800)
Total LDBA Expenditure Budget	881,325	888,448	(7,123)	951,229	69,904
Net Before Contribution to Operating Surplus Fund	0	(30,275)	30,275	0	(0)
Draw from (Contribution to) Operating Surplus Fund	0	30,275	(30,275)	0	0
Net	0	0	0	0	(0)

Note: all figures subject to audit.

Schedule B

MainStreet London
2013 Proposed Budget
with 2012 Comparators

Object of Revenue / Source of Expenditure	2012 Revised Budget	2012 Actuals	Surplus (Deficit)	2013 Proposed Budget	Increase / (Decrease) over 2012
Revenue					
City of London Funding	106,102	106,102	0	53,000	(53,102)
London Downtown Business Association (LDBA) Sponsorship	316,800	316,800	0	347,249	30,449
LDBA Sponsorship for Aboutface	130,000	130,000	0	75,000	(55,000)
<i>Total LDBA Funding</i>	<i>446,800</i>	<i>446,800</i>	<i>0</i>	<i>422,249</i>	<i>(24,551)</i>
Interest Income	1,600	2,546	946	1,500	(100)
Miscellaneous Income		3,644	3,644		0
Reserve Drawdown			0	15,000	15,000
Total Revenue	554,502	559,092	4,590	491,749	(62,753)
Expenditures					
<u>Administration Payroll</u>					
Personnel Costs	312,085	310,654	1,431	354,865	42,780
Total Administrative Payroll	312,085	310,654	1,431	354,865	42,780
<u>Administration</u>					
Telephone	2,900	2,092	808	4,000	1,100
Stationary & Supplies	3,200	3,100	100	3,000	(200)
Travel & Expenses	1,300	1,348	(48)	1,600	300
Conferences & Continuing Education	3,000	3,958	(958)	2,600	(400)
Memberships	1,265	1,265	0	1,265	0
Legal & Audit	1,200	758	442	1,000	(200)
Insurance	6,500	5,856	644	5,900	(600)
Professional Services	500	2,474	(1,974)	500	0
Postage & Courier	300	258	42	300	0
Purchase/Leasing Furniture & Equipment	34,800	26,201	8,599	12,500	(22,300)
Cleaning	5,500	6,098	(598)	3,000	(2,500)
Miscellaneous Expenses	2,436	864	1,572	2,019	(417)
HST Write off of 50% at year end	9,116	5,429	3,687	8,800	(316)
Depreciation Expense		4,592	(4,592)		0
Total Administration	72,017	64,293	7,724	46,484	(25,533)
<u>Organization / Design / Promotion</u>					
Volunteer Recognition/Event	400	385	15	400	0
Aboutface	130,000	77,749	52,251	75,000	(55,000)
Communication / Marketing	10,000	34,686	(24,686)		(10,000)
Recruitment	30,000	17,560	12,440	15,000	(15,000)
Tenant Improvement Loans Bad Debt		21,190	(21,190)		0
Total Organization / Design / Promotion	170,400	151,570	18,830	90,400	(80,000)
Total Expense	554,502	526,517	27,985	491,749	(62,753)
Net Before Contribution to Operating Surplus Fund	0	32,575	(32,575)	0	0
Draw from (Contribution to) Operating Surplus Fund	0	(32,575)	32,575	0	0
Net	0	-	-	0	0

Note: all figures subject to audit.

Schedule C

Bill No.
2013

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 2013 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 2013 fiscal year submitted by The London Downtown Business Association Improvement Area Board of Management in the amount of \$951,229 attached as Schedule "A", which includes a City of London Levy in the amount of \$935,027, is approved.
2. The amount to be raised by the Corporation for the 2013 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 \$1,018,027.
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 on the day it is passed.

Joe Fontana
Mayor

Saunders, Cathy
City Clerk