

Agenda Including Addeds

Corporate Services Committee

14th Meeting of the Corporate Services Committee

July 17, 2018, 12:30 PM

Council Chambers

Members

Councillors J. Helmer (Chair), J. Morgan, P. Hubert, M. van Holst, J. Zaifman, Mayor M. Brown

1. Disclosures of Pecuniary Interest

2. Consent

- | | | |
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| 2.1 | Strategic Plan Progress Variance | 3 |
| 2.2 | Council Policy - Issuance of Technology Equipment to Council Members | 7 |
| 2.3 | 2017 Investment Report | 18 |
| 2.4 | Reserve and Reserve Fund Policy Report | 34 |
| 2.5 | FCM Grant Funding Agreement & RFP 18-23 Award for Corporate Asset Management Plan and Policy | 49 |
| 2.6 | Industrial Land Development Strategy Annual Monitoring and Pricing Report - City-Owned Industrial Land | 85 |
| 2.7 | New Entryway Signage for City-Owned Industrial Parks | 113 |
| | <i>a. ADDED - REVISED - New Entryway Signage for City-Owned Industrial Parks</i> | <i>121</i> |

3. Scheduled Items

- | | | |
|-----|--|-----|
| 3.1 | Not to be heard before 12:45 PM - Tribunal - Development Charge Complaint - 84 Dennis Avenue | 128 |
| 3.2 | Not to be heard before 1:00 PM - Crispin Colvin, Director, Ontario Federation of Agriculture - Ontario Federation of Agriculture - Producing Prosperity in Ontario | 147 |

4. Items for Direction

- | | | |
|-----|--|-----|
| 4.1 | Confirmation of Appointment to the Community Safety and Crime Prevention Advisory Committee (Requires 1 Non-Voting Representative from Active & Safe Routes to School)

Tara MacDaniel | 154 |
| 4.2 | Daytime Schedule | 155 |

5. Deferred Matters/Additional Business

6. Confidential (Enclosed for Members only.)

6.1 Solicitor-Client Privileged Advice/Litigation/Potential Litigation

A matter pertaining to advice subject to solicitor-client privilege, including communications necessary for that purpose, and advice with respect to litigation with respect to various personal injury and property damage claims against the City.

6.2 Personal Matters/Identifiable Individual/Litigation/Potential Litigation/Solicitor-Client Privileged Advice

A matter pertaining to personal matters, including information regarding identifiable individuals, with respect to employment-related matters; litigation or potential litigation affecting the municipality; advice that is subject to solicitor-client privilege, including communications necessary for that purpose; advice or recommendations of officers and employees of the Corporation, including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.

7. Adjournment

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF JULY 17, 2018
FROM:	MARTIN HAYWARD CITY MANAGER
SUBJECT	STRATEGIC PLAN PROGRESS VARIANCE

RECOMMENDATION

That, on the recommendation of the City Manager, with the concurrence of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report on the Strategic Plan Progress Variance **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Strategic Priorities and Policy Committee, Strategic Plan: Semi-Annual Progress Report, May 7, 2018
- Corporate Services Committee, Strategic Plan Progress Variance, February 6, 2017
- Strategic Priorities and Policy Committee, Strategic Plan: Semi-Annual Progress Report And 2017 Report To The Community, November 22, 2017
- Corporate Services Committee, Strategic Plan Progress Variance, July 18, 2017
- Strategic Priorities and Policy Committee, Strategic Plan: Semi-Annual Progress Report, May 29, 2017
- Corporate Services Committee, Strategic Plan Progress Variance, February 21, 2017

BACKGROUND

On March 10, 2015, City Council approved the *2015-2019 Strategic Plan* for the City of London, establishing a vision, mission, areas of focus and numerous strategies for this term of Council. In December 2015, Council directed administration to prepare Semi-Annual Progress Reports (every May and November). The Progress Reports identify a status for each milestone: complete, on target, caution, or below plan.

On November 23, 2016, Council resolved that, on the recommendation of the City Manager, the following action be taken with respect to Council's 2015-2019 Strategic Plan:

c) the Civic Administration BE DIRECTED to refer strategic plan milestones that are "caution" or "below plan" to meetings of the appropriate Standing Committee, following the tabling of the May and November update reports on the Strategic Plan;

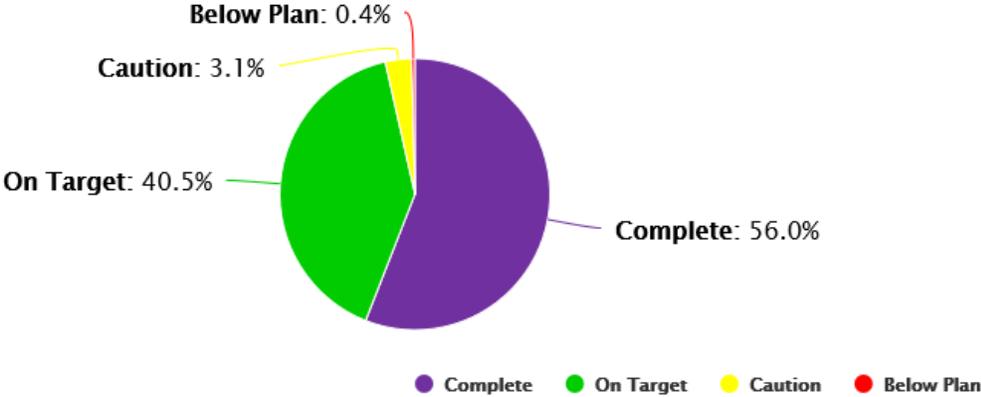
Council re-confirmed this direction at the May 7, 2018 Strategic Priorities and Policy Committee meeting.

DISCUSSION

This report outlines the milestones corresponding to the Corporate Services Committee that, as of May 2018, were identified as caution or below plan. This report covers 1 milestone that was flagged as caution.

Overall Strategic Plan Progress

As of May 7, 2018, 573 milestones were complete, 415 milestones were on target, 32 milestones were caution and 4 milestones were below plan in the entire Strategic Plan. As indicated in the chart below, 56.0% of milestones are complete, 40.5% are on target, 3.1% of milestones are caution and 0.4% of milestones are below plan.



Variance Explanations

 Building a Sustainable City - Caution

Milestone	What	Why	Implications
<p>What are we doing? Address and manage the infrastructure gap to maintain what we have now and reduce the tax burden on future generations. This includes everything from roads to parks to buildings</p> <p>How are we doing it? State of the Infrastructure Report (F&CS)</p>			
<p>Implement the system across the city</p> <p>End Date: 12/31/19</p>	<p>Civic Administration acquired a new asset management software system (Assetic) to help manage City owned assets and support development of the asset management program. Currently, implementation is underway for both Transportation and Park & Recreation services. However, the implementation of the system will be prolonged as result of the introduction of the new Ontario Regulation 588/17 that came into effect on January 1, 2018.</p>	<p>Ontario Regulation 588/17 sets out new requirements for municipal asset management planning and phases of implementation. Council received an information report in January 2018 that provided an overview of the requirements from the new Regulation. As a result of the new Regulation, the originally anticipated milestone end date needs to be updated to integrate and align with the requirements and phases of implementation that are provided by the new Regulation.</p>	<p>The adjustment to the milestone end date will result in deferral of achieving Asset Management values across all services (e.g. optimized decision making, automation and data analytics). However, there are benefits in delaying system implementation to make sure asset management processes are well established, and integrated in the day to day activities of each service area. This fits with the new Regulation recommendation to allow ample time to implement Asset Management practices across the City.</p> <p>Revised End Date: Q3 2023</p>

CONCLUSION

The Semi-Annual Progress Report tracks nearly 1000 milestones. This tool allows Council and Administration to track progress and monitor implementation of the 2015-2019 Strategic Plan for the City of London. In some cases, milestones have been delayed due to shifting priorities or emerging circumstances. The Strategic Plan Variance Reports are intended to provide Council with a more in-depth analysis of these delays. Information included in this report can support Council in strategic decision making and inform the work of Civic Administration.

CONCURRED BY:	RECOMMENDED BY:
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	MARTIN HAYWARD, CPA, CGA CITY MANAGER

- cc. Strategic Management Team
Strategic Thinkers Table

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
FROM:	ANNA-LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER AND CATHY SAUNDERS CITY CLERK
SUBJECT:	COUNCIL POLICY – ISSUANCE OF TECHNOLOGY EQUIPMENT TO COUNCIL MEMBERS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the City Clerk and with the concurrence of the Director, Information Technology Services, the attached proposed by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on July 24, 2018 to amend By-law No. CPOL.-68-300 being “Issuance of Computer Equipment to Council Members” to: rename the Policy “Issuance of Technology Equipment to Council Members”; identify standard equipment guidelines for the upcoming Council term; provide for a review of the corporate standards for computer equipment and software to be issued to Council Members prior to the commencement of any new Council term; to provide greater clarity within the Policy; reformat into the new Council Policy template; and review with the gender equity lens.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Agenda Item #20 - Board of Control Meeting of September 30, 2009
- Agenda Item #19 – Board of Control Meeting of March 24, 2010
- Agenda Item #II.6 – Corporate Services Committee Meeting of June 17, 2014
- Agenda Item #II.4 – Corporate Services Committee Meeting of October 18, 2016
- Agenda Item #III.3 – Governance Working Group Meeting of July 19, 2017
- Agenda Item #3.1 – Governance Working Group Meeting of June 25, 2018

BACKGROUND

At the commencement of each Council term, Members of Council are provided with a variety of resources in order to assist them in fulfilling their roles as elected officials. These resources include the provision of technology equipment. The current policy “Issuance of Computer Equipment to Council Members provides for the following:

“Council Members shall be issued the following for the 2014-2018 Council term:

- (a) one corporate standard laptop, including one each of the associated corporate standard docking station, monitor, keyboard and mouse for the laptop;
- (b) one corporate standard tablet (corporate standard to be established by the City Clerk, in consultation with Information Technology Services, subsequent to SIRE testing);
- (c) one standard printer (HP Wireless);
- (d) an annual stipend (already included as part of the Council Members’ annual expense allocation) for the self-supply of standard high-speed Internet service at the Council Member’s “home office”, noting that any upgrade to premium high-speed Internet service would be at the additional expense of the individual Council Member;

- (e) a basic modem and/or wireless router to connect to the Internet, from their “home office”, in exceptional cases where it is demonstrated that a basic modem and/or wireless router to connect to the Internet is not supplied by the Internet service provider; and
- (f) corporate standard software, including Microsoft Office and any other software identified as essential to the business of the City of London by the City Clerk, in consultation with Information Technology Services (e.g. electronic agenda management software), but excluding specialized corporate software that would not be accessible by the general public (e.g. AMANDA, Kronos, JD Edwards, etc.).”

It should be noted that Council Members are also provided with a mobile smart phone and monthly plan (including data), exclusive of the above-noted Policy; it is proposed to include this provision in the policy update so that of all technology equipment is contained in one policy.

The provision of this equipment for each term of Council is funded from the election budget. This means that purchases are completed in the election year, with no further source of funding being available for the purchase of additional or replacement equipment for the balance of the term. This approach has been successful given that newly elected officials generally require the equipment immediately, and returning Council Members are likely to find their previously issued equipment to be at the end of its usefulness.

The following summarized comments were provided by current Council Members, with respect to the technology equipment that was provided to them in 2014, and the proposed policy revisions for the next Council term:

- Provision should be increased to include dual monitors
- Choice of computer type – Mac or PC *
- Case(s) for mobile device(s) *
- Keyboard provision for tablet
- Choice to “opt” out of equipment (if deemed personally unnecessary) – ie. Printer may not be considered to be required for a returning Council Members
- Choice of tablet type
- The data package provided for the phone and tablet is very useful *
- Laptop provided should be “more portable”
- Provide the equipment as required, as may not be necessary at the beginning of the term; but to be provided once per term as an “entitlement” to access as required
- The tablet is a great resource
- Establish a “set fee” for subsidizing home internet

* indicates that this comment was provided by more than one Council Member

Additional comments related to resources for Council Members were outside of this specific policy.

The purchase of additional/supplemental technology equipment by Council Members can be accommodated by and is incorporated into the Council Members’ Expense Account Policy. Throughout the current Council term, purchases made from the individual Councillor expense accounts, with respect to supplemental technology purchases included: iPad accessories (keyboards/cases, etc.), phone accessories (cloud storage, cases, chargers, bluetooth connectors, etc.), one Chromebook, one computer lease and additional monitors. It is notable that there is consistency in the items purchased accessories, but personal preference for these appears clear.

DISCUSSION

Modernizing and updating the current “Issuance of Computer Equipment” Policy is necessary and will continue to require an ongoing review, given the speed at which technology changes and the changing needs and preferences of Council Members. It is also recommended that the title of the Policy be changed to “Issuance of Technology Equipment” to recognize that the Policy applies to more than computer equipment.

The current Policy provides restrictions to the “corporate standard” equipment that is provided in order to ensure that it can be properly supported by Information Technology Services.

The following summarizes the proposed updates, in contrast to the current Policy, along with supporting comment, as applicable.

Current Policy

one corporate standard laptop, including one each of the associated corporate standard docking station, monitor, keyboard and mouse for the laptop;

Proposed Policy

one corporate standard laptop, including one each of the associated corporate standard docking station, monitor, carrying case, keyboard and mouse for the laptop;

OR

a one-time allowance/reimbursement, not to exceed \$1800.00, to the Council Member to purchase their own equipment. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year. Members who choose to exercise this option will be required to sign an acknowledgement noting that Information Technology Services staff will not be available to provide technical support for any self-purchased equipment, or peripherals

Comments

The self-procurement reimbursement option will permit Council Members to choose the type of hardware and software that they would prefer. In order to accommodate these preferences however, Council Members will be required to sign an acknowledgement that Information Technology Services will be unable to support non-corporate issued equipment and such equipment will not be provided access to corporate applications, network and print services. It is important to note that selecting hardware and software outside of the corporate standard is likely to cause compatibility issues. Claims must be submitted in the election year in order to accommodate the source of financing for the equipment provision.

Current Policy

one corporate standard tablet (corporate standard to be established by the City Clerk, in consultation with Information Technology Services, subsequent to SIRE testing);

Proposed Policy

one corporate standard tablet;

Comments

The new software currently used for Council and Standing Committee meetings, including voting, has the potential to be used in an application that is compatible with the current corporate standard for tablets. Although testing is very preliminary, providing the equipment at the beginning of the Council term may allow for future usefulness in meetings. There was positive feedback as to the usefulness of this device in this term of Council. These devices will be provided with data packages/coverage.

Current Policy

one standard printer (HP Wireless);

Proposed Policy

one standard printer (HP Wireless);

OR

a one-time allowance/reimbursement, not to exceed \$500.00 to the Council Member to self-procure. Council Members will be required to sign an acknowledgement noting that the printer will not be supported by Information Technology Services. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year.

Current Policy

an annual stipend (already included as part of the Council Members' annual expense allocation) for the self-supply of standard high-speed Internet service at the Council Member's "home office", noting that any upgrade to premium high-speed Internet service would be an additional expense of the individual Council Member.

Proposed Policy

an annual stipend (already included as part of the Council Members' annual expense allocation) for the self-supply of standard high-speed Internet service at the Council Member's "home office", noting that any upgrade to premium high-speed Internet service would be an additional expense of the individual Council Member.

Comment

Council Members are provided with a smartphone and tablet, which both include data, however it is still necessary, in many cases, to utilize personal internet at home.

Current Policy

a basic modem and/or wireless router to connect to the Internet, from their "home office" is provided in exceptional cases where it is demonstrated that a basic modem and/or wireless router to connect to the Internet is not supplied by the Internet service provider.

Proposed Policy

Removal of this provision

Comment

There has never been a specific claim for this. Council Members could include this item with monthly reimbursement for home internet from their individual expense accounts, in accordance with the Policy.

Current Policy

corporate standard software, including Microsoft Office and any other software identified as essential to the business of the City of London by the City Clerk, in consultation with Information Technology Services (e.g. electronic agenda management software), but excluding specialized corporate software that would not be accessible by the general public (e.g. AMANDA, Kronos, etc.)

Proposed Policy

corporate standard software, including Microsoft Office and any other software identified as essential to the business of the City of London by the City Clerk, in consultation with Information Technology Services (e.g. electronic agenda management software), but excluding specialized corporate software that would not be accessible by the general public (e.g. AMANDA, Kronos, JD Edwards, etc.)

OR

a one-time allowance/reimbursement, not to exceed \$500.00 to the Council Member to self-procure software. Council Members will be required to sign an acknowledgement noting that this software will not be supported by Information Technology Services. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year.

Comment

The intention of the self-procured software is to accommodate those Council Members who may desire to purchase their own equipment. Particularly in the case of technology and software that may not be corporate standard, Information Technology Services are not able to provide support.

Current Policy

Computer Support

The Corporation of the City of London, through Information Technology Services, shall only provide support to corporately-issued equipment and not to any personal equipment or systems, any service or equipment provided by a third party (e.g. WiFi connection provided by internet service provider), or any supplementary equipment that may have been purchased by funds from a Council Member's annual expense allocation. Council Members shall be fully responsible for any costs associated with the acquisition, use and maintenance of supplementary computer equipment or software they have opted to purchase outside the standard equipment and software guidelines.

Information Technology Services shall assist with the initial set up of the corporately-issued wireless printer at a Council Member's home office. However, the Council Member shall be responsible for ensuring their home office WiFi connection is in working order so that the set up can be completed, and the Council Member will also need to be present and able to enter the appropriate password to complete the connection to the wireless printer.

Proposed Policy
Computer Support

The Corporation of the City of London, through Information Technology Services, shall only provide support to corporately-issued equipment issued/purchased during the current term of Council. Information Technology Services will not provide technical support to any personal equipment or systems, any equipment or service provided by a third party (e.g. WiFi connection provided by internet service provider), or any supplementary equipment that may have been purchased by funds from a Council Member's annual expense allocation. Council Members shall be fully responsible for any costs associated with the use and maintenance of supplementary computer equipment or software they have opted to purchase outside the standard equipment and software guidelines provided for in this Policy.

Information Technology Services shall assist with the initial set up of the corporately-issued wireless printer at a Council Member's home office. However, the Council Member shall be responsible for ensuring their home office WiFi connection is in working order so that the set up can be completed. The Council Member must be present and able to enter the appropriate password to complete the connection to the wireless printer.

Comment

The exclusion of responsibility of cost for acquisition has been removed due to the newly proposed option of self-procurement.

Proposed Additions to the Policy

Members will be provided with one corporate standard mobile device.

Comment

A smart phone is currently provided, including a robust mobility package, but this is not specifically identified in the policy.

Council Members will be required to indicate preferences of equipment by a date established by the City Clerk, in order to ensure that any equipment is available at the beginning of the Council term.

Council Members may "opt out" of any of the provisions entirely, but are not able to "opt in" later in the Council term. Should a Council Member choose to opt out, and later desire to purchase equipment, the equipment would need to be purchased through their expense account and will be subject to the terms of that Policy.

Comments

Council Members may not have any requirement for a mobile device at the beginning of the Council term. The funding for mid-term purchases would not be funded from the elections budget but would be an eligible expense under the Councillor Expense account.

There are no recommended additions to the current Policy for the specific provisions of cases for phones or tablets, or for peripheral accessories (e.g. keyboards). The purchase of such items is an allowable expense from the Members' Expense Accounts, and has been utilized frequently. These types of purchases tend to be very user specific and subject to individual preference. Tablets in the current Council term, included the provision of a very basic case, and most have been replaced to accommodate Council Members' preferences.

There are no recommended changes to the following additional portions of the current Policy:

Supplementary Computer Equipment

Council Members may, at their discretion, utilize funds from their annual expense allocation to supplement the standard corporate issue of computer equipment, in keeping with applicable policy.

Computer Equipment for Privately-Contracted Assistance

Any additional computer equipment required for individuals privately contracted by a Council Member shall be provided by the Council Member and will not be provided by The Corporation of the City of London via a corporate purchase or loan arrangement. For security and support reasons, no equipment other than the equipment issued to the Council Member by The Corporation of the City of London, during the current Council term, will be connected to the City of London's Corporate network and supported by corporate resources.

Corporate Records and Corporately-Licensed Software

Any corporate records or corporately-licensed software maintained on the standard computer equipment issued to the Council Members by The Corporation of the City of London shall be returned to and remain in the custody of The Corporation of the City of London during and at the conclusion of each Council term. In those instances where a Council Member is returning to office for a subsequent Council term, the Council Member may request to have their corporate records transferred to their new computer equipment. In any event, all corporate records shall, at all times, be maintained in keeping with legislated requirements (e.g. *Municipal Freedom of Information and Protection of Privacy Act*, Records Retention By-law, etc.).

Computer Usage – General

Computer usage for corporate purposes shall be in keeping with the City of London's Use of Technology Policy. No Council Member, their corporately-assigned staff, or their contracted assistants, shall use the technology made available to them by The Corporation of the City of London in a manner which compromises the security of the City of London's systems or information.

Acquisition and Disposition of Corporately-Issued Computer Equipment and Software for Council Members

- (a) The City Clerk shall establish a purchase plan for the supply and replacement of standard computer equipment and software for Council Members at the commencement of each Council term, in liaison with Information Technology Services.
- (b) The City Clerk shall include a budget item for the acquisition of the standard computer equipment and software noted in (a), above, for incoming Council Members.
- (c) The City Clerk, in liaison with Information Technology Services, shall establish the corporate standard for computer equipment and software for Council Members in sufficient time for that computer equipment and software to be acquired for the commencement of the new Council term.
- (d) Information Technology Services shall arrange for the on-site, and where applicable off site, installation of the standard corporate-issue computer equipment and software, as well as the related training and support, in liaison with the Council Members and/or their corporate support staff.
- (e) At the conclusion of a Council term, Council Members serving that Council term shall retain the standard computer equipment they were issued at the commencement of that Council term, to do with as they wish and/or dispose of on their own, in keeping with any applicable Canada Revenue Agency or other legislative requirements. The license provided for Microsoft Office will be deactivated at the end of the upcoming term and used to support the next term of Council Members. All access to the corporate network shall be fully terminated and the hardware removed from the Corporation's domain, with no further technical support being provided by the Corporation's Information Technology Services.

CONCLUSION

The proposed updated Policy incorporates, as much as possible, the valuable feedback provided by Council Members with respect to this matter, as well as the projected needs for the coming Council term.

The proposed Policy endeavours to achieve a balance between the personal requirements of individual Council Members, while managing compatibility, information security and the support of non-corporate issue equipment. It is important to note that Council Members should not expect any equipment (including peripherals/accessories) that is self-procured to be supported by Corporate Information Technology Services staff.

The attached by-law (Appendix "A"), including the proposed updated Policy, incorporates the recommendations contained in this report.

RECOMMENDED BY:	RECOMMENDED BY:
ANNA-LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	CATHY SAUNDERS CITY CLERK
CONCURRED BY:	
MAT DALEY DIRECTOR, INFORMATION TECHNOLOGY SERVICES	

c. M. Schulthess, B. Westlake-Power, D. Dobson

Appendix "A"

Bill No.
2018

By-law No. CPOL.-

A by-law to amend By-law No. CPOL.-68-300 being "Issuance of Computer Equipment to Council Members" to: rename the Policy "Issuance of Technology Equipment to Council Members"; identify standard equipment guidelines for the upcoming Council term; provide for a review of the corporate standards for computer equipment and software to be issued to Council Members prior to the commencement of any new Council term; to provide greater clarity within the Policy; reformat into the new Council Policy template; and review with the gender equity lens.

WHEREAS section 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*, S.O. 2001, c.25, as amended provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS the Municipal Council of The Corporation of the City of London wishes to amend By-law No. CPOL.-68-300 being "Issuance of Computer Equipment to Council Members" to rename the Policy "Issuance of Technology Equipment to Council Members"; identify standard equipment guidelines for the upcoming Council term; provide for a review of the corporate standards for computer equipment and software to be issued to Council Members prior to the commencement of any new Council term; to provide greater clarity within the Policy; reformat into the new Council Policy template; and review with the gender equity lens;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. By-law No. CPOL.-68-300 being "Issuance of Computer Equipment to Council Members" is hereby amended by deleting Appendix "D(16) to CPOL.-68-300 in its entirety and by replacing it with the attached new Schedule "A".
2. This by-law comes into force and effect on the date it is passed.

PASSED in Open Council on July 24, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – July 24, 2018
Second Reading – July 24, 2018
Third Reading – July 24, 2018

SCHEDULE "A"

Policy Name: Issuance of Technology Equipment to Council Members
Legislative History: Adopted August 22, 2017 (By-law No. CPOL.-68-300)
Last Review Date: July 17, 2018
Service Area Lead: City Clerk

1. Policy Statement

1.1 This policy establishes the corporate standard for technology equipment and software for Council Members.

2. Definitions

2.1 Not applicable.

3. Applicability

3.1 This policy applies to all Council Members.

4. The Policy

4.1 Standard Equipment and Software Guidelines

Corporate standard technology equipment and software for Council Members shall be established by the City Clerk, in consultation with Information Technology Services.

The corporate standard for technology equipment and software for Council Members shall be reviewed by the City Clerk, in consultation with Information Technology Services, for appropriateness prior to the acquisition of technology equipment and software for Council Members for a new Council term.

4.2 Equipment Issuance and Options

Council Members shall be issued the following for the 2018-2022 Council term:

- (a) one corporate standard laptop, including one each of the associated corporate standard docking station, monitor, carrying case, keyboard and mouse for the laptop;
OR
a one-time allowance/reimbursement, not to exceed \$1800.00, to the Council Member to purchase their own equipment. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year. Members who choose to exercise this option will be required to sign an acknowledgement noting that Information Technology Services staff will not be available to provide technical support for any self-purchased equipment, or peripherals;
- (b) one corporate standard tablet;
- (c) one standard printer (HP Wireless);
OR
a one-time allowance/reimbursement, not to exceed \$500.00 to the Council Member to self-procure. Council Members will be required to sign an acknowledgement noting that the printer will not be supported by Information Technology Services. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year;
- (d) an annual stipend (already included as part of the Council Members' annual expense allocation) for the self-supply of standard high-speed Internet service at the Council Member's "home office", noting that any upgrade to premium high-speed Internet service would be at the additional expense of the individual Council Member;

- (e) corporate standard software, including Microsoft Office and any other software identified as essential to the business of the City of London by the City Clerk, in consultation with Information Technology Services (e.g. electronic agenda management software), but excluding specialized corporate software that would not be accessible by the general public (e.g. AMANDA, Kronos, JD Edwards, etc.)
OR
a one-time allowance/reimbursement, not to exceed \$500.00 to the Council Member to self-procure software. Council Members will be required to sign an acknowledgement noting that this software will not be supported by Information Technology Services. The claim for reimbursement must be submitted to the City Clerk, prior to December 31st of the election year; and,
- (f) one corporate standard mobile device.

4.3 Supply of Equipment

Council Members will be required to indicate preferences by a date established by the City Clerk, in order to ensure that any equipment is available at the beginning of the term.

Members may “opt out” of any of the provisions of corporate equipment entirely, but are not able to “opt in” at any point in the term. Should a Council Member choose to “opt out”, and later desire equipment, it would need to be purchased through their Councillor expense account and be subject to the terms of that policy.

4.4 Supplementary Computer Equipment

Council Members may, at their discretion, utilize funds from their annual expense allocation to supplement the standard corporate issue of computer equipment, in keeping with applicable policy.

4.5 Computer Support

The Corporation of the City of London, through Information Technology Services, shall only provide support to corporately-issued equipment issued/purchased during the current term of Council. Information and Technology Services will not provide technical support to any personal equipment or systems, any equipment or service provided by a third party (e.g. WiFi connection provided by internet service provider), or any supplementary equipment that may have been purchased by funds from a Council Member’s annual expense allocation. Council Members shall be fully responsible for any costs associated with the use and maintenance of supplementary computer equipment or software they have opted to purchase outside the standard equipment and software guidelines provided for in this Policy.

Information Technology Services shall assist with the initial set up of the corporately-issued wireless printer at a Council Member’s home office. However, the Council Member shall be responsible for ensuring their home office WiFi connection is in working order so that the set up can be completed. The Council Member must be present during the initial set up and able to enter the appropriate password to complete the connection to the wireless printer.

4.6 Computer Equipment for Privately-Contracted Assistance

Any additional computer equipment required for individuals privately contracted by a Council Member shall be provided by the Council Member and will not be provided by The Corporation of the City of London via a corporate purchase or loan arrangement. For security and support reasons, no equipment other than the equipment issued to the Council Member by The Corporation of the City of London, during the current Council term, will be connected to the City of London’s network and supported by corporate resources.

4.7 Corporate Records and Corporately-Licensed Software

Any corporate records or corporately-licensed software maintained on the standard computer equipment issued to the Council Members by The Corporation of the City of London shall be returned to and remain in the custody of The Corporation of the City of London during and at the conclusion of each Council term. In those instances where a Council Member is returning to office for a subsequent Council term, the Council Member may request to have their corporate records transferred to their new computer equipment. In any event, all corporate records shall, at all times, be maintained in keeping with legislated requirements (e.g. *Municipal Freedom of Information and Protection of Privacy Act*, *Records Retention By-law*, etc.).

4.8 Computer Usage – General

Computer usage for corporate purposes shall be in keeping with the City of London's Use of Technology Policy. No Council Member, their corporately-assigned staff, or their contracted assistant, shall use the technology made available to them by The Corporation of the City of London in a manner which compromises the security of the City of London's systems or information.

4.9 Acquisition and Disposition of Corporately-Issued Computer Equipment and Software for Council Members

- (a) The City Clerk shall establish a purchase plan for the supply and replacement of standard computer equipment and software for Council Members at the commencement of each Council term, in liaison with Information Technology Services.
- (b) The City Clerk shall include a budget item for the acquisition of the standard computer equipment and software noted in (a), above, for incoming Council Members.
- (c) The City Clerk, in liaison with Information Technology Services, shall establish the corporate standard for computer equipment and software for Council Members in sufficient time for that computer equipment and software to be acquired for the commencement of the new Council term.
- (d) Information Technology Services shall arrange for the on site, and where applicable off site, installation of the standard corporate-issue computer equipment and software, as well as the related training and support, in liaison with the Council Members and/or their corporate support staff.
- (e) At the conclusion of a Council term, Council Members serving that Council term shall retain the standard computer equipment they were issued at the commencement of that Council term, to do with as they wish and/or dispose of on their own, in keeping with any applicable Canada Revenue Agency or other legislative requirements. The corporate standard Microsoft Office software shall remain with the computer equipment at the end of the Council term, but will not be supported under any maintenance agreement and shall simply age to end of life with no upgrade options. All access to the corporate network shall be fully terminated and the hardware removed from the Corporation's domain, with no further technical support being provided by the Corporation's Information Technology Services.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2017 INVESTMENT REPORT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer:

- a) The 2017 Investment Report, providing a summary of the performance of the City of London’s investment portfolio, **BE RECEIVED** for information.
- b) The update on amendments to the *Municipal Act, 2001* and *Ontario Regulation 438/97*, including the Prudent Investor Standard, **BE RECEIVED** for information.
- c) The attached proposed by-law (Appendix “B”) **BE INTRODUCED** at the Municipal Council meeting on July 24, 2018, to amend By-law CPOL.-39-235 entitled “Investment Policy” to revise the investment term limitations and change to investment term targets, revise the delegation of authority and authorization to reflect the City’s current organizational structure, reformat into the new Council Policy template and review with the gender equity lens.

LINK TO THE 2015-2019 STRATEGIC PLAN

Council’s 2015-2019 Strategic Plan for the City of London identifies “Leading in Public Service” as one of four strategic areas of focus. The 2017 Investment Report supports this strategic area of focus by contributing towards the strategic priority “Proactive financial management”. The “Proactive financial management” strategic priority involves, among other things, making sure that financial issues are not created and pushed to the future, creating problems for future generations. Investing public funds in accordance with the City’s Investment Policy helps the City maximize investment return and minimize investment risk while meeting the cash flow requirements of the City.

BACKGROUND

As outlined in *Ontario Regulation 438/97*, the City Treasurer is required to provide an annual investment report to Municipal Council. The report, at a minimum, shall contain the following;

- a) a statement about the performance of the portfolio of investments during the period covered by the report;
- b) a description of the estimated proportion of the total investments that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year’s report;
- c) a statement by the City Treasurer as to whether or not, in their opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
- d) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
- e) such other information that Municipal Council may require or that, in the opinion of the Treasurer, should be included.

This report meets the above requirements.

Portfolio Balance

In 2017, the City of London (the “City”) maintained a monthly average investment portfolio balance of \$913 million (2016, \$827 million), consisting of cash and investments in securities prescribed under *Ontario Regulation 438/97*. As at December 31, 2017, the City’s investment portfolio included over 400 investment securities, primarily government bonds, corporate bonds, and guaranteed investment certificates (GICs). A summary of the City’s investment portfolio at year-end is attached as **APPENDIX “A”**.

Investment Income

For the purposes of this report, investment income includes interest income and realized gains and losses. In 2017, the City earned a total income of approximately \$13.4 million (\$14.2 million in 2016) from investments of which \$9.6 million (\$10.8 million in 2016) was earned from reserve fund investments and \$3.8 million (\$3.4 million in 2016) was earned from general fund investments.

The decline in investment income in 2017 compared to 2016 is primarily related to the realized gains and losses from the City’s externally managed bond portfolios. The performance objective of the City’s externally managed bond portfolios is to outperform the stated portfolio benchmark over the medium to long-term based on the market value. Market value includes unrealized gains and losses, which is not reflected in the City’s overall investment income. The timing of purchases and sales will influence when the City realizes capital gains and losses, and is at the discretion of the external portfolio manager. The performance of the City’s externally managed portfolios in comparison to the benchmarks is detailed later in this report.

In accordance with the *Municipal Act, 2001* (the “Act”), interest and capital gains earned on reserve fund investments are allocated to all reserve funds on a prorated basis and are used for the purpose for which the reserve fund was created. Investment income earned from the general fund is allocated to general revenues, which contributes to offsetting the amount of taxes levied.

Market Summary for 2017

The Bank of Canada raised its overnight target rate twice throughout 2017, from 0.50% to 1.00%. Canadian bond yields continued to stay relatively low through the first half of the year. During the second half of the year, yields began to rise due to strong economic growth, employment gains, and the rise in the Bank of Canada’s overnight rate.

The table below shows a comparison of Government of Canada benchmark yields from 2017 to 2015.

Benchmark Yield	2017 Average Monthly Yield	2016 Average Monthly Yield	2015 Average Monthly Yield
3-month T-Bill	0.70%	0.50%	0.50%
3-year Gov’t of Canada Bond	1.20%	0.60%	0.54%
5-year Gov’t of Canada Bond	1.39%	0.75%	0.83%
10-year Gov’t of Canada Bond	1.79%	1.26%	1.49%

Economic conditions are continually monitored by the City and its team of professional portfolio managers to ensure the City’s investment portfolio is adjusted to reflect changing market conditions.

Investment Strategy

As directed by the City’s Investment Policy, the City’s overall investment strategy is to invest public funds in a manner that prioritizes security and liquidity of principal over attaining higher investment returns. The investment strategy in 2017 continued to focus on building a balanced and diversified portfolio relative to short-term, medium-term and long-term investment instruments.

Below is a comparison of the City's portfolio to the policy targets.

Classification	Maturing in	Average for 2017	Target
Cash & Short-Term	Less than 1 year	50%	50%
Medium-term	1 – 5 years	24%	25%
Long-term	More than 5 years	26%	25%

The City has worked towards the targets to provide further diversification and increase the overall investment return while maintaining liquidity.

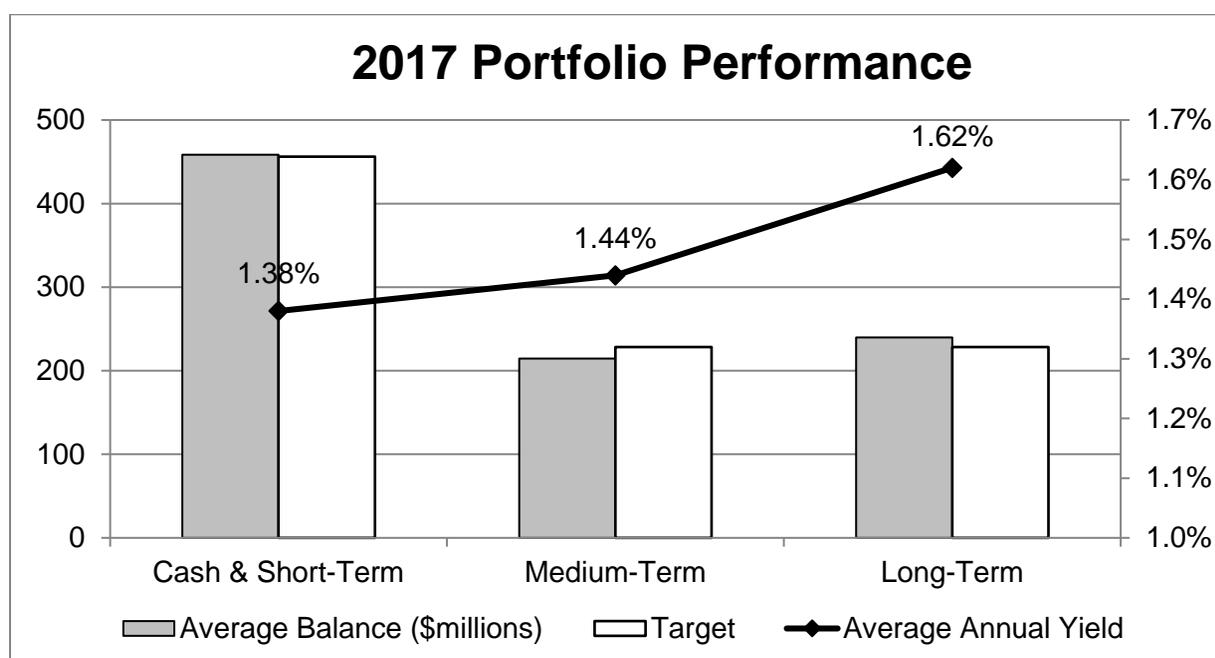
The City purchased investments of \$57 million internally through investment brokers throughout 2017 to move the portfolio towards the targets. The City purchased \$43 million of GICs and \$14 million of Provincial bonds once bond yields began to trend upwards. The City's internally managed portfolio utilizes the buy and hold strategy, buying investment products from investment brokers at varying maturity dates. This strategy ensures a steady stream of cash flows will be available to match cash demands and minimizes interest rate risk by smoothing fluctuations in the market over time.

