

# Agenda

## Strategic Priorities and Policy Committee

5th Meeting of the Strategic Priorities and Policy Committee (Continued) - BUDGET

January 28, 2019, 10:00 AM

Council Chambers

### Members

Mayor E. Holder (Chair), Councillors M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozo, A. Kayabaga, S. Hillier

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The Committee will recess at approximately 6:30 PM for dinner, as required.

	Pages
<b>1. Disclosures of Pecuniary Interest</b>	
<b>2. Consent</b>	
2.1 2019 Annual Budget Update - Public Engagement	5
<b>3. Scheduled Items</b>	
3.1 Budget Overview	
<b>4. Items for Direction</b>	
4.1 Review of Operating Budget Amendments (rounded to the closest \$1,000)	17
a. Case #1 - Revenue Driver - Adjustments to Reduce Tax Levy Increase to 2.9% - 2019 Net Impact \$(1,072)	
b. Case #2 - Changed Regulation - Cancellation of Planned 2019 Minimum Wage Increase - 2019 Net Impact \$(521)	
c. Case #3 - Confidential Matter - Labour Relations/Employee Negotiations - 2019 Net Impact \$(2,000)	
d. Case #4 - Changed Regulation - Bicycle Lane Maintenance - 2019 Net Impact \$408	
e. Case #5 - Cost Driver and Changed Regulation - Additional Land Ambulance Resources - 2019 Net Impact \$590	
f. Case #6 - Cost Driver - Safeguard Program-London Police Service - 2019 Net Impact \$161	
g. Case # 7 - New Council Direction - London Children's Museum Funding Request - 2019 Net Impact \$0	

- h. Case #13 - New Council Direction - Subsidized Transit for Seniors (as resolved at the Civic Works Committee - December 11, 2018) - 2019 Net Impact \$285

#### 4.2 Review of Capital Budget Amendments (rounded to the closest \$1,000)

- a. Case #8 - London Convention Centre-Realign 10 Year Capital Plan - Net Impact \$1,857 (2019), \$(2,489) (2020-2025)
- b. Case #9 - Covent Garden Market Garage Painting - Net Impact \$50 (2019), \$52 (2020-2025)
- c. Case #10 - Masonville Transit Village Secondary Plan - Net \$75 (2019)
- d. Case #11 - Project Estimate Updates-Growth Transportation Capital Projects - Net Impact \$(1,325) (2019), \$23,970 (2020-2025)
- e. Case #12 - Realignment of Growth Transportation Capital Projects - Net Impact \$(6,833) (2019), \$6,833 (2020-2025)

#### 4.3 Reconciliation of the Tabled Budget

Recommendation: That the reconciliation of the tabled budget to the Public Sector Accounting Board financial statement budget BE RECEIVED for information.

#### 4.4 Operating Budget

Recommendation: That in accordance with section 291(4)(c) of the Municipal Act 2001, as amended, the revised 2019 tax levy BE READOPTED in the gross amount of \$XX and in the net amount of \$XX.

#### 4.5 Capital Budget

Recommendation: That in accordance with section 291(4)(c) of the Municipal Act 2001, as amended, the following actions be taken with respect to the capital budget:

- a) the revised 2019 capital budget BE READOPTED in the amount of \$XX; and
- b) the revised 2020-2025 capital forecast BE APPROVED in principle in the amount of \$XX.

#### 4.6 Reserves and Reserve Funds Overview

Recommendation: That the Reserves and Reserve Funds Overview BE APPROVED; it being noted projections are subject to annual review and adjustment.

#### 4.7 By-laws regarding Operating and Capital Budgets

Recommendation: That the Civic Administration BE DIRECTED to bring forward any necessary by-laws regarding the operating and capital budgets for introduction at Municipal Council on February 12, 2019.

4.8 2019 Tax Levy

Recommendation: That the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the City Clerk BE INSTRUCTED to prepare the 2019 Tax Levy By-law for introduction and enactment by the Municipal Council at the appropriate time.

4.9 Water – Review of 2019 Capital Budget Amendments – (rounded to the closest \$1,000)

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Case #1 – Arva Huron Watermain Environmental Assessment - Net Impact \$600 (2019)

Case #2 – New Watermain Pond Mills Road - Net Impact \$585 (2019)

Case #3 – Arva Pumping Station Upgrade - Net Impact \$(332) (2019), \$332 (2020-2025)

Case #4 – New Watermain Summercrest Southdale - Net Impact \$(1,131) (2019), \$1,131 (2020-2025)

4.10 Reconciliation of the Tabled Water Budget

Recommendation: That the reconciliation of the tabled Water budget to the Public Sector Accounting Board financial statement budget BE RECEIVED for information.

4.11 Water Operating Budget – Annual Rate Increase (to be confirmed)

Recommendation: That in accordance with section 29(4)(c) of the Municipal Act, 2001, the Water Operating budget reflecting an annual rate increase of 3% for the 2019 period BE READOPTED with no net change.

4.12 Water Capital Budget

Recommendation: That in accordance with section 291(4)(c) of the Municipal Act, 2001, the following actions be taken with respect to the Water Capital budget:

a) the revised 2019 capital budget BE READOPTED in the amount of \$XX; and

b) the revised 2020-2025 capital forecast BE APPROVED in principle in the amount of \$XX.

4.13 Water Reserves and Reserve Funds Overview

Recommendation: That the Water Reserves and Reserve Funds Overview BE APPROVED; it being noted projections are subject to annual review and adjustment.

4.14 Wastewater & Treatment – Capital Budget Amendments (rounded to the closest \$1,000)

Case #5 – Erosion Remediation in Open Watercourses Management and Reclamation - Net Impact \$320 (2019)

Case #6 – Replacement of Equipment Wastewater Treatment Plants - Net Impact \$690 (2019)

Case #7 – Dingman Creek and other Stream Remediation - Net Impact \$(1,796) (2019), \$1,796 (2020-2025)

Case #8 – Dingman Creek Main Channel Remediation Works - Net Impact \$(2,300) (2019), \$2,300 (2020-2025)

Case #9 – Dingman Creek on-line SWM Facility #2 - Net Impact \$(4,290) (2019), \$4,290 (2020-2025)

Case #10 – Carling Creek Trunk Storm Sewer Phase IV - Net Impact \$(1,350) (2019), \$1450 (2020-2025)

4.15 Reconciliation of the Tabled Wastewater & Treatment Budget

Recommendation: That the reconciliation of the tabled Wastewater & Treatment budget to the Public Sector Accounting Board financial statement budget BE RECEIVED for information.

4.16 Wastewater & Treatment Operating Budget – Annual Rate Increase (to be confirmed)

Recommendation: That in accordance with section 291(4)(c) of the Municipal Act, 2001, the Wastewater & Treatment Operating budget reflecting an annual rate increase of 3% for the 2019 period BE READOPTED with no net change.

4.17 Wastewater & Treatment Capital Budget

Recommendation: That in accordance with section 291(4)(c) of the Municipal Act, 2001, the following actions be taken with respect to the Wastewater & Treatment Capital budget:

a) the revised 2019 capital budget BE READOPTED in the amount of \$XX; and

b) the revised 2020-2025 capital forecast BE APPROVED in principle in the amount of \$XX.

4.18 Wastewater & Treatment Reserves and Reserve Funds Overview

Recommendation: That the Wastewater & Treatment Reserves and Reserve Funds Overview BE APPROVED; it being noted projections are subject to annual review and adjustment.

**5. Deferred Matters/Additional Business**

5.1 ADDED - City Budget 2019 - Recommendations

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**6. Confidential**

**7. Adjournment**

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON JANUARY 24, 2019</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>2019 ANNUAL BUDGET UPDATE – PUBLIC ENGAGEMENT</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report regarding public engagement for the 2019 Multi-Year Budget Update **BE RECEIVED** for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Strategic Priorities and Policy Committee, June 25, 2018, agenda item 2.1, 2019 Budget Schedule  
<https://pub-london.escribemeetings.com/FileStream.ashx?DocumentId=46822>

<b>2015-2019 STRATEGIC PLAN</b>
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The 2019 Annual Budget Update public engagement strategy advances the following areas of focus and objectives of Council’s 2015-2019 Strategic Plan:

- Leading in Public Service
  1. Open, accountable and responsive government
    - A) Make community engagement a priority. Make the public a partner who has access to our information and helps make decisions with Council.
    - B) Improve the City of London website so people can find what they want, when they want it and how they want it.
  4. Collaborative, engaged leadership
    - B) Maximize openness and transparency in Council decision making.

<b>BACKGROUND</b>
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In the lead up to London’s first Multi-Year Budget (2016-2019), extensive public engagement occurred to identify the financial priorities of Londoners and to promote participation in civic government. Public feedback received was communicated to Council, unedited by Staff, to assist with budget deliberations.

In the annual update years of the multi-year budget (2017-2019), the public engagement strategy involves educating Londoners on the multi-year budget process, reminding them of the average annual tax levy increase approved for the 2016-2019 Multi-Year Budget period, and demonstrating how the annual amendments could impact the tax levy.

The public engagement and education strategy undertaken during the annual budget updates of the multi-year budget period will also help provide a foundation of knowledge and information for the upcoming 2020-2023 Multi-Year Budget.

The 2019 Annual Budget Update engagement process included a formal process for input on new budget requests and budget amendments at the Public Participation Meeting held on January 17, 2019. Londoners were also able to utilize informal channels like phone, email, social media, and conversations with staff at the Budget Open House and community group meetings

to ask questions and/or provide voluntary input on the budget process or amendments.

The public engagement strategy for the 2019 Annual Budget Update included the following channels:

1. Website (london.ca/budget);
2. Budget Open House (hosted on January 9, 2019);
3. Budget Discussions with Community Groups (Urban League meeting held on January 10, 2019 and Chamber of Commerce presentation held on January 11, 2019);
4. Public Participation Meeting (PPM) (held on January 17, 2019); and
5. Social media (Twitter/Facebook), e-mail (budget@london.ca), and phone calls (519-661-4638)

**Budget Feedback**

1. Website

Civic Administration utilized the City of London website to educate the public on the 2019 Annual Budget Update. A dedicated webpage was created to provide general information on the 2019 Update, budget amendment cases, and Water and Wastewater & Treatment budgets. (<http://www.london.ca/city-hall/budget-business/budget/Pages/2017-Multi-Year-Budget-Update.aspx>)

The webpage summarizes the recommendations found in the 2019 Annual Budget Update so that visitors are able to quickly understand the amendments that have been presented to Council for approval. If members of the public wish to explore the details of the budget update, links to the draft Tax Supported Budget, draft budget amendment cases and draft Water and Wastewater & Treatment budgets are also available on the webpage.

Additionally, users were able to explore other webpages for information, such as the 2016-2019 Council-approved Multi-Year Budget, Budget Basics, the Property Tax Calculator and Finance Flicks. The 2019 Annual Budget Update page was featured on the City of London website’s main page throughout the budget process.

