

Staff Report

Report To: Owen Sound Downtown Improvement Area Board
Report From: Kate Allan, Director of Corporate Services
Meeting Date: March 10, 2021
Report Code: CR-21-025
Subject: 2020 Year End Report

Recommendations:

THAT in consideration of Staff Report CR-21-025 respecting 2020 Year End Report, the Owen Sound Downtown Improvement Area Board of Management (OSDIA Board):

1. Approves the report as presented; and
2. Directs the OSDIA Board Treasurer to deposit the surplus funds of \$29,672.30 into the OSDIA Board reserve bank account.

Highlights:

- The 2020 surplus is \$49,672
- The 2020 Budget anticipated utilizing \$20,000 from reserves to fund the purchase of the "Glutton". The net funds to transfer to reserves is \$29,672 since the \$20,000 was never withdrawn.
- When added to the opening reserve balance there is \$159,670 in reserves at the end of 2020. These funds may be expended at the discretion of the Board
- The surplus is driven by a reduction in the annual contribution to complimentary downtown parking and less than budgeted spending on events. Both drivers are attributed to the impacts of COVID.

Strategic Plan Alignment:

Demonstrating fiscal sustainability and timely financial reporting.

Background:

The Downtown Improvement Area's (DIA) fiscal year runs from January 1 to December 31. The total levy budgeted for 2020 was \$245,000 and due to variances between budget and actual spending, \$29,672 in cash remains at year end to be transferred to reserves. The year end reserve balance after the transfer is estimated to be \$159,670. The 2021 Budget approved utilizing \$43,340 from reserves to offset the cost of implementing the Marketing Action Plan and contributing to a Streetscape Improvement Design.

Analysis:

The total surplus of \$49,672.30 is detailed in the attachment to this report. This section will walk through each variance as it appears in the DIA budget variance.

Revenues

There is a minimal negative variance of \$3,228 in revenues. This is mostly due to the fact that Hottest Street Sale registrations are budgeted under this section and this event did not take place in 2020. There was also a reduction in related expenditures noted below which resulted in a net surplus from the cancellation of this event.

Expenses

1. Marketing

The marketing Budget of \$15,000 was spent on the creation of a marketing and branding action plan. This plan will be completed in early 2021.

2. Events

Due to the cancellation and scale back of many events this budget was not entirely spent in 2020. The surplus created of \$18,849 (net of registration revenue noted above) is a significant contributing factor in the total year end surplus. This surplus also includes the promotions budget noted below.

3. Promotions

Promotion expenses were coded to marketing and events expenditures noted above.

4. Beautification and (related) Maintenance

The budget of \$12,500 for flora and sidewalk cleaning were spent as intended. It should be noted that in addition to the DIA contribution to these efforts, the City's budget carried an additional \$18,400 for total spending in this category of \$30,900 in 2020.

This section also included the budget of \$20,000 for a 50% contribution towards the purchase of sidewalk cleaning equipment. The DIA's share was ultimately \$14,500 resulting in a variance of \$5,500 which makes up part of the year end surplus.

5. Watering and (related) Maintenance

While the DIA does not budget or contribute to this activity as defined by City of Owen Sound budgets, it should be noted that the total cost of staff time, overhead, equipment and materials coded to these accounts by City Staff was \$89,000 in 2020. This amount was fully funded by City wide tax dollars.

6. Administration

The variance in administration costs is driven mostly by audit fees and telephone charges that were above budget. It is expected that the audit fees for 2021 will be reduced as a result of combining financial records with the City of Owen Sound. The telephone number was cancelled in late 2020; as such, there will be no charges for this expense in 2021.

7. Complimentary Parking

The DIA's contribution to complimentary parking in the Downtown was reduced by \$30,500 to reflect a reduction in enforcement through the first two months of lockdown in 2020. Parking pass revenues were also below budget resulting in a net surplus of \$22,900

8. Security

The \$2000 grant to citizens on patrol was transferred in 2020.

9. Board Expenses

The costs associated with board memberships, training and travel are included in the administration costs above. As such there is an additional surplus noted here of \$8,700

Financial Implications:

The total surplus of \$49,672 results in a cash surplus balance of \$29,672. An electronic funds transfer will be generated by the City of Owen Sound and deposited to the DIA bank account upon acceptance of this report.

Communication Strategy:

Prudent financial management by the Board of the Downtown Improvement Area mitigated the financial impacts of COVID and has resulted in a surplus of \$49,672 at the end of 2020.

Consultation:

Brent Fisher

Pam Coulter

Attachments:

1. DIA budget variance 2020 year end
2. City of Owen Sound DIA department surplus reconciliation

Recommended by:

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan, Director of Corporate Services at kallan@owensound.ca or 519-376-4440 ext 1238.