Scotia Institutional Asset Management (Scotia), RBC Global Asset Management (RBC GAM) and RBC Dominion Securities (RBC DS) manage the City's external portfolios. The management of these portfolios allows the City to benefit from the services provided by sophisticated investment teams, which includes frequent monitoring and trading, diversifying funds, and anticipating interest rate changes. No additional funds were invested in externally managed portfolios in 2017.

Using multiple external investment managers in addition to internal management helps diversify the City's investment portfolio. Differing investment styles and strategies offer additional risk control while also ensuring that the City's investment policy objectives are met.

Performance of Portfolio Investments

The chart below shows a breakdown of the average annual yields for 2017, as well as the investment portfolio balance in comparison to policy targets. For the purposes of this report, yield includes interest income and realized gains and losses. Yield does not include unrealized gains and losses (i.e. market value appreciation).



The relatively small gap between the City's short, medium and long-term average yields is in part due to increases in interest rates in 2017, and the average term of the portfolios. Medium and long-term portfolios will not experience an immediate increase in yields from an increase in interest rates until current investments held begin to mature and higher yielding investments are purchased. This may take longer for portfolios that have a longer average term to maturity.

Cash & Short-Term

In 2017, the City had an average cash and short-term balance of \$459 million. The average yield on the City's cash and investments with an original maturity of less than 1 year was 1.38%. The cash & short-term target is 50% and aims to accommodate cash fluctuations during the year related to the timing and collection of property taxes along with disbursements for expenditures.

Medium-Term

In 2017, the City's medium-term investment portfolio had an average balance of \$214 million (\$79 million internally managed and \$135 million externally managed). The average yield on the City's medium-term investments for 2017 was 1.44% (net of fees).

Externally Managed Medium-Term

The City's externally managed medium-term bond portfolio is compared to the Financial Times Stock Exchange (FTSE) TMX Canada Short-Term Government Bond Index, which is similar in duration and composition to the City's portfolio. The FTSE TMX Canada benchmarks provide widely used performance standards for Canadian fixed income investments. It should be noted that benchmarks are used as a reference to give an approximate basis of comparison of how the City's portfolio performed. Not all bonds within the indices would meet the City's guidelines in terms of credit quality, liquidity, and term to maturity, and not all of the City's portfolios are designed with the same risk exposures or to track the performance of the benchmark.

The City's medium-term bond portfolio with Scotia had an average yield of 0.65% (net of fees) in 2017. The portfolio with Scotia outperformed the benchmark by 0.43% in 2017.

The City's medium-term GIC portfolio with RBC DS had an average yield of 1.90% (net of fees) in 2017.

Internally Managed Medium-Term

The City's internally managed investments with an original maturity of 1 to 5 years had an average yield of 2.22%. The portfolio was comprised entirely of GICs with higher yields (in comparison to bonds).

Long-Term

The City's long-term investment portfolio had an average balance of \$240 million in 2017 and an average yield of 1.62% (net of fees).

Externally Managed Long-Term

The City's externally managed long-term investment portfolio had an average yield of 1.61% (net of fees). The City's externally managed long-term investment portfolios are managed by Scotia and RBC GAM and are compared to the FTSE TMX Canada Short/Mid All Government Blend Bond Index, which is similar in duration and composition to the City's portfolio. The portfolio with Scotia outperformed the benchmark by 0.46% in 2017, while the portfolio with RBC GAM outperformed the benchmark by 1.72%.

Internally Managed Long-Term

The City's internally managed long-term investments with an original maturity of 5 to 10 years had an average yield of 2.19%. The portfolio consists of bonds purchased during the end of 2017, when bond yields were beginning to rise due to economic conditions and increases in interest rates.

Eligible Investments (Statement of Compliance)

The Act stipulates that a municipality may invest in securities prescribed under *Ontario Regulation 438/97*. All investments meet the eligibility requirements as prescribed by *Ontario Regulation 438/97* and were made in accordance with the investment policies and goals adopted by the City.

Investment in Own-Securities

Ontario Regulation 438/97 requires that the City report the estimated proportion of total investments that are invested in its own long-term and short-term securities to the total investments held by the municipality. In 2017, the City did not hold or purchase any of its own securities, reflecting no change in proportion of own securities to total investments from the previous year's report.

Looking Ahead

The year 2017 saw improvements in economic growth and impressive employment gains, although slowing in the back half of the year. In the first quarter of 2018, the economy appears to

be operating at capacity and economic growth will decrease to a more sustainable level. Interest rates should continue to rise over the next few years, but at a pace much slower than the U.S Fed. The Bank of Canada is expected to increase interest rates once more in 2018 (TD Quarterly Economic Forecast, March 15, 2018).

As directed by the City's Investment Policy, the City's overall investment strategy will continue to focus on maximizing investment returns in a manner that first prioritizes security and liquidity. The 2018 strategy will focus on managing the City's portfolio to the City's policy term targets.

NEW PRUDENT INVESTOR STANDARD UPDATE

Summary

On March 1, 2018, amendments were made to the *Municipal Act, 2001* and *Ontario Regulation 438/97*, granting eligible municipalities' access to invest in any security in accordance with the prudent investor standard and other requirements set out in the regulation.

Amendments were also made to the prescribed list of eligible investment securities for municipalities that do not wish to invest or are not eligible to invest under the new prudent investor standard. Eligible municipalities will have the option to continue under the updated prescribed list or move to the prudent investor standard on January 1, 2019, at the earliest.

Given the costs, resources and regulatory and governance framework required to move to the prudent investor standard, Civic Administration is recommending continuing for the time being under the existing framework of the updated prescribed list, while undertaking the necessary due diligence to fully evaluate all potential options and implications of the prudent investor standard. Civic Administration will report back to Council at the appropriate time with a recommendation regarding the prudent investor standard. More immediately, changes to the prescribed list of eligible investments will be implemented in the City's investment portfolio to the extent that they are in compliance with the objectives of the City's Investment Policy.

Previous Regulation

Prior to March 1, 2018, a municipality's ability to invest its funds was limited to those institutions and security types that were listed in *Ontario Regulation 438/97*. The regulation provided a list of eligible securities in which a municipality can invest. Investment options were primarily limited to government bonds, bank issued debt, corporate bonds and a select few other fixed income securities. The regulation also permitted a municipality to invest in shares issued by a corporation that is incorporated under the laws of Canada or a province in Canada, only if the investment was made through the One Investment Program. The One Investment Program is a professionally managed group of investment funds composed of pooled investments that meet the eligibility criteria defined by *Ontario Regulation 438/97*. The One Investment Program is jointly operated by Local Authority Services (LAS), and CHUMS Financing Corp. (a subsidiary of the Municipal Finance Officers' Association of Ontario).

The restricted list of eligible securities limited potential returns in an interest rate environment that was at or near historical lows. Several stakeholders lobbied for reforms to municipal investment powers that not only provided an opportunity to generate higher rates of return, but also the flexibility to cater to the unique circumstances of municipalities.

New Regulation – Prudent Investor Standard

On March 1, 2018, the Province of Ontario amended the *Municipal Act, 2001* and *Ontario Regulation 438/97*, allowing eligible municipalities the option to opt into the prudent investor standard on January 1, 2019, at the earliest, or remain under the current prescribed list of investments. If a municipality were to opt in, it must invest in accordance with the prudent investor standard "money and investments that it does not require immediately". A municipality must also, among other requirements, exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment.

Eligibility Criteria

In order for a municipality to be eligible to opt into the prudent investor standard, there are several criteria that must be met, which include:

1. Meeting specific financial criteria (detailed later in this section);

2. Passing an appropriate by-law;
3. Establishing and investing through an Investment Board which is to be a municipal service board;
4. Adopting and maintaining an investment policy including requirements for return on investment, risk tolerance and the need for liquidity;
5. Having the Investment Board adopt and maintain the investment plan;
6. Ensuring money is invested under the direction and supervision of the Investment Board in compliance with the investment policy and investment plan; and
7. Putting in place a mechanism for regular reviews and report (at least annually), and as necessary, updates to the municipality's investment policy and investment plan.

Further, a municipality will be able to qualify to invest under the prudent investor standard either independently or as part of a group. Once a municipality has opted into the prudent investor standard, it cannot opt out unless a future regulation is passed permitting it to invest again in accordance with the prescribed list of securities.

Financial Criteria for a Municipality to Independently Qualify

For a municipality to independently qualify, its treasurer must be of the opinion that the municipality can satisfy one of the following criteria:

1. The municipality has at least \$100 million in money and investments that it does not require immediately; or
2. The municipality has at least \$50 million in net financial assets (as per Schedule 70 of the most recent Financial Information Return).

Financial Criteria to Invest Together as a Group

If a municipality does not independently qualify, it can invest under the new standard as part of a group of municipalities if it can satisfy one of the following criteria:

1. Enter into an agreement to establish and invest through a Joint Investment Board with one or more other municipalities, and all of the municipalities must have a combined total of at least \$100 million in money and investments that the municipalities do not require immediately.
2. Enter into an agreement with the following parties to invest through an Investment Board or a Joint Investment Board that was established by another municipality or municipalities before the day the municipality passes the by-law:
 - a. The Investment Board or Joint Investment Board, as the case may be.
 - b. Any other municipalities investing through the Investment Board or Joint Investment Board on the day the municipality passes the by-law.

Investment Board (IB) or Joint Investment Board (JIB)

The Investment Board or Joint Investment Board may not have appointed an officer or employee of any municipality for which it invests or a member of Council of any municipality for which it invests. The above does not apply to the Treasurer of a municipality; however the Treasurer(s) may not make up more than one quarter of the Investment Board or Joint Investment Board.

Financial Implications and Other Important Considerations

Through the prudent investor standard, municipalities can theoretically earn a higher rate of return over a long-term investment horizon by building more diverse investment portfolios. However, several considerations must be taken into account, including the following:

- The expected additional revenue to be generated offset by resources required to establish an Investment Board and annual operating costs. Costs could include board member remuneration, consultant fees, and increases in third party management fees;
- How other municipalities are addressing this regulation;
- Potential synergies, costs savings, as well as drawbacks of Joint Investment Boards;
- The City's interpretation of "money and investments that it does not require immediately";
- The implications of relinquishing control to an Investment Board all money and investments not required immediately;
- Interaction between investment decisions made by an arm's-length Board and changes to the City's capital plan, reserve strategies, and other long-term financial plans; and
- The One Investment Program business model that is proposed to give municipalities' access to the new standard through a pooled arrangement.

In 2016, the City of Toronto, under the *City of Toronto Act*, was granted prudent investor status, effective January 1, 2018. City of Toronto staff have indicated that they needed the full 2 years the Province gave to prepare, and set up an interim 2017 budget of approximately \$560 thousand,

which included costs to establish a prudent investor board as well as annual operating costs.

Changes to Prescribed List of Investments

Some of the key changes to the prescribed list of investments are:

1. Minimum credit rating requirement for certain bank issued debt amended from AA- to A-;
2. Minimum credit rating requirement for certain corporate bonds amended from A to A-;
3. Greater flexibility to invest in securities issued or guaranteed by a Credit Union; and
4. Municipalities are enabled to invest in Deposit Securities denominated in U.S. currency.

Conclusion

With the changes to *Ontario Regulation 438/97* and the *Municipal Act, 2001*, Civic Administration is undertaking the necessary due diligence to fully evaluate all potential options and implications of the prudent investor standard. Civic Administration will report back to Council at the appropriate time with a recommendation regarding the prudent investor standard. More immediately, changes to the prescribed list will be implemented in the City’s investment portfolio to the extent that they are in compliance with the objectives of the City’s Investment Policy.

AMENDMENTS TO INVESTMENT POLICY

The Investment Policy has been:

- Updated for reformatting into the new Council Policy template;
- Reviewed with the gender equity lens; and
- Updated to include the Director, Financial Planning & Business Support (previously Director, Financial Planning & Policy) as an authorized individual for investment transactions reflecting the City’s current organizational structure and signing authority.

Content Updates

Current Investment Policy	Proposed Investment Policy – Appendix “C”								
<p><u>Investment Term Limitations</u> For the purpose of this policy, a short-term investment is defined as maturing in less than one year, medium-term as maturing between one and five years and long-term as maturing in greater than five years.</p> <p>The term limitations for the portfolio are as follows:</p> <p>Short-term – minimum 50% of total investment portfolio; Medium-term – maximum 25% of total investment portfolio; and Long-term – maximum 25% of total investment portfolio.</p> <p>The portfolio percentage limitations shall apply at the time the investment is made. At specific times the portfolio limitations may not be compliant to the policy for a short time for various reasons, for example the timing of maturities.</p>	<p><u>Investment Term Targets</u> For the purpose of this policy, a short-term investment is defined as maturing in less than one year, medium-term as maturing between one and five years and long-term as maturing in greater than five years.</p> <p>The term targets, listed as a percentage of the total investment portfolio, are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Term</u></th> <th style="text-align: left;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Short-term</td> <td>40%</td> </tr> <tr> <td>Medium-term</td> <td>30%</td> </tr> <tr> <td>Long-term</td> <td>30%</td> </tr> </tbody> </table> <p>The portfolio percentage targets shall apply at the time the investment is made. At specific times the portfolio percentages may deviate from the target for various reasons, for example the timing of maturities. The current guideline is to maintain a range of ±10% from each term target.</p>	<u>Term</u>	<u>Target</u>	Short-term	40%	Medium-term	30%	Long-term	30%
<u>Term</u>	<u>Target</u>								
Short-term	40%								
Medium-term	30%								
Long-term	30%								

Rationale

A detailed review of the current Investment Policy term limitations was undertaken by staff. The proposed amendments to the Investment Policy would:

- Improve long-term investment returns;
- Provide for further diversification among short, medium and long-term;
- Maintain sufficient liquidity to meet the daily operating and capital cash flow requirements of the City; and

- Change “investment term limitations” to “investment term targets” to allow deviations from targets for various reasons such as timing of maturities, cash flow fluctuations, and changes in the capital market environment.

Over the past number of years, the City’s investment program has shown significant growth, which has allowed the City to increasingly focus on medium and long-term investment management. To illustrate the movement towards the term limitations, below is a comparison of the City’s investment portfolio over the past 5 years as detailed in the City’s annual Investment Reports.

Year	Short-Term	Medium-Term	Long-Term
2013	72%	11%	17%
2014	60%	24%	16%
2015	49%	35%	16%
2016	52%	22%	26%
2017	50%	24%	26%

The additional flexibility provided in the proposed term targets between short, medium and long-term gives the City the ability to respond to changing market conditions, including the interest rate curve of the capital markets as well as any changes in the City’s investment portfolio.

One of the primary objectives of the City’s Investment Policy is the maintenance of liquidity. The policy states that the investment portfolio shall remain sufficiently liquid to meet daily operating cash flow requirements and limit temporary borrowing. The proposed target of 40% cash & short-term provides sufficient liquidity to meet the daily operating and capital cash flow requirements of the City, maintains a buffer for contingencies, and accommodates for cash fluctuations during the year related to timing and collection of property taxes and disbursements for expenditures. Furthermore, a significant portion of the City’s medium and long-term portfolios consist of securities with active secondary markets, adding another layer of liquidity to the overall portfolio.

With the City moving closer towards the current term limitations of 50% short-term, 25% medium-term and 25% long-term, revision of the current Investment Policy is proposed to improve long-term investment returns while maintaining liquidity.

PREPARED BY:	PREPARED BY:
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APPENDIX "A" - City of London Investment Portfolio as at December 31, 2017

Instrument	Book Value	Yield	Maturity Date (DD-MM-YR)
Cash Held in the Bank & Short-Term Investments (maturing in less than 1 year):			
<u>Internally Managed</u>			
General Cash ^(A)	\$ 111,988,289		
Reserve Fund Cash ^(A)	250,425,707		
Royal Bank GIC	3,256,240	2.28%	12-Feb-18
Bank of Nova Scotia GIC	2,512,819	1.73%	23-Feb-18
National Bank of Canada GIC	2,001,771	2.06%	02-Apr-18
Canadian Western Bank GIC	3,000,000	2.32%	18-May-18
Royal Bank GIC	2,500,000	1.39%	29-Jun-18
B2B Bank GIC	3,000,000	1.86%	13-Jul-18
Laurentian GIC	3,009,000	1.86%	13-Jul-18
Laurentian GIC	5,015,653	1.87%	09-Aug-18
Laurentian GIC	12,014,731	1.87%	10-Sep-18
Laurentian GIC	3,002,762	1.83%	09-Oct-18
Canadian Western Bank GIC	2,000,000	1.92%	29-Oct-18
Bank of Montreal GIC	6,000,000	1.97%	02-Nov-18
Bank of Montreal GIC	7,000,000	1.99%	05-Dec-18
Bank of Montreal GIC	3,000,000	1.71%	14-Dec-18
Bank of Montreal GIC	3,000,000	2.00%	19-Dec-18
Total Cash & Short-Term Investments	\$ 422,726,972		
Medium-Term Investments (maturing in 1 - 5 years):			
<u>Internally Managed</u>			
National Bank of Canada GIC	\$ 4,000,000	2.03%	01-Apr-19
National Bank of Canada GIC	1,000,000	1.91%	21-May-19
Laurentian GIC	4,002,008	2.02%	02-Jul-19
Laurentian GIC	3,000,000	2.09%	22-Jul-19
Laurentian GIC	2,000,736	2.12%	06-Aug-19
Laurentian GIC	2,500,000	2.33%	30-Sep-19
National Bank of Canada GIC	2,000,000	1.77%	28-Oct-19
Laurentian GIC	4,000,385	2.40%	04-Nov-19
Laurentian GIC	2,000,000	2.41%	05-Dec-19
National Bank of Canada GIC	5,000,000	2.18%	30-Mar-20
National Bank of Canada GIC	2,000,000	2.06%	19-May-20
National Bank of Canada GIC	3,000,000	1.95%	10-Aug-20
Bank of Montreal GIC	6,000,000	2.36%	27-Oct-20
National Bank of Canada GIC	3,000,000	1.87%	28-Oct-20
National Bank of Canada GIC	1,500,000	2.52%	26-Nov-20
National Bank of Canada GIC	3,500,000	2.03%	14-Dec-20
National Bank of Canada GIC	6,000,000	2.39%	30-Mar-21
National Bank of Canada GIC	2,000,000	2.26%	18-May-21
Bank of Montreal GIC	3,000,000	1.97%	28-Oct-21
National Bank of Canada GIC	6,000,000	2.03%	15-Nov-21
Royal Bank GIC	1,650,000	2.42%	19-Dec-21
Bank of Montreal GIC	2,500,000	2.04%	29-Jun-22
Royal Bank GIC	1,650,000	2.53%	19-Dec-22
Total Internally Managed (Medium-Term)	71,303,129		
<u>Externally Managed ^(B)</u>			
Scotia Institutional Asset Mgmt Portfolio	84,613,444		
RBC Dominion Securities Portfolio	50,643,321		
Total Externally Managed (Medium-Term)	135,256,765		
Total Medium-Term Investments	\$ 206,559,894		
Long-Term Investments (maturing in more than 5 years):			
<u>Internally Managed</u>			
Province of Ontario Bond	\$ 3,024,391	2.31%	02-Jun-23
Province of Quebec Bond	3,032,210	2.41%	01-Dec-23
Province of Ontario Bond	3,014,964	2.75%	02-Dec-24
Province of Ontario Bond	3,016,105	2.90%	02-Dec-25
Total Internally Managed (Long-Term)	12,087,670		
<u>Externally Managed ^(B)</u>			
RBC Global Asset Mgmt Portfolio	117,863,406		
Scotia Institutional Asset Mgmt Portfolio	119,710,398		
Total Externally Managed (Long-Term)	237,573,804		
Total Long-Term Investments	\$ 249,661,474		
Total Investment Portfolio	\$ 878,948,339		
Notes: ^(A) Cash balances as per bank accounts as at December 31, 2017.			
^(B) Externally managed portfolios primarily comprised of gov't/corporate bonds & GICs. Cash and investment balances, unaudited.			
Total Internally Managed: \$506,117,770 Total Externally Managed: \$372,830,569			

APPENDIX “B”

Bill No.
2018

By-law No. CPOL.-

A by-law to amend By-law CPOL.-39-235 being
“Investment Policy”.

WHEREAS section 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*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS section 7 of Ontario Regulation 438/97, as amended, enacted under section 418(6) of the *Municipal Act, 2001*, S.O. 2001, c.25 as amended, provides that The Corporation of the City of London shall adopt a statement of its investment policies and goals;

AND WHEREAS the Municipal Council of The Corporation of the City of London wishes to amend By-law CPOL.-39-235 being “Investment Policy” to revise the investment term limitations and change to investment term targets, revise the delegation of authority and authorization to reflect the City’s current organizational structure, reformat into the new Council Policy template and review with the gender equity lens;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. By-law CPOL.-39-235 being “Investment Policy” is hereby amended by deleting Appendix ‘C(28) to By-Law No. CPOL.-39-235 in its entirety and by replacing it with the attached new Appendix “C”.
2. This by-law shall come into force and effect on the date it is passed.

PASSED in Open Council on July 24, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – July 24, 2018
Second Reading – July 24, 2018
Third Reading – July 24, 2018

APPENDIX “C”

Policy Name: Investment Policy

Legislative History: Enacted June 13, 2017 (By-law No. CPOL.-39-235)

Last Review Date: July 17, 2018

Service Area Lead: Manager III, Financial Planning and Policy

1. Policy Statement

The Corporation of the City of London (the City) shall invest public funds in a manner that maximizes investment return and minimizes investment risk while meeting the daily cash requirements of the City and conforming to legislation governing the investment of public funds.

The purpose of this investment policy is to ensure integrity of the investment management process. The objective of this investment policy is to maximize investment income at minimal risk to capital. Accordingly, emphasis on investments is placed on security first, liquidity second and overall yields third.

Objectives

The primary objectives of this investment policy, in priority order, are as follows:

1.1. Adherence to statutory requirements;

All investment activities shall be governed by the Ontario Municipal Act, 2001 as amended. Investments, unless further limited by Council, shall be those eligible under Ontario Regulation 438/97 or as authorized by subsequent provincial regulations.

1.2. Preservation of capital;

Meeting this objective requires the adoption of a defensive policy to minimize the risk of incurring a capital loss and of preserving the value of the invested principal. As such, this risk shall be mitigated by investing in properly rated financial instruments in accordance with applicable legislation, by limiting the types of investments to a maximum percentage of the total portfolio and being mindful of the amount invested within individual institutions.

1.3. Maintenance of liquidity; and

The investment portfolio shall remain sufficiently liquid to meet daily operating cash flow requirements and limit temporary borrowing. The portfolio shall be structured to maintain a proportionate ratio of short, medium and long-term maturities to meet the funding requirements of the City. The term liquidity implies a high degree of marketability and a high level of price stability. Important liquidity considerations are a reliable forecast of the timing of the requirement of funds, a contingency to cover the possibility of unplanned requirement of funds and an expectation of reliable secondary marketability prior to maturity.

1.4. Competitive rate of return.

Investment yields shall be sought within the boundaries set by the three foregoing objectives and then consideration shall be given to the following guidance;

- Higher yields are best obtained by taking advantage of the interest rate curve of the capital market, which normally yields higher rates of return for longer term investments;
- Yields will also fluctuate by institution as per individual credit ratings (greater risk confirmed by a lower credit rating) and by the type of capital instrument. For

example, an instrument of a small trust company would in many cases have a slightly higher yield than a major bank;

- A lower credit rating generally makes an investment more difficult to sell on the secondary market and therefore less liquid; and
- Capital instruments that are non-callable will have a lower yield than instruments which are callable, but the call feature does not necessarily compromise marketability.

The investment portfolio is comprised of:

- Operating and Capital cash flow balances;
- Reserves;
- Reserve funds; and
- Trust Funds.

2. Definitions

- 2.1. **Asset Backed Securities:** fixed income securities (other than a government security) issued by a Special Purpose Entity, substantially all of the assets of which consist of Qualifying Assets.
- 2.2. **Basis Point (BPS):** a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.
- 2.3. **City Treasurer:** The individual appointed by the municipality as treasurer.
- 2.4. **Credit Risk:** is the risk to an investor that an issuer will default in the payment of interest and/or principal on a security.
- 2.5. **Diversification:** a process of investing assets among a range of security types by sector, maturity, and quality rating.
- 2.6. **Interest Rate Risk:** the risk associated with declines or rises in interest rates that cause an investment in a fixed income security to increase or decrease in value
- 2.7. **Liquidity:** a measure of an asset's convertibility to cash.
- 2.8. **Market Risk:** the risk that the value of a security will rise or decline as a result of changes in market conditions.
- 2.9. **Market Value:** current market price of a security.
- 2.10. **Maturity:** the date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.
- 2.11. **One Investment Program:** a professionally managed group of investment funds composed of pooled investments that meet the eligibility criteria defined by O.Reg 438/97. The program consists of Money Market Funds, Bond Funds and Equity Funds. The ONE Fund is operated by LAS (Local Authority Services Ltd., a subsidiary of the Association of Municipalities of Ontario) and the CHUMS Financing Corporation (a subsidiary of the Municipal Finance Officers' Association of Ontario).
- 2.12. **Qualifying Assets:** financial assets, either fixed or revolving, that, by their terms converts into cash, within a finite time period, plus any rights or other assets

designed to assure the servicing or timely distribution of proceeds to security holders.

- 2.13. **Schedule I Banks:** domestic banks that are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.
- 2.14. **Schedule II Banks:** are foreign bank subsidiaries authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions.
- 2.15. **Special Purpose Entity:** a trust, corporation, partnership or other entity organized for the sole purpose of issuing securities that entitle the holders to receive payments that depend primarily on the cash flow from Qualifying Assets, but does not include a registered investment company.

3. **Applicability**

This investment policy shall govern the investment activities of the City's General, Capital and Reserve Funds as well as Trust Funds. This policy applies to all investments made by the City on its own behalf and on behalf of its agencies, boards and commissions and any new funds created by the City.

4. **The Policy**

4.1 **Standard of Care**

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Delegation of Authority and Authorization

The City Treasurer shall have overall responsibility for the prudent investment of the City's investment portfolio. The City Treasurer shall have the authority to implement the investment program and establish procedures consistent with this policy. Such procedures shall include the explicit delegation of the authority needed to complete investment transactions however the City Treasurer shall remain responsible for ensuring that the investments are compliant with regulations and this policy. No person may engage in an investment transaction except as provided under the terms of this policy.

The City Treasurer shall be authorized to enter into arrangements with banks, investment dealers and brokers, and other financial institutions for the purchase, sale, redemption, issuance, transfer and safekeeping of securities in a manner that conforms to the *Municipal Act, 2001* and the City's policy manual.

Transfer of funds for investment transactions shall be authorized by two of the individuals listed below, one of whom must be City Treasurer or Deputy City Treasurer.

- i) City Treasurer
- ii) Deputy City Treasurer
- iii) Director, Financial Planning & Business Support
- iv) Director, Financial Services
- v) Manager, Financial Planning & Policy
- vi) Division Manager – Taxation & Revenue

4.2 Investment Strategy

4.2.1 Diversification

To minimize credit risk and to maintain liquidity of the investment portfolio, investment diversification shall be guided by the following:

- i) Limiting investments to avoid over-concentration in securities from a specific issuer or sector (excluding Government of Canada securities);
- ii) Limiting investment in securities to those that have higher credit ratings;
- iii) Investing in securities with varying maturities; and
- iv) Investing in securities which have an active secondary market.

4.2.2 Investment Type Limitations

Cash held in the bank (excluding trust funds), i.e. one day maturity, shall be no less than what is deemed necessary to meet daily operating and capital requirements of the City. The current guideline is approximately \$50 million in general funds and \$150 million in reserve funds. This guideline shall be evaluated on an annual basis and this policy shall be updated as necessary to reflect any changes.

The total investment in securities issued by governments (federal, provincial or municipal) and Schedule I banks shall be no less than 75% of the total investment portfolio (excluding cash held in the bank and trust funds).

The remaining portfolio may be invested in any other securities which are deemed eligible under O.Reg 438/97 however no more than 10% of the total investment portfolio (excluding cash held in the bank and trust funds) shall be invested in eligible asset-backed securities and eligible commercial paper. Also, no more than 5% of the total investment portfolio (excluding cash held in the bank and trust funds) shall be invested in eligible pooled equity funds (i.e. One Investment Program Equity Portfolio).

These portfolio percentage limitations apply at the time an investment is made and exclude trust fund investments, which are subject to trust fund investment requirements. Investments held in a professionally managed portfolio are also excluded as diversification is subject to the judgement of the investment manager.

4.2.3 Investment Term Targets

For the purpose of this policy, a short-term investment is defined as maturing in less than one year, medium-term as maturing between one and five years and long-term as maturing in greater than five years. In general, professionally managed portfolios are deemed to be long-term investments, as it is likely that the intention of Administration is to invest funds that are not required for the next five years. For the purposes of this section, professionally managed portfolios shall be considered long-term investments, unless it is specifically known otherwise. The total investment portfolio in calculating term targets shall exclude trust funds. The term targets, listed as a percentage of the total investment portfolio, are as follows:

<u>Term</u>	<u>Target</u>
Short-term	40%
Medium-term	30%
Long-term	30%

The portfolio percentage targets shall apply at the time the investment is made. At specific times the portfolio percentages may deviate from the target for various reasons, for example the timing of maturities. The current guideline is to maintain a range of $\pm 10\%$ from each term target. Prior to any changes to the portfolio based on term targets, the City Treasurer may, at their discretion, retain the investment(s), that contravenes the portfolio targets provided that such action is not contrary to the Municipal Act, 2001.

Type limitations and term targets shall be reviewed annually by the City Treasurer and this policy shall be amended as necessary to minimize the City's exposure to changes in the financial marketplace after giving consideration to the available financial information.

Trust fund portfolio limitations are subject to the terms and conditions of the agreement to which the fund applies. Absent specific wording, compliance with the stated portfolio limitations is required, and should be considered separately from City of London funds.

4.2.4. Buy and Hold

To achieve the primary objectives of this investment policy, internally managed funds shall, for the most part, follow the buy and hold strategy. As noted above, higher yields are best obtained by taking advantage of the interest rate curve of the capital market which normally yields higher rates of return for longer term investments. By purchasing securities at varying maturity dates and holding the investments to term the interest rate risk is minimized, liquidity is maintained and capital is preserved. To be successful with the buy and hold strategy, matching cash requirements to investment terms is a key element and requires a solid cash flow forecast.

Some municipalities actively trade investments rather than holding to term. This 'active' investment strategy can produce a modest improvement in yield, but to be successful a large amount of excess cash and sophisticated investment expertise is required. Professionally managed funds charge a fee (usually basis points deducted from the yield) but it is anticipated the performance of the fund will exceed the cost of administration. Nevertheless, performance of professionally managed funds shall be regularly compared to industry benchmarks and to the result that might be achieved using the internally managed approach.

4.2.5 Performance Standards

The investment portfolio shall be managed in accordance with parameters specified within this policy. The portfolio should obtain a market average rate of return throughout budgetary and economic cycles proportionate with investment risk constraints and the cash flow needs of the City.

The performances of investments shall be measured using multiple benchmarks and performance indicators. The baseline yield for investments is the interest rate earned by the City on cash held in its bank account. Then, investment yields can be compared to Government of Canada Treasury Bills and Benchmark Bond Yields. Furthermore, prime interest rates and other applicable market rates, such as Banker's Acceptance can be used to provide useful benchmarks with consideration to limitations attributable to the Municipal Act, 2001.

4.2.6 Internal Borrowing

In developing the cash requirements for the year, sufficient cash shall be available to fund capital expenditures. The main cash elements of the operating budget are stable and predictable, e.g. tax revenue and operating expenditures

which is established in the budget process. The primary variable in forecasting cash demands is capital spending. Capital spending is supported (temporarily financed) by the General fund prior to securing long-term financing (primarily long-term debentures).

If the General fund does not have sufficient cash to support capital expenditures and operating expenditures during the year, the best option is to borrow from the Reserve Funds on a short-term basis, rather than obtaining external financing. In order for this to occur, the Reserve Funds must have sufficient cash available (i.e. not locked into long-term investments) to support the General Fund through this period. A fair rate of interest shall be applied based on the interest rate paid on funds in the City's consolidated bank account. For the most part the interest charged is going 'from one City pocket to another', but given that some reserve funds are non-rate funded, there is a requirement to pay a fair rate to the reserve funds for 'investing' in the General fund.

4.2.7 Trust Funds

Trust funds by nature must be maintained in a separate account and invested separately. The investment strategy will be dictated by the terms of the trust agreement. In the absence of specific direction, the strategy shall be in compliance with this policy.

Given the variability of capital spending, interest rates, and non-tax revenues, the investment strategy shall be reviewed, at a minimum, on an annual basis. Any changes in the investment strategy shall be reported to Council in the annual investment report and the investment policy shall be amended for the change in strategy.

4.3 Reporting

The City Treasurer shall provide an annual investment report to Council which includes, at a minimum, the requirements set forth in O. Reg. 438/97. Under the current regulations the investment report shall contain the following:

- i) a statement about the performance or the portfolio of investments of the municipality during the period covered by the report;
- ii) a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- iii) a statement by the treasurer as to whether or not, in their opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
- iv) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security;
- v) such other information that the council may require or that in the opinion of the treasurer, should be included;
- vi) a statement by the treasurer as to whether any of the investments fall below the standard required for that investment during the period covered by the report; and
- vii) the details of the proposed use of funds realized in the disposition of an investment for which the City sold as a result of a decline in rating below the standard required by O.Reg. 438/97.

In addition to the annual report, the City Treasurer shall report to Council any investment that is made that is not, in their opinion, consistent with investment policy adopted by the City within thirty days after becoming aware of it.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	RESERVE & RESERVE FUND POLICY REPORT

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on July 24, 2018 to enact a Reserve and Reserve Fund Policy.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Corporate Services Committee, May 29, 2018, Agenda Item #2.2, 2018 Reserve Fund Housekeeping Report

LINK TO 2015-2019 STRATEGIC PLAN

Council's 2015-2019 Strategic Plan for the City of London identifies "Leading in Public Service" as one of four strategic areas of focus. The Reserve & Reserve Fund Policy Report supports this strategic area of focus by contributing towards the strategic priority "Proactive financial management".

BACKGROUND

The purpose of this report is to seek Council approval of a Reserve and Reserve Fund Policy (the "Policy"). The Policy has been developed to formalize the standards to which the Corporation of the City of London (the "City") manages reserves and reserve funds, educate internal and external stakeholders regarding the practices applied and to provide transparency, accountability and opportunities for engagement.

This Policy was also developed through a robust evaluation and research period which included:

- A thorough review of senior government requirements,
- Internal consultations with service areas which rely on reserves and reserve funds as a part of their operations,
- External consultations with comparable Ontario municipalities that have implemented a reserve and reserve fund policy, and
- Best practice research from public associations such as the Municipal Finance Officers Association of Ontario (MFOA) and the Government Finance Officers Association (GFOA).

Reserves and reserve funds are an important element of the City's long-term strategic financial plan as they allow the City to set aside funds for known and unknown future events. Examples of future events include, but are not limited to: provisions for the replacement and rehabilitation of existing assets, funds for new capital assets, funding long-term contingencies and potential liabilities and providing a buffer for significant unanticipated expenditures or loss of revenues beyond the control of the City. They also minimize fluctuations in taxes caused by cyclical conditions.

Two additional factors to consider when rationalizing reserves and reserve funds are the City's credit rating and intergenerational equity. Credit rating agencies assess the appropriateness of corporations' reserve and reserve fund balances when setting credit ratings. Thus the establishment of a well-structured reserve and reserve fund portfolio keeps the City in a strong financial position and contributes to the maintenance of the City's Aaa credit rating which reduces the cost to borrow money. Intergenerational equity is the concept of fairness between generations (pay now or pay later). Reserves and reserve funds support the objective of intergenerational

equity by setting aside funds now, equal to current ratepayers' usage/benefit, to pay for costs that are going to occur in the future. An example of this concept is saving for the future replacement or rehabilitation costs of a community centre; the generation benefiting from the use of the asset is the same generation contributing to the savings that will help replace or rehabilitate the asset. When this approach is not taken, the burden to pay is passed to future generations who did not receive the benefits of the cost they are asked to bear.

The potential consequences of not having adequate reserve and reserve fund levels are:

- **Increased cost of short-term borrowing** - A lack of sufficient reserves and reserve funds available to meet operational needs may require the City to potentially seek short-term financing from external sources at an increased cost to the City.
- **Loss of Aaa credit rating** - Moody's, the City's credit rating agency, has outlined that improving reserve and reserve fund levels assist the City in achieving its credit rating. A drop in this rating would increase the overall cost of borrowing resulting in a direct impact to the City's operating & capital (growth) budgets.
- **Reduction in capital plan** - Reserve and reserve fund balances assist in financing the capital plan of the City. A reduction in balances would require the City to reduce the capital plan, if all else remained equal.
- **Improper intergenerational equity** - By not setting aside funds now to pay for costs that are going to occur in the future (examples include unfunded liabilities and capital asset renewal and replacement), the burden to pay is passed to future generations who did not receive the benefits of the cost.