Contact information for the Finance team (email and phone) is listed on the webpage so that any questions or comments can be answered by staff.

During the time period of December 3, 2018 to January 16, 2019, the london.ca/budget webpage had 451 unique visitors, 700 visits and 1,094 page views:

<b>Webpage</b>	<b>Visits</b>	<b>Page Views</b>
• 2016-2019 Council Approved Multi-Year Budget & Highlights	228	315
• Property Tax Calculator	964	1,050
• 2019 Annual Budget Update	367	485
• Budget Basics	98	115
• Finance Flicks	28	30
• Past Budgets	37	49
• Annual Budget Update – Key Dates	68	82

## 2. Budget Open House (hosted on January 9, 2019)

This year Civic Administration hosted a Budget Open House at the BMO Centre on January 9, 2019. The open house invited Londoners to come and learn about the Multi-Year Budget process and the 2019 Annual Budget Update. The open house was structured as an informal “drop-in” where Londoners could learn more about the Multi-Year Budget and changes proposed for the 2019 Update. Members of the community could view fourteen poster boards that “told the story” of the multi-year budget process, benefits of multi-year budgeting, the approved average annual tax levy, the annual and daily tax levy impact by service area, and the amendments found in the 2019 Annual Budget Update.

The Budget Open House presented a unique setting where community members were able to converse and engage directly with Finance staff, members of the Senior Management Team (SMT) and some Council members.

The Budget Open House was advertised through the following methods:

- Social Media and Facebook ads
- London.ca/budget
- Homepage image on london.ca
- E-newsletter
- Advertised in Londoner, London Free Press and Latino! Magazine
- Digital billboards at three locations in the city
- On-screen at breaks in Council meetings and at all Community Centres
- Posters distributed throughout City facilities and libraries
- Media release following budget tabling

Attendance at the Budget Open House was limited; eleven members of the community attended and provided feedback, however, this is an increase from the total of seven members which attended the two open houses held in November 2017 for the 2018 Annual Budget Update. Issues and questions raised by attendees are provided in **Appendix A**.

## 3. Budget Discussions (held on January 10 &11, 2019)

On January 10, 2019, Civic Administration held a budget discussion meeting with The Urban League of London at Wich is Wich in downtown London. Senior Finance staff provided a presentation on the 2019 Annual Budget Update and answered questions from attendees. A total of 18 people participated in the event. Feedback received from The Urban League of London is provided in **Appendix B**.

Senior Finance staff held another budget discussion meeting on January 11, 2019 where a presentation was made by the Director of Financial Planning and Business Support and City Treasurer to the Chamber of Commerce on the 2019 Annual Budget Update. This presentation was made to the Chamber’s Government Affairs Committee with approximately 15 members in attendance. Feedback and questions received from the Chamber are provided in **Appendix C**.

## 4. Public Participation Meeting (PPM)

The Public Participation Meeting (PPM) provided Londoners an opportunity to address the Strategic Priorities and Policy Committee (SPPC) in Council Chambers. Written submissions for the PPM can be viewed on the City website under the meeting agenda for SPPC on January 24, 2019. The PPM was advertised through the same methods as the Budget Open House listed above.

## 5. Social Media, Email, and Phone Calls

Staff utilized the City’s Twitter and Facebook accounts to educate Londoners on the 2019 Annual Budget Update. Information was provided regarding where to access budget resources and budget education tools (e.g., “Finance Flicks” and the “Property Tax Calculator”). Additionally, social media was used to advertise the 2019 Annual Budget Update webpage, the Budget Open House and the Public Participation Meeting.

Social media messages were posted to the City social media channels several times a week over the duration of the 2019 Annual Budget Update process. The City of London Twitter account has 51,566 followers and the Facebook page has 29,988 likes. The City’s budget email received four emails throughout the 2019 Annual Budget Update from December 3, 2018 to January 16, 2019.

Feedback received from the City’s budget email and social media is provided in **Appendix D**.

**Analysis**

For the 2019 Annual Budget Update, staff examined new ways to reduce barriers to public engagement for Londoners. The following are some examples of how public engagement efforts were improved for the 2019 Annual Budget Update:

- The Budget Open House was hosted on one day at a more central location;
- Digital Billboards have been used for advertising this year in three different locations;
- Additional detail was added to the annual budget update this year to provide a recap of the 2016-2019 Multi-Year Budget and to explain the effects of the annual updates and amendments that have been brought forward as part of the process;
- More poster boards were presented at the public engagement events and they were well-received by the attendees as they were informative and meaningful; and,
- Social Media “Fun Facts” have been posted throughout the 2019 Annual Budget Update process with graphics highlighting the portion of the average tax bill allocated to certain programs and services provided by the City.

**Summary**

Public engagement continues to play an important role in the budget process in London. In the lead up to a new Multi-Year Budget, a more extensive, in-depth engagement strategy is deployed by Civic Administration. In the year of an annual update, the public engagement strategy aims to educate the public and encourage more involvement in the budget process. For the 2019 Annual Budget Update, the public engagement vehicles focused on educating Londoners on the Multi-Year Budget process and the 2019 Budget Amendments.

**Acknowledgements**

This report was prepared with the assistance of the 2019 Annual Budget Update public engagement team from Financial Planning & Policy (Anita Hodgins) and Communications (Dana Wachter).

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## APPENDIX A

### BUDGET OPEN HOUSE FEEDBACK

- What are the big themes of the 2019 Budget Update?
- Help me understand what the Multi-Year Budget (MYB) process and the 2019 Annual Budget Update mean to me as a tax payer?
- Does the budget include infrastructure costs as well, such as roads?
- Does the budget include all my costs related to my property (e. Electricity, Water, Gas)? What specific components of my home ownership costs does the budget speak to?
- What are the next steps of approval of the budget? What is the Public Participation Meeting (PPM)? What is the format and where is it?
- How do I have a say or get involved in influencing the budget?
- What other opportunities are there to provide formal public input?
- Feedback on the MYB process and link to the Strategic Plan was positive.
- What are the advantages of MYB, and is Council going to continue developing MYB's? The Benefits of Multi-Year Budgeting board on display was very helpful.
- One participant asked for an overview of the MYB process. They questioned what the process will be for the next MYB and subsequent annual updates. The importance of priority setting via the Strategic Plan development in February 2019 was stressed.
- Discussion was had regarding the MYB process and specifically how annual changes are accommodated. The long-term view of the MYB process was viewed as positive noting specifically that the alignment between the Strategic Plan and the MYB provides certainty around the projects that will be implemented over the four year period allowing for less "ad hoc" changes from year to year.
- Additional details were requested with respect to the City's joint venture in Budweiser Gardens noting that there are concerns as to whether the City's share is materializing as projected or becoming an additional ask of the tax payer to support it.
- Discussion was had regarding the link between a tax levy increase required to accommodate the City's net expenditure budget, assessed home values via MPAC versus market sale prices, and the City's Tax Policy decisions that occur annually.
- What is the Capital Financing category comprised of?
- Discussed the City's approach to capital budgeting that relies on 10 and 20 year plans to build the City's 10-year capital plan. Viewed as positive that this process has rigor and that the project detail records for all capital projects are available on the City's website.
- With respect to the capital budget amendment cases, it was noted that it is positive to see that these are primarily timing changes from the original MYB and minor things that have occurred versus large "ad hoc" or unplanned changes in direction.
- It was clarified that the funding for capital amendment cases 8 and 9 are funded from own source reserve funds held by the London Convention Centre and Convent Garden Market.
- If capital projects are being deferred, why aren't the property taxes collected for those projects being returned to taxpayers?
- Where can I find information on actual performance on the capital plan for this budget cycle?
- Do the growth capital projects have an impact on the taxpayer supported budget when they are deferred?
- What are the non-tax sources of funding for growth capital projects?
- What happened to capital projects that were anticipated to be funded with cap and trade grants?
- What is the property tax supported budget for development incentives? What payback do they have on my property taxes?
- What is the assessment growth policy?

- How does assessment growth funding impact my property taxes?
- Has a final decision been made on BRT yet? Where is BRT budgeted? Are there any operating costs associated with BRT for 2019? Will there be any applications made regarding BRT prior to the next MYB?
- Will the next MYB include BRT costs?
- One participant questioned whether the BRT cost included work to be done on the water and wastewater infrastructure under the roads. It was clarified that where required costs to update this infrastructure was included in the scope of the project.
- What is the City doing regarding changes to Provincial funding?
- Does the budget account for climate change? How does the budget consider future generations as it relates to climate change/the environment?
- Where do I find service review savings? What is the City doing to create efficiencies and find savings in expenditures?
- What are debt servicing costs and how are they managed?
- How are investment interest earnings performing compared to the debt interest charges? How is each doing against budget?
- How do we provide our input on where new investment should be directed?
- Although The Budget Open House was hosted at the BMO Centre, which is a central location, some comments were made about the difficulty in getting there via public transit.
- Comments were made suggesting to drop the 2019 tax levy increase from 2.7% to 2.5% or less, via Council direction and City of London support (drop programs if required).
- Does Water and Wastewater & Treatment have its own Board of Directors?
- Feedback received suggesting to drop Water and Wastewater & Treatment rate increases from 3% to 2.5% or less.
- Where is the annual Hydro dividend in the City's budget? What is it used for?
- Suggestions made to make City sewer and related infrastructure a standalone entity such as the London Transit Commission or London Hydro with full oversight.
- What is included in Social and Community Support services?
- How is Ontario Works delivered?
- What is meant by the Economic Prosperity category?
- The graphic that shows the cost per day and cost per year for each of the services is extremely helpful and meaningful.
- In the 2016-2019 MYB, total sources of operating revenues were \$3.5 billion, including \$794 million (23%) in grants and subsidies. (Proposed Budget 2016-2019, p. 30) What is the breakdown of grants and subsidies by source?
- In the 2016-2019 MYB, is there still a \$5 million "corporate contingency" for labour built into operating budget each year? (Proposed Budget 2016-2019, p. 32)
- In the 2016-2019 MYB, there is a graph showing the plan to reduce and eliminate the use of debt for lifecycle capital project (Proposed Budget 2016-2019, p. 42). Is this on track?
- In the 2016-2019 MYB, there is a strategic investment for the Thames Valley Corridor Plan, specifically to fill the gaps in the north branch from Richmond to Adelaide Street (Proposed Budget 2016-2019, p. 48 and 51). The amounts are \$1.2 million (debt) in 2016 and \$2.4 M for 2020-2025? What is the status of this project?
- In the 2016-2019 MYB, as of the end of 2015, debt was \$334.1 million, authorized but not issued debt \$234.5 million, for a total potential debt of \$568.6 million (Proposed Budget 2016-2019, p. 250), what is the status now?
- In the 2016-2019 MYB, the "forecasted debt repayments are calculated over a 10-year term using interest rates ranging from 3.3% to 4.8% from 2016 to 2019" (Proposed Budget 2016-2019, p. 250). In 2018 when the City issued debt, "The issue of serial debentures is structured with coupon rates ranging from 1.85% to 3.1% from one to ten years and a net all-in-rate of 2.976% (includes fiscal agency fees) over the 10-year term." (2018 Debt Issuance Update – Corporate Services Committee (March 5, 2018)). Ontario recently floated 10 year

at 2.4%, AND at same time, forecasting a drop in interest on working capital due to lower interest rates. How did this mix of information get built into 2019 Annual Update?