For the purpose of this Policy reserves and reserve funds are defined as follows:

Reserve: An appropriation from net revenue and/or cost savings at the discretion of Council, after the provision for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a reserve fund. Council may set up reserves for any purpose for which they have the authority to spend money and they are generally used to mitigate the impact of fluctuations in operating costs and revenues. Reserves do not earn interest as balances held in reserves form part of the general cash balances managed by the City. All reserves are "discretionary", being those set up by Council. Examples of reserves currently used to mitigate budgetary fluctuations include: Operating Budget Contingency Reserve, Wastewater Rate Stabilization Reserve and Unfunded Liability Reserve.

Reserve Fund: Funds that have been set aside by a by-law of the City. As a result, reserve funds are either "discretionary", being those set up by Council or "obligatory", being those set up by virtue of senior government statute or agreement. The use of reserve funds is restricted to a specific purpose. Reserve fund balances are segregated from general cash balances managed by the City. They earn interest and earnings are proportionally applied to each reserve fund based on yields earned on the City's total investment portfolio and cash balances. Council may set up reserve funds for any purpose for which they have the authority to spend money. Examples of reserve funds include: City Facilities Reserve Fund, Economic Development Reserve Fund and Waterworks Reserve Fund.

As demonstrated in past budgets and reports, the City has developed, implemented and maintained, a collection of reserves and reserve funds that align with the context of reserves and reserve funds stated above. Through the accompanying Policy, these practices will be clearly documented and formalized. Upon approval of this Policy, administration will undertake efforts over the next twelve to eighteen months to rationalize the City's reserve and reserve fund portfolios. This will include an evaluation of the appropriateness of each reserve and reserve fund, an evaluation of the guiding documents (resolutions, by-laws, etc.) of each reserve and reserve fund as well as recommendations of targets for each. This effort has already commenced with a report on the City's reserves expected to be presented to Council in August 2018. This will be followed by a similar report in 2019 on the City's reserve funds. The exact timing of this future report will be better known as efforts to complete the City's 2019 DC Background Study and 2018 Corporate Asset Management Plan progress. Each of these milestone reports informs the evaluation and target setting efforts for the respective reserve funds that support the infrastructure addressed in each report.

THE POLICY

The Policy provides for the management and administration of reserves and reserve funds. The following summarizes the guiding principles, objectives, management practices and standard of care contained within the Policy.

Principles

The principles of the Policy center around why the City should maintain adequate reserves and reserve funds (liquidity, intergenerational equity, credit rating and cost of borrowing), what types must exist and their level of integration into the budget and strategic financial plan.

The factors of liquidity, intergenerational equity, credit rating and cost of borrowing provide evidence as to why the maintenance of reserves and reserve funds is so important.

- **Liquidity:** Without sufficient savings for expenses such as the replacement and rehabilitation of capital assets, long-term contingencies and potential liabilities and other known and unknown events, the City faces the prospect of not being able to meet its financial obligations due to cash flow constraints.
- **Intergenerational Equity:** Helps formulate when and how much should be contributed to reserve and reserve fund balances to ensure a reasonable amount of parity across societal generations.
- **Credit Rating:** The City's credit rating and cost of borrowing move in opposite directions depending on, among other things, the level of reserve and reserve fund balances the City holds. This helps to understand and justify present and future reserve and reserve fund balances.

The two **types of reserves and reserve funds** the City maintains to support its budgets are obligatory and discretionary. The obligatory type relates only to reserve funds; created when a senior government statute or agreement requires that revenue received for special purposes be segregated from the general revenues of the municipality. Thus obligatory reserve funds are to be used solely for the purpose prescribed for them by statute or agreement. The discretionary type relates to both reserves and reserve funds; created by Council to set aside revenue and/or cost savings to finance a future expenditure for which Council has the authority to spend money. This means the discretionary reserves and reserve funds created can help to finance any service/program within Council's purview.

Finally, the principles of the Policy mandate that reserves and reserve funds form an integral component of the City's **budget and strategic financial plan**. The purpose of this principle is to connect all the reserves or reserve funds created and managed by the City with the objectives of the operating and capital budgets and the long-term strategic financial plan. This principle ensures no reserve or reserve fund is created without purpose and are in support of the long-term goals of the municipality.

Objectives

The objectives of the Policy are to provide adherence to statutory requirements, promote financial stability and flexibility, save for major capital expenditures and reduce tax/rate supported debt.

Adherence to statutory requirements specifies that all reserve and reserve funds managed by the City shall be established and managed in accordance with senior government statutory requirements. Statutory requirements include controls relating to reserve and reserve funds such as Council's authority in passing by-laws, what information the budget shall include, reporting requirements and the segregation and investment of reserve fund balances, to name a few. By following each of these standards, the City will achieve a high degree of control over reserves and reserve funds under its authority.

Promotion of financial stability and flexibility focuses on the need to maintain adequate reserve and reserve fund levels in line with public sector best practices to achieve long-term financial success. To support the fulfillment of this objective, the Policy mandates the following categories of reserves and reserve funds be used:

- Obligatory,
- Capital Asset Renewal and Replacement,
- Capital Asset Growth,
- Special Projects and New Initiatives, and
- Contingencies/Stabilization and Risk Management.

Each category relates to a different purpose for which a reserve or reserve fund is created. For example, reserve funds categorized as capital asset renewal and replacement are established to save for future capital costs of existing assets. Reserve funds categorized as capital asset growth are established to save for future capital costs of new assets. Combining reserves and reserve funds into categories facilitates the establishment, monitoring and reporting of balances.

Saving for major capital expenditures is one of the primary uses of reserves and reserve funds. As such, the Policy includes parameters in regards to the City's budgeting for capital asset renewal and replacement (existing assets) and capital asset growth (new assets) reserve funds. When saving for existing assets, contributions to reserve funds should commence in either the fiscal year the asset is acquired or put into service. Guidance suggests the annual amount contributed should represent the full future cost of replacement or rehabilitation, divided by either the estimated useful life of the asset or the consumption rate of the asset by current ratepayers. This approach ensures that at a minimum the historic cost of the asset is reflected when budgeting for contributions and that the principle of intergenerational equity is considered. Contributions for new assets are significantly different as they are based on both developer and ratepayer contributions. Developer contributions come in the form of development charge (DC) levies and relate to the growth component of new capital assets. Ratepayer contributions come from tax/rate funding sources (examples include capital levy, water rates and discretionary reserve funds) to support the non-growth component which benefits existing ratepayers. DC levies collected are deposited in the City's obligatory reserve funds, which are restricted to funding growth components of future capital works. The tax/rate funding sources are drawn in the year in which the capital works commence. If the growth component of future capital works exceeds the balances in the growth related obligatory reserve funds, debt may be issued in accordance with the *Development Charges Act, 1997, as amended*, and other pertinent City policies.

Reducing tax/rate supported debt is another primary use of reserves and reserve funds. Without these savings the City would face significant swings in either the tax supported capital levy, or debt required to support the capital budget. Thus through the use of reserves and reserve funds the City can minimize the need for debt as a source of financing within the capital budget. Reserves and reserve funds are a significant portion of the financing contained within the City's capital budget. Furthermore, the Policy permits Civic Administration to use reserve and reserve fund balances as a source of debt substitution in the capital budget when appropriate. Determining whether the option is appropriate includes consideration of the reserve and reserve fund balance, future commitments and the criteria of the reserve or reserve fund being considered given the nature of the capital work to be funded. Should reserve and reserve fund balances be used for debt substitution, the City Treasurer has the authority to reallocate the future debt servicing cost savings to reserves and reserve funds that are below established targets. It being noted that such contributions are subject to Council approval through the City's budget process.

Reserve and Reserve Fund Management

This section provides for the operational procedures and practices required for the prudent management of reserves and reserve funds held by the City. These procedures and practices include the establishment and modification of reserves and reserve funds, the investment of balances held, authority and reporting over contributions to/drawdowns from, lending/temporary borrowing and the steps for termination. Review and consideration of each of these duties is important as they represent the routine functions performed in the management of reserves and reserve funds.

When **establishing and modifying reserves and reserve funds** a supporting financial plan must be in place. Financial plans should identify the funding needs the reserve or reserve fund is proposed to support, the target balance to be maintained, what the projected contributions to/drawdowns from are and the investment standards to be applied.

The method for assessing and determining a responsible target balance varies on a case-by-case basis due to the broad spectrum of funding needs reserves and reserve funds support. Although there can be significant differences in the ways targets are calculated, Civic Administration, at a minimum, will consider the following when formulating targets:

- Purpose of fund,
- Certainty of end needs,
- Best practices/standards available, and
- Economic factors.

After targets have been established, reserve and reserve fund balances and targets should be periodically reviewed to ensure they are adequate over the 10 year budget period.

The gross amount of the City's holdings in reserves and reserve funds is significant due to the size and complexity of its operations. Thus it is prudent that a reasonable share of the City's **balances held be invested** in accordance with the Investment Policy to earn a competitive rate of return. The rules applied to the investment of reserves and reserve funds are:

- Funds shall be invested for a term that will not exceed its expected date of need;
- Interest earned on reserves shall be recognized as revenue in the operating budget; and

- Interest earned on reserve funds shall be recognized as revenue in each specific reserve fund according to its proportionate share of the investment portfolio.

Once Council has approved the establishment of a reserve or reserve fund, contributions to/drawdowns from take place to meet the identified needs and target. **Authority over contributions to/drawdowns from** reserve and reserve funds is governed by the applicable resolution or by-law and this Policy. The majority of contributions to/drawdowns from are approved by Council as part of the multi-year budget and annual budget update processes, or specifically by resolution for occurrences that fall outside of the budget process. The exceptions to this rule relate to administrative authority provided by Council approved by-laws, examples of which are direct contributions such as development charge revenue, contributions to/drawdowns from made under the authority of the Surplus/Deficit Policy and the use of revolving reserve and reserve funds such as the Workplace Safety and Insurance Board Reserve Fund. Any previously approved contributions to/drawdowns from not realized are reported to Council as part of the mid-year and year-end budget monitoring reports, or budget process.

If sufficient balances exist within the City's reserves and reserve funds portfolio, **intra-fund lending and external loans** are permitted. Having the flexibility to lend/temporarily borrow across reserves and reserve funds helps to avoid the cost of cash flow deficiencies, reduces the cost of borrowing and minimizes the administrative effort required to coordinate financing.

Intra-fund lending is the temporary borrowing amongst the reserves and reserve funds managed by the City. For this form of lending, discretionary reserves and reserve funds can lend and borrow between each other with no limits, but discretionary accounts cannot borrow from obligatory reserve funds, they can only lend to them. This limitation relates to the *Development Charges Act, 1997, as amended*, which prohibits the loaning of obligatory reserve funds. All transfers (discretionary to discretionary, discretionary to obligatory and obligatory to obligatory) must bear the City's internal rate of return and principal and interest are to be credited to the reserve or reserve fund that sourced the transfer.

External loans relate to Council approved loans that meet the requirements of Section 107 of the *Municipal Act, 2001, as amended*. Section 107 gives Council the authority to make grants, to any person, group, or body for any purpose considered to be in the best interest of the municipality. When recommending such loans to Council, Civic Administration shall consider the following:

- External loans shall only be made to public agencies/groups and shall benefit the public;
- The term of external loans shall not exceed five years;
- Appropriate security shall be provided to protect the interests of the City;
- A financial profile of the borrower;
- Whether adequate reserves and reserve funds are available for the term of the external loan; and
- What rate shall the external loan bear and that principal and interest shall be credited to the appropriate reserve or reserve fund source.

As noted above, all external loans shall be provided from discretionary reserves and reserve funds as the external lending of obligatory reserve funds is prohibited.

Lastly, **termination of reserves and reserve funds** shall be considered when the program or project it supports is no longer in the scope of the City's strategic plans, commitments have been completed and no future commitments are expected and administration is confident the balances in other reserves/reserve funds can mitigate the need to hold any remaining balance. Reserves or reserve funds identified for termination shall be reported to Council for review and approval with recommendations regarding timing and reallocation of remaining balances.

Standard of Care

The Standard of Care section of the Policy covers the delegation of authority assigned to the City Treasurer over reserve and reserve funds managed by the City, the reporting requirements the City Treasurer is obligated to meet and when Policy reviews and updates are to occur.

Delegation of authority within the Policy clearly outlines when and what authority over reserves and reserve funds is transferred from Council to the City Treasurer and from the City Treasurer to a designate. The delegations provided for in the Policy include:

- Once Council approves reserves by resolution and reserve funds by by-law, the City Treasurer shall have overall authority for the reserves and reserve funds managed by the City;
- The City Treasurer may delegate management authority over the reserves and reserve funds managed by the City to a designate;
- The City Treasurer, or designate has the responsibility for setting reserve and reserve fund

targets, it being noted targets will be periodically reported to Council through reserve and reserve fund reports; and

- The City Treasurer, or designate shall have overall responsibility for this Policy, and the authority to implement a program for reserves and reserve funds and establish procedures consistent with the content of this Policy.

These delegations provide for appropriate transfers of power when needed and allow for the effective and efficient management of reserves and reserve funds.

There are several points at which Civic Administration must report on reserve and reserve fund balances. The **reporting requirements** contained within the Policy cover each of them as well as opportunities for other reports to be brought forward. The reports the City Treasurer or designate are to prepare include:

- Annual Audited Financial Statements - the annual audited financial statements include a statement of financial position, financial activities and changes in fund balances for reserves and reserve funds.
- Reserve and Reserve Fund Report - a financial plan forecasting reserve and reserve fund balances and a comparison to target objectives will be prepared periodically based on the most current information available; this report may include the establishment of new, modification of existing and termination of existing reserves and reserve funds.
- Budget Reports - reserve and reserve fund balances, projected contributions, and planned drawdowns for a ten year period are to be presented in each multi-year budget, and annual changes to reserve and reserve fund balances shall be presented with each annual budget update or specifically by resolution if required.
- DC Reserve Funds Report - an annual report detailing pertinent information regarding DC reserve funds shall be presented to Council as required by the *Development Charges Act, 1997, as amended*.
- Other reports in line with this Policy shall be brought forward to Council as required.

These reports provide for the transparent reporting of reserves and reserve funds, help to educate internal and external stakeholders, fulfill legislative reporting requirements and facilitate ongoing monitoring and continuous improvement.

Policy reviews and updates are to occur every four years, in the first year of each elected Council, if there are any amendments required. In addition, the Policy allows for Council or the City Treasurer to bring forward reviews and updates outside of this period as deemed necessary. These guidelines provide flexibility so the Policy can be updated frequently to reflect changes in senior government legislation/requirements, best practices and other potential changes impacting reserves and reserve funds.

CONCLUSION

Reserves and reserve funds are an important element of the City's long-term strategic financial plan. The attached by-law and Policy (Appendix A) sets a framework for the management of reserves and reserve funds which includes guiding principles, primary objectives, key management and administrative responsibilities and standards of care for reserves and reserve funds managed by the City. These standards will help to further develop, implement and monitor a reserve and reserve fund portfolio that meets the City's changing needs while providing accountability and transparency for the use of public funds. Therefore, Civic Administration is recommending approval of the Reserve and Reserve Fund Policy.

This report was prepared with the assistance of Alan Dunbar, Financial Planning and Policy.

PREPARED BY:	REVIEWED BY:
DAVID BORDIN, CPA, CGA MANAGER II, ACCOUNTING & REPORTING	JASON DAVIES, CPA, CMA MANAGER III, FINANCIAL PLANNING & POLICY
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Cc: Ian Collins – Director, Financial Services
Alan Dunbar – Manager III, Financial Planning & Policy
John Millson – Senior Financial Business Administrator
Kyle Murray – Senior Financial Business Administrator

APPENDIX A

Bill No.
2018

By-law No. CPOL.-

A by-law to adopt a new Council Policy entitled Reserve and Reserve Fund Policy.

WHEREAS section 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*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS the Council of The Corporation of the City of London wishes to adopt a new Council policy entitled Reserve and Reserve Fund Policy;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The policy entitled "Reserve and Reserve Fund Policy", attached hereto as Schedule "A", is hereby adopted.

2. This by-law shall come into force and effect on the date it is passed.

PASSED in Open Council on July 24, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – July 24, 2018
Second Reading – July 24, 2018
Third Reading – July 24, 2018

SCHEDULE “A”

Policy Name: Reserve and Reserve Fund Policy

Legislative History:

Last Review Date: July 17, 2018

Service Area Lead: Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

1. Policy Statement

A Policy governing the management and administration of reserves and reserve funds.

The purpose of the Policy is to establish guiding principles, primary objectives, key management and administrative responsibilities, and standards of care for reserves and reserve funds managed by the City.

2. Definitions

- 2.1. **Budget:** An estimated financial plan of revenue and expenditure for a set period of time.
- 2.2. **Capital Asset Renewal & Replacement:** A category of reserve funds established to provide funding for the repair and maintenance of existing City assets to ensure city-owned assets do not deteriorate over time.
- 2.3. **Capital Asset Growth:** A category of reserve funds established to provide funding to new capital initiatives while allowing the City to stabilize the cost of purchasing major capital assets by spreading the cost over multiple years.
- 2.4. **City:** The Corporation of the City of London.
- 2.5. **City Treasurer:** The individual appointed by the municipality as treasurer.
- 2.6. **Contingencies/Stabilization & Risk Management:** A category of reserves and reserve funds designed to fund future obligations which are based on calculated estimates and to mitigate unforeseen events or one-time unanticipated revenue losses and expenses.
- 2.7. **Debt:** Any obligation for the payment of money. For Ontario municipalities, debt would normally consist of debentures as well as either notes or cash from financial institutions, but could also include loans from discretionary reserves and reserve funds.
- 2.8. **Development Charges Background Study:** The background study undertaken by the City for its current Development Charges By-law.
- 2.9. **Discretionary Reserves and Reserve Funds:** A reserve or reserve fund created by Council to set aside revenue to finance a future expenditure for which Council has the authority to spend money.
- 2.10. **GFOA:** Refers to the Government Finance Officers Association of the United States and Canada, a professional association of state, provincial and local finance officers dedicated to the sound management of financial resources.
- 2.11. **Intergenerational Equity:** In economic, psychological, and sociological contexts, is the concept or idea of fairness or justice between generations.
- 2.12. **Liquidity:** A measure of an asset’s convertibility to cash.

- 2.13. **MFOA:** Refers to Municipal Finance Officers Association of Ontario, a professional association which promotes the interests of its members in carrying out their statutory and financial responsibilities by initiating studies and sponsoring seminars to review, discuss and develop positions on important policy and financial management issues.
- 2.14. **Obligatory Reserve Funds:** A reserve fund created when senior government statute or agreement requires that revenue received for special purposes be segregated from the general revenues of the municipality. Obligatory reserve funds are to be used solely for the purpose prescribed for them by statute or agreement.
- 2.15. **PSAB:** Refers to the Public Sector Accounting Board, an independent board with the authority to set accounting standards for the public sector.
- 2.16. **Reserve:** An appropriation from net revenue and/or cost savings at the discretion of Council, after the provision for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a reserve fund. Municipal Councils may set up reserves for any purpose for which they have the authority to spend money.
- 2.17. **Reserve Fund:** Funds that have been set aside either by a by-law of the municipality or by a requirement of senior government statute or agreement to meet a future event. As a result, reserve funds are either “discretionary” being those set up by Council, or “obligatory” being those set up by virtue of a requirement of senior government statute or agreement. Municipal councils may set up reserve funds for any purpose for which they have the authority to spend money.
- 2.18. **Revolving Reserves and Reserve Funds:** Reserves and reserve funds used to fund normal course operating requirements or cash flow deficiencies that do not require Council approval provided they conform with intent of originating resolution or by-law.
- 2.19. **Specific Projects & New Initiatives:** A category of reserves and reserve funds established for planned savings within the budget to fund projects or expenses either identified at the time the reserve or reserve fund is set-up or after, which allows the City to save for planned or unanticipated projects or expenses that may arise and do not have another funding source.

3. **Applicability**

This Policy applies to all reserves and reserve funds administered by the City, including those administered for any of the City’s Local Boards, Commissions, Agencies, or Corporations.

Furthermore, the Policy applies to all City employees who are responsible for the establishment, monitoring, administration and management of the City’s reserves and reserve funds.

4. **The Policy**

4.1. **Principles & Objectives**

The guiding principles for reserves and reserve funds shall be:

- a) **Budget and Strategic Financial Plan** - Reserves and reserve funds shall form an integral component of the City’s budget and strategic financial plan.

- b) Liquidity** - Reserves and reserve funds shall be kept at an adequate level to ensure the City has sufficient cash flow to meet its financial obligations; including but not limited to:
- i) Replace and rehabilitate capital infrastructure assets as required;
 - ii) Supply funds for new capital assets identified in the City's long-term plans, or that arise from time-to-time;
 - iii) Fund long-term contingencies and potential liabilities; and
 - iv) Provide a buffer for significant unanticipated expenditures, or loss of revenues beyond the control of the City.
- c) Intergenerational Equity** - Reserve and reserve fund balances shall be maintained to support the principle of intergenerational equity whereby the generation of citizens who benefit from an investment are also responsible for financing it to the greatest extent possible.
- d) Credit Rating and Cost of Borrowing** - Reserve and reserve fund balances impact the City's credit rating and associated cost of borrowing thus at a minimum, reserve and reserve fund balances shall be maintained at levels that support the maintenance of the City's credit rating awarded by Bond Rating Agencies.
- e) Reserve and Reserve Fund Types** - the type of reserves and reserve funds the City shall maintain are as follows:
- i) *Obligatory* - A *reserve fund* created when a senior government statute and/or agreement requires that revenue received for special purposes be segregated from the general revenues of the municipality. Obligatory reserve funds are to be used solely for the purpose prescribed for them by statute or agreement.
 - ii) *Discretionary* - A *reserve or reserve fund* created by Council to set aside revenue and/or cost savings to finance a future expenditure for which Council has the authority to spend money.

The primary objectives for reserves and reserve funds shall be in priority order:

- f) Adherence to Statutory Requirements**
- i) It shall be the City's practice to establish and maintain segregated reserve funds that meet all statutory obligations.
 - ii) Reserves and reserve funds shall be managed in accordance with the *Municipal Act, 2001, as amended*, this includes:
 - Section 10 (2) authorizing single-tier municipalities to pass by-laws respecting accountability, transparency and financial management;
 - Section 290 (2) the budget shall set out the estimated revenues and expenditures of reserves and reserve funds contained within a municipalities budget;
 - Section 291 covering multi-year budget requirements of municipalities;
 - Section 417 (4) that money raised for a reserve fund shall be paid into a special account and shall be invested only in securities or classes of securities prescribed;
 - Section 418 (3) as allowed by the Corporation, shall combine money held in any fund (including General, Capital and Reserves and Reserve Funds) for investment purposes; and
 - Section 418 (4) that earnings from combined investments shall be credited to each segregated fund in proportion to the amount invested in it.
 - iii) Reserves shall be established by Council resolution which governs the purpose, funding sources, and drawdowns of the fund.
 - iv) Reserve funds shall be established by Council by-law which governs the purpose, funding sources, drawdowns, and investment of the fund.

g) Promotion of Financial Stability and Flexibility

- i) It shall be the City's practice to maintain adequate reserves and reserve funds within the following categories to achieve long-term financial stability and flexibility (see definitions for detailed description of categories):
 - Obligatory,
 - Capital Asset Renewal and Replacement,
 - Capital Asset Growth,
 - Special Projects and New Initiatives, and
 - Contingencies/Stabilization and Risk Management.
- ii) The City shall strive to maintain reserve and reserve fund levels in line with public service associations best practices (Municipal Finance Officers Association (MFOA), Government Finance Officers Association (GFOA), Public Sector Accounting Board (PSAB), etc.), bond rating agencies standards and other municipalities with comparable credit ratings.

h) Provision for Major Capital Expenditures

- i) It shall be the City's goal to maintain adequate reserves and reserve funds to replace and rehabilitate major capital assets, as required, and to provide for new capital assets that have been identified in the long-term capital plan. To achieve this goal, the following budget practices will be applied where applicable:
 - Reserve funds for the full cost of replacement or rehabilitation of major assets will be funded from ongoing operations at a rate which reflects the consumption of that asset by current ratepayers. Contributions to these funds will commence in the fiscal year that the asset is acquired or put into service and will be based on an estimate of the useful life of the asset.
 - Obligatory reserve funds will be maintained for growth, parkland and gas tax related capital projects. The growth related obligatory reserve funds will be fully funded from developer contributions. Components of the growth related projects which benefit the existing ratepayers or for which a discount has been given, shall be funded from tax/rate funding sources in the year the project is built. Notwithstanding, debt may be issued for growth projects when required in accordance with the *Development Charges Act, 1997, as amended*, and other pertinent City policies.

i) Reduce Tax/Rate Supported Debt

- i) As per the principles of the Council approved Capital Budget and Financing Policy, the City shall use reserve and reserve fund balances as a source of financing for capital projects.
- ii) When appropriate, the City shall use reserve and reserve fund balances as a source of debt substitution for capital projects which were previously approved with debt financing.
- iii) If discretionary reserves and reserve funds are below established targets, all or a portion of the future debt servicing cost savings resulting from reserve and reserve fund balances applied towards debt substitution shall be considered for future contributions to discretionary reserves or reserve funds at the discretion of the City Treasurer, it being noted that such contributions are subject to Council approval through the City's budgetary process.

4.2. Reserve and Reserve Fund Management

a) Establishment and Modification of Reserves and Reserve Funds

- i) Reserves and reserve funds shall only be established or modified if they are supported by a financial plan identifying the funding needs, targets, contribution sources, projected drawdowns and investment of funds.

- ii) Target funding levels shall be established for every reserve and reserve fund. Methods for calculating reserve and reserve fund targets shall be determined on a case-by-case basis considering the following:
 - Purpose of fund,
 - Certainty of end needs,
 - Best practices/standards regarding the identification of need and target balance levels (MFOA, GFOA, PSAB, etc.), and
 - Economic factors.
 - iii) Reserve and reserve fund balances and associated targets shall be reviewed periodically to ensure adequate reserve and reserve fund levels are maintained for a ten year period.
- b) Investment of Reserves and Reserve Funds:**
- i) Reserves and reserve funds shall be invested for a term that will not exceed its expected date of need;
 - ii) Reserves and reserve funds shall be invested in accordance with the Council approved Investment Policy;
 - iii) Interest earned on reserves shall be recognized as revenue in the operating budget;
 - iv) Interest earned on reserve funds shall be recognized as revenue in each specific reserve fund according to its proportionate share of the investment portfolio.
- c) Contributions To/Drawdowns From Reserves and Reserve Funds:**
- i) Contributions to/drawdowns from reserves and reserve funds shall be made in accordance with applicable resolution, by-law and this Policy.
 - ii) Contributions to/drawdowns from reserves and reserve funds shall be approved by Council as part of the annual budget process, or specifically by resolution with the following exceptions:
 - Direct contribution to reserves and reserve funds such as development charges revenue;
 - Transfers that are a direct result of Council approved by-laws or resolutions such as Surplus/Deficit Policy;
 - Transfer of funds between reserves and reserve funds based upon adequacy analysis or other related information, at the discretion of the City Treasurer, or designate; and
 - Use of “revolving” reserves and reserve funds for the purpose approved by Council such as Workplace Safety Insurance Board claims.
 - iii) Council approved contributions to/drawdowns from reserves and reserve funds not realized shall be reported to Council as part of the budget monitoring reports, or budgetary process.
 - iv) Contributions to/drawdowns from reserves and reserve funds shall take into account intergenerational equity between current and future tax/rate payers.
- d) Lending/Temporary Borrowing of Reserves and Reserve Funds:**
- i) Intra-fund lending between reserves and reserve funds shall be permitted to temporarily finance capital and/or operating cash flow deficiencies to avoid external borrowing costs provided that all loans/transfers bear the City’s internal rate of return and principal and interest are credited to the appropriate reserve or reserve fund source.
 - ii) External loans shall be approved at the discretion of Council according to Section 107 of the *Municipal Act, 2001, as amended*, to any person, group, or body for any purpose considered to be in the best interest of the municipality. Prior to recommending such a loan to Council, staff shall consider the following:
 - External loans shall only be made to public agencies/groups and shall benefit the public;
 - The term of external loans shall not exceed five years;
 - Appropriate security shall be provided to protect the interests of the City;
 - A financial profile of the borrower;

- Are adequate reserves and reserve funds available for the term of the external loan; and
 - What rate shall the external loan bear and that principal and interest shall be credited to the appropriate reserve or reserve fund source.
- iii) All lending/temporary borrowing shall be provided from discretionary reserve and reserve fund balances as the loaning of obligatory reserve funds is prohibited under the *Development Charges Act, 1997, as amended*.
- iv) Under the *Development Charges Act, 1997, as amended*, debt may be included as a capital cost to leverage development charge (DC) revenue while waiting for DC collections to catch up to growth-related spending. Intra-fund borrowing between DC reserve funds is also permitted. In both cases, amounts borrowed must be repaid at the City's internal rate of return and principal and interest are credited to the appropriate reserve or reserve fund source.

e) Termination of Reserves and Reserve Funds:

- i) A discretionary reserve or reserve fund shall be terminated (wound down and closed) when the program or project it supports meets any of the following criteria:
- No longer in the scope of the City's strategic plans;
 - Program commitments have been completed and no future commitments are expected; and
 - The City Treasurer is confident that balances in other areas can mitigate the need to hold any remaining reserve or reserve fund balance.
- ii) Reserves or reserve funds identified for termination shall be reported to Council for review and approval. Reports to Council shall include recommendations regarding the timing of wind down, closure and the allocation of fund balances.

4.3. Standard of Care

a) Delegation of Authority

- i) Once Council approves reserves by resolution and reserve funds by by-law, the City Treasurer shall have overall authority for the reserves and reserve funds managed by the City.
- ii) The City Treasurer may delegate management authority over the reserves and reserve funds managed by the City to a designate.
- iii) The City Treasurer, or designate has the responsibility for setting reserve and reserve fund targets, it being noted targets will be periodically reported to Council through reserve and reserve fund reports (see Reporting Requirements below).
- iv) The City Treasurer, or designate shall have overall responsibility for this Policy, and the authority to implement a program for reserves and reserve funds and establish procedures consistent with the content of this Policy. Administrative responsibilities shall include, but are not limited to the following:
- Determines need for reserves and reserve funds for operating and capital budgets.
 - Sets targets for reserves and reserve funds in line with directives contained in this Policy and other pertinent policies.
 - As part of the reporting to Council, reviews and reports on the adequacy and continuing need for reserves and reserve funds managed by the City.
 - Preparation and presentation of reports and/or by-laws associated with the establishment, monitoring, or termination of reserves and reserve funds.
 - Develops appropriate practices, procedures and processes for the investment of reserves and reserve funds in line with legislative requirements, the City's Investment Policy and other pertinent policies.

- Prepares the City's long-term strategic financial plan with consideration of appropriate reserves and reserve funds to effectively meet the City's operating and capital budget financing needs.
- Ensures reserves and reserve funds managed by the City are in line with senior government statutes and agreements and other pertinent policies.

b) Reporting Requirements:

- i) The City Treasurer, or designate shall prepare the following reports regarding reserves and reserve funds managed by the City:
- Annual Audited Financial Statements - the annual audited financial statements shall include a statement of financial position, financial activities, and changes in fund balances for reserves and reserve funds.
 - Reserve and Reserve Fund Report - a financial plan forecasting reserve and reserve fund balances and a comparison to target objectives shall be prepared periodically based on the most current information available; this report may include the establishment of new, modification of existing and termination of existing reserves and reserve funds.
 - Budget Reports - reserve and reserve fund balances, projected contributions and planned drawdowns for a ten year period shall be presented in each multi-year budget. Annual changes to reserve and reserve fund balances shall be presented with each annual budget update, or specifically by resolution if required.
 - DC Reserve Funds Report - an annual report detailing pertinent information regarding DC reserve funds shall be presented to Council as required by the *Development Charges Act, 1997, as amended*.
 - Other reports in line with this Policy shall be brought forward to Council as needed.

c) Policy Review

- i) This Policy shall be presented to Council for review and update, if applicable, every four years, in the first year of each elected Council, or as deemed necessary by Council or the City Treasurer.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT	FCM GRANT FUNDING AGREEMENT & RFP 18-23 AWARD FOR CORPORATE ASSET MANAGEMENT PLAN AND POLICY

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the advice of the Manager III, Corporate Asset Management, the following actions be taken with respect to the Corporate Asset Management Plan and Policy:

- a) the attached proposed by-law (Appendix B) **BE INTRODUCED** at the Municipal Council meeting to be held on July 24, 2018 to approve the Grant Funding Agreement between The Corporation of the City of London and the Federation of Canadian Municipalities, and authorize the Mayor and the City Clerk to execute the Funding Agreement; it being noted that this will assist with expenditures related to the creation of the 2018 City of London Corporate Asset Management Plan and Strategic Asset Management Policy, in accordance with Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure;
- b) the Mayor and the City Clerk **BE AUTHORIZED** to execute any contract, statement of work or other documents, if required, to give effect to these recommendations;
- c) the proposal submitted by GM BluePlan Engineering Limited, Royal Centre, 3300 Highway No.7, Suite 402, Vaughan, ON L4K 4M3, for the provision of professional services with respect to Corporate Asset Management Plan and Policy at their proposed fees of \$163,989 excluding HST, **BE ACCEPTED**;
- d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the submitted proposal; and,
- e) the approval hereby given **BE CONDITIONAL** upon the City of London entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- January 23, 2018, Report to Corporate Services Committee – Corporate Asset Management FCM Municipal Asset Management Program Grant Application
- January 23, 2018, Report to Corporate Services Committee – Corporate Asset Management Plan 2017 Review
- January 10, 2017, Report to Corporate Services Committee – Corporate Asset Management Plan 2016 Review
- December 1, 2015, Report to Corporate Services Committee – Corporate Asset Management Plan 2015 Review
- August 26, 2014, Report to Corporate Services Committee – Corporate Asset Management Plan 2014.
- December 10, 2013 Report to Corporate Services Committee – State of the Infrastructure Report 2013.

STRATEGIC PLAN 2015-2019

This report and recommendation supports several strategic priorities including:

Building a Sustainable City

Robust Infrastructure

– State of the Infrastructure Report

Leading in Public Service

Proactive financial management

- Multi-year budget development and approval
- Long-term investment strategy
- Explore new revenue streams
- Reserve fund strategy
- Focus on financial sustainability

Excellent service delivery

– At Your Service

BACKGROUND

Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure, under the *Infrastructure for Jobs and Prosperity Act, 2015*, came into force on January 1, 2018. Improved municipal asset management planning is a vital step in Ontario’s Municipal Infrastructure Strategy. The objective of this regulation is to implement asset management best practices throughout the municipal sector and provide consistency to support collaboration among municipalities, and between municipalities and the province. Building on the province’s *2012 Building Together: Guide for Municipal Asset Management Plans*, the regulation sets out requirements for municipal asset management plans and policies, and phases of implementation.

The key requirements of Ontario Regulation 588/17 (“O.Reg 588/17”) include preparation of a Strategic Asset Management Policy and phased implementation of the Asset Management Plan.

Strategic Asset Management Policy

The Strategic Asset Management Policy implementation deadline is July 1, 2019. However, it should be reviewed and updated every five years.

Asset Management Plan (“AMP”)

The AMP has three implementation deadlines as outlined in Figure 1 and summarized below.

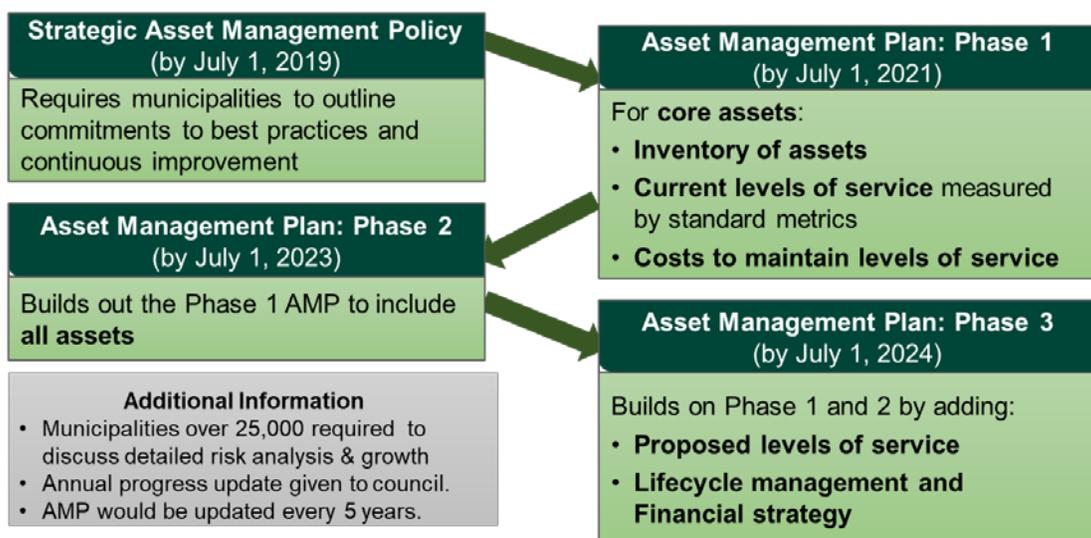


Figure 1 Asset Management Regulation 588/17 Timeline

- i) July 1, 2021 – Preparation of an AMP, including current levels of service, in respect of its core municipal infrastructure which is defined as water, wastewater, storm water, roads, bridges and culverts, by July 1, 2021;
- ii) July 1, 2023 – Preparation of an AMP in respect of all of its other municipal infrastructure

- assets by; and
- iii) July 1, 2024 – Preparation of an AMP, including proposed levels of service, in respect of all its municipal infrastructure assets.

AMP Update - Project Overview

The City of London requires an updated AMP by March 2019 that aligns with O.Reg 588/17 to inform the next 2020-2023 Multi-Year Budget and include a capital forecast to 2029. It is therefore necessary and expected that the analysis will incorporate the future mandates required in O.Reg 588/17. Given that the City of London has:

- i) Dedicated Corporate Asset Management resources;
- ii) An Administrative Asset Management Policy developed in January 2013;
- iii) A State of Infrastructure Report prepared in 2013 and Corporate AMP prepared in January 2014; and
- iv) The intent to continue updating the Corporate AMP every four years, in tandem with the multi-year budget process

The City of London is well positioned to meet the new regulatory requirements; however, procurement of additional resources is imperative to the process of keeping the City of London compliant with the now regulated asset management environment in Ontario. Additional resources will also assist in maintaining London's eligibility for federal programs under the 2014 Building Canada and Federal Gas Tax funds, as well as continuing on our path to implementing best practice asset management across the City of London.

The consulting resources will assist with the development & implementation of:

1. London's Strategic Asset Management Policy

The Strategic Asset Management Policy will include the City of London's goals, policies or plans that are supported by its AMP. It also includes the process by which the AMP is to be considered in the development of the City of London's budget and long-term financial plans, the approach to continuous improvement and adoption of appropriate practices, and the principles to be followed in the City of London's asset management planning.

2. London's Corporate Asset Management Plan (AMP)

The updated Corporate AMP will cover the following elements:

Introduction: It provides an overview of the Plan; its purpose and goals, where it fits with other strategic planning initiatives of the City of London, the scope and duration, the development methodology with its limitations and the need for enhancements, and updates and monitoring.

State of London Infrastructure: It speaks to the asset inventory, its value, condition, age distribution, how London stores its asset data and lessons learned about current asset management practices at the City of London. It also defines and projects the infrastructure funding gap between current investment plans and future infrastructure needs.

Current Levels of Service: It discusses the current level of service information, existing trends and what the future will look like. In addition, a risk analysis and criticality assessment will be conducted in the context of prioritizing expenditures to address any funding shortfalls for different service areas.

Lifecycle Management Strategy: It defines the detailed measures, data sources, targets, and relevant criteria used to drive decisions; as well as how long-term capital plans are developed, including trigger points where condition, risk, and capacity drive the needs to rehabilitate or replace an asset. It further defines the set of lifecycle activities required to maintain the current level of service over the next 10 years.

Financing Strategy: It provides the approach to funding the needs of the asset base to achieve service delivery goals. Moreover, it aims to enhance existing financial practices to effectively fund infrastructure. In addition to sustaining service delivery, funding is needed to address the growing infrastructure gap identified in the State of Infrastructure section.

The consultant will perform duties to ensure the City of London is aligned with O.Reg 588/17 Phases 1 and 2 for the following seven (7) program areas and seventeen (17) service areas directly owned and managed by the City of London.

Program Area	Service Area	Program Area Type
Water, Wastewater Services	Water	Core Assets
	Wastewater – Sanitary	
	Stormwater	
Transportation Services	Roads & Structures	Core Asset
	Traffic	Other Asset
	Parking	Other Asset
Environmental Services	Solid Waste	Other Asset
Parks, Recreation & Neighbourhood Services	Recreation	Other Assets
	Parks	
	Urban Forestry	
Protective Services	Fire	Other Asset
Social and Health Services	Long Term Care	Other Asset
Corporate, Operational & Council Services	Corporate Facilities	Other Assets
	Culture Facilities	
	Fleet	
	Information Technology	
	Land	

FCM Grant Funding

In January 2018, Council directed Civic Administration to apply for a Federation of Canadian Municipalities (“FCM”) grant under the Municipal Asset Management Program (“MAMP”) to offset the cost of acquiring consultant support to update the City Asset Management Plan and Policy.

The MAMP provides funding for projects that will help Canadian cities and communities of all sizes enhance their asset management practices. Activities that are eligible for MAMP funding include the development of asset management policies and plans. The MAMP is also intended to finance activities related to asset management knowledge transfer and asset management training for staff or elected officials. Recipients may only apply for one project in any fiscal year (April-March) and all applications must include a resolution from Council supporting the submission.

The City of London grant funding application was approved for 80% of eligible expenditures up to the maximum funding amount of \$50,000. The FCM Grant funding approval letter is attached (Appendix A), noting that the grant agreement was provided June 2018 to Civic Administration. This resulted in proposing a by-law to authorize and approve the grant funding agreement between the City of London and FCM (Appendix B). The grant funding agreement is included as an attached Schedule 1 of the proposed by-law. A fully executed agreement will be provided once FCM receives a signed and dated Grant Agreement. The project’s duration will be from July 2018 to June 2019 and funding will be received upon FCM’s acceptance of a Final Report, due within 30 days of the project end date.

Updating the City of London’s Corporate Asset Management Plan and Policy is a high priority that aligns with the 2016-2019 Strategic Plan and the best use of potential funds from a successful MAMP application at this time. The timing of the MAMP offered by the FCM is an excellent fit with both the new provincial asset management regulation and civic administration’s desire to update its Corporate Asset Management Plan and Policy by early 2019. Given that FCM will accept applications until June 2020, Civic administration will consider additional applications to the MAMP when elements of the ongoing Corporate Asset Management project warrant application.

Risk Management Assessment

The City Solicitors Office, Risk Management, and Financial and Business Services have reviewed the Grant Agreement. Risk Management advises the Agreement contains an indemnity provision in section (13.01 / 13.02). These clauses cannot be changed and exposes the City of London to limitless liability. In the opinion of Corporate Insurance/Risk Management, this should not stop the City of London from moving forward with final approval of this agreement as the benefits of this project outweigh the potential risks.

Procurement Process and Consultant Selection

Corporate Asset Management in conjunction with Purchasing and Supply advertised for a Consulting Services for Corporate Asset Management Plan and Policy through a Request for Proposal (RFP) process, section 12.0 of the Procurement of Goods and Services Policy. The RFP requested that Proponents submit a proposal with pricing to support the development of a Corporate AMP and Strategic Asset Management Policy, supportive of O.Reg. 588/17. This method of procurement was selected to help ensure that staff could fairly evaluate the submissions in all of the key areas including any value added factors that were to be considered as part of the final selection.

The submissions were reviewed by a panel of City of London representatives from Purchasing & Supply, Corporate Asset Management, Financial Planning & Policy, and Sewer Operations divisions to ensure compliance with the requirements. The evaluation team received seven submissions and scored the proponents based on a predetermined list of criteria and also considered the value added elements that each proponent provided.

The evaluation panel selected GM BluePlan proposal at a price of \$163,989 excluding HST. GM BluePlan proposal scored the highest in the competition and offered the most complete package in the following key areas;

- Project goals and objectives understanding, and ability to develop a clear strategy;
- Approach and Methodology to deliver the project, work plan, and schedule;
- Experience and Quality of Submission; and
- Financial Proposal

The following table shows the list of evaluation criteria and their weights

Evaluation Criteria	Weighting
Project Understanding	8 Points
Approach and Methodology	17 Points
Experience and Quality of Submission	50 Points
Financial Proposal	25 Points
Total	100 Points

Financial Impact

The required project cost as per RFP 18-23 is \$163,989 excluding HST for supporting the City Corporate Asset Management Plan & Policy development. Civic administration has requested a grant from FCM to support the City of London in its Asset Management Plan and Policy. Funding of 80% of eligible expenditures has been approved by FCM for the maximum amount of \$50,000, of which, \$45,000 is to be allocated to asset management policy and plan development (equivalent to 27% of the total project cost) and the remaining \$5,000 allocated to a public outreach programme which includes an asset management awareness video intended as a training and knowledge transfer tool. This results in an estimated balance of \$118,989 to be covered by the City of London which has been identified and available in the approved multi-year Corporate Asset Management operating budget.

CONCLUSION

The City of London Corporate Asset Management Plan is due for update. A new regulation requires adoption of a Strategic Asset Management Policy and development of an Asset Management Plan for all City of London owned assets. The City of London issued a Request for Proposal (RFP18-23) to seek support from consultant firms who are both interested and capable of undertaking the project. GM BluePlan was selected as the successful candidate through the city’s procurement process rating high on both quality and cost criteria.

Civic administration requested a grant from the Federation of Canadian Municipalities to offset the cost of acquiring consultant support to update the City of London’s Asset Management Plan and Policy. Municipal Asset Management Program funding requires Council approval to be eligible to receive grant funding. The City of London grant funding application was approved for the maximum

funding amount of \$50,000. Funding for the City of London’s portion has already been approved in the multi-year Corporate Asset Management operating budget.

Acknowledgements

This report was prepared by the help of Ahmed Eweda, Specialist II – Asset management Nathan de Witt, Specialist II – Asset management, Jason Wills, Manager III – Risk Management and Sarah Denomy, Procurement Officer – Purchasing and Supply.

SUBMITTED BY:	REVIEWED AND CONCURRED BY:
KHALED SHAHATA, PhD, P.Eng MANAGER III, CORPORATE ASSET MANAGEMENT	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER	

Attach.
Copy to

CAM Steering Team

Appendix A



**President
Présidente**

Jenny Gerbasi
Deputy Mayor
City of Winnipeg, MB

March 26, 2018

**First Vice-President
Première vice-présidente**

Sylvie Goneau
Conseillère
Ville de Gatineau, QC

His Worship Mayor Matt Brown
and Members of Council

City of London
PO Box 5035, 300 Dufferin Avenue
London, Ontario
N6A 4L9

**Second Vice-President
Deuxième vice-président**

Bill Karsten
Councillor
Halifax Regional
Municipality, NS

Title of initiative: City of London Corporate Asset Management Plan and Policy Update
Application number: MAMP-15836

**Third Vice-President
Troisième vice-président**

Garth Frizzell
Councillor
City of Prince George, BC

Dear Mayor Brown and Members of Council:

On behalf of the Municipal Asset Management Program (MAMP) it is my pleasure to confirm that the City of London has been approved for a grant in the amount of up to \$50,000.

**Past President
Président sortant**

Clark Somerville
Councillor
Regional Municipality
of Halton, ON

In the near future, Aymone Agossou will contact Khaled Shahata, Project Manager of the City of London to finalize the agreement for the grant. FCM's obligation to fund the above-noted initiative will only become binding once the agreement is fully executed.

**Chief Executive Officer
Chef de la direction**

Brock Carlton
Ottawa, ON

Public announcements regarding MAMP-funded initiatives are overseen by FCM in partnership with the Government of Canada. Your municipality is welcome to participate in that process, but until authorised by FCM and Infrastructure Canada, any public statements related to the status of the application for MAMP funding are not permitted. This communication protocol is contained in the grant agreement. If you require further information prior to receiving the contract, please contact Aymone at 343-925-6411 or by e-mail at aagossou@fcm.ca.

Thank you for your interest in MAMP. We look forward to working with you to improve asset management practices in your community, and to sharing the results of your initiative with communities across Canada.

Sincerely,

Michael Burt
Manager, Funding

10, rue Rideau Street,
Ottawa, Ontario

**Mailing address/
adresse postale**

24, rue Clarence Street,
Ottawa, Ontario K1N 5P3

T. 613-241-5221
F. 613-241-7440

www.fcm.ca

cc: Khaled Shahata, Project Manager



APPENDIX B

By-law No.

Bill No.
2018

By-law No. A

A by-law to authorize and approve grant funding agreement between The Corporation of the City of London (the "City") and the Federation of Canadian Municipalities' ("FCM") and to authorize the Mayor and the City Clerk to execute the grant funding agreement for City of London Corporate Asset Management Plan and Policy Update.

WHEREAS section 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 FCM is a national organization representing municipalities across Canada;

AND WHEREAS section 9 of the *Municipal Act, S.O. 2001, C.25*, as amended, 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 the Government of Canada and FCM have established the Municipal Asset Management Program ("MAMP");

AND WHEREAS it is deemed expedient for the City to enter into a contract, grant funding agreement(s) with FCM and relating to MAMP;

AND WHEREAS it is appropriate to authorize the Mayor and the City Clerk to execute the contract, service agreement(s) or contract record on behalf of the City;

NOW THEREFORE the Municipal Council of the City enacts as follows:

1. The Grant Funding Agreement attached hereto as Schedule "1" between The Corporation of the City of London and the Federation of Canadian Municipalities, is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the the Funding Agreement approved in section 1 of this by-law.
3. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer is delegated the authority to undertake all the administrative, financial and reporting acts, including the "Request for Contribution" and "Letter of Attestation for Expense Claim" Reporting, that are necessary in connection with the Grant Funding Agreement approved in Section 1.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on July 24, 2018.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –

Schedule 1 of Appendix B

GRANT AGREEMENT

THIS AGREEMENT is effective as of the date of last signature on the signature page.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON

(herein called "**Recipient**")

-and-

FEDERATION OF CANADIAN MUNICIPALITIES

(herein called "**FCM**")

WHEREAS:

- (a) the Government of Canada and FCM have established the Municipal Asset Management Program (herein called **MAMP**);
- (b) the Government of Canada has funded Municipal Asset Management Program, which is being administered by FCM;
- (c) FCM has agreed to provide the Recipient with a grant for use by the Recipient solely for the project described in this Agreement; and
- (d) this Agreement contains the terms for the administration and remittance of the grant by FCM to the Recipient and the use of the grant by the Recipient.

NOW THEREFORE, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS AND SCHEDULES

1.1 Definitions. Whenever used in this Agreement and unless the context otherwise requires, the following terms have the following meanings:

"Agreement" means this agreement, including all schedules, and all amendments or restatements as permitted;

"Business Day" means any day other than a Saturday, Sunday or statutory holidays in the Province of Ontario;

"Claim" has the meaning ascribed thereto in Section 13.01 of this Agreement;

"Confidential Information" has the meaning ascribed thereto in Section 11.01 of this Agreement.

"Eligible Activities" means any reasonable activities necessary to complete the Project as described in Part 2 of Schedule A attached hereto.

"Eligible Expenditure Date" has the meaning ascribed thereto in Part 4 of Schedule C attached hereto;

"Eligible Expenditures" means those permitted expenditures described in Part 4 of Schedule C attached hereto, for which the Recipient may use the Grant;

"Grant" means the grant set forth in Article 2;

“Grant Amount” means the amount to be disbursed by FCM on account of the Grant up to the maximum amount set forth in Part 1 of Schedule B attached hereto;

“Indemnified Parties” has the meaning ascribed thereto in Section 13.01 of this Agreement;

“Parties” means FCM and the Recipient, and **“Party”** refers to any one of them;

“Project” means the project described in Part 2 of Schedule A attached hereto;

“Project End Date” has the meaning ascribed thereto in Part 2 of Schedule A attached hereto; and

“Project Start Date” has the meaning ascribed thereto in Part 2 of Schedule A attached hereto;

“Receiving Party” has the meaning ascribed thereto in Section 11.01 of this Agreement.

1.2 Schedules. The following annexed Schedules form part of this Agreement and the Parties shall comply with all terms and conditions set-out therein:

Schedule A: Part 1: Conditions of Contribution
Part 2: Description of Project, Statement of Work and Project Expenditures
Part 3: Reporting Requirements and Project Deliverables

Schedule B: Part 1: Grant Amount
Part 2: Particulars of the Sources of Funding
Part 3: Payment Schedule/Period of Funding

Schedule C: Part 1: Request for Contribution, Letter of Attestation and Expense Claim
Part 2: Completion Report Templates
Part 3: Accepted Practices
Part 4: Eligible Expenditures

Schedule D: Contact Information

ARTICLE 2 THE GRANT

2.1 Grant Purpose. FCM is providing the Grant to the Recipient for the sole purpose of assisting the Recipient in the performance of the Project, as described in Part 2 of Schedule A attached hereto.

2.2 Grant Amount. Subject to and in accordance with the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Recipient hereinafter set forth, FCM agrees to contribute towards the Eligible Expenditures, the Grant Amount, as more particularly described in Part 1 of Schedule B attached hereto.

2.3 Disbursement of Grant.

- (a) FCM shall disburse the Grant in accordance with Part 3 of Schedule B attached hereto.
- (b) No portion of the Grant shall be disbursed by FCM without it first receiving from the Recipient a completed Request for Contribution in accordance with Part 1 of Schedule C attached hereto.
- (c) Provided that the Conditions of Contribution set-out in Part 1 of Schedule A attached hereto are satisfied, the Recipient may request the Grant by delivering to FCM the appropriate Request for Contribution in accordance with Part 1 of Schedule C attached hereto at least

30 days before the requested date of disbursement; the requested date of disbursement may be delayed if the Request for Contribution delivered by the Recipient to FCM is not, in FCM's sole discretion, satisfactory and revisions or supplemental documentation are required.

- 2.4 Term. This Agreement shall continue in force until FCM has received and notified the Recipient of its satisfaction with all reports required to be completed by the Recipient in accordance with the terms and conditions of this Agreement, or until the Agreement has been terminated in accordance with Section 12.01, whichever shall first occur.

ARTICLE 3 CONDITIONS OF CONTRIBUTION

- 3.01 Conditions of Contribution. Subject to Section 2.03, the obligation of FCM to disburse the Grant to the Recipient is conditional upon the Recipient satisfying the conditions set-out in Part 1 of Schedule A attached hereto, to the satisfaction of FCM.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

- 4.1 Representations and Warranties. The Recipient represents and warrants that:
- (a) it is duly established under the laws of the Province of Ontario and has the legal power and authority to enter into, and perform its obligations under this Agreement and the Project;
 - (b) this Agreement has been duly authorized and executed by it and constitutes a valid and binding obligation of it, enforceable against it in accordance with its terms;
 - (c) neither the making of this Agreement nor the compliance with its terms and the terms of the Project will conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under any indenture, debenture, agreement or other instrument or arrangement to which the Recipient is a party or by which it is bound, or violate any of the terms or provisions of the Recipient's constating documents or any license, approval, consent, judgment, decree or order or any statute, rule or regulation applicable to the Recipient;
 - (d) no litigation, arbitration or administrative proceedings are current or pending or have been threatened, and so far as the Recipient is aware no claim has been made, which is likely to have an adverse effect on its preparation and/or delivery of the Project or its compliance with its obligations under this Agreement; and
 - (e) it has the right to grant the license set out in Section 6.02 of this Agreement.

ARTICLE 5 COVENANTS

- 5.1 Affirmative Covenants. Unless FCM shall otherwise agree in writing, the Recipient covenants and agrees that it shall:
- (a) use the Grant only for Eligible Activities relating to the Project;
 - (b) carry out the Project and conduct the activities thereof in compliance with all applicable laws and regulations and, without restricting the generality of the foregoing, in compliance with all labour, environmental, health and safety and human rights legislation applicable to the Project;

- (c) carry out the Project with due diligence and efficiency and in accordance with sound engineering, scientific, financial and business practices;
- (d) provide FCM with prompt notice of any:
 - (i) material change to the Project;
 - (ii) proposed change in the nature or scope of its legal status; or
 - (iii) act, event, litigation or administrative proceeding that does or may materially and adversely affect the Project or may materially and adversely affect the ability of the Recipient to perform its obligations under this Agreement or the Project.

5.2 Negative Covenants. Unless FCM shall otherwise agree in writing, the Recipient shall not:

- (a) use the Grant for expenditures that are not Eligible Expenditures;
- (b) for 5 years after the date of this Agreement, sell, assign, transfer, lease, exchange or otherwise dispose of, or contract to sell, assign, transfer, lease, exchange or otherwise dispose of, any of the real or personal property, whether movable or immovable, acquired, purchased, constructed, rehabilitated or improved, in whole or in part, with the Grant (the “**Assets**”); if at any time within 5 years after March 31, 2021, the Recipient sells, assigns, transfers, leases, exchanges or otherwise disposes of any Asset other than to the Government of Canada, a local government, or with the Government of Canada’s consent, the Recipient may be required to pay back to FCM, at FCM’s sole discretion, all or a portion of the Grant that was disbursed by FCM to the Recipient.

ARTICLE 6 INTELLECTUAL PROPERTY

- 6.1 Intellectual Property. Copyright in all reports, documents and deliverables prepared in connection with this Agreement and listed in the Schedules of this Agreement by or on behalf of the Recipient (the “Recipient Documentation”) will be the exclusive property of, and all ownership rights shall vest in either the Recipient or, subject to the Recipient’s ability to grant the license set out in Section 6.02, a person or entity engaged to develop the Recipient Documentation on behalf of the Recipient.
- 6.2 License. The Recipient hereby grants to FCM an irrevocable, perpetual, worldwide, royalty-free, license, to use, publish, make improvements to, sub-license, translate and copy the Recipient Documentation. This license shall survive the expiration or termination of this Agreement.

ARTICLE 7 APPROPRIATIONS

- 7.01 Appropriations. Notwithstanding FCM’s obligation to make any payment under this Agreement, this obligation does not arise if, at the time when a payment under this Agreement becomes due, the Parliament of Canada has not passed an appropriation that is sufficient and constitutes lawful authority for the Government of Canada making the necessary payment to FCM for the project or program in relation to which the Grant is being provided. FCM may reduce, delay or terminate any payment under this Agreement in response to the reduction or delay of appropriations or departmental funding levels in respect of transfer payments, the project or program in relation to which the Grant is being provided, or otherwise, as evidenced by any appropriation act or the federal Crown’s main or supplementary estimates expenditures. FCM will not be liable for any direct, indirect, consequential, exemplary or punitive damages, regardless of the form of action,

whether in contract, tort or otherwise, arising from any such reduction, delay or termination of funding.

**ARTICLE 8
MEMBERS OF THE HOUSE OF COMMONS AND SENATE**

- 8.01 No member of the House of Commons or the Senate of Canada will be admitted to any share or part of this Agreement, or to any benefit arising from it, that is not otherwise available to the general public. The Recipient will promptly inform FCM should it become aware of the existence of any such situation.

**ARTICLE 9
NO BRIBES**

- 9.01 The Recipient guarantees that no bribe, gift or other inducement has been paid, given, promised or offered to any person in order to obtain this Agreement. Similarly, no person has been employed to solicit or secure the Agreement upon any agreement for a commission, percentage, brokerage or contingent fee. The Recipient also guarantees that it has no financial interest in the business of any third party that would affect its objectivity in carrying out the Project.

**ARTICLE 10
AUDIT AND ACCESS**

10.1 Audit and Access.

- (a) FCM reserves the right to undertake, at any time, at its expense, any audit of the records and accounts of the Recipient in relation to the Project. The Recipient agrees to ensure that prompt and timely corrective action is taken in response to any audit findings and recommendations conducted in accordance with this Agreement. The Recipient will submit to FCM in a timely manner, a report on follow-up actions taken to address recommendations and results of the audit.
- (b) The Recipient shall maintain proper and accurate financial accounts and records, including but not limited to its contracts, invoices, statements, receipts, employee timesheets, and vouchers, in respect of the Project. The Recipient covenants and agrees that it shall keep all such books and records of the Project for at least 6 years after the termination of this Agreement.
- (c) Upon FCM's request with reasonable prior notice thereto, the Recipient shall provide FCM and its designated representatives with reasonable and timely access to sites, facilities, and any documentation relating to the Project for the purposes of audit, inspection, monitoring, evaluation, and ensuring compliance with this Agreement, and permit FCM to communicate directly with, including the receipt of information from, its external auditors regarding its accounts and operations relating to the Project.
- (d) The Government of Canada, the Auditor General of Canada, and their designated representatives, to the extent permitted by law, will at all times be permitted to inspect the terms and conditions of this Agreement and any records and accounts respecting the Project and will have reasonable and timely access to sites, facilities and any documentation relevant for the purpose of audit.

**ARTICLE 11
CONFIDENTIALITY**

11.1 Confidentiality.

- (a) All processes, documents, data, plans, material, policies or information pertaining to either Party's operations which is obtained by the other Party ("**Receiving Party**") or furnished to the Receiving Party in connection with this Agreement and expressly identified as confidential thereby, including, without limitation, the terms of this Agreement, ("**Confidential Information**") shall be maintained by the Receiving Party in strict confidence and shall not be disclosed to any person or entity for any reason or used by the Receiving Party except as necessary for it to perform its obligations hereunder.
- (b) The limitations contained in this section shall not apply to (a) Confidential Information which is in the public domain at the time of disclosure; (b) Confidential Information that becomes part of the public domain after disclosure through no fault of the Receiving Party; (c) Confidential Information that the Receiving Party can prove was known by the Receiving Party at the time of disclosure; (d) Confidential Information that the Receiving Party can prove was supplied to the Receiving Party by a third party or was independently developed by the Receiving Party; or (e) Confidential Information required to be disclosed pursuant to judicial process.

ARTICLE 12 TERMINATION

12.1 Termination of the Agreement.

- (a) FCM may terminate this Agreement:
 - (i) if the Recipient breaches any term or condition of this Agreement, and fails to remedy such breach upon the expiry of 15 Business Days' written notice from FCM of such breach or, with respect to a breach that cannot be remedied within the 15 Business Day period, such longer period of time as FCM may reasonably provide the Recipient to remedy the breach, provided the Recipient has commenced to remedy the breach within the 15 Business Day period and is actively and diligently taking appropriate measures to remedy the breach;
 - (ii) if the Recipient becomes insolvent and/or proceedings have been commenced under any legislation or otherwise for its dissolution, liquidation or winding-up, or bankruptcy, insolvency or creditors' arrangement proceedings have been commenced by or against the Recipient;
 - (iii) if, in FCM's sole discretion, the Project cannot be completed as initially presented; and
 - (iv) if the Parliament of Canada fails to pass an appropriation that is sufficient and constitutes lawful authority for the Government of Canada making the necessary payment to FCM for the project or program in relation to which the Grant is being provided.
- (b) Either Party may, on not less than 30 days' prior written notice to the other Party, terminate this Agreement.

12.2 Effect of Termination. If this Agreement is terminated pursuant to Section 12.01, the Recipient may be:

- (a) reimbursed for all or a portion of the expenses they have incurred in relation to the Project up to the effective date of termination; or

- (b) required to pay back to FCM all or a portion of the Grant Amount that was disbursed by FCM to the Recipient prior to the effective date of termination;

as applicable, all subject to FCM's sole discretion and satisfaction, taking into consideration out-of-pocket expenses incurred and results reported by the Recipient in connection with the Project.

ARTICLE 13 INDEMNITY

- 13.1 Indemnity. The Recipient hereby agrees to indemnify and hold harmless FCM and its officers, directors, employees and agents (collectively, the "**Indemnified Parties**") from and against any and all liability, loss, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings (collectively, a "**Claim**"), by whomever made, sustained, incurred, brought or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with this Agreement, but only to the extent that such Claim arises out of or is in connection with the Recipient's breach of this Agreement or is caused by the negligence or wilful misconduct of the Recipient in the performance of its obligations hereunder or otherwise in connection with the Project.
- 13.2 Intellectual Property Indemnity. Recipient shall defend or settle at its expense any claim or suit against FCM arising out of or in connection with an assertion that the Recipient Intellectual Property infringes any intellectual property right and Recipient shall indemnify and hold harmless FCM from damages, costs, and attorneys' fees, if any, finally awarded in such suit or the amount of the settlement thereof; provided that (i) Recipient is promptly notified in writing of such claim or suit, and (ii) Recipient shall have the sole control of the defense and/or settlement thereof.

ARTICLE 14 MISCELLANEOUS PROVISIONS

- 14.1 Notice. Any notice, document or other communication required to be given under this Agreement shall be in writing and shall be sufficiently given if sent by personal delivery/courier, registered mail or email to the other Party at its address indicated in Schedule D attached hereto, or to such other address, email address or person that the Party designates in writing to the other Party. The notice shall be deemed to have been delivered on the day of personal delivery, on the day received by email (as evidenced by a transmission confirmation), or on the fifth day following mailing.
- 14.2 Relationship of the Parties. The relationship between the Recipient and FCM is, and shall at all times be and remain, essentially that of a recipient and a grantor, and this Agreement does not and shall not be deemed to create a joint venture, partnership, and fiduciary or agency relationship between the Parties for any purpose. Neither the Recipient, nor any of its personnel are engaged as an employee, servant or agent of FCM.
- 14.3 Public Announcements. The Recipient shall cooperate with FCM, who will lead the preparation and issuance of the public funding announcement for the Project and/or the coordination of a public announcement event attended by FCM and the Government of Canada. The Recipient will be informed of the process immediately after the signature of this Agreement. If any public statement or release is so required, the Recipient shall promptly inform FCM of upcoming promotional events related to the Project and allow FCM and the Government of Canada to participate in such media activities or events.
- 14.4 Project Branding. The Recipient shall recognize and state in an appropriate manner, as approved by FCM, the financial assistance offered by FCM concerning the Project and the contribution of the Government of Canada to FCM, as specified in Part 3 of Schedule C attached hereto. If requested by FCM, the Recipient shall have affixed, in content, form, location and manner acceptable to FCM, signage acknowledging the contribution of FCM and the Government of Canada to the Project. The

Recipient shall adhere to the policies regarding the use of graphic design elements and signage as specified in Part 3 of Schedule C attached hereto.

- 14.5 Entire Agreement. This Agreement constitutes the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, understandings, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.
- 14.6 Survival. Except as otherwise provided herein, those sections of this Agreement which, by the nature of the rights or obligations set-out therein might reasonably be expected to survive any termination or expiry of this Agreement, shall survive any termination or expiry of this Agreement.
- 14.7 Amendments. No amendment of the Agreement will have any force or effect unless reduced to writing and signed by both Parties.
- 14.8 Assignment. This Agreement cannot be assigned by either of the Parties hereto without the prior written consent of the other Party.
- 14.9 Enurement. This Agreement shall enure to the benefit of, and shall be binding upon, the Parties and their respective, heirs, executors, administrators, successors and permitted assigns.
- 14.10 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the Province of Ontario and the federal laws of Canada applicable therein.
- 14.11 Severability. Each of the binding provisions contained in this Agreement is distinct and severable. Any declaration by a court of competent jurisdiction of the invalidity or unenforceability of any binding provision or part of a binding provision will not affect the validity or enforceability of any other provision of this Agreement.
- 14.12 Waiver. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving Party. The failure of any Party to require the performance of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- 14.13 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or in protocol document format ("PDF")) in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date written below.

THE CORPORATION OF THE CITY OF LONDON,

Per: _____

Name: Matt Brown

Title: Mayor

Date: _____

Per: _____

Name: Catharine Saunders

Title: City Clerk

Date: _____

We have authority to bind the Recipient herein.

FEDERATION OF CANADIAN MUNICIPALITIES,

Per: _____

Name: Kate Fleming

Title: Program Director, MAMP

Date: _____

I have authority to bind FCM herein.

Schedule A

Part 1 Conditions of Contribution

The obligation of FCM to disburse the Grant Amount is conditional upon the Recipient satisfying the following conditions, to the satisfaction of FCM:

- Completed Request for Contribution in the form of Part 1 of Schedule C;
- Receipt and acceptance of Final Report, which is due within 30 days of Project end date, in accordance with the reporting template Part 2 of Schedule C;
- Receipt and acceptance of Evidence of Deliverables, as noted in the Final Report;
- Receipt and acceptance of Expense claim;
- Letter of Attestation for Expense Claim, including confirmation that all expenses claimed are Eligible Expenditures, in the format of Part 4 of Schedule C.

The Recipient acknowledges and agrees that, notwithstanding the foregoing conditions, FCM's obligation to disburse the Grant Amount is subject to Article 7 of the Agreement.

Schedule A

Part 2 Description of Project, Statement of Work and Project Expenditures

The Recipient will undertake a Project in accordance with the phases, activities and/or milestones outlined in the below Statement of Work.

Project Number: MAMP 15836 – The Corporation of the City of London, Ontario
Project Title: City of London Corporate Asset Management Plan and Policy Update
Project Sector: Asset management (MAMP)
Project Type: MAMP Projects

Project Start Date	Project End Date
31 July 2018	30 June 2019

Project Description

In the spring of 2018 the City of London will embark on the creation of its second Corporate Asset Management Plan after publishing its first edition in 2014. London will create a document that is compliant with Ontario Regulation 588/17 - Asset Management Planning for Municipal Infrastructure which came into force January 1, 2018. This Plan will serve as a guiding document for the management of the City's \$10.9 billion (2012 estimate) of core infrastructure used to deliver services to the London community.

Activity	Deliverable
1. Produce an Asset Management Plan video for Public Outreach	A copy of the Public Outreach Video developed.
2. Produce a Council approved Strategic Asset Management Policy	A Copy the Strategic Asset Management Policy & evidence that it has been approved by Council.

Activity	Deliverable
3. Produce a Council Approved Corporate Asset Management Plan, including: <ul style="list-style-type: none"> • Summarize State of London Infrastructure • Document Current Levels of Service • Develop the Lifecycle Management Strategy • Develop the Financing Strategy 	A copy of the Final 2018 City of London Corporate Asset Management Plan, which should include: <ul style="list-style-type: none"> • Summary State of London Infrastructure; • Current Levels of Service; • Lifecycle Management Strategy; and • Financing Strategy.

Activity	Start date:	End date:	Eligible Expenditures (\$)	Ineligible Expenditures (\$)	Total Expenditure (\$)
Produce an Asset Management Plan video for Public Outreach	31 July 2018	30 June 2019			
Administrative & Overhead: City Graphic Design of Report Document & Asset management Plan outreach video			\$5,000.00	\$0.00	\$5,000.00
Activity 1 Subtotals			\$5,000.00	\$0.00	\$5,000.00
Produce a Council approved Strategic Asset Management Policy	31 July 2018	30 June 2019			
Hire an external consultant in accordance with the terms of City's Procurement of Goods & Services Policy			\$0.00	\$0.00	\$0.00
Consultants & Subcontractors: Contribute to draft, review and provide feedback on policy.			\$5,000.00	\$0.00	\$5,000.00
Activity 2 Subtotals			\$5,000.00	\$0.00	\$5,000.00
Produce a Council Approved Corporate Asset Management Plan, including:					
<ul style="list-style-type: none"> • Summarize State of London Infrastructure • Document Current Levels of Service • Develop the Lifecycle Management Strategy • Develop the Financing Strategy 	31 July 2018	30 June 2019			
Consultants & Subcontractors: Support the development and summarize the State of London Infrastructure; include asset inventory owned and directly managed by the City of London, it's worth and condition. Describe the asset portfolio & State assumptions used to prepare the Plan.			\$25,000.00	\$0.00	\$25,000.00
Consultants & Subcontractors: Document the current levels of service being provided and the current performance of each asset category.			\$15,000.00	\$0.00	\$15,000.00
Consultants & Subcontractors: Develop the Lifecycle Management Strategy; outline lifecycle activities that would need to be undertaken to maintain the current levels of service for core service areas (i.e. Water, Wastewater, Stormwater, Roads & Bridges, Facilities, Parks and Recreation) for the next 10 years.			\$25,000.00	\$0.00	\$25,000.00
Consultants & Subcontractors: Support the development of the Financing Strategy; including the development of a corporate integrated long-term plan, conduct cost analysis, forecast replacement cost and update the City's infrastructure gap.			\$25,000.00		\$25,000.00
Consultants & Subcontractors: Support the development of the Corporate Asset Management Plan; Identify critical assets, associated			\$15,000.00		\$15,000.00

associated risks and risk management strategies. Identify and prioritize CAM improvement actions including resources/time frames.			
Activity 3 Subtotals	\$105,000.00	\$0.00	\$105,000.00
Total Expenditures	\$115,000.00	\$0.00	\$115,000.00

Total Eligible Expenditures	\$115,000.00
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Schedule A

Part 3 Reporting Requirements and Project Deliverables

The following report is to be provided to FCM at the completion of the Project. The format of the report is as provided in Part 2 of Schedule C.

Name of Report	Due Date:	Content
Final Report	30 July 2019	The content and format of this report is provided in Schedule C, Part 2.

Schedule B

Part 1 Grant amount

Subject to the terms and conditions of this Agreement, FCM agrees to contribute towards the Eligible Expenditures an amount (the “**Grant Amount**”) that is equal to the lesser of:

the sum of Fifty thousand dollars (\$50,000.00); or

eighty percent (80.0%) of Eligible Expenditures;

Notwithstanding the foregoing, if the aggregate amount of funding received or to be received from all sources of funding, other than the Recipient, as described in Part 2 of Schedule B (all as determined and calculated by FCM) is greater than the total expenditures incurred by the Recipient in respect of the Project then FCM may reduce the Grant Amount to such amount as it deems appropriate, in its sole and absolute discretion.

Schedule B

Part 2 Particulars of the Sources of Funding

The funding sources for this initiative are outlined in the table below. Each funding source indicates the amount of funding and when the funding was confirmed or is expected to be confirmed.

Funding source	Description	Confirmed (Y/N)	Date committed DD-MM-YYYY	Amount (\$)	% of total budget
FCM Grant	Grant	Y	26 March 2018	\$50,000.00	43.4%
<i>City of London - Corporate Asset Management 2018& 2019 Operating Budget</i>	2016-2019 Approved Budget	Y	30 January 2018	\$65,000.00	56.6%
Total funding:				\$115,000.00	100.0%

Budget total expenditures	\$115,000.00
Budget total Eligible Expenditures	\$115,000.00

Schedule B

Part 3 Payment Schedule/ Period of Funding

FCM will disburse the Grant Amount as determined in this table upon completion of activities, as evidenced by submission and acceptance by FCM of the Final Report and a Request for Contribution.

The Final Report and Request for Contribution must be submitted at least 30 days prior to the requested date of disbursement.

The Recipient must notify FCM in writing of any anticipated delays in this disbursement schedule. FCM reserves the right to adjust dates of disbursement or amounts subject to Article 7 of the Agreement.

Deliverable	Date of Report Submission	Forecast Date of Disbursement	Maximum Amount of Disbursement
Final Report	30 July 2019	30 August 2019	\$50,000.00

Period of Funding:

The Period of Funding is defined as the period between Project Start Date and 30 days after the Project End Date as set out in Part 2 of Schedule A.