- Also, what is the change in exchange rate since the original 2016-2019 budget and the impact on costs information services and software?
- In the 2016-2019 MYB, there is a planned contribution to the Economic Development Reserve Fund of \$5.9 million each year from 2016-2019 (Proposed Budget 2016-2019, p. 240 and p. 247). The projected balance goes from \$12.5 million at the end of 2016 to \$33 million at the end of 2025. The bulk of the drawdowns are used for industrial servicing and Fanshawe College. Is the City still forecasting the same draws and ending balance?
- In the 2016-2019 MYB, there is a strategic investment for the Back to the River project (Approved 2016-2019 Budget – page 24). Only \$700,000 was approved in 2016 as a draw from the Economic Development Reserve Fund (funded from the London Hydro special dividend). Was there nothing after that? What is the status of this project?
- In the 2016-2019 MYB, there is a planned contribution to the DC incentive reserve funds in 2019 as follows: (Proposed Budget 2016-2019, p. 244). Are these the current planned contributions?
  - Industrial DC Incentive RF - \$2,067,000
  - Institutional DC Incentive RF - \$3,725,000
  - Residential DC Incentive RF - \$2,620,000
- Capital project TS1136 Philip Aziz and Western Road – Improvements Huron College to Platt's Lane (\$9.8 million) - what is the status of this project?
- Capital project PP1091 Replacement and Relocation of Fire Training Tower - is this project still planned for 2020 to 2025?
- Capital project PD204316 New Major Open Space Network – what is the status of the trail to Kains from Springbank?
- In the 2016-2019 MYB, there is a \$70 million reserve for PUC Environmental Reserve (Proposed Budget 2016-2019, p. 555). There is a \$1 million draw each year. Is this reserve still needed? Should it be restricted?
- Woodlot Acquisition Reserve Fund - thought this was changed to allow draws for invasive species management? Has that happened since budget passed and use of fund changed?
- What is the status of capital project PD225316 – New Environmentally Sensitive Areas, (Meadowlilly East (Sifton)) - \$25,000 approved in 2019?

## APPENDIX B

### URBAN LEAGUE BUDGET DISCUSSION FEEDBACK

- How are the various budgets looked at together given the capital budget is 10 years, Water/Wastewater & Treatment is 20 years out while we have a four-year operating budget?
- Is the budget final now? Is it set in stone or are there opportunities for changes?
- How does the budget incorporate future wage increases?
- A question was asked pertaining to budget amendment case #2 wanting to know if it was too late to communicate with their Councillor that they would like to keep the planned increase in the City's minimum wage to \$15 per hour. A comment was made that most of the employees impacted by this budget decrease are seasonal, student employees (e.g. lifeguards, park and rec, etc.) for who this extra money could be helpful throughout the year.
- If there isn't a reduction in minimum wage, is there an impact across the corporation from a compensation evaluation for all employees?
- Can we put the minimum wages savings back into the budget? Is this something that Council will be looking into?
- Is the Federal and Provincial funding guaranteed and finalized for BRT? What contingency plan exists if one of those sources of funding doesn't come through or certain costs aren't deemed eligible?
- Can we receive more information regarding the confidential amendment?
- How do I influence the budget more?
- Some comments were made that Rent-Geared-to-Income (RGI) units should be made a priority in London. Many citizens are in dire need of RGI units however, there are not enough of them available. Other comments were made suggesting to use old vacant buildings owned by the City for RGI units. It was also mentioned Affordable Housing has been a hot topic in the past few months, however, there has not been enough focus on the need for RGI units. Questions were raised about defining Affordable Housing.
- General comments were made about how the format of the documents aren't necessarily user friendly – heavy on spreadsheets and figures. It was communicated that spreadsheets alone do not tell the story of impacted citizens. Additional context to the numbers and what increases or decreases in funding mean in real world terms would be helpful within the budget. (e.g. if we decrease funding in this area, X number of children's programs will be impacted). "It's really easy to cut dollars from a budget but more difficult when those dollars are directly explained with a level of service to the community."
- It was suggested that the City look to include more "data visualization" tools on the website; the type that shows graphically, without numbers, the impact of changing financial support for different areas.
- It was suggested that engagement be more proactive and available throughout the year versus specific times once we already have the budget prepared. Proactive engagement could help with presentation of the figures, telling the story, etc. It was also suggested that these public engagement meetings take place all day, rather than a couple of hours in the evening, as some people feel they are rushing after work to attend these meetings and don't feel they have enough time to ask all their questions.
- It was suggested that more avenues for engagement would help improve turnout/responses, e.g. budget website would be the minimum expectation. It was communicated that we also have other online budget tools and things like finance flicks available to help understand difficult topics in municipal finance.
- It was raised that there needs to be an easier way to find the budget information an individual cares about, e.g. Parks, in the information that is provided in the budget document; something with a "key word search" that would direct the user to the correct section of the budget.
- It was communicated that it would help to have more avenues for input for individuals who are not comfortable speaking in public or may be intimidated speaking to professional

accountants or engineers on staff. Not everyone is comfortable giving their feedback the same way, despite possibly sharing a desire to do so.

- There was general support for some presentation material where cost per household per day for City services was shown. Noted that things like this help communicate in terms citizens understand.
- When looking at Average Annual Rate Payer Impact in the annual budget updates, why is the assessed value of \$221,000 in 2015 for property owners used for years 2016-2019?
- Questions were raised about whether Merrymount Family Support and Crisis Centre will be receiving additional funding to help to assist in providing all their services.
- Can we look at changing the language around homeowners/rate payers, possibly think of a more inclusive term?
- A lot of positive feedback was received on the 2016-2019 average daily and annual budget allocations for Municipal services.

## APPENDIX C

### Chamber of Commerce Presentation

- The Chamber is comfortable with the 2.7% tax levy increase. They generally like to see tax increases below the sum of population growth (~1%) and inflation (~2%) – i.e. less than 3% in total.
- The Chamber is very supportive of the long-term planning focus resulting from the multi-year budget process.
- It would be helpful to show how London compares to others on an all-in basis (including property taxes, education taxes, water & wastewater charges).
- How are new, recent requests (e.g. snow clearing standards, Merrymount Children's Centre, seniors' transit subsidy) expected to affect the 2019 Budget and 2020-2023 Multi-Year Budget?
- Is the City exploring the potential sale of surplus City assets?
- Is the City looking at opportunities for process improvement/efficiencies?
- Are there any budget issues expected to have a significant impact specifically on businesses and what would that impact be?
- What will be the impact of the recently released Auditor General's report, particularly on the delivery of social assistance?
- In relation to the Land Ambulance budget amendment, what is being done to address off-load delays at the hospitals?

**APPENDIX D**

**SOCIAL MEDIA AND EMAIL FEEDBACK (received December 3, 2018 to January 16, 2019)**

<p>Emails sent to <a href="mailto:budget@london.ca">budget@london.ca</a></p>
<ul style="list-style-type: none"> <li>• What was the rationale for adding 10 staff to Water &amp; Sewer Team in 2018 and going forward to 2019 &amp; beyond?</li> <li>• What portion of this staff add was previously contracted out services such as vacuuming maintenance of storm sewers?</li> <li>• 42 % of the Water &amp; Sewer revenue (my bills) is transferred to "Financing Charges" - most of this seems to walk to P21PDF - Transfers to Capital &amp; Reserve Funds. I would like to be able to walk / compare the original budgets in this category (Cap &amp; Reserve Fund Actuals vs Budget) from 2016 to 2018 (Estimated actual fine) to determine budgeting performance accuracy / cum impact and I can't from P19PDF . Can you help here please with a wee table? At this point all I see is continuous deferrals of Cap Expenses, Increases in the Reserve &amp; Cap Funds balances and no relief in the amount collected.</li> <li>• Feedback = Very disturbed at the lack of forecast support from Ont / Fed / Senior Governments on things like Greenway Plant updates but I will share that with the Mayor at the Council MTG - he can partner @ anybody right !</li> </ul>
<ul style="list-style-type: none"> <li>• What is the average assessed value of a Single Family Residence (RTES category in think) in LDN in 2018 "all in" and what is the recommended \$ XXX annual 2019 tax increase based on this valuation? I and most Londoners have no frame of reference with respect to the assessed value shown on your website for 2015 year without the educational levy (MPAC or City Tax Bills show all in) and are only concerned about comparisons to last (2018) year not 2015 which is ancient history.</li> <li>• What is the change in &amp; total mil rate recommended for 2019 and what was is it in 2017 &amp; 2018?</li> <li>• What has Finance Team recommended to council as the 2019 tax rate increase to Council for just the RTES properties category of the 2.7 % rate recommended across the board for all property categories? I'm well aware this was way less than the total 2.8 % all in total approved for the past 2018 year.</li> <li>• I don't see any reference to the Annual Dividend revenue paid by London Hydro for 2019 in any of the summaries as revenue and offset to show how this is recommended to be used (Capital or OPS Budget offset).</li> <li>• In previous budgets I was able to identify the Total \$\$ in New Tax Revenue Forecast from NEW PROPERTIES ADDED the existing assessment base in the upcoming Budget Year (2019 this time) and how this revenue was recommended to be distributed across the OPS and/or Capital budget (often service improvements allocations references). Could you provide this please or a reference on where to find?</li> <li>• How much as a % of my/our annual tax \$\$ levy is budgeted to be funneled into reserve funds and how is this forecast to change over the next 5 years? Where do I find this as I see the huge list of non - BRT - \$\$\$ service improvements and cost growth here in the budget.</li> </ul> <p>I'll leave most of the Reserve Funds Q/A for the Public MTG but as feedback as I'm at a loss to see how any Londoner can garner an useful performance metrics on Planned Vs Actual based for this four (4) year budget cycle based on what has been offered which is all budget based and inventory of reserves only .</p>
<p>After reviewing the Highrise Boom LFPpress news (Nov 24) I need a bit of help with respect to the impact of this as a London Taxpayer; (I'm only interested in the core not SOHO &amp; East London BRT Corridor as I view the incentives as very positive there)</p> <ul style="list-style-type: none"> <li>• How much longer into the Council approved future are developers in the Down Town Core exempt from paying development fees through the DC Incentive Grant program?</li> </ul>

- When is the next public meeting scheduled for feedback / input and approval for this program?
- How do you measure (Metrics please) that the DC Incentive Grant Program in the core provides a meaningful future return for TAXPAYERS who are paying for this? (Not Developers)
- How do you measure that providing a DC Incentive Grant is mature or even required? Based on the recent surge of Development downtown @ 12 - 15 building permits pending and the strong economics of supply & demand, will they build anyway without the grant?
- What is your forecast /actuals for the total \$\$ by year in DC Incentive Grant's issued for the Downtown Core over the 2018, 2019, 2020 years and the impact of that on the reserve fund that taxpayers are expected to top up over this period? % Increase here welcome as well.