Schedule C

Part 1 Request for Contribution, Letter of Attestation and Expense Claim

[LETTERHEAD OF THE RECIPIENT]

[Address]
[Date]

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Attention: Aymone Agossou
Project Officer - MAMP

Ladies and Gentlemen:

Re: MAMP – no. 15836 Agreement between the Federation of Canadian Municipalities (as Trustee) and The Corporation of the City of London (“Recipient”) (the “Agreement”)

I, **[Instruction: insert the name of a person named in the Agreement]**, the **[Instruction: insert the title]**, of the Recipient certify and confirm that the Recipient is requesting the Contribution and that the Recipient has satisfied each condition of contribution listed below. I understand that all information below must be submitted and accepted in order for FCM to be able to proceed to funds transfer.

I am attaching to this request for contribution all documents specified in Part 1 of Schedule A:

- Project Final Report, with all content specified in the template (Part 2 of Schedule C)
- Evidence of Deliverables (as noted in the Final Report)
- Letter of Attestation (Schedule C)
- Expense Claim (Schedule C)

In addition, I have also attached the following document(s):

- Updated statement of funding sources and amounts (Part 2 of Schedule B)

The The Corporation of the City of London would like to have the Contribution to be disbursed to the following account:

Name of Bank: **XXXXXXXXXXXXXXXX**
 Address of Bank: **XXXXXXXXXXXXXXXX**
 Telephone no. of Bank: **XXX-XXX-XXXX**
 Bank no.: **XXX [3 Digits]**
 Transit no.: **XXXXXX [5 Digits]**
 to the credit of Recipient's Account no.: **XXXXXXXXXXXXXXXX**

Signature: _____ Date: _____

Schedule C

Letter of Attestation for Expense Claim

[LETTERHEAD OF THE RECIPIENT]

[Address]
[Date]

TO: The Federation of Canadian Municipalities

This letter of attestation (the “**Letter**”) is issued pursuant to the Agreement #15836 (project number) dated (the “**Agreement**”) between the Federation of Canadian Municipalities (“**FCM**”) and the The Corporation of the City of London (the “**Recipient**”), and in support of the expense claim submitted by the Recipient to FCM for reimbursement of expenses incurred and paid by the Recipient in relation to the Project (the “**Expense Claim**”).

All defined terms used in this Letter and not otherwise defined shall have the corresponding meaning in the Agreement.

I am an authorized officer of the Recipient and I hereby certify, in satisfaction of the terms and conditions of the Agreement, that:

- i. All expenses claimed in the Expense Claim have been incurred and paid by the Recipient;
- ii. All expenses claimed in the Expense Claim relate to the Project;
- iii. All expenses claimed in the Expense Claim relate to Eligible Activities in compliance with the eligible activity requirements described in Part 4 of Schedule C to the Agreement; and
- iv. All expenses claimed in the Expense Claim are Eligible Expenditures in compliance with the eligible expenditure requirements described in Part 4 of Schedule C to the Agreement.
- v. All expenses claimed have been incurred during the Period of Funding.

Name and title of authorized officer of Recipient

Signature

Date

Expense Claim

[LETTERHEAD OF THE RECIPIENT]

[Address]

[Date]

Project Number	MAMP 15836
Project Title	City of London Corporate Asset Management Plan and Policy Update

The following expenditures have been incurred from the period between XXXX and YYYY for the completion of the activities identified.

Activity Completed	Total Budgeted Expenditures (\$) (as per Part 2 of Schedule A per activity)	Total Actual Eligible Expenditures Net of Tax Rebates per activity (\$)	Total Actual Ineligible Expenditures Net of Tax Rebates per activity (\$)	Total Actual Expenditures Net of Tax Rebates per activity (\$)
Produce an Asset Management Plan video for Public Outreach				
Produce a Council approved Strategic Asset Management Policy				
3. Produce a Council Approved Corporate Asset Management Plan, including: <ul style="list-style-type: none"> • Summarize State of London Infrastructure • Document Current Levels of Service • Develop the Lifecycle Management Strategy • Develop the Financing Strategy 				
Total Expenditure (\$)	\$	\$	\$	

Expenditures Incurred by Expenditure Category (as per Part 4 of Schedule C)	Total Actual Eligible Expenditures Net of Tax Rebates (\$)	Total Actual Ineligible Expenditures Net of Tax Rebates (\$)	Total Actual Expenditures Net of Tax Rebates (\$)
Administrative and Overhead Expenditures			
Capital Expenditures			
Equipment Rental			
In-Kind	N/A		
Training			
Professional and/or Technical Services			
Staff remuneration			
Supplies and Materials			
Travel and accommodation			
Total Expenditures Incurred (\$)	\$	\$	\$

Schedule C

Part 2 Completion Report Templates

FINAL REPORT

FCM's Municipal Asset Management Program (MAMP)

Project number	(Pre-filled by MAMP)(Pre-filled by MAMP)
Project title	(Pre-filled by MAMP)
Name of lead applicant (organization)	(Pre-filled by MAMP)
Name of Authorized Officer (signatory)	
Date	

Note: If completing this form electronically, the boxes will expand to accommodate text.

1. Reporting on activities

Activity	Completed? Y/Partial/No	Deliverable	Title of submitted deliverable document
1. (Pre-filled by MAMP)	Choose an item	(Pre-filled by MAMP)	
2. (Pre-filled by MAMP)	Choose an item	(Pre-filled by MAMP)	
3. (Pre-filled by MAMP)	Choose an item	(Pre-filled by MAMP)	

For any activities marked No or Partial above, please explain the deviation from the scope of work.

2. Reporting on outcomes

Conduct a final self-assessment using the [Asset Management Readiness Scale](#). We recommend that you bring a cross-functional group of staff together to do this assessment. Referring to the Asset Management Readiness Scale, look at the outcome statements for each level. Identify which outcomes you have achieved. If you have completed all the outcomes for a particular level, you have completed that level. Based on your self-assessment, complete the table below.

Competency	Project readiness level at start of project (as stated in application)	Project readiness level at end of project (level for which you have completed all outcomes)	Notes on progress made For each outcome area in which you made progress during the project, provide one sentence to describe the actions taken. (Note: these areas correspond with outcomes identified in the Asset Management Readiness Scale)	
1. Policy and governance	(Pre-filled by MAMP)	Choose a level	Policy and objectives	
			Strategy and frameworks	
			Measurement and monitoring	
2. People and leadership	(Pre-filled by MAMP)	Choose a level	Cross-functional groups	
			Accountability	
			Resourcing and commitment	
3. Data and information	(Pre-filled by MAMP)	Choose a level	Asset data	
			Performance data	
			Financial data	
4. Planning and decision-making	(Pre-filled by MAMP)	Choose a level	Documentation and standardization	
			Asset investment plans	
			Budgets	
5. Contribution to asset management practice	(Pre-filled by MAMP)	Choose a level	Training and development	
			Knowledge sharing — internal	
			Knowledge sharing — external	

Were there additional factors or programs — other than FCM project funding — that contributed to your project outcomes? If so, please provide a short description of any other important contributing factors.

3. Identifying other outcomes

In addition to the outcomes described in the table above, please describe any other changes that occurred because of your project. Examples might include a change in interest in asset management, cost savings, a change in departmental budget priorities, and so on.

For each additional change that you have observed, please answer the following questions:

- What change did you observe over the course of the project?
- What/who contributed to this change?
- How do you know this change has happened?
- Why is this change important?

Other changes
1.
2.
3.

4. Lessons learned

What worked well?

What would you recommend to other municipalities undertaking the same work? Please provide 1–3 lessons.

Lesson (one short statement)	Description (provide any additional detail here)
1.	
2.	
3.	

What would you do differently?

If you were to do this project again, what would you change? Please provide 1–3 lessons.

Lesson (one short statement)	Description (provide any additional detail here)
1.	
2.	
3.	

Note: These lessons will be compiled and shared, without attribution, with other municipalities and practitioners to advance asset management knowledge.

5. Resources

Please list and describe any external human resources (i.e. organizations or personnel) that you worked with during the project.

Name of organization or person	How did you identify this organization or person?	Brief description of their contribution
1.		
2.		
3.		

Please list and evaluate other key information sources, tools, templates, training materials, etc., that you used to assist your work during this project. *Note: This list may be used to inform other municipalities and organizations of available information and resources.*

Title of tool/resource	How did you identify this tool/resource?	How useful was the tool/resource?	Description/comments
1.		Choose an item	
2.		Choose an item	
3.		Choose an item	
4.		Choose an item	
5.		Choose an item	

6. Reporting on budget

Please complete the final budget reporting template, found in Schedule C of your contract, including all eligible expenses, and submit it together with this final report. Please confirm whether either or both of the following statements are true:

- The actual expenditure for any activity in this project deviated by more than 15% from the budget presented in the application.
- Some of the expenditures included in the final budget report were used for activities marked as Partial or Not Completed in Question 1.

If you ticked either of the above statements, please explain why your actual expenditures varied from the original activity budget. FCM staff may contact you for further details.

7. Next steps

What are your next steps to improve your community's asset management practices?

Next step	Do you need outside help to take this next step? If so, what help do you need?
1.	
2.	
3.	

8. Interest in knowledge sharing

Peer learning is a priority for FCM's Municipal Asset Management Program (MAMP). Please indicate if you are interested in sharing your lessons through MAMP with peer municipalities and organizations.

Yes, we are interested in sharing our results and experiences at peer learning events.

9. Individuals involved in reporting

Please list the titles of the individuals that contributed to, or were consulted in, the completion of this report.

10. Comments (for FCM internal use) (optional)

FCM will continue to adapt and improve the MAMP program throughout its life cycle. We welcome all feedback about the program, or your experience, that might help us make it more useful in the future.

11. Testimonials (for public use) (optional)

FCM and Infrastructure Canada would appreciate a testimonial as to the value that MAMP funding has provided.

How has the Municipal Asset Management Program supported your municipality or organization in making better-informed infrastructure decisions? Why is this important for your community?

Yes, I give my permission to use the above statements publicly, with attribution to the municipality or organization.

Signature

By typing my name below and submitting this report, I am providing my signature and I certify that the above final report is complete and accurate in its entirety.

Signed by the Authorized Officer

Schedule C

Part 3 Accepted Practices

The Recipient shall incorporate the following language into the Final Plan or Final Study or Final Capital Project, as applicable, and the Final Completion Report, unless it has received written notice to the contrary from FCM:

“© 201X, **The Corporation of the City of London**. All Rights Reserved.
 The preparation of this [plan/ study/capital project] was carried out with assistance from the Government of Canada and the Federation of Canadian Municipalities. Notwithstanding this support, the views expressed are the personal views of the authors, and the Federation of Canadian Municipalities and the Government of Canada accept no responsibility for them.”

Schedule C

Part 4 Eligible Activities and Expenditures

Eligible expenses must be incurred after Eligible Expenditure Date of 31 July 2018.

Expenditure Category	Eligible expenditures	Ineligible expenditures
1) Pre-application	N/A	<ul style="list-style-type: none"> • Any expenditure incurred prior to FCM's eligible expenditure date. • Expenditure of developing this proposal or application.
2) Administrative and Overhead Expenditures	<p>Administrative expenditures that are directly linked to and have been incurred for the project, such as:</p> <ul style="list-style-type: none"> • Communication expenditures (e.g. long-distance calls or faxes). • Outsourced printing or photocopying. • Acquisition of documents used exclusively for the project. • Document translation. • Transportation, shipping and courier expenditures for delivery of materials essential for the project. • Design and production of communication products to promote project outcomes and benefits to the public. 	<p>General overhead expenditures incurred in the regular course of business, such as:</p> <ul style="list-style-type: none"> • Office space, real estate fees and supplies. • Financing charges and interest payments. • Promotional items. • Permits or certifications. • Advertising, website development, project education materials or expenditures to disseminate project communications products. • Hospitality expenses (food and drink, alcohol, entertainment, etc.).

3) Capital Expenditures	Asset management-related software. <i>Note: FCM's contribution to this expense may not exceed 50% of FCM's total contribution to the project.</i>	Any other capital expenditures or amortization expenses.
4) Equipment Rental	<ul style="list-style-type: none"> Rental of tools and equipment. Related operating expenditures such as fuel and maintenance expenditures. 	Rental of tools or equipment related to regular business activities.
5) In-Kind	N/A	Any goods and services received through donation.
6) Training	<ul style="list-style-type: none"> Expenditures associated with accessing reference materials such as standards, templates and toolkits. Expenditures associated with attending training sessions, (provided externally) or bringing training in-house. 	Any hospitality expenses such as: <ul style="list-style-type: none"> Food and drink Alcohol Door prizes Entertainment Music Decorations Flowers, centerpieces Etc.
7) Professional and/or Technical Services	Fees for professional or technical consultants and contractors, incurred in support of eligible activities.	<ul style="list-style-type: none"> Expenditures associated with regular business activities not related to the project. Legal fees.
8) Staff Remuneration	<p>Daily rates actually paid by the Eligible Recipient to its Employees in Canada for time actually worked on the implementation of the Project.</p> <p>The daily rate per employee shall include the following costs:</p> <ol style="list-style-type: none"> direct salaries: actual and justifiable sums paid by the Eligible Recipient to Employees in accordance with the Eligible Recipient's pay scales as regular salary <u>excluding</u> overtime pay and bonuses. fringe benefit: in accordance with the Eligible Recipient's policies, as follows: <ol style="list-style-type: none"> time-off benefits (prorated to the annual percentage (%) of time actually worked on the 	<ul style="list-style-type: none"> In-kind contribution of services. Participant salaries. Expenditures related to regular business activities. Overtime Pay Bonuses / performance pay. Fringe benefits such as; <ul style="list-style-type: none"> sick days pension plan any other fringe benefits not listed as eligible Costs related to ongoing or other business activities and not specifically required for the project. Staff wages while receiving training or attending learning events. Professional membership fees or dues.

	<p>implementation of the Project): allowable number of days to be paid by the Eligible Recipient for the following payable absences: statutory holidays, annual vacation, and paid benefits: actual sums paid by the Eligible Recipient for paid benefits (prorated to the annual percentage (%) of time actually worked on the implementation of the Project): the Eligible Recipient's contribution to employment insurance and workers' compensation plans (where applicable), health and medical insurance, group life insurance, or other mandatory government benefits;</p> <p><i>Note: Labour costs must be documented in a manner that meets audit standards for verification of eligibility of cost and level of effort.</i></p>	
9) Supplies and materials	Supplies and materials required to undertake the project.	Expenditures related to regular business activities
10) Taxes	The portion of Provincial/Harmonized Sales Tax and Goods and Services Tax for which your organization is not eligible for rebate.	The portion of Provincial /Harmonized Sales Tax and Goods and Services Tax for which your organization is eligible for rebate, and any other expenditures eligible for rebates.
11) Travel and Accommodation	<p><u>For individuals on travel status</u> (individuals travelling more than 16 km from their assigned workplace - using the most direct, safe and practical road.);</p> <p>☐ Travel and associated expenses for implementing partners, guest speakers and consultants to the extent that the travel and accommodation rates comply with the Treasury Board of Canada guidelines, and to the extent that such travel is necessary to conduct the initiative.</p> <p>www.canada.ca/en/treasury-board-secretariat/services/travel-</p>	

	<p>relocation/travel-government-business.html</p> <p>☐ <i>Where justified, participant travel costs may be claimed with prior written consent from FCM. Under no circumstances will participant honorariums be covered.</i></p>	
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Note: Invoices, receipts and timesheets (where applicable), must be sufficiently detailed to enable verification of expenditure eligibility and level of effort.

Schedule D

Contact Information

Notices and Requests

Any notice, demand, request or other communication to be given or made under this Agreement to FCM or to the Recipient, other than a notice of default, shall be in writing and may be made or given by personal delivery, by ordinary mail, by facsimile or by electronic mail. A notice of default shall be in writing and delivered by registered mail. Notices shall be addressed as follows:

FCM

Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario
K1N 5P3

Attention: Aymone Agossou, Project Officer
Email: aagossou@fcm.ca

Recipient

The Corporation of the City of London
300 Dufferin Avenue, PO Box 5035
London, Ontario
N6A 4L9

Attention: Khaled Shahata, Manager III, Corporate Asset Management
Email: kshahata@london.ca

Partner Contact information

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	INDUSTRIAL LAND DEVELOPMENT STRATEGY ANNUAL MONITORING AND PRICING REPORT - CITY-OWNED INDUSTRIAL LAND

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services with respect to the City of London’s Industrial Land Development Strategy, the following actions **BE TAKEN** with respect to the annual monitoring and pricing of City-owned industrial lands:

- a) the proposed attached by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on July 24, 2018 to amend By-law No. A.-6151-17, as amended, being “A by-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*” by deleting Attachment “B” to Schedule “A” – Sale and other Disposition of land Policy of the By-law and by replacing it with a new Attachment “B” to Schedule “A” to amend the current pricing for City-owned serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, Cuddy Boulevard Parcels and Trafalgar Industrial Park as follows:

Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels:

:

- Lots up to 3.99 acres from \$75,000 per acre to \$80,000.00 per acre
- 4.00 acres and up from \$65,000 per acre to \$70,000.00 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park:

- All lot sizes – from \$55,000 per acre to \$65,000.00 per acre;

- b) the staff report dated July 17, 2018 entitled “Industrial Land Development Strategy Annual Monitoring and Pricing Report – City-Owned Industrial Land”, **BE RECEIVED**.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

Board of Control Report – February 11, 2009 – Industrial Land Development Strategy Report

Strategic Priorities and Policy Committee – November 18, 2013 – Industrial Land Development Strategy 2013 – 2023

Corporate Services Committee – June 20, 2017 – Industrial Land Development Strategy Annual Monitoring & Pricing Report

BACKGROUND

Purpose

The purpose of this report is to provide information to Council relative to the City’s Industrial Land Development Activity, highlight strategic objectives, and review the current pricing and policy for City owned Industrial land.

Context

This report is prepared in accordance with Council's resolution which directs that the Civic Administration prepare a monitoring report on the City's Industrial Land Development

Strategy (ILDS), as well as a review of the pricing of City owned industrial land for Municipal Council's consideration.

The City of London owns several major industrial land holdings. Land for three of the most recent industrial parks was acquired in direct response to the Industrial Land Development Strategy and these three City owned industrial parks have been fully developed since Council endorsed the strategy in November of 2001.

In the Strategic Plan for the City of London 2015 – 2019 and the Economic Roadmap, ILDS remains an important strategy in growing our economy and bringing more employment to the City.

City Owned Industrial Land Pricing in London, Ontario

The current pricing levels of all City owned industrial parks, established effective June 1, 2016, are as follows:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Blvd Parcels is:

- Lots up to 3.99 acres \$75,000.00 per acre
- 4.00 acres and up \$65,000.00 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park is:

- All lot sizes - \$55,000.00 per acre.

Effective October 1, 2018, pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Boulevard Parcels will be:

- Lots up to 3.99 acres - \$80,000.00 per acre
- 4.00 acres and up - \$70,000 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park will be:

- All lot sizes - \$65,000.00 per acre

Surcharges are as follows:

- Highway 401 Exposure – 15%;
- Veteran's Memorial Parkway Exposure – 5%; and

The cost of service connections from the main to the property line is the responsibility of the purchaser. Industrial lots are sold on a where is, as is basis, with grading, stripping and removal of excess topsoil being the purchaser's responsibility and cost. The City will strive to provide grading of the municipal industrial parks on a level-graded basis. Site specific final grading is the responsibility of a purchaser.

The recommendation for the price increase is based on the increase in market demand, while also recognizing that the pricing of City of London Municipal industrial land must remain competitive with surrounding municipalities. As such, staff are recommending a price increase. The next section highlights London's Industrial Land pricing compared to surrounding municipalities.

Industrial Land Pricing in Surrounding Municipalities in Southwestern Ontario

The Chart attached to this report as Table 1 is a survey of the price levels of industrial land in surrounding municipalities in Southwestern Ontario.

SUMMARY OF CURRENT LAND HOLDINGS

A brief summary of the six major City owned Industrial Parks is outlined below and on the following pages:

SERVICED LANDS

Current Inventory – Serviced Industrial Land

City serviced industrial lands have access to full municipal servicing to the lot line, and in most cases, are shovel ready, being available for a client to purchase and develop.

PARK	Net Available (Acres)	Net Available (Hectares)
Innovation Park – Phases I to IV	235.8	95.42
Skyway Industrial Park	25.74	10.42
Forest City Industrial Park	3.2	1.3
TOTAL	264.74	107.14

Included within the approximate 265 acres of City owned industrial land currently available for sale are 31.1 acres under option in various City owned Industrial Parks.

The City serviced land inventory includes only one parcel of industrial land with size greater than 50 acres and this parcel is within the Advanced Manufacturing Innovation Park Phase 4. It is desirable to have more inventory of serviced larger block parcels to provide flexibility, enhanced competitiveness and to ensure there are no lost opportunities for future new light industrial plants looking to locate in London and Southwestern Ontario.

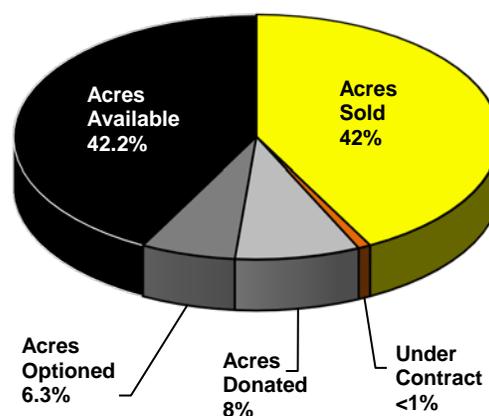
Innovation Park

(for Map of Park refer to Schedule 1 attached)

Innovation Park is located on both the west and east sides of Veteran's Memorial Parkway, north of Highway 401 and south of Hamilton Road.

598 acres of land were acquired between 2001 and 2003 for the development of all four phases of this park. An additional 55 acres were acquired in 2011; 43.5 acres were added to Innovation Park, Phase II, and approximately 12 acres set aside for a future interchange. Phase I was completed in 2005, Phase II in 2008, Phase IV in 2009 and Phase III by the end of 2010.

Total Gross Acres	653 Acres
Total Developable Acres	477 Acres
Total Acres Sold: (to date)	201.5 Acres
Total Acres Under Contract:	4 Acres
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date)	30.1 Acres
Total Net Acres (Available)	<u>201.72 Acres</u>
Average Selling Price Per Acre	\$48,287 per acre
# of Parcels Sold:	10
Average Size of Parcel Sold:	20.2 Acres
Types of businesses in the Park	Light/Advanced Manufacturing

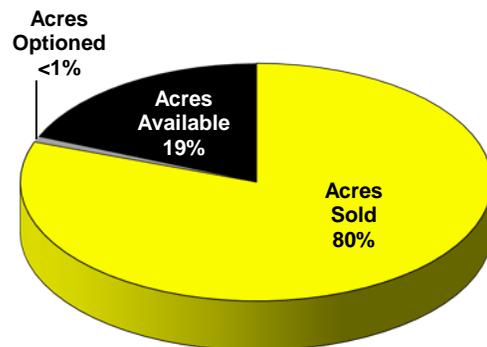


Skyway Industrial Park

(for Map of Park refer to Schedule 2 attached)

Skyway Industrial Park is located on the east side of Veteran’s Memorial Parkway, north of Oxford Street and south of Huron Street. 172 acres of land were purchased from 1992 to 2000 as part of a co-venture agreement with the London International Airport for the development of an industrial park. Phase I of City land was completed by the end of 2004 and Phase II by the end of 2010.

Total Gross Acres	172 Acres
Total Developable Acres	130 Acres
Total Acres Sold: (to date)	105.2 Acres
Total Acres Optioned (to date):	1 Acre
Total Net Acres (Available)	<u>24.74 Acres</u>
Average Selling Price Per Acre	\$47,575 per acre
# of Parcels Sold:	9
Average Size of Parcel Sold:	11.7 Acres
Types of businesses in the Park	Manufacturing, Warehousing

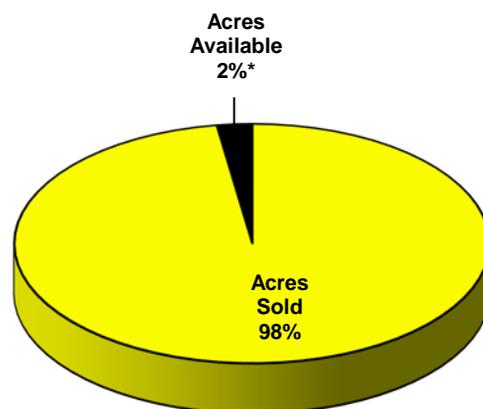


Forest City Industrial Park

(for Map of Park refer to Schedule 3 attached)

Forest City Industrial Park is located the north side of Wilton Grove Road, east of Highbury Avenue, and south of Highway 401. 178 acres of land were acquired in 2001 for the development of a two-phase park. Servicing of Phase I was completed by the end of 2002, and Phase II by the end of 2003.

Total Gross Acres	178 Acres
Total Developable Acres	134 Acres
Total Acres Sold: (to date)	130.06 Acres
Total Acres Optioned	0 Acres
Total Net Acres (Available)	<u>3.2 Acres*</u>
Average Selling Price Per Acre	\$51,064 per acre
# of Parcels Sold	16
Average Size of Parcel Sold:	8.2 Acres
Types of businesses in the Park	Manufacturing, Warehousing & Logistics



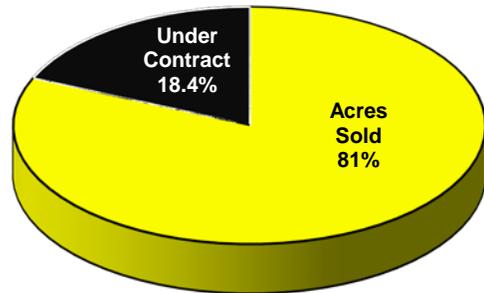
*3.2 Acres were previously Optioned by Brose and was recently released. The ILDS Implementation team is currently completing a feasibility review to determine the status of the net developable area for these lands.

River Road Industrial Park

(for Map of Park refer to Schedule 4 attached)

River Road Industrial Park is located on the west side of Veteran’s Memorial Parkway, north of River Road. 52 acres of land were acquired from 1975 to 2001 for this industrial park, and development was completed by the end of 2001.

Total Gross Acres	52 Acres
Total Developable Acres	46 Acres
Total Acres Sold: (to date)	37.48 Acres
Total Acres Under Contract	8.49 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$53,492 per acre
# of Parcels Sold:	12
Average Size of Parcel Sold:	3.83 Acres
Types of businesses in the Park	Manufacturing, Warehousing

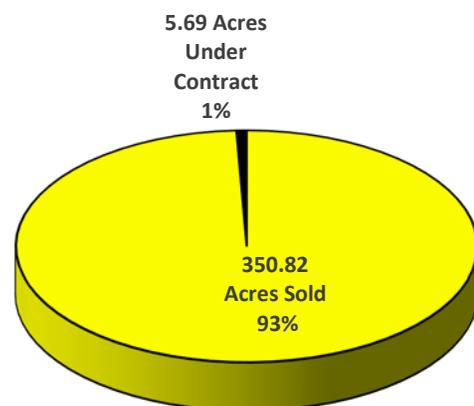


Trafalgar Industrial Park

(for Map of Park refer to Schedule 5 attached)

Trafalgar Industrial Park is located on the east side of Veteran’s Memorial Parkway, north of Gore Road and south of Dundas Street. Approximately 428 acres of raw land were acquired from 1976 to 1984 for this park, and development was phased from 1980 to 1985.

Total Gross Acres	428 Acres
Total Developable Acres	379 Acres
Total Acres Sold: (to date)	350.82 Acres
Total Acres Under Contract	5.69 Acres
Total Acres Optioned (to date)	0 Acres
Total Net Acres (Available)	<u>0 Acres</u>
Average Selling Price Per Acre	\$47,962 per acre
Types of businesses in the Park	Manufacturing, Warehousing



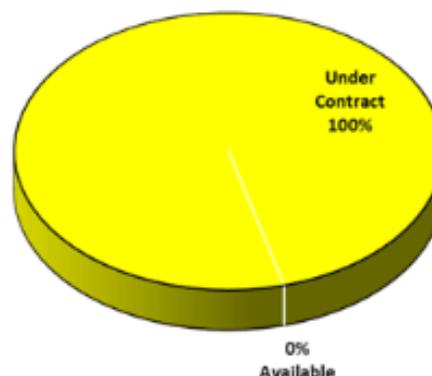
Cuddy Boulevard Industrial Lands

(for Map of Park refer to Schedule 6 attached)

In 2010, the City obtained land on Cuddy Boulevard from the London Optimists in exchange for land on Rectory Street destined to house the London Optimist Sports Centre (“BMO Centre”), which is now in operation. These lands are 8.81 acres in size, and zoned General Industrial. Environmental studies (SAR Report, Phase I ESA), were completed and the lands were made available to market in January, 2018.

As of May 22nd 2018, these lands were under contract by two (2) companies which are currently working through their conditions. Both transactions are anticipated to close in Q3 of 2018.

Total Developable Acres 8.81 Acres
 Total Acres Under Contract 8.81 Acres
 (to date)
 Total Net Acres (Available) 0 Acres



UNSERVICED LANDS

Current Inventory – Unserviced Industrial Land

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	238.54	96.53
Innovation Park, Phase V	Light Industrial	84.18	34.07
Highbury & Highway 401 Lands	Light Industrial	5.35	2.17
	TOTAL	328.07	132.77

Huron Industrial Park

238.5 acres (96.5 ha) of raw land were purchased in 1992 for a future industrial park. These lands are located on the north side of Huron Street west of Robin’s Hill Road opposite the current northerly terminus of Veteran’s Memorial Parkway. To date, approximately 139.4 acres (56.4 ha) is partially serviced and environmental and engineering studies are currently underway. Parcels of land within Huron Industrial Park are currently not being offered for sale until the completion of the most appropriate and cost effective engineering studies to determine servicing solutions. Other characteristics to note with these lands are the following:

- Portions of the lands are subject to building height restrictions as related to the proximity of the London International Airport and Transport Canada regulations.
- The Sun Canadian high-pressure oil pipeline which runs in a north-south direction through a large portion of the site, and;
- The future Veteran’s Memorial Parkway extension dissects the land on the north side of Huron Street which is scheduled to commence construction in 2020.
- Access and a servicing solution is currently underway for approximately 35 acres which is anticipated to be made available the end of 2018 or early 2019.

These lands are further described as part of the Strategic Objectives covered later in the report.

Innovation Park, Phase V

In 2013, 84 acres (34 hectares) of land was acquired on Bradley Avenue to be developed for light industrial land uses. It is located east of Veteran’s Memorial Parkway, directly opposite Innovation Park, Phase IV. These lands have undergone an archaeological assessment.

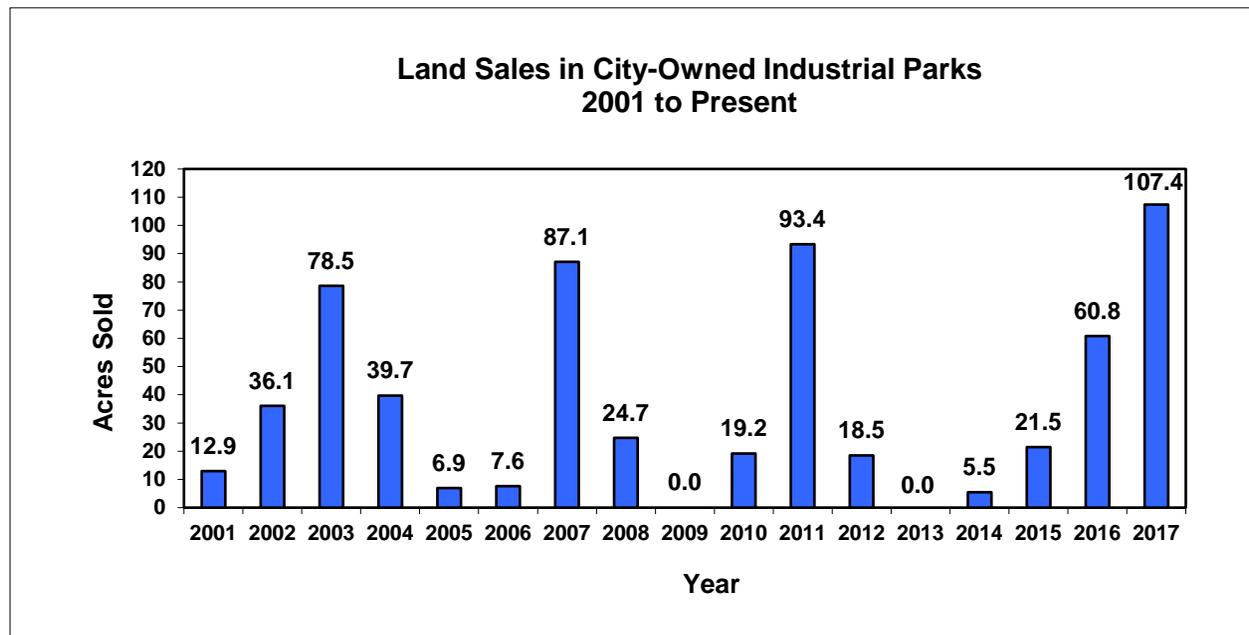
The ILDS Implementation team is currently discussing with the City’s Industrial SWOT team to determine the most preferable engineering and design options as it related to the preparation for future servicing.

Highbury Avenue and Highway 401 Lands

Approximately 16.7 acres (6.75 ha) of land were purchased from the Ministry of Transportation in 1993. This land is located on the west side of Highbury Avenue, south of Highway 401. At present, approximately 50% of this parcel is designated as a historical forest and zoned “Open Space”, and approximately 3 acres will be utilized by the Ministry of Transportation for the re-configuration of the Highbury/Highway 401 interchange. There is approximately 5.35 acres (2.17 ha) remaining that could be developed in the future for light industrial and commercial uses including a hotel and service commercial.

SALES ACTIVITY

Between 2001 and 2017, the City has sold approximately 619 acres (250.5 ha) of industrial land for a total of \$31,646,281. The estimated municipal tax revenue since 2001 on these land sales totals more than \$6,196,126 per year. Based on historical building permit data, the estimated cost to construct the industrial manufacturing and warehousing establishments totaled approximately \$289,735,251.



The above Chart shows the absorption of City industrial land over the past 17 years. 2017 represented a record year for annual land sales by the City. A total of 107.41 acres have sold for a total of \$5,114,442.

The above Chart shows the absorption of City industrial land over the past 17 years. 2017 represented a record year for annual industrial land sales by the City.

A total of 107.41 acres have sold for a total of \$5,114,442 throughout various parks and industrial lands held by the City. The sales represent a mix of small to larger industrial users and a local design build firm who is building for tenants locating to or expanding operations in London.

As of June 1, 2018, approximately 24.8 acres are also under contract to several companies which are currently working through their conditions. Pending the successful completion of these transactions, the information will be reported out in 2019.

Other investments made in 2017 in our industrial parks, in terms of new buildings and expansions, are highlighted in the following section.

Investments Made in our Industrial Parks

Despite a record year for land sales in 2017, actual investments made, in terms of new building construction or expansions, was lower than in 2016. A summary of investments made in our parks for 2017 is shown below. The ILDS implementation team anticipates that 2018 and 2019 will mark an increase as there is generally a time lag between the land transaction date and time required to obtain a site plan and building permit approval to begin construction.

Innovation Park**Total Sq Ft.****Total Sq M.**

New Build Construction	0	0
Expansions to Existing Facilities	8,460	786

Forest City Industrial Park**Total Sq Ft.****Total Sq M.**

New Build Construction	22,023	2,046
Expansions to Existing Facilities	0	0

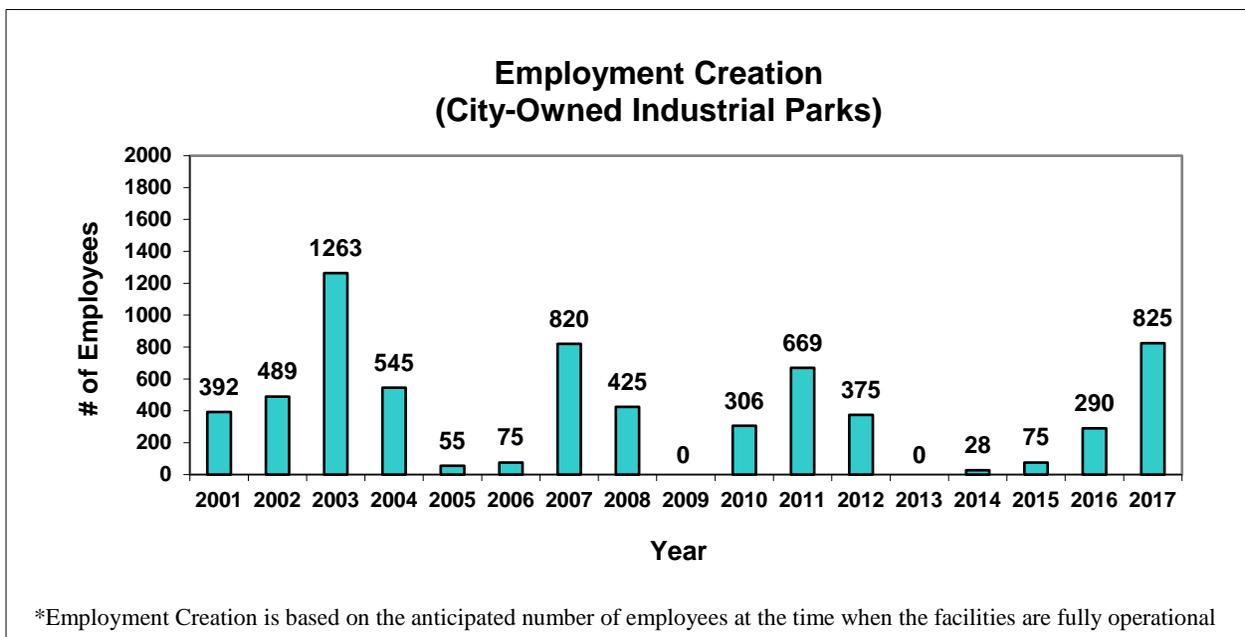
Trafalgar Industrial Park**Total Sq Ft.****Total Sq M.**

New Build Construction	0	0
Expansions to Existing Facilities	9,343	868

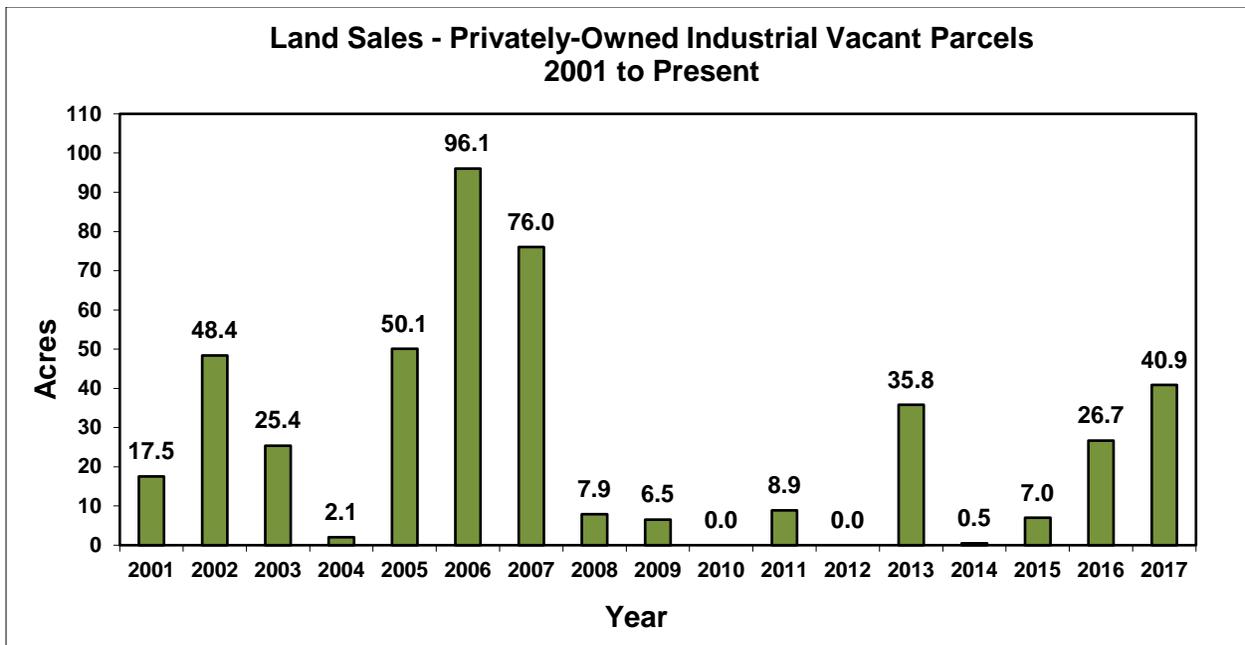
GRAND TOTAL – New Build Construction	22,023	2,046
GRAND TOTAL - Expansions to Existing Facilities	17,803	1,654

Employment Creation

Since 2001, sales of City owned industrial lands have created over 5,825 direct new jobs. An additional 5,000 spinoff jobs are believed to have been created through construction, logistics, service providers and manufacturing related supply chains. These jobs have significantly contributed to the sustainability of advanced manufacturing in the London region through the attraction of new global manufacturing companies.

**Industrial Land Sales in the Private Sector**

Private sector industrial land sales were 40.87 acres in 2017. There were 3 sales that were less than 1 acre, and 2 large sales in the 20 acre range. All vacant parcels sold had services nearby.



Industrial Development Charge Grant Program

On May 2, 2017, Municipal Council approved changes to the City’s Industrial Development Charges Grant Program. These changes, that came into effect on January 1, 2018, retain the current 100% development charge grant for targeted industrial uses, but decrease the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000 for non-targeted industrial uses. Targeted uses have been defined in the program to be consistent with the targeted uses of the Industrial Land Development Strategy. As part of the approved changes to the program, the program will expire on December 31, 2023. There is, however, a requirement that Council be provided with a review of the program, and any recommendations to confirm the expiry of the program, its extension, or any program changes in advance of this so that funding is available for the program if it is extended beyond December 31, 2023.

Consistent with the current program, the DC grant will be provided at the time of building permit application so that the applicant would not pay the applicable DCs for targeted uses. For non-targeted uses, an applicant would pay any DCs greater than the \$250,000 grant at the time of building permit.

To date, the ILDS implementation team including LEDC have experienced some pushback from stakeholders on the revised Industrial Development Charges Grant Program. However, these changes are still too new to see what impact it will have on City industrial land sales. Realty Services will continue to monitor activity and provide a further update in the 2019 ILDS monitoring report.

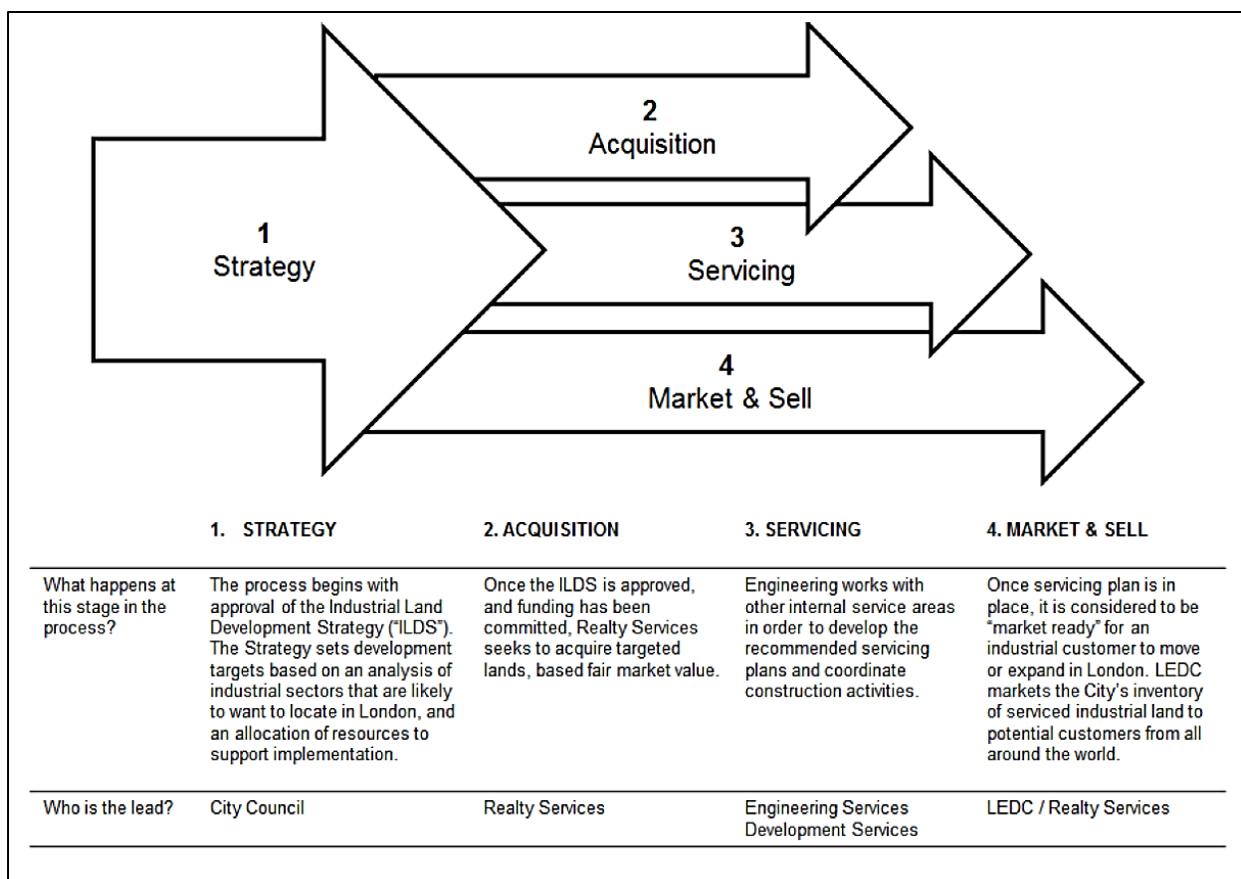
Getting People to Work Using Public Transit: Challenges and Solutions

LEDC works closely with companies in our industrial corridor, where inadequate public transit services have been raised consistently. The London Transit Commission (LTC) in partnership with LEDC conducted surveys with industrial stakeholders to better understand their transit needs. Following the survey, a workshop was held to better understand the industry, its operational constraints and opportunities, to share perspectives and ideas relating to service models and partnerships that could be utilized to better serve the industrial areas of the city with public transit in the future. The results have been incorporated into the LTC Industrial Service Strategy update which is currently underway. The ILDS team recognizes the importance of transit to industrial areas and will continue to participate in discussions.

ILDS Strategic Initiatives

The Industrial Land Development Strategy (ILDS) remains extremely important to the economy. Approximately 30% of all employment occurs on industrial land as per the City’s Official Plan (OP). In addition, broader benefits are achieved for the City in terms of investments such as land sale value, tax revenue, direct and indirect job creation, spin-off industry attraction.

To help compete aggressively for industrial employment and economic prosperity, ILDS needs to be clear in terms of acquisition, servicing, and market and selling of these lands. A summary of the roles and functions is illustrated below:



The strategic initiatives carried out for 2017 is summarized below. The ILDS implementation team will carry out a comprehensive review and update of the strategy and present to Council in 2019 as it will mark five years since the current strategy has been enacted.

Implement the Industrial Land Development Strategy by Taking an Acting Role in Developing and Selling Industrial Land

- Ensure the ILDS implementation team remains strong, nimble, with decisions reached quickly by the appointment of Director, Business Liaison as ILDS team lead to replace former Director of Wasterwater.
- Appointment of new Industrial Engineer to continue with delivery of engineering and related services to support the ILDS objectives.
- Establish an Industrial SWOT interdepartmental/external agency review group to review development plans from conceptual to construction. This team addresses emergent recruitment, expansion and retention matters in an expedited manner.
- London Economic Development Corporation (LEDC) and Realty Services active in the selling of industrial lands which is further described in the *Market our land aggressively on international stage* below.

Understand our target sectors' needs

- London Economic Development Corporation (LEDC) provides the ILDS team with regular monthly updates and Council with annual updates.
- Appointment of new Industrial Land Officer (Realty Services) who prepares monthly updates to the ILDS team highlighting activity tracking and reporting prospective companies inquiring about City and private industrial parks and parcels.
- Periodic updates from the brokerage community and design build firms as it relates to current industrial needs and trends.
- Review of economic and market publications related to industrial updates for London and region.

Ensure an adequate supply of land

- One of the key goals of the strategy is to develop an ongoing supply of 200 hectares (494 acres) of strategically located and fully serviced industrial land. To meet this target, considerable efforts have been made in 2017 for the Huron Industrial Park in terms of finalizing the Environmental Assessment (EA) and the master servicing plan. Both the EA and servicing plan are on schedule be completed in 2018.
- To remain nimble and adjust plans to best suit the overall strategy, the marketing and disposition of un-serviced parcels has also been implemented to meet market demand.

- Other initiatives include active participation by Realty Services in acquiring new lands from willing sellers in strategic locations targeted by the strategy.

Establish a plan to deliver investment-ready land

- Monthly meetings with the ILDS implementation team to establish priorities and key milestone dates for delivery of investment-ready land.
- Engage external agencies such as UTRCA, London Hydro, Union Gas to ensure they are aware of the strategic growth
- Meeting investment ready criteria for select parcel(s) through the Provincial Site Certification Program.
- Report to Council on an annual basis on the strategy and monitoring of our industrial lands.

Market our land aggressively on international stage

- Marketing actively through partnerships with the Ministry of Economic Development and Growth (MEDG) via the Site Certification Program.
- Industrial lands being showcased globally through events and conferences by the London Economic Development Corporation (LEDC).
- Dedicated City industrial website with creation of marketing brochures.
- Installation of new *available* signage for our lands at Innovation Park.

Enhance our industrial land offering by making London attractive to investment

- Continue to work with existing industrial land owners City wide to ensure their delivery of service meeting the need of their industrial clientele (i.e. Local Improvement for services with older industrial parks).
- LEDC and Realty Services recognize and capitalize on industrial clientele relationships and networks.
- LEDC advocating and marketing unique assets and resources available in London to manufacturing and other targeted industrial sectors.

Pricing of Municipal Industrial Land

The City industrial land pricing remained relatively unchanged for the past several years given the demand remained relatively low to moderate and manufacturing has still not recovered since the last 2008 recession. However over the past couple of years, there has been a greater demand for vacant industrial lands which can be attributed to a number of factors.

On a macro perspective, the Conference Board of Canada has reported in the 2018 Winter Outlook report that total manufacturing output London has finally caught up to pre-recession levels. The recovery can be attributed to the depreciated Canadian dollar and healthy U.S. demand particularly for automobiles.

On a more localized perspective, recent trends observed by Realty and LEDC have been that some companies are leaving the Greater Golden Horseshoe area and locating to London given the greater affordability in terms of real estate prices and the added benefit of a strong labour market.

Another observation has been local companies are building new or amalgamating several locations to one location to better optimize business operations while still taking advantage of lower borrowing rates.

In the 2018 Real Estate Market Outlook for Canada report by CBRE, the commercial real estate brokerage firm has also identified a “flight-to-quality” momentum where tenants are seeking quality buildings and spaces which there is an inadequate supply of. As a result, vacant land is sought after to meet this demand.

Lastly, by comparison to private industrial land pricing and pricing with other comparable southwestern municipalities, the City’s land prices have recently lagged. To remain competitive while optimizing the City’s revenue position for future lands sales, Civic administration is recommending an overall increase to the industrial land prices. This coincides too with the improved market conditions and lowering of inventory which the ILDS implementation team is looking to increase by bringing Huron Industrial Park to market in the near term and focusing on

other strategic initiatives to bring new land into City inventory and other engineering and design solutions for existing supply.

Conclusion

The Industrial Land Development Strategy (ILDS) in London has worked well since inception dating back to 2001. 2017 was a record year in terms of industrial land sales and the last couple of years has marked a good period thus far in terms of new businesses locating to London and existing companies building new or expanding existing operations.

The future however does bring some uncertainty given the current status of negotiations with the North American Free Trade Agreement (NAFTA) and the U.S. recently introducing tariffs for imported steel and aluminum. The Bank of Canada has also recently increased interest rates and has hinted further increases which could further put a damper on investments made by companies.

It is even more critical than ever to bring on new industrial land and maintain a good supply of inventory for companies looking at London. A slight price increase is warranted given the current market conditions while still maintaining competitiveness in southwestern Ontario.

A copy of the current policy is attached for Council's information.

Acknowledgement

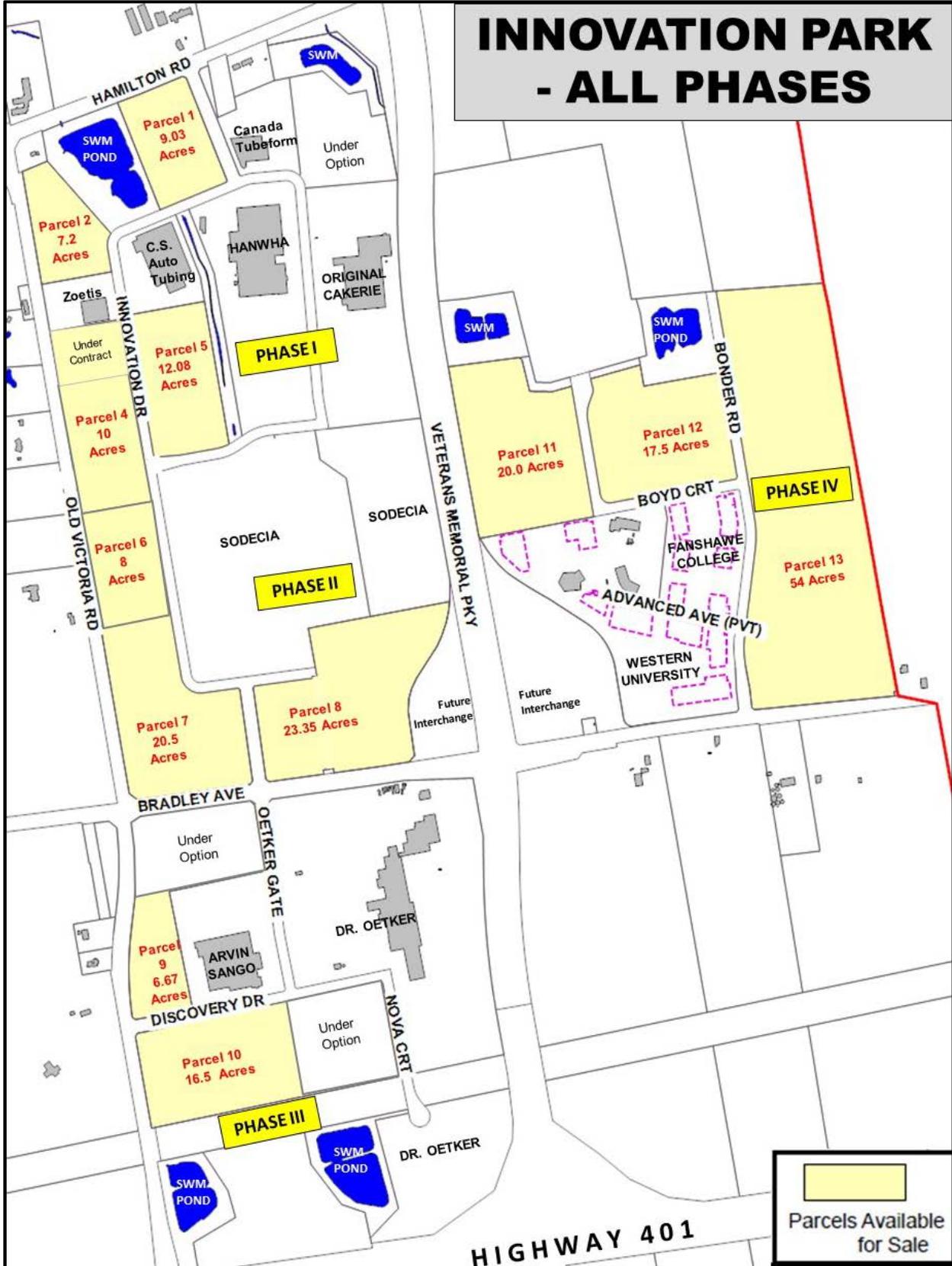
This report has been prepared with assistance from Stacy Badeen, Industrial Land Officer; Adam Ostrowski, Manager I, Realty Services; Chris McIntosh, Manager, Engineering Planning (Industrial Land); Gregg Barrett, Manager - Long Range Planning and Research; Mark Henderson, Director of Business Liaison and Kapil Lakhotia, President and CEO, London Economic Development Corporation.

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RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICE AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 6, 2018
Attach.

- cc: John Fleming, Managing Director, Planning and City Planner
- George Kotsifas, Director of Development and Compliance Services and Chief Building Official
- Mark Henderson, Director of Business Liaison
- Kapil Lakhotia, President & CEO, London Economic Development Corporation
- David G. Munteer, Solicitor, City Solicitor's Office
- Kelly Scherr, Managing Director, Environmental & Engineering Services & City Engineer

SCHEDULE 1



SCHEDULE "1A"

**INNOVATION PARK – PHASES I TO IV
Revenue and Expense Breakdown as of April 2018**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (2006 – 2018)	\$9,731,337
Acreage Sold to Date	201.53 Acres
Average Price Per Acre (based on actual sales to date)	\$48,287 /ac
Estimated Sales Revenue on Balance of Park (216.2 acres @ \$65,000 per acre plus (20.3 acres @ \$56,500 per acre)	<u>\$15,199,950</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$24,931,287

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$1,730,384
Annual Taxes Per Acre (2017 Actual)	\$8,586
Cumulative Taxes to Date (2006 – 2017)	\$10,945,073

Other Subsidies

Development Charge Exemptions (CIP)	\$20,914,709
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BUDGETED EXPENSES:

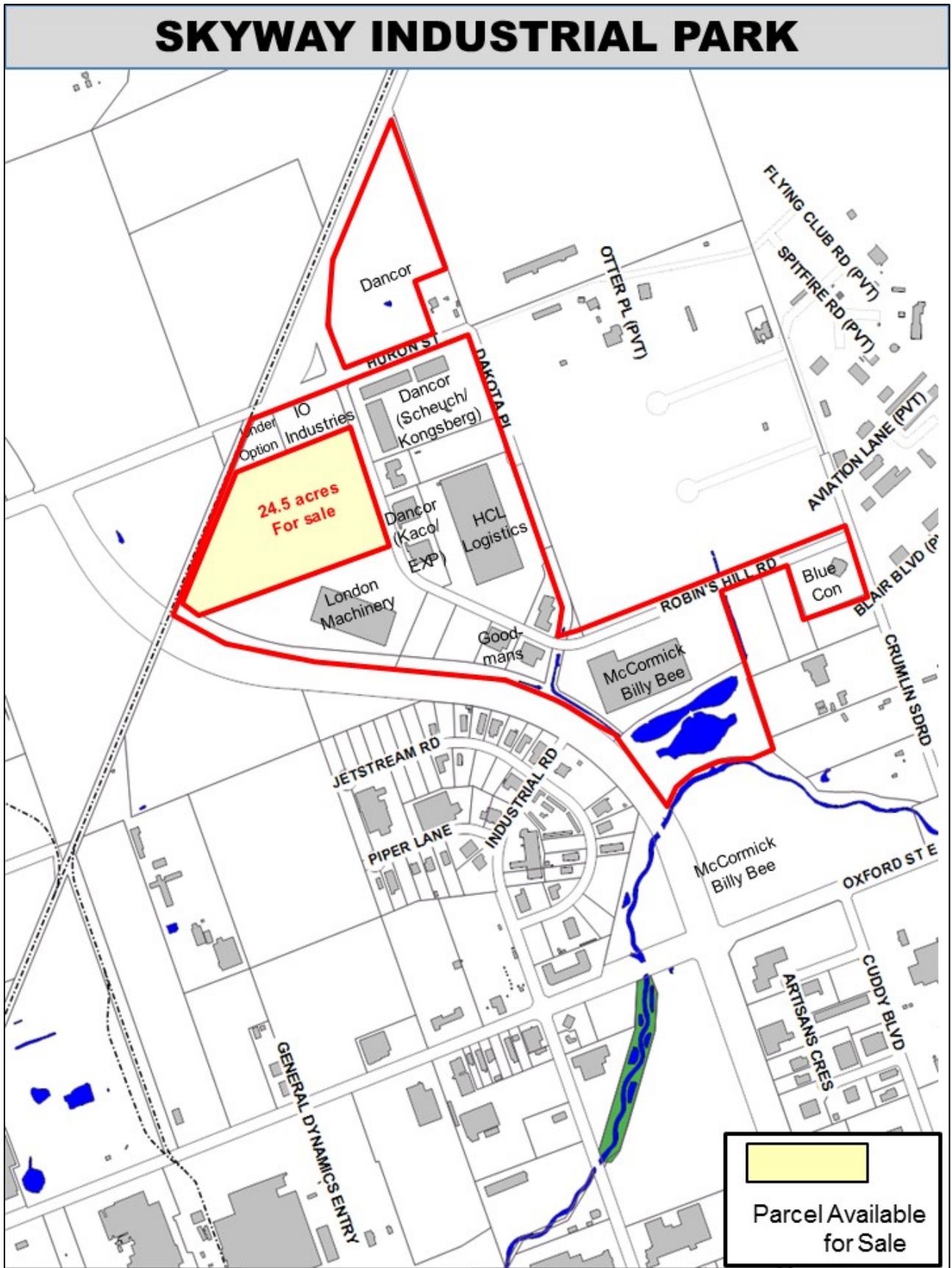
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (477 net acres)	\$12,222,016
B) Servicing Costs: Design & Construction Costs	\$61,413,987
Less: Estimated Oversizing Component *	<u>- \$23,867,350</u>
TOTAL LOCAL SERVICES	\$37,546,637
Net Acreage of City owned Land	477 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$49,768,653
Average Expenditures Per Net Acre	\$104,337 /ac
D) SuperBuild Funding (Provincial) Senior Government Infrastructure Funding MIII Funding (Provincial)	<u>- \$17,448,457</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild, MIII & ISF Funding	\$32,320,196
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,757 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: - Estimates are based on Current Approved Budget Allocation as reported in JD Edwards
- Lands "under contract" are not reflected in figures above.

SCHEDULE 2



SCHEDULE "2A"

**SKYWAY INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$5,003,429
Acreage Sold to Date	105.17 Acres
Average Price Per Acre (based on actual sales to date)	\$47,575 /ac
Estimated Sales Revenue on Balance of Park (25.74 acres @ \$65,000 per acre)	<u>\$1,673,100</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,676,528

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$1,169,248
Annual Taxes Per Acre (2017 Actual)	\$11,118
Cumulative Taxes to Date (2007 to 2017)	\$9,306,023

Other Subsidies

Development Charge Exemptions (CIP)	\$14,465,093
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BUDGETED EXPENSES:

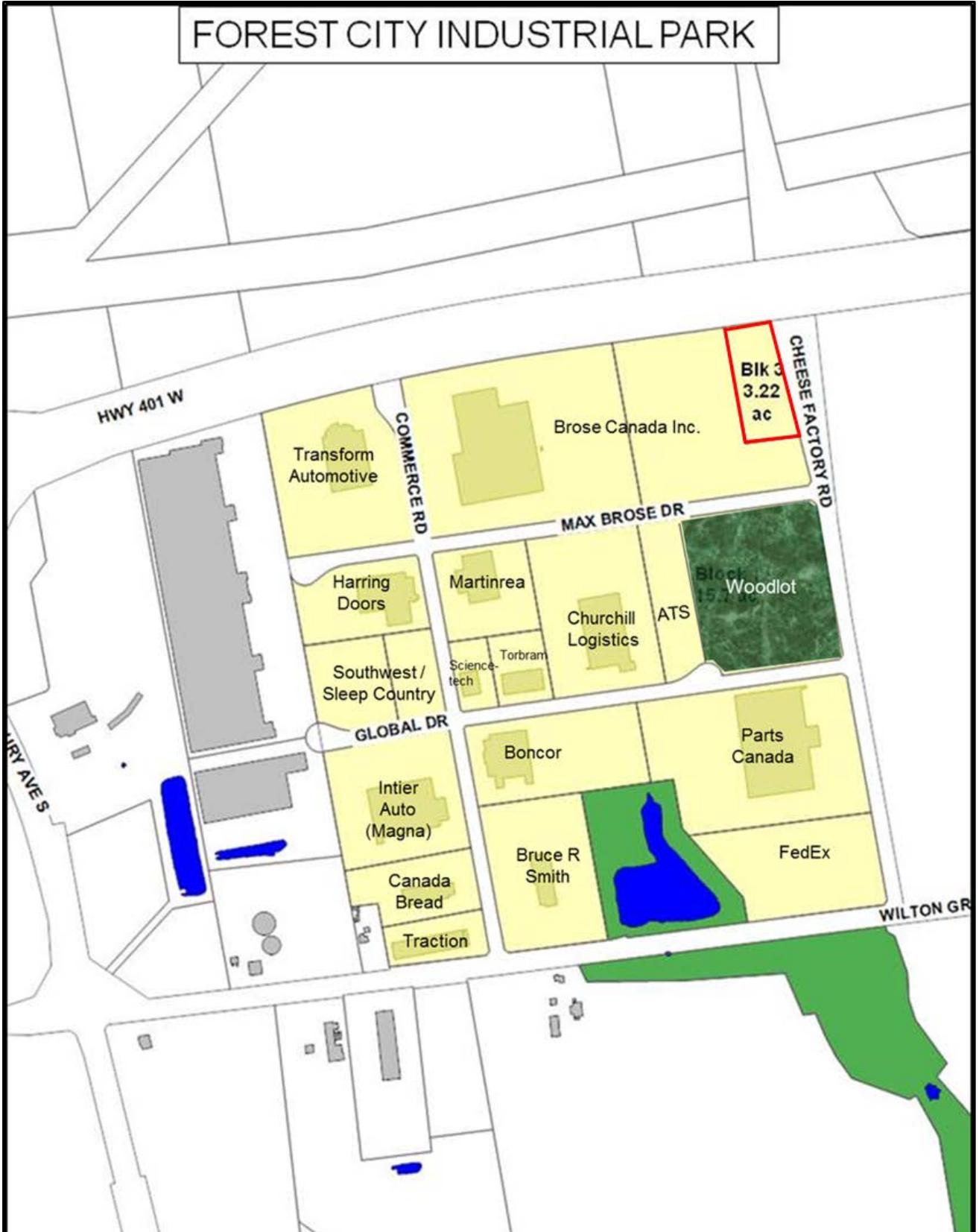
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (130 net acres)	\$3,527,517
B) Servicing Costs: Design & Construction Costs	\$12,425,298
Less: Estimated Oversizing Component *	<u>- \$2,663,892</u>
TOTAL LOCAL SERVICES	\$9,761,406
Net Acreage of City owned Land	130 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$13,288,923
Average Expenditures Per Net Acre	\$102,222 /ac
D) SuperBuild Funding (Provincial) & ISF Funding (Federal)	<u>- \$4,531,616</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild & ISF Funding	\$8,757,307
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,364/ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 3



** ILDS implementation team is currently assessing the feasibility of Blk 3 to determine the net developable area for this parcel.

SCHEDULE "3A"

**FOREST CITY INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$6,641,405
Acreage Sold to Date	130.06 Acres
Average Price Per Acre (based on actual sales to date)	\$51,064 /ac
Estimated Sales Revenue on Balance of Park (3.2 acres @ \$45,000 per acre)	<u>\$144,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,785,405

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$1,550,812
Annual Taxes Per Acre (2017 Actual)	\$11,924
Cumulative Taxes to Date (2003 to 2017)	\$15,892,236

Other Subsidies

Development Charge Exemptions (CIP)	\$9,534,462
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EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (134 net acres)	\$5,243,912
B) Servicing Costs: Design & Construction Costs	\$10,942,326
Less: Estimated Oversizing Component *	<u>- \$1,355,040</u>
TOTAL LOCAL SERVICES	\$9,587,286
Net Acreage of City owned Land	134 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$14,831,198
Average Expenditures Per Net Acre	\$110,681 /ac
D) SuperBuild Funding (Provincial)	<u>- \$2,503,501</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild	\$12,327,697
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$91,998

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 4



SCHEDULE "4A"

**RIVER ROAD INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$2,004,999
Acreage Sold to Date	37.48 Acres
Average Price Per Acre (based on actual sales to date)	\$53,492 /ac
Estimated Sales Revenue on Balance of Park (8.49 acres @ \$60,000/acre)	<u>\$509,400</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$2,514,399

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$474,145
Annual Taxes Per Acre (2017 Actual)	\$12,650

EXPENSES:

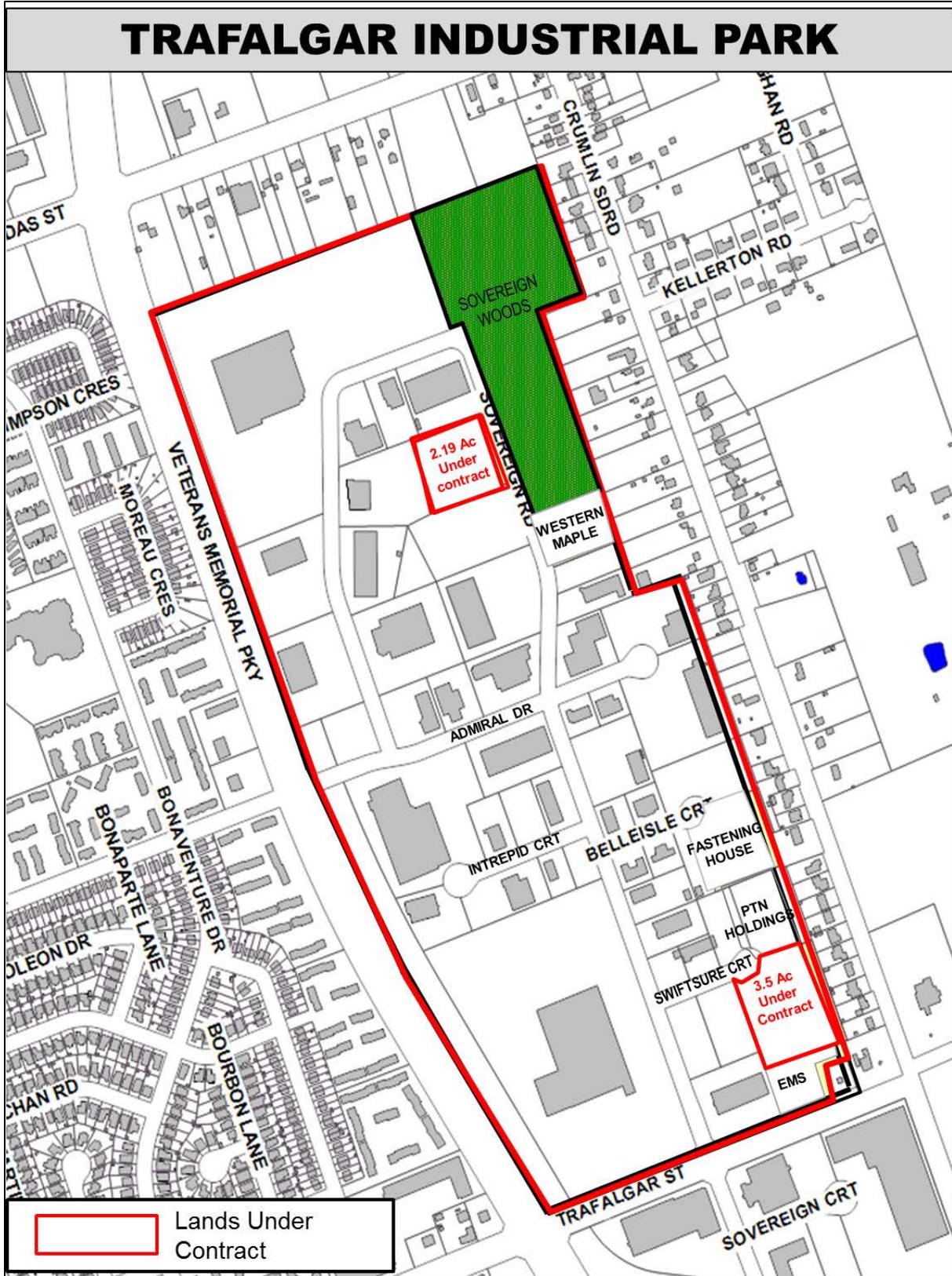
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (46.2 net acres)	\$878,011
B) Servicing Costs: Design & Construction Costs	\$6,208,903
Less: Estimated Oversizing Component *	<u>-\$2,563,303</u>
TOTAL LOCAL SERVICES	\$3,645,600
Net Acreage of City owned Land	46.2 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$4,523,611
Average Expenditures Per Net Acre	\$97,914 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 5



SCHEDULE "5A"

**TRAFALGAR INDUSTRIAL PARK
Revenue and Expense Breakdown as of April 2018**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$16,826,292
Acreage Sold to Date	350.82 Acres
Average Price Per Acre (based on actual sales to date)	\$47,962 /ac
Estimated Sales Revenue on Balance of Park (5.69 acres @ \$55,000/acre)	<u>\$312,950</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,139,242

Annual Municipal Taxes – On Land Sales since 2001

ANNUAL MUNICIPAL TAXES (2017 Actual)	\$4,161,427
Annual Taxes Per Acre (2017 Actual)	\$11,862

Other Subsidies

2017 Development Charge Exemptions (CIP)	\$154,487
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EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (428 net acres)	\$4,408,828
B) Servicing Costs: Design & Construction Costs	\$9,022,648
TOTAL LAND AND LOCAL SERVICES	\$13,431,476
Net Acreage of City owned Land	379 Acres
Average Expenditures Per Net Acre	\$35,439 /ac

Note: - Estimates are based on Current Approved Budget Allocation as reported in JD Edwards
 - Lands "under contract" are not reflected in figures above.



2018 Municipal Price Comparison

Municipality	Land Price (Per Acre)	City Development Charges (Per Sq.Ft.)	County Development Charges (Per Sq.Ft.)	Serviced Land (Acreage)	Non-Serviced Land (Acreage)	Total (Acreage)
St. Thomas	\$45,000	\$0	\$0	60	0	60
Chatham-Kent	\$15,000 - \$50,000	\$0	\$1.92	145	13	158
Windsor	\$99,000 - \$132,900	\$0	\$0	0 (all parcels temporarily on hold)	0	0
Woodstock	\$85,000 - \$125,000	\$0	\$0	89	93	89
London	\$65,000 - \$75,000	\$17.02*	\$0	237	328	565
Stratford	\$100,000	\$0	\$0	60	0	60
Strathroy-Caradoc	\$35,000	\$3.03	\$0	112	0	112
Sarnia-Lambton	\$30,000 - \$60,000	\$0	\$0	299	214	513
Ingersoll	\$100,000 - \$150,000	\$0	\$6.84	85	85	170
County of Brant	\$125,000 - \$175,000	\$0	\$6.48	10	5	15
Brantford	\$75,000 - \$125,000	6.83	\$0	0	24	24
Hamilton	\$350,000 - \$400,000	\$12.16	\$0	36	44	80
Cambridge	\$315,000	\$0	\$5.84	62	0	62
Kitchener	\$300,000	\$1.60 (\$0.80 until March 1, 2019)	\$5.84	0	40	40
Guelph	\$300,000 - \$325,000	\$9.97	\$0	34	85	119
Waterloo	\$350,000	\$6.76	\$5.84	100	Not determined	100

Note: Table provided by Realty Services. Information provided herein was sourced through available online information via municipal websites and 2017 price comparison information provided through City of Cambridge Economic Development office.

*Industrial development is not required to pay development charges as per the DC By-law and current Industrial Development Charges Grant Program. Note: On May 2, 2017 Municipal Council approved changes to the City's Industrial Development Charges Grant Program. On January 1, 2018, 100% development charge grant for targeted industrial uses. For non-targeted industrial uses a decrease in the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000.