I plan to attend the Jan17 SPPC Budget MTG. Could you provide a backup document which was summarized into page 60 of the Draft Supported Budget -- Titled "Reserve & Reserve Funds Detail - Special Projects & New Initiatives" any time before noon this Thursday.

I need a clearer picture of what kind of individual programs this class of reserve funds are supporting and maybe some sense of why this might be forecasting a 50 % balance increase over the next 6 years.

### Facebook Comments

CITY POST: Save the date! January 9, from 6 p.m. - 8 p.m. at the BMO Centre (295 Rectory Street). Join city staff to learn about the multi-year budget process & hear which amendments may impact next year's budget. Register here: <https://bit.ly/2rOcT4J>

COMMENT: Does it mean another way to hike property taxes? Hoping to get more cops in our neighbourhood to curb break ins after the hike. Lol

COMMENT: Thanks for the heads up

CITY POST: City staff tabled the 2019 Annual Budget Update for the 2016-2019 Multi-Year Budget today. The draft budget proposes that property owners in London would see a tax rate increase in 2019 that would be lower than previously approved. Media release: <https://bit.ly/2rH2t6X>

COMMENT: Just Brown and political friends getting their payouts via BRT scam!

COMMENT: If no BRT why ask Ford for 140 million

COMMENT: Stop already

CITY POST: What do soccer and the city's Multi-Year Budget have in common? Tonight, it's the BMO Centre London! Join our finance team tonight from 6-8 p.m. for the Budget Update Open House to learn how your tax dollars may be spent in 2019. #LdnBudget

CITY POST: How are your tax dollars being spent, and what's the plan for 2019? Learn more at the Multi-Year Budget Update Open House. This Wednesday, Jan 9, BMO Centre London, 295 Rectory Street. 6-8 p.m. Let us know if you're coming! <https://bit.ly/2rOcT4J>

CITY POST: Your tax dollars support city programs and services like libraries! Hear about the 2019 budget at the Public Participation Meeting: 4 p.m. in Council Chambers this Thursday, January 17. #LdnBudget #LdnOnt

CITY POST: Did you know our city's budget was created to cover 2016-2019? #LdnOnt has a Multi-Year Budget, so yearly updates often mean smaller changes to the four-year plan. Learn more from our Finance Flicks! <https://bit.ly/2SSaJwD> #LdnBudget

CITY POST: Want to find out how much property tax you can expect to pay this year? Type your property assessment value into the new Tax Calculator found here: <https://bit.ly/2HdSZuu> #LdnBudget #LdnOnt

COMMENT: Increases every year, reflecting how house prices in London are overly inflated 😞

REPLY: Janice house prices are determined by market pressures. They also increase annually due to inflationary pressures.



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# EXECUTIVE SUMMARY

In 2016, the City of London moved away from the traditional annual budget process to a strategic multi-year budget framework that provides for greater linkages to Municipal Council's Strategic Plan with the budget period covering 2016 to 2019. In the first year of the multi-year budget process, Municipal Council approved an average annual increase from rates of 2.8% for the 2016-2019 Multi-Year Budget period. During the first and second annual update to the 2016-2019 Multi-Year Budget, the average annual increase from rates was maintained at 2.8%. The City of London is now in the third and final Annual Budget Update to the 2016-2019 Multi-Year Budget period.

The budget document contains a total of 12 budget amendments (seven operating, five capital), each supported by a Multi-Year Budget Amendment Case. Eleven of the budget amendments are being recommended by Civic Administration with one being submitted for Municipal Council's consideration. All of the capital budget amendments can be accommodated within the capital plan resulting in no impact to the tax levy. The operating budget amendments, excluding one, result in an impact to the tax levy. With these amendments the average annual increase from rates has decreased from the previously approved 2.8% to 2.7%.

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*Savings related to cancellation of the previously approved minimum wage increase and an "in-camera" corporate budget matter are resulting in a reduction to the previously approved tax levy increase for 2019, as well as the four year average annual tax levy increase.*

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In an effort to manage 2019 budget pressures from prior years, as requested by Municipal Council, Civic Administration has submitted a budget amendment to reduce the annual increase for 2019 from 3.2% to 2.9%. Civic Administration has been able to identify adjustments to revenue budgets to achieve this target.

Due to changes in legislation, Civic Administration is submitting two amendments. These amendments include the reversal of further increases in minimum wage in 2019 and changes in bicycle lane maintenance requirements. In addition, a confidential in-camera amendment is being brought forward. With these amendments only, the annual tax levy increase would be 2.6%. Two further amendments are submitted based on increased cost drivers. These are offsetting the previous tax levy decreases, bringing the 2019 annual tax levy increase and four year average increase both to 2.7%. The final operating amendment submitted for Council consideration has no impact on the tax levy.

**Table 1 - Recommended 2016-2019 Multi-Year Budget Highlights**  
*(includes all tabled budget amendments)*

**\$000's**

2019 Annual Budget Update	Approved				2016-2019 Total	2020-2025 Forecast
	2016 Budget	2017 Budget	2018 Budget	2019 Budget		
<b>Operating Budget</b>						
<b>Gross Expenditure Budget</b>	<b>840,957</b>	<b>887,114</b>	<b>943,535</b>	<b>949,017</b>	<b>3,620,623</b>	
<b>Net Budget (Tax Levy)</b>	<b>536,434</b>	<b>556,980</b>	<b>579,532</b>	<b>595,222</b>	<b>2,268,169</b>	
<b>Capital Budget By Classification</b>						
Lifecycle Renewal Expenditures	86,942	77,707	75,630	77,557	317,836	548,787
Growth Expenditures <sup>1</sup>	67,998	73,726	57,971	117,790	317,485	790,028
Service Improvements Expenditures	15,804	60,995	32,657	10,035	119,491	184,712
<b>Total Capital Gross Expenditures</b>	<b>170,744</b>	<b>212,428</b>	<b>166,258</b>	<b>205,382</b>	<b>754,812</b>	<b>1,523,527</b>

*Subject to Rounding*

Note:

1. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.

Throughout the 2016-2019 Multi-Year Budget period, the strategic investments and various budget amendments, including the 2019 Annual Budget Update, helped put London's 2015-2019 Strategic Plan into action while reducing the average annual tax levy increase that was approved for the initial 2016-2019 Multi-Year Budget period from 2.8% to 2.7%.

# RECOMMENDATIONS

ALL AMOUNTS REPORTED IN THOUSANDS (\$000's) AND ARE SUBJECT TO ROUNDING

## Property Tax Supported 2016-2019 Multi-Year Budget - 2019 Annual Budget Update

### Operating Budget Amendments

- a) That the following Multi-Year Budget Amendment Cases impacting the operating budget resulting from revenue/cost drivers, a corporate “in-camera” matter, and changes in regulations impacting the municipality **BE APPROVED**; it being noted that the 2016-2019 average annual tax levy increase would decrease from 2.8% to 2.7%.

<i>Operating Budget Amendment (Recommended - Revenue Driver)</i>			
Case #	Description	Budget Category	2019
<b>1</b>	<b>Adjustments to Reduce Tax Levy Increase to 2.9%.</b> Based on Council direction to reduce the 2019 tax levy increase to 2.9%, past revenue performance and current trends were reviewed through the 2018 service review process and the revenue budget can be increased in the following areas: tipping fees; licensing/ceremony fees; taxation office services fees; parking and court fees; new business licensing; and development services application fees.	Expenditure Inc/(Dec)	-
		Revenue (Inc)/Dec	(1,072)
		Net	(1,072)

<b>Operating Budget Amendment (Recommended - Changed Regulation)</b>			
Case #	Description	Budget Category	2019
2	<b>Cancellation of Planned 2019 Minimum Wage Increase</b> On November 21, 2018, Bill 47, <i>Making Ontario Open for Business Act, 2018</i> , received Royal Assent. This legislation includes the cancellation of the planned increase in the minimum wage for 2019; instead the minimum wage will remain at \$14.00/hour.	Expenditure Inc/(Dec)	(573)
		Revenue (Inc)/Dec	52
		Net	(521)

<b>Operating Budget Amendment (Recommended - "In-Camera")</b>			
Case #	Description	Budget Category	2019
3	<b>Confidential Matter - "In-Camera"</b> A matter pertaining to labour relations and employee negotiations, 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.	Expenditure Inc/(Dec)	(2,000)
		Revenue (Inc)/Dec	-
		Net	(2,000)

<b>Operating Budget Amendment (Recommended - Changed Regulation)</b>			
Case #	Description	Budget Category	2019
4	<b>Bicycle Lane Maintenance</b> Ontario regulation 239/02, Minimum Maintenance Standards for Municipal Highways, was amended and enacted on May 3, 2018. Increased maintenance is required to maintain the new standard for cycling in both summer and winter.	Expenditure Inc/(Dec)	408
		Revenue (Inc)/Dec	-
		Net	408

<b>Operating Budget Amendments (Recommended - Cost Driver)</b>			
Case #	Description	Budget Category	2019
5	<b>Additional Land Ambulance Resources</b> This budget amendment is driven by the steady increase in call volumes for Middlesex-London Paramedic Service, primarily within the City of London, as well as further investments required to mitigate organizational risk and meet changing Ministry of Health standards and requirements. Note that the portion of the budget increase related to call volumes is proposed to be funded by Assessment Growth funding in accordance with the City's Assessment Growth Policy.	Expenditure Inc/(Dec)	1,476
		Proposed Assessment Growth Funding	(886)
		Net	590
6	<b>London Police Service (LPS) - Safeguard Program</b> The resources for a full time psychologist and administrative support staff will facilitate expansion of the "safeguard" program to include all sworn and civilian members across LPS. The budget request represents half of the total requirement, based on the projected hire dates for the positions. The balance will be reflected in the 2020 LPS budget.	Expenditure Inc/(Dec)	161
		Revenue (Inc)/Dec	-
		Net	161
Total Net Budget Amendments - Cost Driver			751

b) That the following Multi-Year Budget Amendment Case impacting the operating budget resulting from new Council direction **BE CONSIDERED**; it being noted that the 2016-2019 Multi-Year Budget average annual tax levy increase would remain at 2.7%.