TABLE 1

TABLE 2**ECONOMIC SPIN OFFS - INNOVATION PARK**

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Innovation Park:

EXPENDITURES	INNOVATION PARK (For 201.53 Acres Sold from 2006 - 2017)	COST/BENEFIT PER ACRE (For 201.53 Acres Sold from 2006 - 2017)
Gross expenditure on land and local services	\$ 21.02 million	\$ 104,337
(Less) Government Grants	\$ 7.4 million (Superbuild, M-III & ISF)	\$ 36,580
NET expenditure on land and local services (A)	\$ 13.6 million	\$ 67,757
REVENUES		
Total Land sales over 12 years	\$ 9.7 million	\$ 48,287
Annual Municipal Industrial Taxes (2017)	\$ 1.7 million	\$ 8,586
Cumulative Industrial Taxes over 12 years	\$ 10.9 million	\$ 54,310
Building Permits over 12 years	\$ 956,553	\$ 4,746
Total Cash Inflow over 12 years: (B)	\$ 19.9 million	\$ 98,722
Net Cash Position after 12 years (B – A)	\$ 7.98 million	\$ 39,586
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$20.9 million	\$103,780
ECONOMIC BENEFITS (Provided by LEDC) (over 12 years)		
Employment Created	1,430 Direct Jobs 1,258 Indirect Jobs	7.10 Direct Jobs 6.24 Indirect Jobs
Income Generated	\$129 million	\$645,000

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and Per Acre amounts for Gross and Net Expenditures above have been pro-rated for lands which have sold to date.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the industrial park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Net Cash Position will continue to increase over time as industrial park sells out.
- Return is based on a building coverage ratio of 17 to 23 percent.

TABLE 3

ECONOMIC SPIN OFFS - SKYWAY INDUSTRIAL PARK

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Skyway Industrial Park:

EXPENDITURES	SKYWAY PARK: (For 105.17 Acres Sold from 2007 to 2017)	COST/BENEFIT PER ACRE (For 105.17 Acres Sold from 2007 to 2017)
Gross expenditure on land and local services	\$ 10.7 million	\$ 102,222
(Less) Government Grants	\$ 3.6 million (Superbuild)	\$ 34,859
NET expenditure on land and local services: (A)	\$ 7.1 million	\$ 67,364
REVENUES		
Total Land sales over 11 years (105.17 acres)	\$ 5.0 million	\$ 47,575
Annual Municipal Industrial Taxes (2017)	\$ 1.17 million	\$ 11,118
Cumulative Industrial Taxes over 11 years	\$ 9.3 million	\$ 88,486
Building Permits over 11 years	\$ 829,571	\$ 7,888
Total Cash Inflow over 11 years: (B)	\$ 15.1 million	\$ 143,948
Net Cash Position after 11 years (B - A)	\$ 8.0 million	\$ 76,584
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 14.4 million	\$ 137,540
ECONOMIC BENEFITS (Provided by LEDC) (over 11 years)		
Employment Created	587 direct jobs 517 indirect jobs	5.6 direct jobs 4.9 indirect jobs
Income Generated	\$53 million	\$503,000

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 1 acre is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.

TABLE 4**ECONOMIC SPIN OFFS – FOREST CITY INDUSTRIAL PARK**

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Forest City Industrial Park:

EXPENDITURES	FOREST CITY PARK (For 130.06 Acres Sold from 2003 to 2017)	COST/BENEFIT PER ACRE (For 130.06 Acres Sold from 2003 to 2017)
Gross expenditure on land and local services	\$ 14.4 million	\$ 110,681
(Less) Government Grants	\$ 2.4 million (Superbuild)	\$ 18,683
NET expenditure on land and local services: (A)	\$ 12.0 million	\$ 91,998
REVENUES		
Total Land sales over 15 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2017)	\$ 1.55 million	\$ 11,924
Cumulative Industrial Taxes over 15 years	\$ 15.9 million	\$ 122,192
Building Permits over 15 years	\$ 540,170	\$ 4,153
Total Cash Inflow over 15 years: (B)	\$ 23.07 million	\$ 177,409
Net Cash Position after 15 years (B – A)	\$ 11.1 million	\$ 85,411
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 9,534,462	\$ 73,308
ECONOMIC BENEFITS (Provided by LEDC) (over 15 years)		
Employment Created	2,048 direct jobs 1,802 indirect jobs	15.75 direct jobs 13.86 indirect jobs
Income Generated	\$184 million	\$1.4 million

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 3.2 acres is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.

APPENDIX “A”

Bill No.

By-law No.

A by-law to amend By-law No. A.-6151-17, as amended, being “A by-law to establish policies for the sale and other disposition of land, hiring of employees, procurement of goods and services, public notice, accountability and transparency, and delegation of powers and duties, as required under section 270(1) of the *Municipal Act, 2001*” by deleting Attachment “B” to Schedule “A” – Sale and other Disposition of land Policy of the By-law and by replacing it with a new Attachment “B” to Schedule “A” to amend the current pricing for City-owned serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, Cuddy Boulevard Parcels and Trafalgar Industrial Park.

WHEREAS section 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 section 270(1) of the *Municipal Act, 2001* requires that a municipality adopt and maintain policies with respect to the sale and other disposition of land; hiring of employees; procurement of goods and services; circumstances in which the municipality shall provide notice to the public and, if notice is to be provided, the form, manner and times notice shall be given; the manner in which the municipality will try to ensure that it is accountable to the public for its actions and the manner in which the municipality will try to ensure that its actions are transparent to the public; and, the delegation of its powers and duties;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Attachment “B” to Appendix “A” of By-law No. A.-6151-17, as amended, is hereby deleted and replaced with a new attached Attachment “B” to Appendix “A”.

This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on July 24, 2018

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading - July 24, 2018
Second Reading – July 24, 2018
Third Reading – July 24, 2018

ATTACHMENT "B"

The current pricing levels of all other City industrial parks be established effective October 1, 2018, as follows:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park, and Cuddy Boulevard Parcels:

Lots up to 3.99 acres	\$80,000
4.00 acres and up	\$70,000

Pricing for serviced industrial land in Trafalgar Industrial Park:

All lots sizes - \$65,000

Surcharges to be added as follows:

Highway 401 Exposure – 15%

Veteran's Memorial Parkway Exposure – 5%; and

The cost of service connections from the main to the property line being the responsibility of the purchase.

Industrial lots are sold on a where is, as is basis, with grading, stripping and removal of excess topsoil being the purchaser's responsibility and cost. The City will strive to provide grading of the municipal industrial parks on a level-graded basis. Site specific final grading is the responsibility of the purchaser.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	NEW ENTRYWAY SIGNAGE FOR CITY-OWNED INDUSTRIAL PARKS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, the following actions **BE TAKEN**:

- a) **TO INCLUDE** City entryway signage as an “Official Sign”, as per the City’s Sign and Canopy By-law;
- b) the Civic Administration **BE DIRECTED** to proceed with a Request for Proposal (RFP) for the new entryway signage at Innovation Park, and
- c) the attached proposed By-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on July 24, 2018 to approve the City entryway signage as an Official Sign.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

Context

Introduction

Enhanced marketing and branding for the City’s industrial park lands is important to attract new businesses to the City. Various marketing initiatives have been introduced, including marketing packages/brochures through the Province’s Site Certification Program, marketing on our City’s website, and the creation of new feature sheets shared with prospective clients and the real estate brokerage community. Locational recognition of City-owned industrial parks is lacking, specifically newer parks such as Innovation Park.

The Industrial Land Development Strategy (ILDS) implementation team sees value and importance in the installation of permanent entryway signage at major entrance locations to Innovation Park and future City-owned industrial parks. Identity signage helps to enhance the brand and reinforce these key industrial park destinations.

Detailed in the report are the proposed concepts, the benefits for the signs, why Innovation Park was selected, estimated costs, and a comparison to what other municipalities are doing.

Proposed Entryway Signage

Over the past two years, the ILDS Team has been in discussion with LEDC, the City’s Planning Services staff and Communications staff to develop an identity system to enhance the City’s industrial parks and ease navigation for the park’s industries. There is very little information available to Civic Administration who want to develop this type of program, and given that projects can take several years from conception to final installation, collaboration and information sharing is crucial.

With the assistance of the City's Urban Design staff, a conceptual entryway sign was developed for Phases 1 to 3 at Innovation Park which is shown in Schedule A. For Phase 4, three conceptual design options have been developed (see Schedule B) where ultimately one design option will be chosen for this location given the unique Advanced Manufacturing focus for this phase. In total, four (4) entryway signs are being proposed for Innovation Park which locations are further shown in Schedule C. Council will get another opportunity to provide final approval for these signs pending the completion of the Request of Proposal (RFP).

Benefits for the City Entryway Signs:

- High quality entryway monuments help enhance the overall look and appearance of the park.
- Increases the recognition and promotion of City-owned and developed industrial parks.
- Effective signage at strategic locations provide drivers clear direction, thus reducing driver confusion and distraction while traveling on busy roadways.
- Creates a cohesive signage program for the City for current and future City-developed industrial parks.
- Makes businesses and visitors feel welcome when entering City industrial parks.
- Signage helps identify major industrial corridors within the City.

Why Innovation Industrial Park?

When Innovation Park was being developed, an Urban Design Guideline Manual was prepared to guide development within the park. The purpose of this document was to indicate the City's design preferences and expectations for public works and site development through a series of design guidelines. The manual stressed that development of entryway treatments at major intersections was important to establish a distinct character for the park. Signage was to be incorporated into the design, and should be located at entrances.

From a locational and visibility standpoint, signage for Innovation Park is best suited because its targeted industries span both the east and west sides of Veteran Memorial Parkway, and it is located in close proximity to Highway 401. To date, over 200 acres have been sold to 10 major companies, and Western University and Fanshawe College have high-profile research & innovation centres situated in Phase IV.

Estimated Costs

Based on some preliminary research conducted in the marketplace and discussions with staff internally, the ILDS implementation team anticipates the estimated cost for the design, construction, and installation for all four (4) entryway signs to range between \$200,000 to \$250,000 (or estimated \$50,000 to \$62,500 per sign). Furthermore, some additional cost advantages may potentially arise from economies achieved by producing four (4) signs instead of just a single sign (i.e. lowered cost per unit).

In consultation with Urban Design, it was also recommended that a consultant be considered to oversee the final design and construction of these signs.

In regard to the City's costs to complete this project, The City's Innovation Park Capital Budget Account (ID1168) would be utilized as a source of financing.

Entryway Sign Material and Construction

Each entryway sign will be constructed of high-quality material for the sign panel, consisting of high gloss aluminium for the background, a black one-colour City logo located at the bottom right corner, and raised lettering made of composite material and backlit with LED lighting.

Comparison to Other Municipalities

The majority of gateway and entryway signage to industrial parks in Ontario consist of advertising sign boards that indicate the name of the industrial park, contact info, and a map of lots available within the park. These signs are installed when the park is constructed, and remain in place for years. Over time, these sign boards become damaged and fail to convey a positive message about the park.

In Ontario, very few examples of attractive entryway signage can be found. To remain competitive and elevate the park's image, the ILDS implementation team believes that signage is needed at each entrance of Innovation Park, and should be sophisticated, bright, and should convey the high design and building standards of Innovation Park. It should create a powerful first impression – it should tell people who we are, where we are, and what we have to offer.

Entryway and Updated Sign By-Law

On May 30, 2017, Council approved a new Sign & Canopy By-law. While the new Sign and Canopy By-law does provide for the definition of an Industrial Park Sign, the distinction is that the proposed Entryway signage is created and owned by the City and is providing the City's branding and recognition for the City's industrial park whereas an Industrial Park Sign focuses more on providing information on tenants located within a park or specific property. To differentiate between the two, Civic Administration is seeking Council's approval to define this sign category as an "Official Sign".

Under the by-law, an "OFFICIAL SIGN" is defined as "a sign required by law or, in respect of publicly-owned property, permitted by or erected as the result of a direction, decision or law of the elected representatives of the federal, provincial or municipal governments (other than minor variances to this by-law as authorized by statute), including library boards, boards of health or education, hospitals, universities, colleges and public utilities".

Section 2.2 of this by-law, entitled Signs or Canopies Not Requiring Permits, includes "official signs located on a road allowance and erected by the City" providing that the sign does not have "a sign face area greater than 10 square metres".

The ILDS Team has followed the City's Corporate Identity Guidelines and Sign Production Standards in regard for each sign's size, messaging, colour, font, and logo use. In addition, the design follows the corporate standards and practices by our Communications Department. The Team has taken into consideration the regulations of the City's current Sign & Canopy By-law.

Conclusion

City-owned industrial entryway signage serves an important role that reaches beyond the need for basic navigation, identification and information. It highlights the significant investments made by the City to our industrial parks. It improves the overall look and appearance for our Parks to existing businesses, visitors, and prospective new companies looking at London. Lastly, it provides a cohesive signage appearance for the industrial park. It is a supported initiative by London Economic Development Corporation the ILDS team, and our institutional partners at Innovation Park, Phase IV.

Civic Administration is requesting approval to proceed with a Request for Proposal (RFP) for the new entryway signage at Innovation Park, and approval for City entryway signage to be considered an Official Sign under the current Sign & Canopy By-law.

The results of the RFP will be reported to Council for final approval in a subsequent report.

Acknowledgement

Jerzy Smolarek and Lauren Sooley, Urban Designers, Planning Division, worked closely with the ILDS implementation team to create the design concepts for the entryway signage project.

PREPARED BY:	SUBMITTED BY :
ADAM OSTROWSKI MANAGER I, REALTY SERVICES	BILL WARNER MANAGER OF REALTY SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICE AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 5, 2018

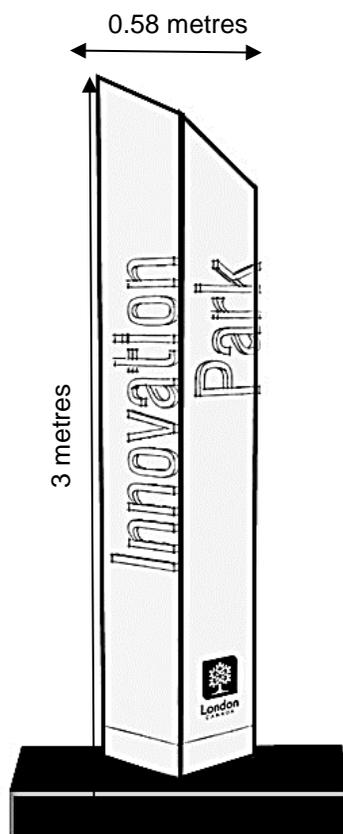
cc: Mark Henderson, Director of Business Liaison
Kapil Lakhota, General Manager, LEDC
David G. Munteer, Solicitor II

SCHEDULE "A"

CONCEPTUAL ENTRYWAY SIGNAGE FOR INNOVATION PARK, PHASES I – III

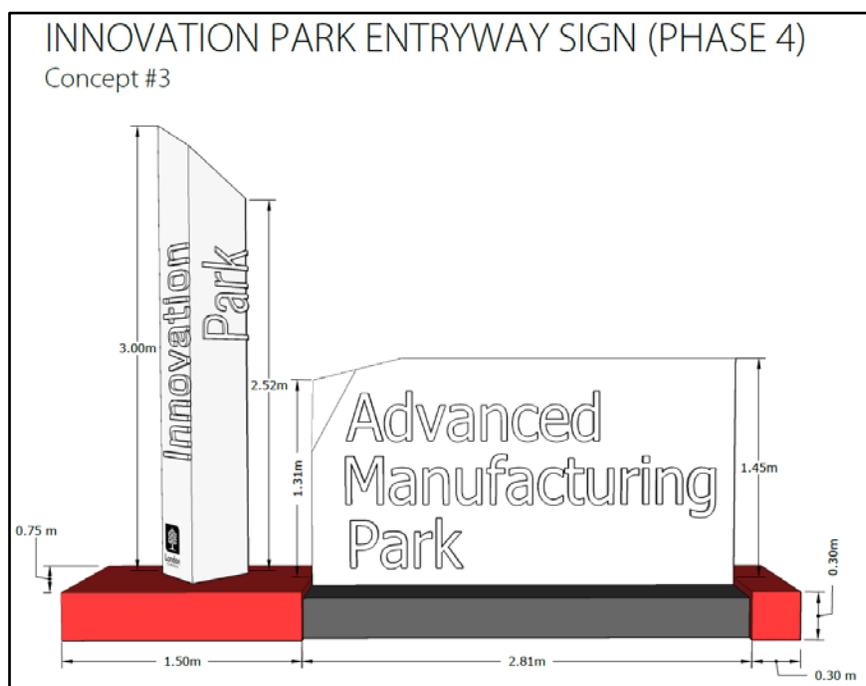
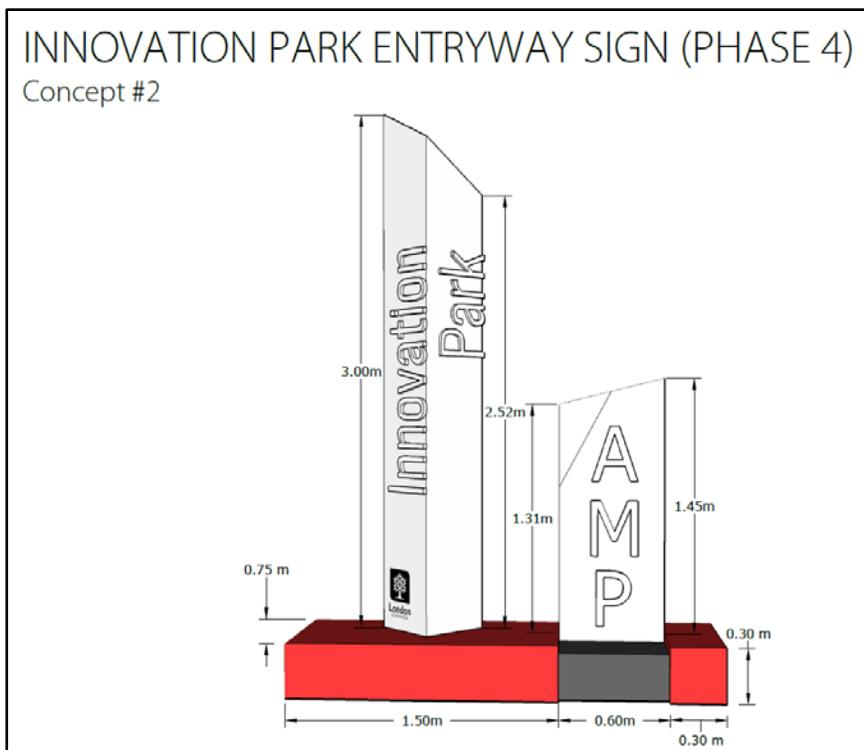
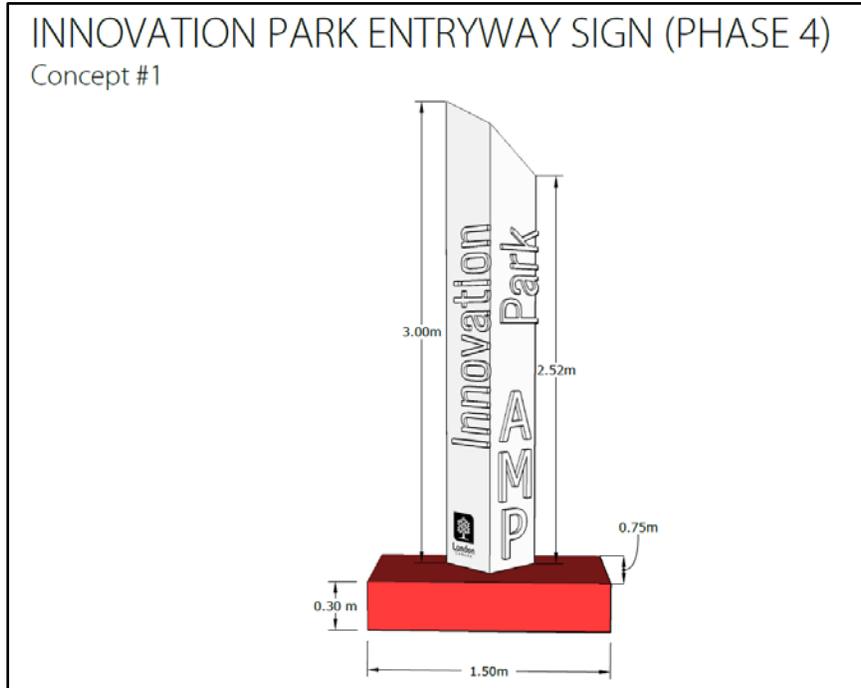


Streetview Example: Looking south-east from Bradley Avenue (Phase III Location)



Note: Final colours to be determined.

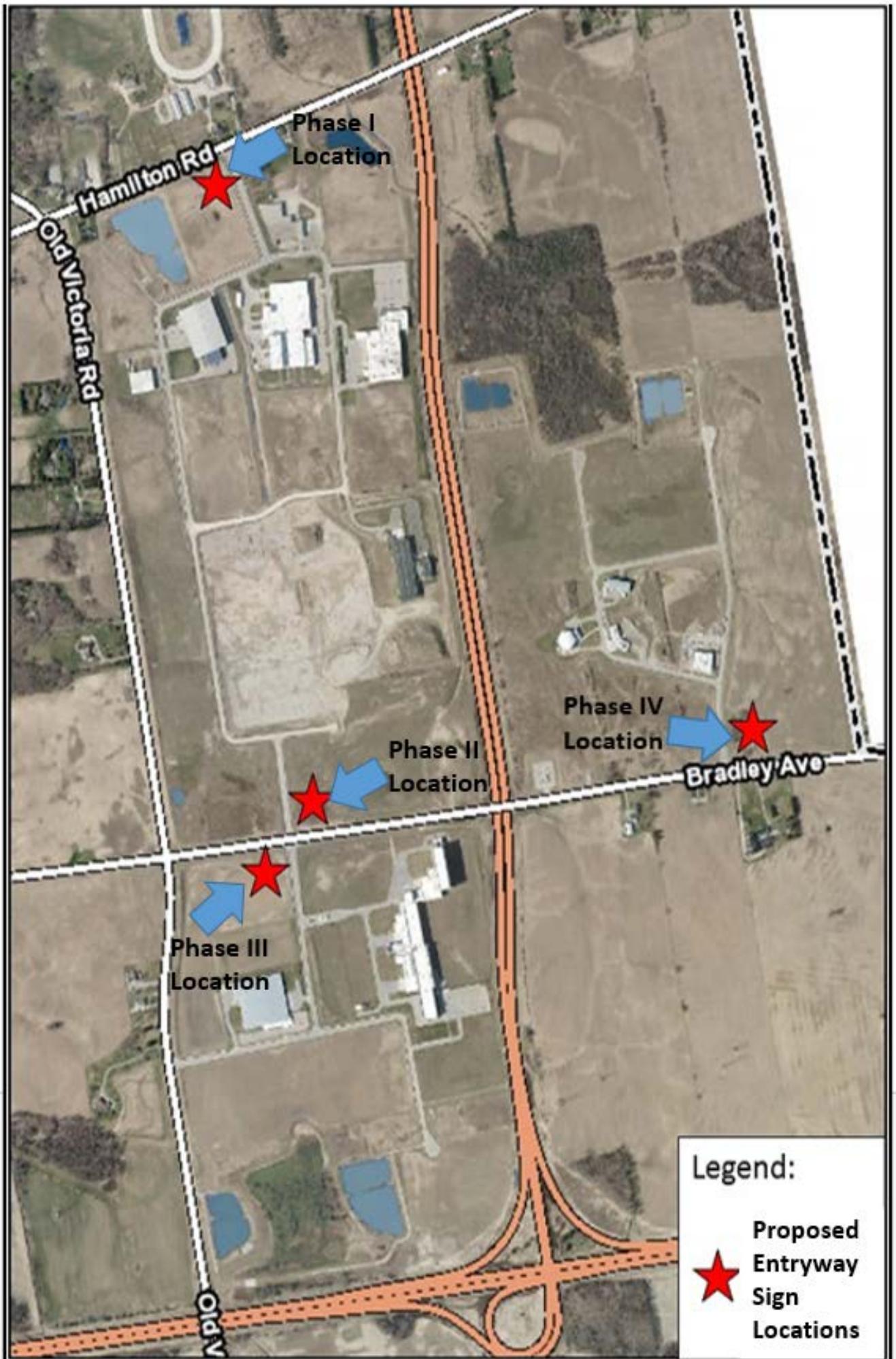
SCHEDULE "B"
CONCEPTUAL ENTRYWAY SIGNAGE OPTIONS FOR INNOVATION PARK, PHASE IV



SCHEDULE "C"

Note: Final option and colours to be determined.

INNOVATION PARK ENTRYWAY SIGN LOCATION MAP



APPENDIX "A"

Bill No.

By-law No.

A by-law to authorize The Corporation of the City of London to include City entryway signage as an Official Sign.

WHEREAS section 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* S.O. 2001, c.25, as amended, 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 it is deemed expedient for The Corporation of the City of London (the "City") to define Industrial Park entryway signage as an Official Sign.

NOW THEREFORE the Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule "B" to this By-law, being an Agreement to define City's entryway signage as an Official Sign, is hereby authorized and approved.
2. The Mayor and the City Clerk are hereby authorized to execute the Agreement authorized and approved under Section 1 of this By-law.
3. This by-law shall come into force and effect on the day it is passed.

Passed in Open Council on

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading -
Second Reading -
Third Reading -

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 17 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	NEW ENTRYWAY SIGNAGE FOR CITY-OWNED INDUSTRIAL PARKS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, the Civic Administration **BE DIRECTED** to proceed with a Request for Proposal (RFP) to construct new entryway signage at Innovation Park.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

Context

Introduction

Enhanced marketing and branding for the City's industrial park lands is important to attract new businesses to the City. Various marketing initiatives have been introduced, including marketing packages/brochures through the Province's Site Certification Program, marketing on our City's website, and the creation of new feature sheets shared with prospective clients and the real estate brokerage community. Locational recognition of City-owned industrial parks is lacking, specifically newer parks such as Innovation Park.

The Industrial Land Development Strategy (ILDS) implementation team sees value and importance in the installation of permanent entryway signage at major entrance locations to Innovation Park and future City-owned industrial parks. Identity signage helps to enhance the brand and reinforce these key industrial park destinations.

Detailed in the report are the proposed concepts, the benefits for the signs, why Innovation Park was selected, estimated costs, and a comparison to what other municipalities are doing.

Proposed Entryway Signage

Over the past two years, the ILDS Team has been in discussion with LEDC, the City's Planning Services staff and Communications staff to develop an identity system to enhance the City's industrial parks and ease navigation for the park's industries. There is very little information available to Civic Administration who want to develop this type of program, and given that projects can take several years from conception to final installation, collaboration and information sharing is crucial.

With the assistance of the City's Urban Design staff, a conceptual entryway sign was developed for Phases 1 to 3 at Innovation Park which is shown in Schedule A. For Phase 4, three conceptual design options have been developed (see Schedule B) where ultimately one design option will be chosen for this location given the unique Advanced Manufacturing focus for this phase. In total, four (4) entryway signs are being proposed for Innovation Park which locations are further shown in Schedule C. Council will get another opportunity to provide final approval for these signs pending the completion of the Request of Proposal (RFP).

Benefits for the City Entryway Signs:

- High quality entryway monuments help enhance the overall look and appearance of the park.
- Increases the recognition and promotion of City-owned and developed industrial parks.
- Effective signage at strategic locations provide drivers clear direction, thus reducing driver confusion and distraction while traveling on busy roadways.
- Creates a cohesive signage program for the City for current and future City-developed industrial parks.
- Makes businesses and visitors feel welcome when entering City industrial parks.
- Signage helps identify major industrial corridors within the City.

Why Innovation Industrial Park?

When Innovation Park was being developed, an Urban Design Guideline Manual was prepared to guide development within the park. The purpose of this document was to indicate the City's design preferences and expectations for public works and site development through a series of design guidelines. The manual stressed that development of entryway treatments at major intersections was important to establish a distinct character for the park. Signage was to be incorporated into the design, and should be located at entrances.

From a locational and visibility standpoint, signage for Innovation Park is best suited because its targeted industries span both the east and west sides of Veteran Memorial Parkway, and it is located in close proximity to Highway 401. To date, over 200 acres have been sold to 10 major companies, and Western University and Fanshawe College have high-profile research & innovation centres situated in Phase IV.

Estimated Costs

Based on some preliminary research conducted in the marketplace and discussions with staff internally, the ILDS implementation team anticipates the estimated cost for the design, construction, and installation for all four (4) entryway signs to range between \$200,000 to \$250,000 (or estimated \$50,000 to \$62,500 per sign). Furthermore, some additional cost advantages may potentially arise from economies achieved by producing four (4) signs instead of just a single sign (i.e. lowered cost per unit).

In consultation with Urban Design, it was also recommended that a consultant be considered to oversee the final design and construction of these signs.

In regard to the City's costs to complete this project, The City's Innovation Park Capital Budget Account (ID1168) would be utilized as a source of financing.

Entryway Sign Material and Construction

Each entryway sign will be constructed of high-quality material for the sign panel, consisting of high gloss aluminium for the background, a black one-colour City logo located at the bottom right corner, and raised lettering made of composite material and backlit with LED lighting.

Comparison to Other Municipalities

The majority of gateway and entryway signage to industrial parks in Ontario consist of advertising sign boards that indicate the name of the industrial park, contact info, and a map of lots available within the park. These signs are installed when the park is constructed, and remain in place for years. Over time, these sign boards become damaged and fail to convey a positive message about the park.

In Ontario, very few examples of attractive entryway signage can be found. To remain competitive and elevate the park's image, the ILDS implementation team believes that signage is needed at each entrance of Innovation Park, and should be sophisticated, bright, and should convey the high design and building standards of Innovation Park. It should create a powerful first impression – it should tell people who we are, where we are, and what we have to offer.

Entryway and Updated Sign By-Law

On May 30, 2017, Council approved a new Sign & Canopy By-law. While the new Sign and Canopy By-law does provide for the definition of an Industrial Park Sign, the distinction is that the proposed Entryway signage is created and owned by the City and is providing the City's branding and recognition for the City's industrial park whereas an Industrial Park Sign focuses more on providing information on tenants located within a park or specific property. To differentiate between the two, Civic Administration is seeking Council's approval to define this sign category as an "Official Sign".

Under the by-law, an "official sign" means a sign required by and erected in accordance with any statute, regulation, By-law or other directive of any federal or provincial government or agency, board or commission thereof, or the City;

Section 2.2 of this by-law, entitled Signs or Canopies Not Requiring Permits, includes "official signs located on a road allowance and erected by the City" providing that the sign does not have "a sign face area greater than 10 square metres".

The ILDS Team has followed the City's Corporate Identity Guidelines and Sign Production Standards in regard for each sign's size, messaging, colour, font, and logo use. In addition, the design follows the corporate standards and practices by our Communications Department. The Team has taken into consideration the regulations of the City's current Sign & Canopy By-law.

Conclusion

City-owned industrial entryway signage serves an important role that reaches beyond the need for basic navigation, identification and information. It highlights the significant investments made by the City to our industrial parks. It improves the overall look and appearance for our Parks to existing businesses, visitors, and prospective new companies looking at London. Lastly, it provides a cohesive signage appearance for the industrial park. It is a supported initiative by London Economic Development Corporation the ILDS team, and our institutional partners at Innovation Park, Phase IV.

Civic Administration is requesting approval to proceed with a Request for Proposal (RFP) for the new entryway signage at Innovation Park, and approval for City entryway signage to be considered an Official Sign under the current Sign & Canopy By-law.

The results of the RFP will be reported to Council for final approval in a subsequent report.

Acknowledgement

Jerzy Smolarek and Lauren Sooley, Urban Designers, Planning Division, worked closely with the ILDS implementation team to create the design concepts for the entryway signage project.

PREPARED BY:	SUBMITTED BY :
ADAM OSTROWSKI MANAGER I, REALTY SERVICES	BILL WARNER MANAGER OF REALTY SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICE AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 5, 2018

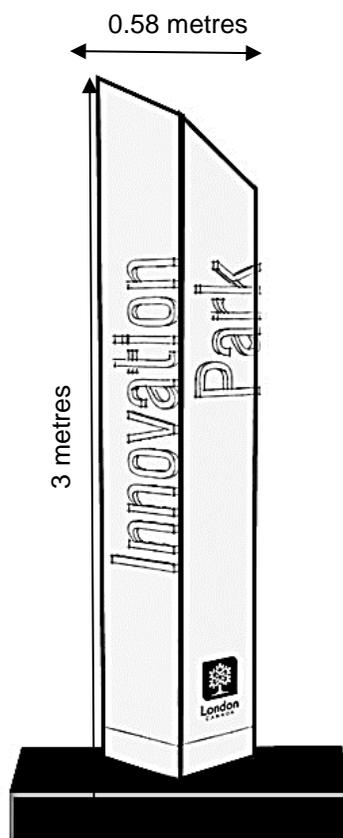
cc: Mark Henderson, Director of Business Liaison
Kapil Lakhota, General Manager, LEDC
David G. Munteer, Solicitor II

SCHEDULE "A"

CONCEPTUAL ENTRYWAY SIGNAGE FOR INNOVATION PARK, PHASES I – III

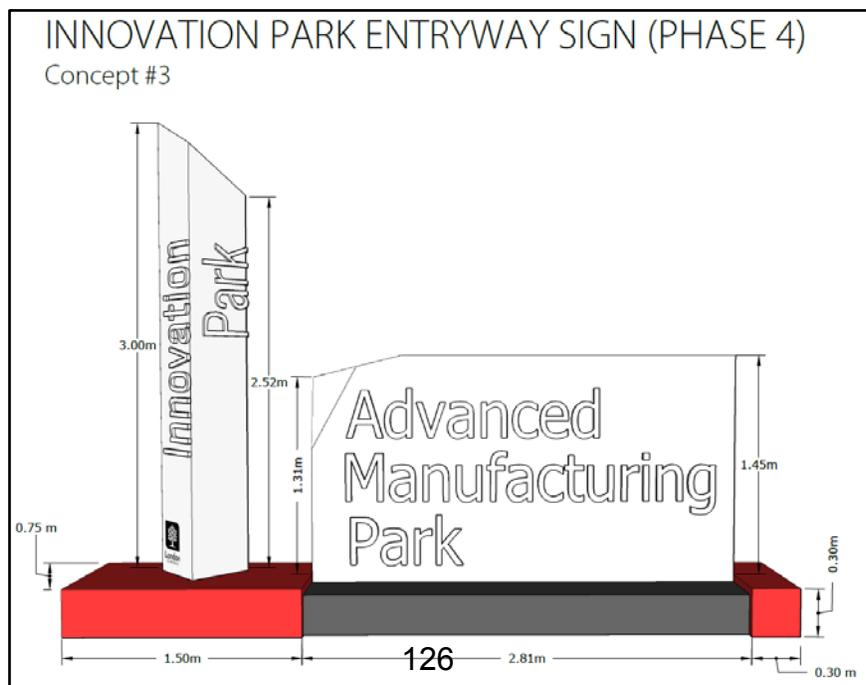
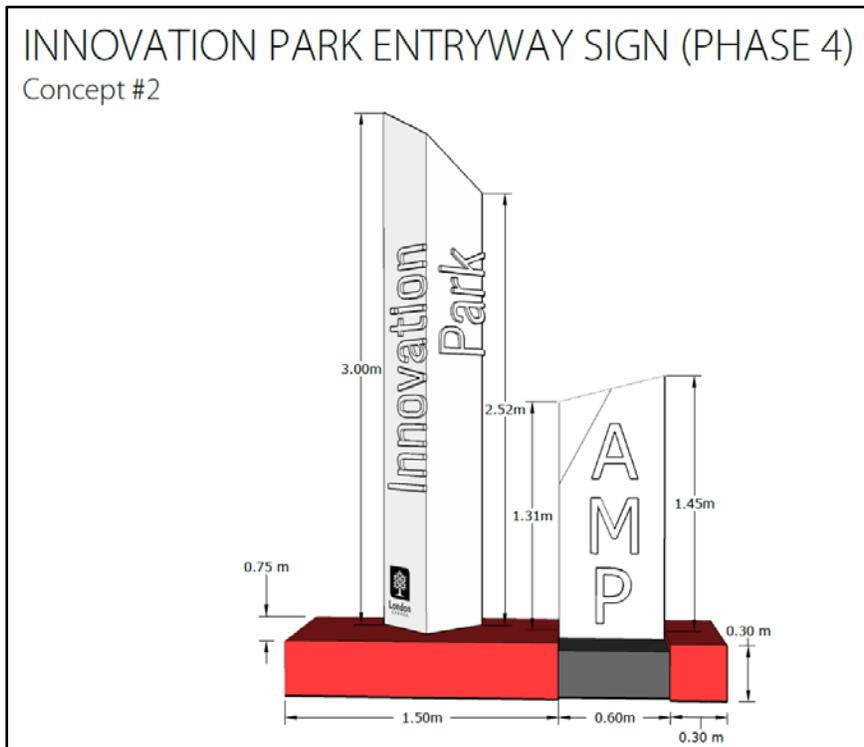
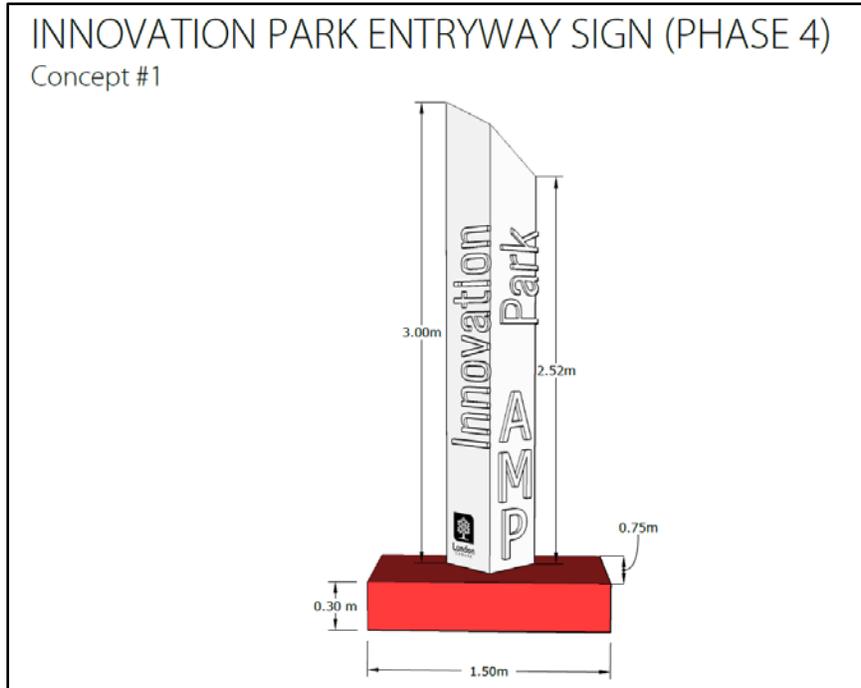


Streetview Example: Looking south-east from Bradley Avenue (Phase III Location)



Note: Final colours to be determined.