<b>Operating Budget Amendment (For Consideration - New Council Direction)</b>			
Case #	Description	Budget Category	2019
7	<b>London Children's Museum Funding Request</b> This amendment is a one-time \$2 million investment that will be a component of a broader \$13.9 million project to support the establishment of a new Children's Museum at 100 Kellogg Lane. Strategic use of the Economic Development Reserve Fund in 2019 resulting in no impact to the tax levy may be considered.	Expenditure Inc/(Dec)	2,000
		Revenue (Inc)/Dec	(2,000)
		Net	-

**Capital Budget Amendments**

- c) That the following actions be taken with regards to the Multi-Year Budget Amendment Cases impacting the capital budget, it being noted that financing can be accommodated within the capital plan without impacting the tax levy:
- i. Changes to the 2019 capital budget, representing a decrease of \$6.2 million **BE APPROVED**, and
  - ii. Changes to the 2020-2025 forecast period, representing an increase of \$28.4 million **BE APPROVED** in principle.

<b>Capital Budget Amendments - Lifecycle Renewal</b>				
Case #	Description	2019	2020 - 2025	Total
8	<b>London Convention Centre - Realign 10 year Capital Plan</b> <b>Rationale:</b> Advance timing of roof replacement project to align with other capital project schedules and minimize negative impacts on operations.	1,857	(2,489)	(632)
9	<b>Covent Garden Market Garage Painting</b> <b>Rationale:</b> Additional funding required to extend the useful life of deteriorating concrete in the Convent Garden Market parking garage.	50	52	102
<b>Total Budget Amendments - Lifecycle Renewal (LCR)</b>		<b>1,907</b>	<b>(2,437)</b>	<b>(530)</b>
<b>Total Tax Levy Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investments, it being noted that financing can be accommodated within the capital plan without impacting the tax levy.

<b>Capital Budget Amendments - Growth</b>				
Case #	Description	2019	2020 - 2025	Total
10	<b>Masonville Transit Village Secondary Plan</b> <b>Rationale:</b> The 2014 Development Charges Background Study provides funding for studies and projects to support future growth and development of the City. Rapid Transit Village Secondary Plans were identified as an eligible category of studies. This amendment establishes a capital account for the first study under this program that will provide the foundation for future redevelopment of the Masonville Transit Village; the northern terminus of the City's rapid transit system.	75	-	75
11	<b>Project Estimate Updates - Growth Transportation Capital Projects</b> <b>Rationale:</b> Changes to project estimates for transportation growth projects based on results of multiple environmental assessments completed in 2018 (Wharncliffe Rd. widening, Richmond/Fanshawe intersection, Hamilton/Highbury intersection).	(1,325)	23,970	22,645
12	<b>Realignment of Growth Transportation Capital Projects</b> <b>Rationale:</b> Changes to the timing of various transportation growth projects resulting in no additional funding requirement to the 10 year capital plan.	(6,833)	6,833	-
Total Budget Amendments - Growth (G)		(8,083)	30,803	22,720
Total Tax Levy Impact		-	-	-
<b>Total LCR/G Budget Amendments</b>		<b>(6,176)</b>	<b>28,366</b>	<b>22,190</b>
<b>Total Tax Levy Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investments, it being noted that financing can be accommodated within the capital plan without impacting the tax levy.



- iii. That the following capital budget adjustments only impacting the 2020-2025 forecast period **BE APPROVED** in principle, it being noted the changes to the forecast represent an increase of \$13.1 million.

<b>Capital Budget Amendments - 2020-2025</b>		
Description	2020 - 2025	Total
<p><b>Information Technology Services Capital Plan Changes - Lifecycle Renewal</b>  <b>Rationale:</b> Across the information technology industry, billing is moving to monthly costs per user. This transition reduces capital expenditure requests, but increases operating expenditures. The City of London's upgrade to the client based Office 365 follows this industry pattern resulting in this previously approved capital funding not being required.</p>	(1,060)	(1,060)
<p><b>Victoria Bridge Replacement - Lifecycle Renewal</b>  <b>Rationale:</b> At the June 19, 2018 Civic Works Committee meeting, Council approved the Environmental Study Report to replace Victoria Bridge on Ridout Street over the Thames River. The total project costs are estimated at \$14.1 million (\$10.8 million lifecycle; \$3.3 million growth).</p>	10,840	10,840
<p><b>Victoria Bridge - Active Transportation - Growth</b>  <b>Rationale:</b> At the June 19, 2018 Civic Works Committee meeting, Council approved the Environmental Study Report to replace Victoria Bridge on Ridout Street over the Thames River. The total project costs are estimated at \$14.1 million (\$10.8 million lifecycle; \$3.3 million growth).</p>	3,300	3,300
<b>Total Budget Adjustments</b>	<b>13,080</b>	<b>13,080</b>
<b>Total Tax Levy Impact</b>	<b>-</b>	<b>-</b>

Note: A budget amendment case is not required since these capital project adjustments do not impact the 2016-2019 Multi-Year Budget period.

### **Other Budget Recommendations**

- d) That the reconciliation of the tabled budget to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (Appendix F, page 64).
- e) That, in accordance with section 291(4)(c) of the Municipal Act 2001, as amended, the following actions be taken with respect to the operating budget (Appendix A, page 29):
  - i. The revised 2019 tax levy **BE READOPTED** in the gross amount of \$XX and in the net amount of \$XX.
- f) That, in accordance with section 291(4)(c) of the Municipal Act 2001, as amended, the following actions be taken with respect to the capital budget (Appendix C, page 49):
  - i. The revised 2019 capital budget **BE READOPTED** in the amount of \$XX.
  - ii. The revised 2020-2025 capital forecast **BE APPROVED** in principle in the amount of \$XX.
- g) That the Reserves and Reserve Funds Overview **BE APPROVED**; it being noted projections are subject to annual review and adjustment (Appendix D, page 56).
- h) That Civic Administration **BE DIRECTED** to bring forward any necessary by-laws regarding the operating and capital budgets for introduction at Municipal Council on February 12, 2019.
- i) That the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the City Clerk **BE INSTRUCTED** to prepare the 2019 Tax Levy By-law for introduction and enactment by the Municipal Council at the appropriate time.

# 2016-2019 MULTI-YEAR BUDGET RECAP

## **ON MARCH 10, 2016, MUNICIPAL COUNCIL APPROVED THE CITY'S FIRST EVER MULTI-YEAR BUDGET COVERING THE PERIOD FROM 2016-2019.**

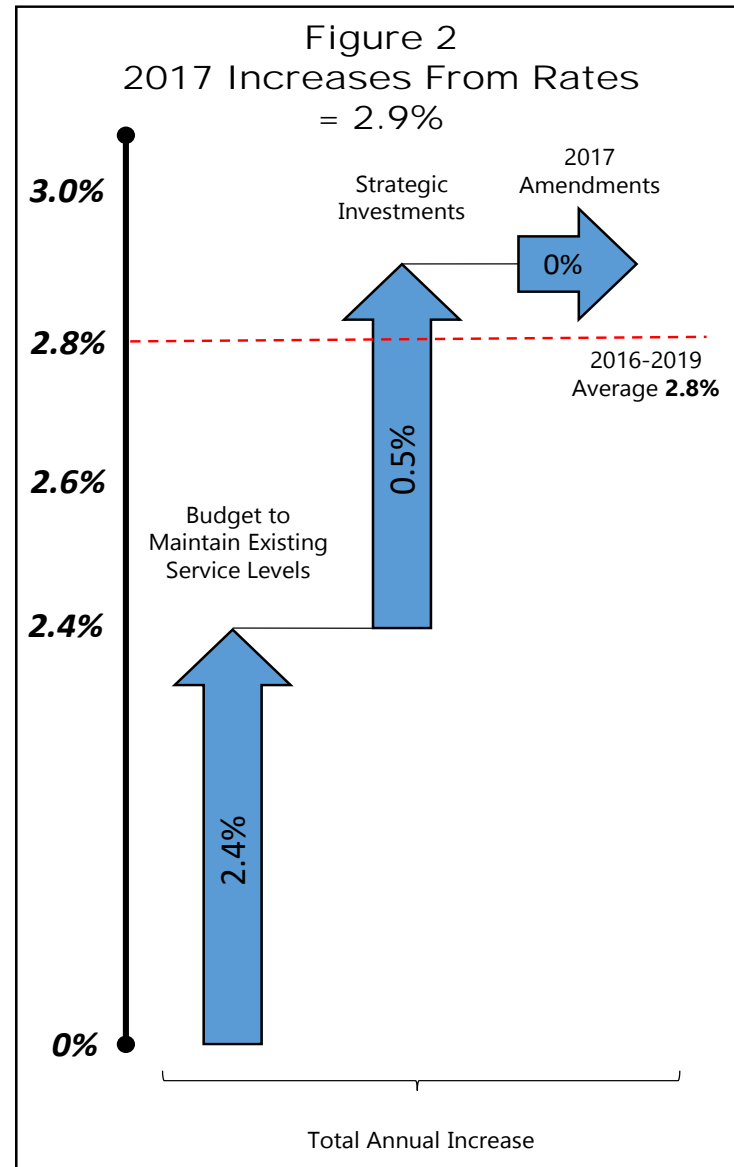
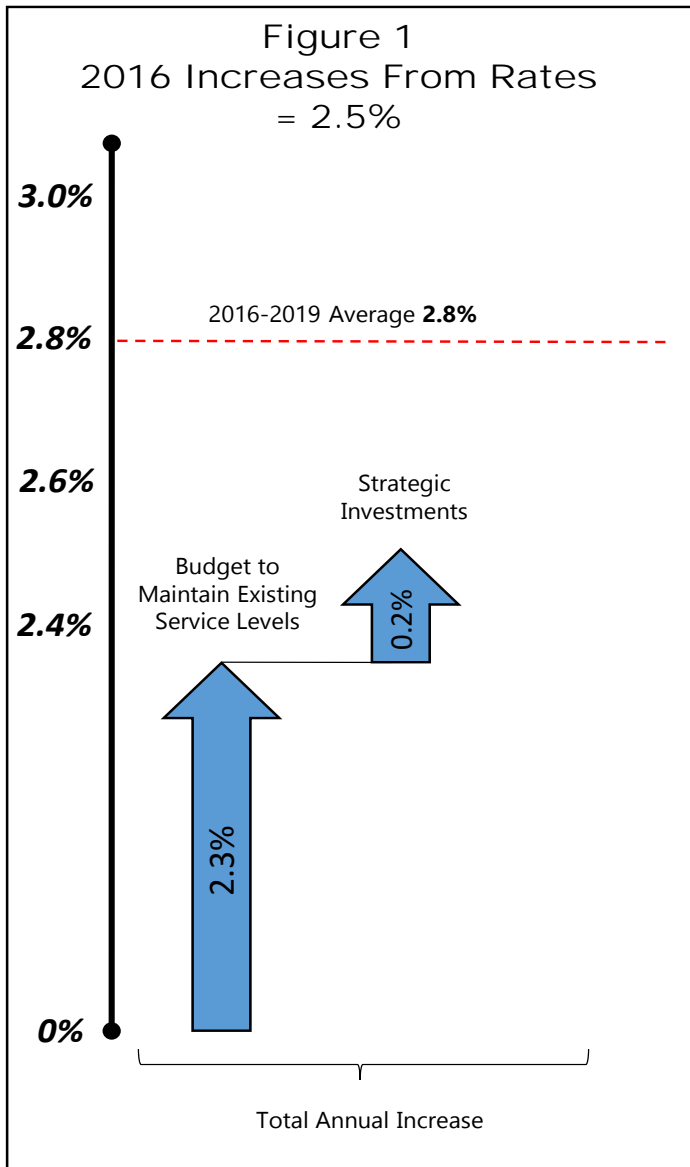
Municipal Council approved an average annual increase from rates of 2.8% for the 2016-2019 Multi-Year Budget. This was composed of a base operating budget average annual increase of 2.4% that was primarily to maintain existing service levels and an additional average annual increase of 0.4% to fund strategic investments. In total, 25 strategic investments with a total gross expenditure of \$47.8 million over the 2016-2019 period were approved.

Throughout the multi-year budget cycle, annual updates and amendments have been brought forward as part of the process. For the 2017 Annual Budget Update, 20 budget amendments were approved with a minimal tax levy increase and maintaining an average increase of 2.8%. The 2018 Annual Budget Update contained 22 approved budget amendments including savings from the phase out of the vacancy tax rebate program and 2018 assessment growth revenue in excess of costs to service growth helped alleviate the tax levy increase pressures. The average annual tax levy increase remained at 2.8% over the 2016-2019 Multi-Year Budget period.

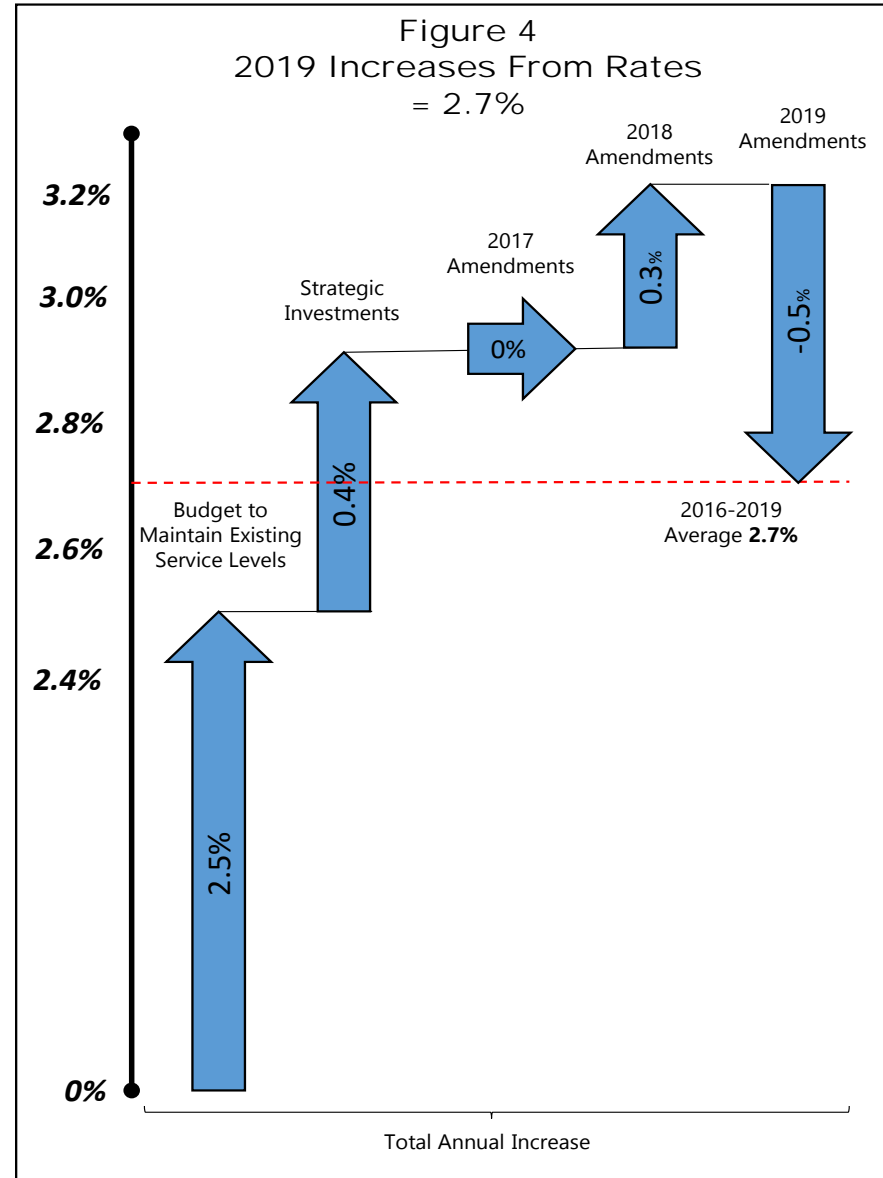
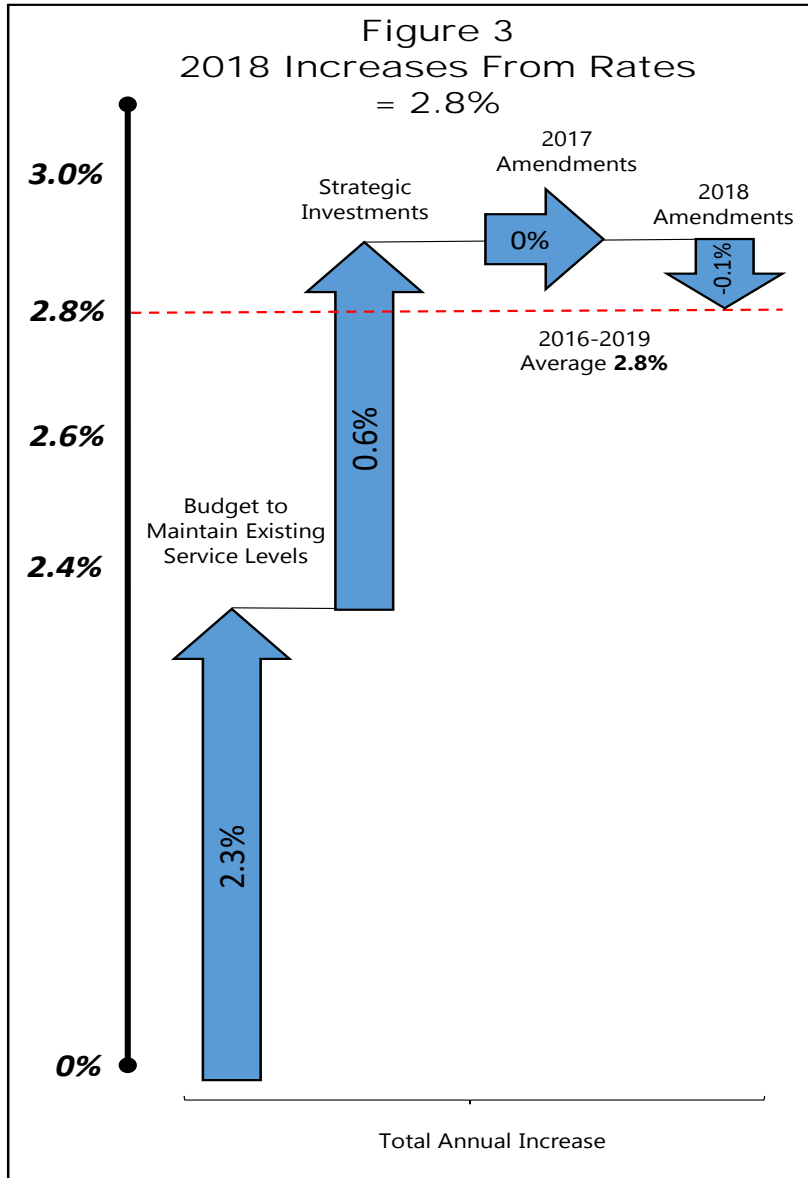
The tabled 2019 Annual Budget Update contains 12 budget amendments that include impacts from all three categories of amendments (changed legislation, cost driver, new Council direction). Taking into account the 2019 amendments, the four year average annual tax levy increase has been reduced from 2.8% to 2.7%.

As the Multi-Year Budget period progresses, the change in annual tax levy for each year has been determined by four major components: budget to maintain existing service levels; impact of strategic investments; flow through impacts of previous years' budget amendments and impact of current year budget amendments. As the City enters the final year of the 2016-2019 Multi-Year Budget period, the 2019 Annual Budget Update is impacted by all four categories. Appendix H contains a detailed and itemized breakdown of the strategic investments and budget amendments and their impacts throughout the 2016-2019 Multi-Year Budget.

Figures 1 and 2 illustrate the major components of the 2016 and 2017 tax levy increases.



Figures 3 and 4 illustrate the major components of the 2018 and 2019 tax levy increases.



# 2019 BUDGET AMENDMENTS

Consistent with the 2017 and 2018 Annual Budget Updates, changes to the final year of the 2016-2019 Multi-Year Budget are being brought forward to provide flexibility to address special events or circumstances that require funding and resource adjustments. Each budget amendment is classified into the following three categories:

## 1. New or Changed Regulation

*A new or changed legislation or regulation with a financial impact to the municipality*

## 2. New Council Direction

*A new Council direction that has transpired after the approval of the Multi-Year Budget*