SCHEDULE "B"
CONCEPTUAL ENTRYWAY SIGNAGE OPTIONS FOR INNOVATION PARK, PHASE
IV



SCHEDULE "C"

Note: Final option and colours to be determined.

INNOVATION PARK ENTRYWAY SIGN LOCATION MAP



TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE
FROM:	G. KOTSIFAS, P.ENG. MANAGING DIRECTOR, DEVELOPMENT AND COMPLIANCE SERVICES & CHIEF BUILDING OFFICIAL
SUBJECT:	DEVELOPMENT CHARGE COMPLAINT 84 DENNIS AVENUE MEETING HELD ON JULY 17, 2018

RECOMMENDATION

That, on the recommendation of the Managing Director, Development and Compliance Services & Chief Building Official, the Development Charges complaint submitted by Janice and Patrick Greenside, owners of the property situated at 84 Dennis Avenue, **BE DISMISSED**.

BACKGROUND

A complaint letter from Janice and Patrick Greenside (Greensides), with respect to Development Charges paid for the erection of a new single detached dwelling (hereinafter referred to as 'complaint'), was received on June 7, 2018 and is included in Appendix 'A' of this report. Supporting documentation to the complaint letter was also submitted and is included in Appendix 'B'.

The aforementioned letter makes mention of various reasons as to why the imposed Development Charges should be waived. The following reasons have been listed:

1. Reference to a November 10, 1998 letter from their solicitor indicating that *"It would be nice to have Council agree that the amount of the charge for the connection to Southland should be nil in view of the fact that you are within the original service area for Southland"*.
2. During 1997, City staff provided a Development Charge amount for residential properties of \$5,821.00 *"more or less"*.
3. Reference to an August 1997 letter sent by the City of London's Water & Sewer Engineering Department with respect to *"servicing/development charges in the amount of \$23,000 per home"*.
4. The owners have paid surveying costs for the road frontage as well as curbing and the costs to *"...bring storm, sanitary and water services to our property line"*.
5. For the past 24 years property taxes were paid on the lot and no services were received from the City *"for the above levies"*.

Subsequent to the submission of the complaint letter, the Greensides contacted the City's clerk's office via email and indicated that the basis of their complaint was on the following grounds:

*"...(a) the amount of the development charge was incorrectly determined; and
(b) there has been an error in the application of the development charge by-law. 1997, c.27, s. 20 (1)...."*

Both are valid grounds of complaint as per s. 28 of the By-law. A copy of the email correspondence is provided in Appendix 'C'.

A building permit application was received on May 22, 2018 for the construction of a new single detached dwelling. The building permit was issued on June 7, 2018, at which time the assessed Development Charges of \$30,435.00 were paid.

ANALYSIS

On May 22, 2018 a building permit application was submitted for the construction of a new single detached dwelling at 84 Dennis Avenue. Staff assessed the amount of Development Charges due based on Development Charges By-law C.P.-1496-244 (DC By-law).

The property is situated inside the City's urban growth boundary and in accordance with the DC By-law, the DC amount for the construction of a new single detached dwelling is \$30,435.00.

Is the construction of a new single detached dwelling unit subject to payment of Development Charges?

Part II s.4 of the DC By-law requires the owner of a building that develops or redevelops the land to pay Development Charges.

"...4. Owner to Pay Development Charge

The owner of any land in the City of London who develops or redevelops the land or any building or structure thereon shall, at the time mentioned in section 6, pay Development Charges to the Corporation calculated in accordance with the applicable rate or rates in Section 1 as described in section 8."

The DC By-law further defines 'development' as:

"... the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of changing the size or usability thereof, and includes all enlargement of existing development which creates new dwelling units or additional non-residential space and includes work that requires a change of use building permit as per Section 10 of the Ontario Building Code; and "redevelopment" has a corresponding meaning;

The construction of a new single detached dwelling unit constitutes the creation of a new dwelling unit and thus is considered as development.

How was the Development Charge amount calculated?

The DC By-law provides Tables in Schedules 1-A through 1-F that depict either the amount due or the rate to be applied to the gross floor area of buildings.

The DC amount for new single and semi-detached dwelling units situated inside the urban growth boundary is as follows:

City Services charges: \$27,926.00
Urban works charges: \$ 2,509.00

**Total DC amount:
 \$30,435.00**

The full DC amount above was paid by the permit applicant just prior to building permit issuance.

The owners, at the time of building permit pick up, indicated that they have previously paid for certain services, prior to the building permit application date. There is no provision in the DC By-law to waive the DC charge based on the fact that costs for any infrastructure were previously paid by the owner.

Development Charges By-law C.P.-1496-244 and Grounds for Complaints

The DC By-law in PART IV, s.28 provides the following (depicted in italicized bold font below). Accordingly, staff's position is also provided under each sub-clause.

28. Grounds of Complaint

(a) the amount of the development charge was incorrectly determined;

Staff determined the DC amount due based on the provisions of the DC By-law for the construction of a new single detached dwelling. The DC amount for the construction of a new single detached dwelling, in accordance with the DC By-law is \$30,435.00 and was correctly determined.

(b) whether a credit is available to be used against the development charge, or the amount of the credit or the service with respect to which the credit was given, was incorrectly determined, or;

During the processing of the building permit application, there was no information made available with respect to whether any credit was available to be used towards the DC payment due and as such, staff determined that there is no credit available.

(c) there was an error in the application of this by-law.

While the complaint letter (Appendix 'A') does not indicate that an error was made in the application of the DC By-law, this is indicated in a subsequent email communication to the City's clerk's office (Appendix 'C'). It is staff's position that no error was made in the application of the current DC By-law.

Analysis of reasons provided to waive the DC amount as submitted in the complaint letter

Each of the reasons given to waive the DC charges is analyzed below:

- ***Reference to a November 10, 1998 letter from their solicitor, indicating that "...It would be nice to have Council agree that the amount of the charge for the connection to Southland should be nil in view of the fact that you are within the original service area for Southland".***

This is a letter addressed to the Greensides from their solicitor summarizing an "*in-camera audience*" with the Planning Committee on November 9, 1998. The letter provides some direction in terms of strategy as to what is required to gain council's support. The last paragraph states:

"It would be nice to have Council agree that the amount of the charge for the connection to Southland should be nil in view of the fact that you are within the original service area for Southland".

This presumably refers to the fact that the property in question should not have been included in the discussions to expand the capacity of the Southland Sewage Treatment Plant and that the property should've been considered in the original service area for the plant.

The letter makes no reference to Development Charges and refers to "*charge for the connection....*". Presumably, the "connection" refers to the installation and connection charges for a sanitary sewer on Dennis Avenue.

There is no provision in PART V (Exemptions and Exceptions) of the DC By-law to waive DC charges based on the above reason.

- **During 1997, City staff provided a Development Charge amount for residential properties of \$5,821.00 “...more or less”.**

This item pertains to the DCs due back in 1997. There is no provision in the current DC By-law to waive DC charges based on this reason. Presumably, it was listed for DC amount comparison purposes only.

- **Reference to an August 1997 letter sent by the City of London’s Water & Sewer Engineering Department with respect to “...servicing/development charges in the amount of \$23,000 per home”.**

The third reason refers to a letter sent out (Aug. 1, 1997) by the City’s Water & Sewer Engineering Department with respect to a City initiated Class Environmental Assessment to explore the possibility of expanding the Southland Sewage Treatment Plant to serve approximately 220 homes from 180. The letter notes that the City is trying to determine the interest of existing residents in terms of purchasing “sanitary servicing”. It further states that the average household costs were estimated to be \$23,500 per home.

Despite the complaint letter making reference to “servicing/development charges”, the letter sent by the City makes no reference to Development Charges. During the processing of the building permit application and the issuance of the building permit, Building Division staff was not provided with any evidence that the sanitary sewer and treatment plant fees were indeed paid. Even if that were the case, there is no provision in the current DC By-law to waive the entire amount of DC charges for the construction of a new home.

- **The owners have paid surveying costs for the road frontage as well as curbing and the costs to “...bring storm, sanitary and water services to our property line”.**

This fourth reason to waive the DCs refers to the fact that surveying costs for the road frontage as well as curbing and the costs to “...bring storm, sanitary and water services to our property line” were paid. The current DC By-law has no provision to waive DC charges solely based on the fact that the owners have paid for the infrastructure stated. Building Division staff was not provided with any evidence of payment, nor documentation clarifying the type of sanitary, water and stormwater servicing work performed and paid for by the complainant.

A review of City data sources has provided the following regarding servicing on Dennis Avenue:

- the stormwater sewer (local) was installed in 1958;
- the watermain (local) was installed in 1961;
- the sanitary sewer (local) was installed in 1999.

Although the sanitary sewer is a relatively recent construction, the work was not completed through a Local Improvement assessed to all benefitting property owners. Several property owners of existing houses on Dennis Avenue subsequently paid frontage fees under the Sewer By-law to connect into the Municipal System.

It should be further noted that DCs do not fund local infrastructure; rather, DCs are applied to new development to pay for infrastructure with regional benefits (e.g., trunk sewers) and applicable treatment capacity (e.g., stormwater management facilities and wastewater treatment facilities). Based on all available information, prior to the payment of DCs for 84 Dennis Avenue, no funding had been provided to the City as a financial contribution to these growth costs.

- **For the past 24 years property taxes were paid on the lot and no services were received from the City for the above levies.**

The fifth reason listed refers to the fact that property taxes have been paid for the past 24 years with receipt of “no services at all from the city for these levies”. The DC By-law makes

no mention of property tax payment and has no provisions to waive DC charges based on the fact that property taxes have been paid. Additionally, water and sewer costs are not funded through taxes, but rather separately through water and sewer rates. As the property has not been connected to the water and sewer system, the complainant has not been financially contributing to the water or sewer system.

 Staff maintains that the DC amount was properly determined under the By-law in force and effect at the time of the building permit application submission, and therefore recommends dismissal of the complaint.

CONCLUSION

The letter submitted by Janice and Patrick Greenside provides five reasons why the entire DC amount charged on the construction of a new home at 84 Dennis Avenue should be waived. Staff has reviewed the reasons stated in the complaint letter and is of the opinion that the DC By-law was correctly administered and has correctly imposed the DC amount of \$30,435.00.

There is no provision in the current DC By-law that permits the waiving of the DC charges for the construction of a new single detached dwelling unit at 84 Dennis Avenue.

It is the Chief Building Official's opinion that the Development Charges were correctly determined and that the complaint filed by Janice and Patrick Greenside should be dismissed.

Staff wants to acknowledge the assistance provided by Aynsley Anderson, Solicitor II.

PREPARED BY:	RECOMMENDED BY:
P. KOKKOROS, P. ENG. DEPUTY CHIEF BUILDING OFFICIAL, DEVELOPMENT AND COMPLIANCE SERVICES	G. KOTSIFAS, P.ENG. MANAGING DIRECTOR, DEVELOPMENT AND COMPLIANCE SERVICES & CHIEF BUILDING OFFICIAL

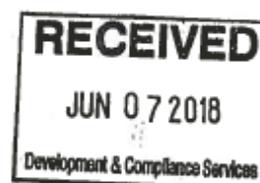
PK:pk
 c.c. Angelo DiCicco-Manager of Plans Examination
 Aynsley Anderson, Solicitor II
 Paul Yeoman-Director, Development Finance
 Building File.

APPENDIX 'A'

The Corporation of the City of London
300 Dufferin Avenue
P.O. Box 5035
London, Ontario
N6A 4L9

June 6, 2018

Attention – Development and Compliance Services &
Finance and Corporate Services Departments



Re: **Greenside Property 84 Dennis Avenue**
Building Permit / Development Charge Fee's

We are writing this letter in response to the concerns that we have relative to the Development Charge Fee of \$30,435 which we were required to pay, in order to obtain a building permit for the new home that we are now going to build on our lot at 84 Dennis Avenue, in Lambeth.

In June of 1994 we acquired the subject site, together with other lands, from the Sullivan family. Since this date we have attempted (on numerous occasions) to acquire permission from the city to build on our lot, but we were continually turned down. Although, we received Council's approval in to build on the lot (subject to conditions) we were never able to obtain a building permit for our property.

Now, after 24 years of owning and maintaining this property, including property taxes, the city has finally granted us permission to build on our lot. This is mainly due to the fact that the former Southland STP is now a Pumping Station.

We definitely appreciate the fact that the city has granted us approval to finally build on our property, but do not feel that Development Charges/Fees of \$30,435 are warranted for a number of reasons; therefore, we would like to appeal the levying of these fees.

First and foremost, as noted in the attached letter to us from our then solicitor, Mr. Barry Card from McCarthy Tetrault, dated November 10, 1998 (page 2 – last paragraph), and I quote –

"It would be nice to have Council agree that the amount of the charge for the connection to the Southland should be nil in view of the fact that you (our lot) is within the original service area for the Southland."

Secondly, it should be noted that the Development Charges imposed on April 29, 1997 to Southside Construction for the construction of the new Tim Horton's located along Colonel Talbot Road (Highway #4) in Lambeth was only \$6,228.72 (see attached letter from the City), despite being a commercial property.

During this same year Development Charges provided to us by Rob Watson and Leo Kent, from the city's engineering department, for residential properties totalled \$5,821.00 more or less.

Thirdly, in August of 1997 a letter was sent out by the City of London's Water & Sewer Engineering Department to all of the property owners within the potential service area of the Southland Plant offering them sewer and servicing capacity for their residential or commercial property. The amount of these servicing/development charges were \$23,000 per home, and this cost was usually recovered as a lump sum or in 10 annual installments including interest. Commercial properties were designated for higher sewage flows than homes and should expect a higher charge?

Fourthly, we have paid for all surveying costs in order to provide the required road frontage for our lot, as well as curbing along both side of the road, and the cost to bring storm, sanitary and water services to our property line.

Lastly, we have paid over 24 years of property taxes on this lot and have received no services at all from the city for these levies.

In light of the foregoing, we hope that the city will seriously reconsider their decisions to impose any type of Development Charges and/or Fees for our lot, seeing as we were within the original service area for the former Southland STP.

Janice and Patrick Greenside
84 Dennis Avenue
London, Ontario
(519) 601-6158

APPENDIX 'B'

Kirby Oudekerk, P.Eng.
*Environmental Services Engineer
Wastewater Treatment Operations
City of London*

109 Greenside Avenue
London, ON N6J 2X5
P: 519.471.1537 | Cell: 226.448.4359 | Fax: 519.661.0199
koudeker@london.ca | www.london.ca

This email is significant in that it removes the need for an environmental warning clause to be registered on title.

Matters that need to be attended to in order to be issued a building permit

With respect to the Council resolution of Dec 16, 1997, items a), b) and e) are no longer applicable, leaving the 2 items as follows:

- a) Item (c) – a survey plan be registered on title at owners expense;
- b) Item (d) – the construction of curb, gutter and asphalt to local standards be constructed along the frontage of the subject lands at owners expense;
- c) Item (e) – the payment of all applicable Development Charge by owner is offset by the letter of November 10, 1998 from the Greenside's solicitor (page 2, last paragraph) indicating that in his opinion that the amount of charge for the connection to the Southland should be nil in view of the fact that the lot is within the original service area for the Southland WWT facility. See ATTACHMENT 6.

The above matters could form part of a Development Agreement that could also address the requirements of a Servicing Agreement as per ATTACHMENT 2 which would attend to the following matters:

- d) Item 1 – 5% cash in lieu payment for park land dedication be paid by owner; See ATTACHMENT 7 – A Letter dated December 7, 1998 from our solicitor (Barry Card) to us, indicating that he met with Vic Cote (former Director of Planning) and that Mr. Cote agreed that in the absence of anyone who could make a determination whether or not the park dedication had been imposed, that staff should be taking the position that we should be given the "benefit of the doubt" and that consequently, the cash-in-lieu requirement will be dropped;
- e) Item 2 – that Dennis avenue be extended to the east limit of the building lot be completed by owner;
- f) Item 3 – the extended portion be properly named by bylaw (by the City);
- g) Item 4 – 0.3 m reserve be lifted by City;

McCarthy Tétrault

BARRISTERS & SOLICITORS • PATENT & TRADE-MARK AGENTS

SUITE 2000, ONE LONDON PLACE
255 QUEENS AVENUE, LONDON, ONTARIO, CANADA N6A 5R8
FACSIMILE (519) 660-3599 • TELEPHONE (519) 660-3587

Direct Line: (519) 660-7235
Internet Address: bcard@mccarthy.ca
Our File 153576-201347

November 10, 1998

Patrick and Janice Greenside
82 Dennis Avenue
London, Ontario
N6P 1B5

*IMP
file for
destruction*

Dear Mr. and Mrs. Greenside:

Re: 82 Dennis Avenue, London

I confirm that we had our in-camera audience with Planning Committee on Monday, November 9, 1998. The result of this session was simply a recommendation from Planning Committee to Council that no action be taken with respect to our request for assistance in settling the terms of the subdivision agreement.

The discussion lasted for approximately half an hour after a late start. Mr. Jardine said that he was in a bit of a rush because he had to go to his regular Committee meeting, however, before he departed, he managed to tell the Committee that we were trying to back out of the original Council approval (making a reconsideration necessary). He also said that the conditions being proposed by staff are perfectly consistent with what Council had been approved. Despite clear proof that in fact staff were asking for work that went much beyond the scope of what Council had approved, there was no inkling of support or encouragement from the Committee. This particular Planning Committee is now into its 12th and final month. It has been a particularly useless Committee. Initially, I thought the problem was that there were three new Councillors on the Committee and that things would improve as the year wore on. I suspect that you observed from the absence of probing questions that things have not improved very much. The Committee still believes everything it is told by staff. It takes no initiative to correct problems that emerge from the actions of staff. Yours was a prime example. I gather that unless something different happens at Council, you will not be proceeding with a plan to build on the new lot.

McCarthy Tétrault DMS-LONDON #5049055 / v. 1

VANCOUVER • CALGARY • LONDON • TORONTO • OTTAWA • MONTRÉAL • QUÉBEC • LONDON, ENGLAND

McCarthy Tétrault

- 2 -

Patrick and Janice Greenside

November 10, 1998

During our discussion of these various issues, Mr. Coté came forward with a map. Mr. Coté said that the map showed that in fact the lot next to 82 Dennis Avenue was not in the service area for the Southland Plant. I asked Mr. Coté about the date of his map. It was clearly printed on the map that it was drawn in 1998. I suggested that it might be more instructive to see what the original service drawing in the 1960's said for the Plant. The Chairman of the Planning Committee, Councillor Polhill, asked me if I was accusing staff of altering their records to disadvantage the Greensides. I told Councillor Polhill that I was suggesting that the person who had drawn the map had been given bad information about the service boundary. After all, the primary purpose of the map was to show features connected with Mr. Lansink's request for permission to expand the Southland Plant.

I suggest that you call Councillor Walker immediately to try to arrange for her to speak to this matter at Council. We know there is some support. Both Susan Eagle and Ben Veel have expressed support for our position. I suspect that part of the problem at Planning Committee was the fact that Councillor Walker had made arrangements for the matter to appear on the Planning Committee Agenda. The Committee seemed to resent this. You may recall that several minutes were taken up by questions and answers regarding the appropriateness of Planning Committee dealing with this matter. Walker has had a bit of a falling out with some members of Council recently as the result of her criticism of the Mayor and it may be that we were caught in the crossfire. It will be difficult to convey this information to Councillor Walker who has been very supportive and helpful throughout the process. Perhaps there is no need to get into political issues as Councillor Walker herself is probably very much aware of what is going on.

In any event, we are looking for 10 votes in favour of directing staff to prepare an agreement that simply carries out the instructions that Council has given without changing requirements or applying conditions which are irrelevant.

The second objective is to move the City Solicitor out of the approval process if this can be accomplished without a reconsideration.

It would be nice to have Council agree that the amount of the charge for the connection to Southland should be nil in view of the fact that you are within the original service area for Southland. This one will have to be manoeuvred skilfully to avoid the reconsideration problem, however, I think it has more promise because Council would simply be making a determination that no charge was applicable.

McCarthy Tétrault

- 3 -

Patrick and Janice Greenside

November 10, 1998

Is it any wonder the City is such a ~~mess~~?

Yours very truly,

McCarthy, Tétrault

Per:


Barry E. Card

BRC/jmh

cc: Tim Ryall
170-129

THE CORPORATION OF THE CITY OF LONDON



VA. COTE
Commissioner of Planning & Development

R. CERMIGNARA, PENG
Director of Building Controls

BUILDING DIVISION
DEPARTMENT OF PLANNING & DEVELOPMENT

300 DUFFERIN AVENUE
PO. BOX 5035
LONDON, ONT M5A 4L9

IN REPLY PLEASE REFER TO
OUR FILE NO. SP-95185
ATTENTION M. Henderson
TELEPHONE 661-4861

April 29, 1997

Phone for Pick-up: 672-6191

Southside Construction
c/o R. Tome & Associates Inc
51 Wimbledon Crt.
LONDON, ON. N6C 5C9

Dear Romano:

Re: Site Plan Approval at 4530 Colonel Talbot Road

Site Plan Approval is granted conditional upon the completion of the attached development agreement in accordance with City procedures.

The Commissioner of Environmental Services and City Engineer estimates the following claims and revenues for the project.

Urban Works Reserve Fund

Estimated Claim NIL

Development Charges

<u>Urban Works Reserve Fund</u>	
Estimated Revenue (Jan 2, 1997 rates) (based on 164 sq. m @ \$17.33 per sq. m)	\$2,842.12
<u>City Services and Hydro Fund</u>	
Estimated Revenue (Jan 2, 1997 rates) (based on 164 sq. m @ \$20.65 per sq. m)	\$3,386.60
Total Estimated Development Charges	\$6,228.72

Please note that this estimate includes a reduction of 117 square metres of floor area in recognition of the proposed demolition of the existing building.

Please note that the claims and revenues are estimates only based upon information received and interpreted by the City Engineer's Department at the time of initial application. The purpose of these estimates is to generally monitor the balance of the Development Funds. The final determination whether development charges are applicable and the amount of development charges will be made by the Building Division prior to issuance of the building permit.

FAX: (519) 661-5196 - Inspections/Permits
FAX: (519) 661-5032 - Drawing Site Plan

L15A

*Information Relative to the New
TIM HORTON'S SITE!*

THE CORPORATION OF THE CITY OF LONDON



JOHN W. JARVIS, B.Sc., P.Eng.
Commissioner of Environmental Services
and City Engineer

ENVIRONMENTAL SERVICES DEPARTMENT
300 OLDFERRY AVENUE
P.O. BOX 955
LONDON, ONTARIO N6A 4L5

IN REPLY PLEASE REFER TO

#11
Oct 2003

197 letters sent out

August 1, 1997

J.E.B.F. [Signature]

The City of London has initiated a Class Environmental Assessment to evaluate expansion options for the Southland Sewage Treatment Plant. The plant has been designed, built and is certified for 180 homes. The Ministry of Environment and Energy has limited future expansion of the plant to its present fenced boundaries and also requires improvements to the quality of sewage treatment.

During the course of this Class Environmental Assessment, residents within the Lambeth Urban Area (LUA) petitioned the City for sanitary servicing. Options considered were pumping effluent to the Greenway plant system or using capacity at an expanded Southland plant. The Greenway system is not a viable option for a number of reasons: the plant has been expanded to its maximum capacity; its drainage area does not include the LUA; the system has piping and flow limitations between Lambeth and the plant; and, commitments have been made to other lands naturally tributary to Greenway.

The expansion of the Southland plant is a technically viable option for up to 220 existing and / or future homes in an area which can be served by gravity sewers. This area is shown on the attached plan. **This letter has been sent to you because you are a property owner within this potential service area.** You are being offered an opportunity to express your interest in purchasing capacity and servicing your residential or commercial property.

There are more existing and future homes within the service area than can be connected to the plant after it is expanded. Ultimately, the entire LUA will be serviced by the new Southside treatment plant. The location of this plant is presently the subject of a Class Environmental Assessment. ~~The Southland plant is considered a permanent structure and will be eliminated in the future when the service area transferred to a new plant.~~

*

Specific methods are within the Local Improvement Act and the Municipal Act for arranging, constructing and recovering the cost for new municipal services. This results in every property owner that has a pipe placed in front of it becoming financially responsible. From a technical perspective, piping within the service area cannot be bypassed (gaps or blocks bypassed). For these reasons, it is important for the City to determine the interest of existing residents in purchasing sanitary servicing in order to assess both the desire and technical feasibility of this option. Remaining plant capacity, after existing resident commitments are made, will become available for new home development. The purpose of the upcoming public meeting is to describe this in more detail.

Use an expanded plant can be in three ways:

- all by existing homes and commercial properties
- some by existing and some by new homes
- all by new homes

The following estimate of average household cost is provided for your information. It assumes the first option with 200 existing homes connected:

treatment plant	\$2,000,000 / 200 homes =	\$10,000 / home
sewers	\$2,700,000 / 200 homes =	\$13,500 / home
total		\$23,500 / home

This cost is usually recovered as a lump sum or in 10 annual installments including interest. Commercial properties are designed for higher sewage flows than homes and should expect a higher charge.

A Public Information Meeting to review the options described above will be held on August 19, 1987, at 7:00 p.m. at the Lambeth Community Centre, 7112 Beattie Street. Presentations will be given on: plant expansion options considered; allocation of plant capacity; and, a review of the next steps in the process. Questions will be answered by the project consultant and staff.

If you require further information, please contact:

Mr. J.V. Lucas, P.Eng.,
 Manager Water & Sewer Engineering
 City of London,
 P.O. Box 5035
 LONDON, Ontario, N6A 4L9
 Tel: (519)661-5537

Mr. Hisham N. Slim, P. Eng.
 Project Manager
 Dillon Consulting Limited
 P.O. Box 426, Station B.
 LONDON, Ontario N6A 4W7
 Tel: (519) 438-6192

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NOV-12-97 16:24 From:MCCARTHY TETRAULT

5186603566

T-513 P.02/07 Job-087

McCarthy Tétrault

BARRISTERS & SOLICITORS - PATENT & TRADE-MARK AGENTS
SUITE 2000, ONE LONDON PLACE
255 QUEENS AVENUE, LONDON, ONTARIO, CANADA N6A 5R8
FACSIMILE (519) 660-1900 - TELEPHONE (519) 660-3587

Direct Line: (519) 660-7235
Internet Address: bcand@mccarthy.ca

November 11, 1997

DELIVERED

Chairman and Members
Environment and Transportation Committee
The Corporation of the City of London
City Hall, 3rd Floor
300 Dufferin Avenue
London, Ontario
N6A 4L9



Dear Sir/Madam:

Re: 82 Dennis Avenue

I am writing to you on behalf of my clients, Patrick and Janice Greenside.

At its meeting of November 3, 1997, City Council resolved:

"That approval in principle be given to the removal of the restrictive covenant on the property at 82 Dennis Avenue on the understanding that the Environment and Transportation Committee at its meeting on November 17, 1997 will develop and will recommend to the Council at its meeting on November 24, 1997, the conditions to be applied to the lifting of the restrictive covenant at this site."

I was advised by the Committee Secretary on November 11, 1997 that I should submit all written material by no later than 2:00 p.m. on November 13, 1997. Given that the staff recommendation is not available until the close of business on Friday, November 14, 1997, it is necessary to anticipate what the staff position will be:

1. Mr. Jardine advised me on November 11, 1997 that his intention was not to write a new report, because his view of the matter had not changed. He said that he would be resubmitting his previous report. He did, however, alert me to the possibility that the City Solicitor would submit a report.

McCarthy Tétrault DMS-LONDON #5010422 / v. 1

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McCarthy Tétrault

- 3 -

Chairman and Members

November 11, 1997

The May clause was more to the point; clause (a) required a "subdivision agreement" which deals with the road dedication issue. I had recommended to the Committee on October 27, 1997 that the original clause (d) (the focus of the discussion) be replaced by a clause (d) which says:

- (d) the construction of curb, gutter and asphalt to prevailing local standards along the frontage of the subject lands.

This is reasonable because:

1. The Department reported to the Committee on April 23, 1997 that "The addition of one dwelling unit would not require any additional works", beyond road improvements, and
2. The south side of the street, as demonstrated through many photographs in the past, widens into the parking lot. We are not talking about the construction of an entirely new street, simply the extension of curb and gutter for the existing "street".

As to the capacity issue, I am providing an extract from the recapitulation sheet for the Southland Plant when it was approved by Westminster in February, 1961. Capacity was calculated on the basis of 12 present and 2 future lots, so there was capacity available for Block A. The recapitulation also indicates the sewer work was to be paid for by the "owners".

Consequently, I respectfully request that the following conditions be imposed as a condition for approval to extend Dennis Avenue and to construct a dwelling:

- ✓ (a) a subdivision agreement be prepared and registered on title, at the owner's expense;
- ✓ (b) an environmental warning be registered on title at the owner's expense to provide notice to subsequent purchasers of 82 Dennis Avenue that occasional sound and odour nuisances may occur, in a form satisfactory to the Commissioner of Legal Services & City Solicitor;
- ✓ (c) a survey plan be prepared and registered on title, at the owner's expense; and

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NOV-12-97 16:26 From: MCCARTHY TETRAULT

5106603660

T-513 P.05/07 Job-007

McCarthy Tétrault

- 4 -

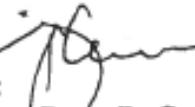
Chairman and Members

November 11, 1997

- (d) the construction of curb, gutter and asphalt to prevailing local standards along the frontage of the subject lands.

Yours very truly,

McCarthy, Tétrault

Per: 
Barry R. Card

EX-101-1-1
E

BRC/jmh
Encls.

APPENDIX 'C'

From: Patrick Greenside [REDACTED]
Sent: Sunday, June 10, 2018 6:24 PM
To: Rowe, Linda <LRowe@London.ca>
Subject: Complaint to Council - Development Charges for 84 Dennis Avenue, London

Good morning Linda,

**Re: Appeal of Development Fees/Charges
Greenside Lot - 84 Dennis Avenue
Permit #: 18 019227 000 00 RD**

Further to our conversation of Thursday June 7, 2018.

As you are aware, we picked up the aforementioned building permit for our residential building lot located at 84 Dennis Avenue, in London, on Thursday June 8, 2018 and when we did we were charged development costs/fees totalling \$30,435.00. We paid the required fees but we immediately informed staff that we would like to appeal the paying of these fees for the reasons that are noted on the attached letter that is addressed to both Development and Compliance and to the City of London Finance and Corporate Services Department.

After handing our appeal to staff within the building permit we had the opportunity to speak with Mr. Angelo DiCicco - Manager of Plans Examination, and advised him of same and provided him with a copy of the exact same information that we supplied to you (attached letter), which highlights our position and the rational for us not paying Development Charges/Fees.

Please be advised that we respectfully submit our appeal to complain to London City Council on the following grounds:

- (a) the amount of the development charge was incorrectly determined; and
- (b) there has been an error in the application of the development charge by-law. 1997, c.27, s. 20 (1).

Please be advised that Pat is away and out of town during the week of June 11th to 15th, but we will both be available anytime after next week to meet with staff, if they so desire.

Many thanks for your time and co-operation in this matter, it is very much appreciated.

Patrick & Janice Greenside

Producing Prosperity in Ontario

An advocacy campaign to promote rural Ontario and
the agri-food sector for the benefit of ALL Ontarians

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PROSPERITY



Ontario today – unbalanced growth



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Urban Ontario faces growing challenges

Challenges for our growing urban centres:

- Rising poverty
- Gridlock – long commutes with high carbon emissions
- Affordable housing crisis
- Infrastructure cannot catch up to population growth
- Band-aid policies



Rural Ontario is falling behind

Challenges for our farming and rural businesses:

- Services are not available
- Infrastructure is lacking
- Property taxes are rising
- Labour is not available
- Schools are closing, no longer nearby
- Limited opportunities for youth to remain in rural communities
- Lack of Broadband and High Speed Internet



Rebalance growth through infrastructure



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Investment in infrastructure pays dividends

- GDP rises \$1.43 per dollar of spending, in the short term
- 9.4 jobs are generated per million dollars spent
- 44 cents of each dollar spent by government is recovered in new tax revenue.
- The GDP “return on investment” lies between \$2.46 and \$3.83
- Private investment rises by \$0.34 per dollar spent short-term (up to \$1 long-term)
- Businesses are more productive and competitive in international markets; and
- Real wages rise, providing a higher standard of living for Canadians.



Producing Prosperity in Ontario for ALL Ontarians



Benefits of Distributed Economic Development

1. Job Creation

Strategic investments in infrastructure will:

- Create jobs in new small and medium size enterprises
- Provide new opportunities for families and youth
- Spark investment in rural Ontario communities



Benefits of Distributed Economic Development

2. Affordable Communities

Through increased investment and jobs creation, Ontarians:

- Can realize home ownership and lifestyle opportunities
- Will find work in smaller and mid sized communities



Benefits of Distributed Economic Development

3. Local Food & Ecosystem Protection

A growing domestic agri-food sector will:

- Secure access to high quality, safe, local food
- Preserve farmland & sustainable stewardship practices



Pre-condition to distributed development

Growth in rural Ontario must be paired with thoughtful stewardship, including land-use policies, to ensure farmland remains protected.

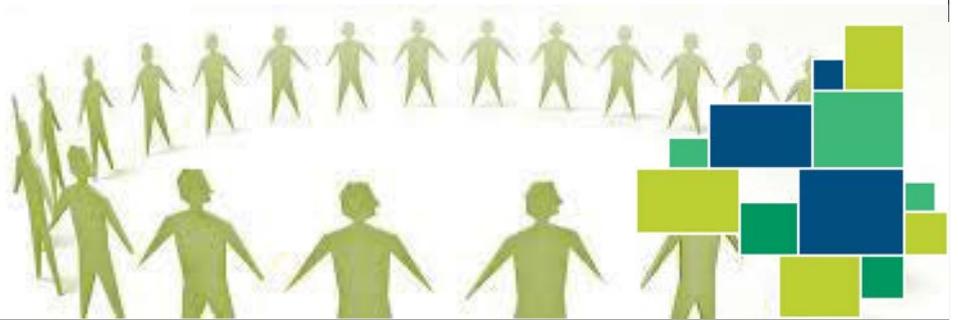


Building a Coalition of Organizations

OFA is seeking to partner with organizations to secure rural infrastructure investment including:

- Municipalities
- Wardens
- Agri-Food associations & Commodities
- Economic development officers
- Academia
- Others

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Let's work together
Producing Prosperity
in Ontario

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June 18, 2018

Betty Mercier
Committee Secretary

I am writing to request a change to the *London and Area Active & Safe Routes to School (ASRTS)* representation on the *Community Safety & Crime Prevention Advisory Committee*. The current representative for ASRTS is Emily Van Kesteren, who is presently on a leave, and I will be covering her position during the time span she will be off. In July, I will resume her position as the co-chair for ASRTS. I would like to make an official request to change this appointment to myself:

Tara MacDaniel
Public Health Nurse
Member of The London and Area Active & Safe Routes to School committee
Middlesex-London Health Unit
50 King St., London, ON, N6A 5L7
519-663-5317 ext 2278
tara.macdaniel@mlhu.on.ca

If you have any questions regarding the change or require any additional information, please do not hesitate to contact me by phone or email.

Sincerely,

Tara MacDaniel

From: van Holst, Michael
Sent: Sunday, July 08, 2018 11:19 PM
To: Saunders, Cathy <csaunder@london.ca>
Cc: Helmer, Jesse <jhelmer@london.ca>; Hayward, Martin <MHayward@London.ca>; Barbon, Anna Lisa <ABarbon@London.ca>
Subject: FW: CSC Daytime Schedule Communication

Cathy,

Will you kindly include this communication with the upcoming agenda for the daytime schedule?
Thanks,

Michael vH

From: Michael van Holst
Sent: July 8, 2018 10:51 PM
To: van Holst, Michael
Subject: CSC Daytime Schedule Communication

Dear Chair and fellow members of the CSC Committee,

Regarding the PPM for the daytime schedule:

Our policy of recognized management overtime means that if we continue meetings in the evening we will be obliged to credit the hours that staff spends with us toward extra vacation time. Because this represents a loss that can be quantified I will be asking staff to provide us with an approximate dollar value.

In addition, it was clear from previous discussions that moving to a daytime schedule could have strong negative impacts on the livelihood of councillors who may no longer be able to work their day job simultaneously. Should the role be considered full time as a result, the issue of remuneration could be addressed by having the stipend linked to the mean fulltime income for Londoners instead of the median. I will be asking staff to also provide us with an estimate for this additional cost.

My request is that these figures be announced prior to the PPM as they may be pertinent to the deliberations of citizens who attend.

Sincerely,

Michael van Holst