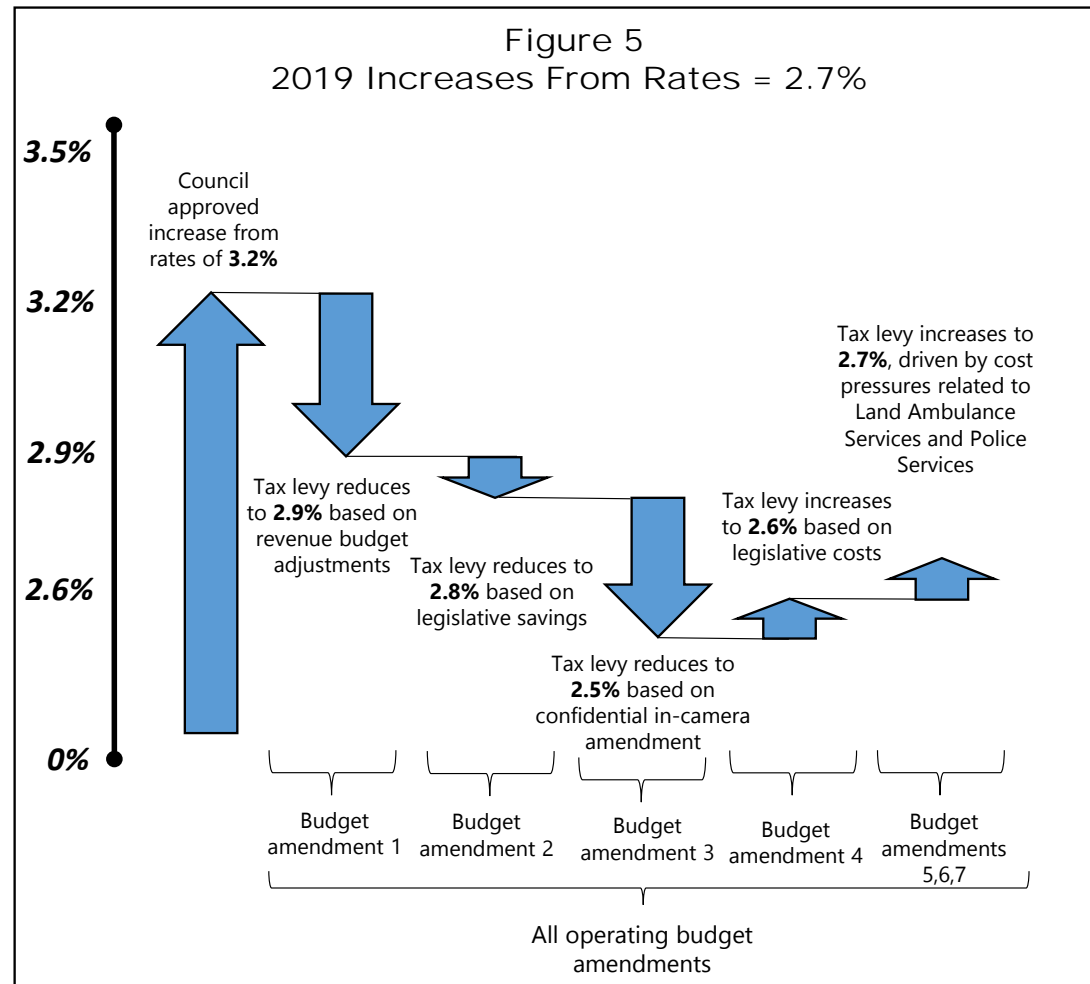
## 3. Cost or Revenue Driver

*A corporate or service area budget adjustment as a result of changes in economic conditions*

Each budget amendment that has an impact on the final year of the multi-year budget (2019) is supported by a multi-year budget amendment case that provides Municipal Council with the rationale for the amendment and the financial and staffing impacts.

The budget document contains a total of 12 budget amendments (seven operating, five capital). Of the recommended budget amendments, all of the capital budget amendments can be accommodated within the capital plan resulting in no impact to the tax levy. The operating budget amendments, excluding one, result in an impact to the tax levy.

The most significant changes to the tax levy are related to revenue budget amendments and a confidential “in-camera” matter. These changes bring the 2019 tax levy increase from the previously approved 3.2% down to 2.9% and 2.6% respectively. Two amendments regarding legislative changes (amendments 2 and 4) nearly offset each other resulting in a minimal tax levy impact. Partially offsetting the reductions are amendments 5 and 6 based on increased costs, bringing the tax levy increase to 2.7%. Budget amendment 7 has no impact to the tax levy, if approved by Council. With these amendments, the average annual tax levy increase for the 2016-2019 Multi-Year Budget period has been reduced from the previously approved 2.8% to 2.7%.



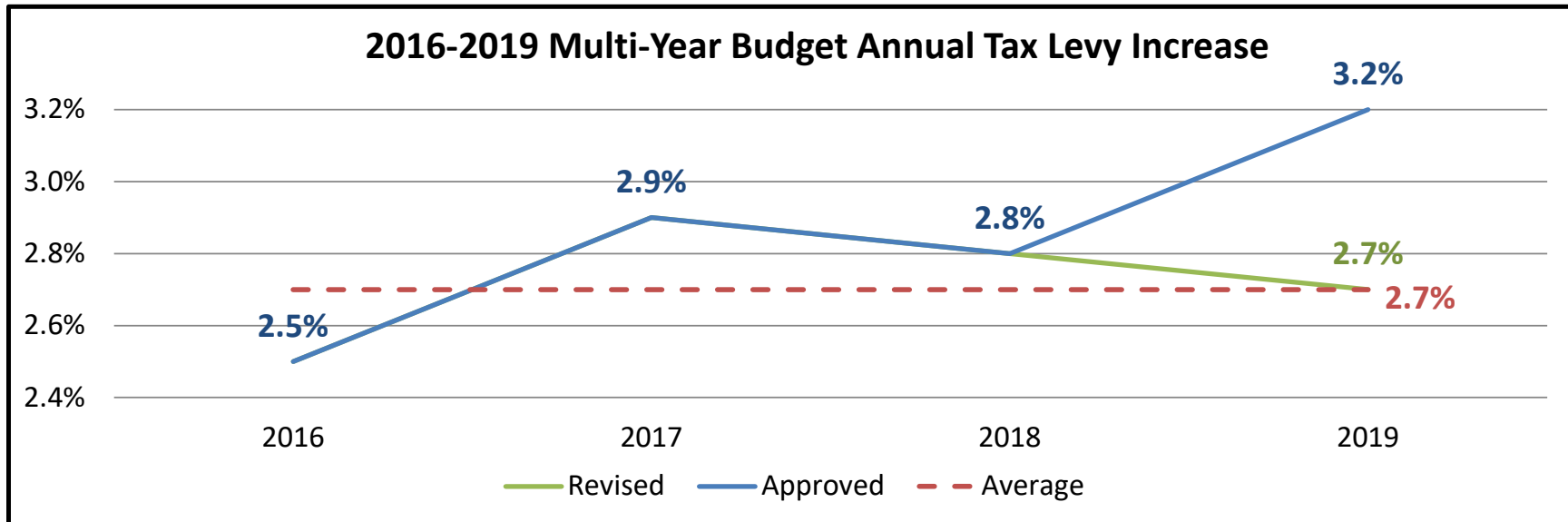
If all 12 budget amendments tabled as part of the 2019 Annual Budget Update are approved by Municipal Council, the average annual tax levy increase from rates for 2016-2019 would decrease from 2.8% to 2.7% as summarized in Table 2:

**Table 2 - 2016-2019 Multi-Year Operating Budget**  
*(includes all tabled budget amendments)*

2019 Multi-Year Budget Update	Net Budget (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>1</sup>
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.8%	3.2%	2.8%	\$ 77
Approved Net Budget (Tax Levy)	536,434	556,980	579,532	597,657		
Cumulative Amendment				(2,435)		
<b>Revised Net Budget (Tax Levy)</b>	<b>536,434</b>	<b>556,980</b>	<b>579,532</b>	<b>595,222</b>		
<b>Incremental Net Increase/(Decrease)</b>				<b>(2,435)</b>		
<b>Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>\$ 74</b>

Subject to rounding

1. Average property owner with an assessed value of \$221,000 in 2015 (excludes the Education tax portion).





## Operating Budget Amendments

<b>Budget Amendment Case #1 - Revenue Driver</b> <b>Adjustments to Reduce Tax Levy Increase to 2.9%</b>		(\$000's)			
		2016	2017	2018	2019
<b>Recommended</b>	Expenditure Inc/(Dec)	-	-	-	-
	Revenue (Inc)/Dec	-	-	-	(1,072)
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,072)</b>
	<b>Rationale:</b> <ul style="list-style-type: none"> <li>Based on Council direction to reduce the 2019 tax levy increase to 2.9%, past revenue performance and current trends were reviewed through the 2018 service review process and the revenue budget can be increased in the following areas: tipping fees; licensing/ceremony fees; taxation office services fees; parking and court fees; new business licensing; and development services application fees.</li> </ul>				

<b>Budget Amendment Case #2 - Changed Regulation</b> <b>Cancellation of Planned 2019 Minimum Wage Increase</b>		(\$000's)			
		2016	2017	2018	2019
<b>Recommended</b>	Expenditure Inc/(Dec)	-	-	-	(573)
	Revenue (Inc)/Dec	-	-	-	52
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(521)</b>
	<b>Rationale:</b> <ul style="list-style-type: none"> <li>• On November 27, 2017 Bill 148, the <i>Fair Workplaces, Better Jobs Act, 2017</i>, received Royal Assent. Among the various changes to employment standards and labour laws included in this legislation was an increase in the minimum wage in Ontario to: \$14.00/hour effective January 1, 2018 (20.7% increase); and \$15.00/hour effective January 1, 2019 (7.1% increase).</li> <li>• On December 12, 2017, Municipal Council approved the 2018 Annual Budget Update to the 2016-2019 Multi Year Budget. As part of the 2018 Budget Update, Budget Amendment #7 was approved to provide the required funding to support the planned increase in the minimum wage to \$14.00/hour in 2018 and \$15.00/hour in 2019.</li> <li>• On November 21, 2018, Bill 47, <i>Making Ontario Open for Business Act, 2018</i>, received Royal Assent. This legislation includes the cancellation of the planned increase in the minimum wage for 2019; instead the minimum wage will remain at \$14.00/hour. This has the effect of reducing the 2019 budget requirement for the various services affected by the increase in minimum wage legislated by Bill 148. As a result, this budget amendment is proposed to eliminate the incremental funding for 2019 that was approved in 2018 Budget Amendment #7.</li> </ul>				

<b>Budget Amendment Case #3 - "In-Camera"</b> <b>Confidential Matter - "In-Camera"</b>		(\$000's)			
		2016	2017	2018	2019
<b>Recommended</b>	Expenditure Inc/(Dec)	-	-	-	(2,000)
	Revenue (Inc)/Dec	-	-	-	-
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,000)</b>
	<b>Rationale:</b> <ul style="list-style-type: none"> <li>• A matter pertaining to labour relations and employee negotiations, 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.</li> </ul>				

Recommended	<b>Budget Amendment Case #4 - Changed Regulation</b>	(\$000's)			
	<b>Bicycle Lane Maintenance</b>	2016	2017	2018	2019
	Expenditure Inc/(Dec)	-	-	-	408
	Revenue (Inc)/Dec	-	-	-	-
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408</b>
<b>Rationale:</b> <ul style="list-style-type: none"> <li>• On May 3, 2018 Ontario regulation 239/02, Minimum Maintenance Standards for Municipal Highways, was amended and enacted.</li> <li>• The amendments included adding a standard for cycling networks. Bicycle lanes are defined as a portion of the roadway that has been designated by pavement markings or signage for the preferential or exclusive use of cyclists, or a portion of a roadway that has been designated for the exclusive use of cyclists by signage and a physical or marked buffer.</li> <li>• The increased winter maintenance cost for this service includes plowing and snow bank removal approximately five times per season in areas where snow storage is limited. Summer maintenance will include asphalt patching, crack sealing, sweeping, line marking and signing.</li> </ul>					

Recommended	<b>Budget Amendment Case #5 - Cost Driver</b>	(\$000's)			
	<b>Additional Land Ambulance Resources</b>	2016	2017	2018	2019
	Expenditure Inc/(Dec)	-	-	-	1,476
	Proposed Assessment Growth Funding	-	-	-	(886)
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590</b>
<b>Rationale:</b> <ul style="list-style-type: none"> <li>• The steady increase in Middlesex-London Paramedic Service call volume primarily within the City of London as well as further investments required to mitigate organizational risk and meet changing Ministry of Health standards and requirements is the driver for this budget amendment.</li> <li>• Higher than originally predicted call volume expected in the 2019 year as well as additional costs required to mitigate operating risks and adhere to new provincial legislative changes cannot be accommodated within the existing budget, noting that the portion of costs related to increased call volume is proposed to be funded through assessment growth funding in accordance with the City's Assessment Growth Policy.</li> </ul>					

<b>Budget Amendment Case #6 - Cost Driver</b>		(\$000's)			
		2016	2017	2018	2019
<b>Recommended</b>	<b>London Police Service - Safeguard Program</b>				
	Expenditure Inc/(Dec)	-	-	-	161
	Revenue (Inc)/Dec	-	-	-	-
	<b>Net Requested Tax Levy (Cumulative)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161</b>
<p><b>Rationale:</b></p> <ul style="list-style-type: none"> <li>• A "safeguard" program is a formal, coordinated system of psychological health checks delivered by a mental health professional.</li> <li>• In specialized or high risk areas, psychological supports are available through the Safeguard Program. However, there is no central co-ordination or early identification and intervention that is currently extended across the organization.</li> <li>• The resources for a full time psychologist and administrative support staff will facilitate expansion of the "safeguard" program to include all sworn and civilian members across London Police Service.</li> <li>• The budget request represents half of the total requirement, based on the projected hire dates for the positions. The balance will be reflected in the 2020 London Police Service budget.</li> </ul>					

<b>Budget Amendment Case #7 - New Council Direction</b>		(\$000's)			
		2016	2017	2018	2019
<b>London Children's Museum Funding Request</b>					
	Expenditure Inc/(Dec)	-	-	-	2,000
	Revenue (Inc)/Dec	-	-	-	(2,000)
<b>Net Requested Tax Levy (Cumulative)</b>		-	-	-	-
<b>For Consideration</b>	<b>Rationale:</b>				
	<ul style="list-style-type: none"> <li>• This amendment is a one-time \$2 million investment in the bold new future of the London Children's Museum. The investment will be a component of a broader \$13.9 million project to support the establishment of a new Children's Museum at 100 Kellogg Lane that will be a state of the art educational and cultural destination for children and families in London.</li> </ul>				
	<ul style="list-style-type: none"> <li>• The total cost of the project is summarized as follows:               <ul style="list-style-type: none"> <li>◦ Leasehold Improvements: \$2.8 million</li> <li>◦ Design and Fabrication of Exhibits: \$8.8 million</li> <li>◦ Capital Campaign &amp; Transitional Lease Costs: \$2.3 million</li> <li>◦ <i>Total Project Cost: \$13.9 million</i></li> </ul> </li> </ul>				
	<ul style="list-style-type: none"> <li>• Grants are being sought from all levels of government in support of the project and private sector donors will raise the remaining funds required. The City of London's one time support will help to leverage funding from other levels of government and private donors. Specifically, the City of London's contribution would be utilized for the design and construction of the new exhibits within the new Children's Museum space.</li> </ul>				
	<ul style="list-style-type: none"> <li>• A sustainability plan has been prepared for the new Children's Museum. Diversified financing including fundraising, debt and social financing, and the use of internal reserves will be required to complete this project. The Children's Museum has embarked on a \$13.9 million capital campaign. Revenue goals are as follows:               <ul style="list-style-type: none"> <li>◦ Public Sector: Government Grants - Fed., Prov. &amp; Municipal - \$6 million (includes \$2 million request from City of London)</li> <li>◦ Private Sector: Individuals, Corporations, Foundations, Associations &amp; Groups - \$7.9 million</li> <li>◦ <i>Total Campaign Revenue - \$13.9 million</i></li> </ul> </li> </ul>				
	<ul style="list-style-type: none"> <li>• Strategic use of the Economic Development Reserve Fund in 2019 resulting in no impact to the tax levy may be considered.</li> </ul>				

## Capital Budget and Ten Year Capital Plan (Including Capital Amendments)

### **Capital Budget Summary (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget <sup>1</sup>	170,744	212,428	166,258	211,558	760,988	1,482,081	2,243,069
Total Revised Budget (submitted December 17, 2018) <sup>1</sup>	170,744	212,428	166,258	205,382	754,812	1,523,527	2,278,339
<b>Total Capital Expense Increase/(Decrease) <sup>2</sup></b>	-	-	-	(6,176)	(6,176)	41,446	35,270
<b>Sources of Financing</b>							
Capital Levy (CL)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	(836)	(836)	13,320	12,484
Reserve Fund (RF)	-	-	-	1,857	1,857	6,879	8,736
Other (O)	-	-	-	15	15	-	15
Non-tax Supported (NTS)	-	-	-	(7,212)	(7,212)	21,247	14,035
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(6,176)	(6,176)	41,446	35,270
<b>Net Tax Levy Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**Notes:**

1. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.
2. Includes the recommended budget amendments (8-12) supported by budget amendment cases and 2020-2025 budget adjustments that do not require a budget amendment case since there is no impact to 2016-2019.

### Capital Budget by Classification (\$000's)

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Lifecycle Renewal Capital Budget</b>							
Lifecycle Renewal Approved Budget	86,942	77,707	75,630	75,650	315,929	541,444	857,373
Lifecycle Renewal Revised Budget <sup>1</sup>	86,942	77,707	75,630	77,557	317,836	548,787	866,623
<b>Increase/(Decrease)</b>	-	-	-	1,907	1,907	7,343	9,250
<b>Growth Capital Budget</b>							
Growth Approved Budget <sup>2</sup>	67,998	73,726	57,971	125,873	325,568	755,925	1,081,493
Growth Revised Budget <sup>1 2</sup>	67,998	73,726	57,971	117,790	317,485	790,028	1,107,513
<b>Increase/(Decrease)</b>	-	-	-	(8,083)	(8,083)	34,103	26,020
<b>Service Improvement Capital Budget</b>							
Service Improvement Approved Budget	15,804	60,995	32,657	10,035	119,491	184,712	304,203
Service Improvement Revised Budget <sup>1</sup>	15,804	60,995	32,657	10,035	119,491	184,712	304,203
<b>Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Total Capital Expense Increase/(Decrease)</b>	-	-	-	(6,176)	(6,176)	41,446	35,270

*Subject to rounding*

Notes:

1. Includes the recommended budget amendments (8-12) supported by budget amendment cases and 2020-2025 budget adjustments that do not require a budget amendment case since there is no impact to 2016-2019.
2. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.

### Lifecycle Renewal Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	86,942	77,707	75,630	75,650	315,929	541,444	857,373
Lifecycle Renewal Revised Budget	86,942	77,707	75,630	77,557	317,836	548,787	866,623
<b>Increase/(Decrease)</b>	-	-	-	1,907	1,907	7,343	9,250
<b>Sources of Financing</b>							
Capital Levy (CL)	-	-	-	-	-	505	505
Debenture (D)	-	-	-	-	-	2,368	2,368
Reserve Fund (RF)	-	-	-	1,857	1,857	4,418	6,275
Other (O)	-	-	-	-	-	-	-
Non-tax Supported (NTS)	-	-	-	50	50	52	102
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	1,907	1,907	7,343	9,250
<b>Net Tax Levy Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

### 2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Budget Amendment Case #8</b>							
<b>London Convention Centre - Realign 10 year Capital Plan</b> <b>Rationale:</b> Advance timing of roof replacement project to align with other capital project schedules and minimize negative impacts on operations.	-	-	-	1,857	1,857	(2,489)	(632)
<b>Source of Financing:</b> London Convention Centre Reserve Fund				RF		RF	RF
<b>Budget Amendment Case #9</b>							
<b>Covent Garden Market Garage Painting</b> <b>Rationale:</b> Additional funding required to extend the useful life of deteriorating concrete in the Covent Garden Market parking garage.	-	-	-	50	50	52	102
<b>Source of Financing:</b> Non-Tax Supported (Covent Garden Market Reserve)				NTS		NTS	NTS



**Lifecycle Renewal Capital Budget (\$000's) (continued)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	1,907	1,907	(2,437)	(530)
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						<b>9,780</b>	<b>9,780</b>
<b>Total Lifecycle Renewal Budget Amendments (Inc/(Dec))</b>	-	-	-	1,907	1,907	7,343	9,250

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>Information Technology Services Capital Plan Changes</b> <b>Rationale:</b> Across the information technology industry, billing is moving to monthly costs per user. This transition reduces capital expenditure requests, but increases operating expenditures. The City of London's upgrade to the client based Office 365 follows this industry pattern resulting in this previously approved capital funding not being required.	-	220	(1,482)	-	-	202	<b>(1,060)</b>
<b>Source of Financing:</b> Capital Levy, Information Technology Reserve Fund		RF	CL, RF			RF	
<b>Victoria Bridge Replacement</b> <b>Rationale:</b> At the June 19, 2018 Civic Works Committee meeting, Council approved the Environmental Study Report to replace Victoria Bridge on Ridout Street over the Thames River. The total project costs are estimated at \$14.1 million (\$10.8 million lifecycle; \$3.3 million growth).	800	-	10,040	-	-	-	<b>10,840</b>
<b>Source of Financing:</b> Capital Levy, Debt, Infrastructure Gap Reserve Fund	CL		CL, D, RF				
<b>Total Lifecycle Renewal 2020-2025 Budget Amendments (Inc/(Dec))</b>	<b>800</b>	<b>220</b>	<b>8,558</b>	<b>-</b>	<b>-</b>	<b>202</b>	<b>9,780</b>

### Growth Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget <sup>1</sup>	67,998	73,726	57,971	125,873	325,568	755,925	1,081,493
Growth Revised Budget <sup>1</sup>	67,998	73,726	57,971	117,790	317,485	790,028	1,107,513
<b>Increase/(Decrease)</b>	-	-	-	(8,083)	(8,083)	34,103	26,020
<b>Sources of Financing</b>							
Capital Levy (CL)	-	-	-	-	-	(133)	(133)
Debenture (D)	-	-	-	(836)	(836)	8,580	7,744
Reserve Fund (RF)	-	-	-	-	-	133	133
Other (O)	-	-	-	15	15	-	15
Non-tax Supported (NTS)	-	-	-	(7,262)	(7,262)	25,523	18,261
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(8,083)	(8,083)	34,103	26,020
<b>Net Tax Levy Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.

### Growth Capital Budget (\$000's) (continued)

#### 2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan	
	2016	2017	2018	2019	Total			
<b>Amendments</b>	<b>Budget Amendment Case #10</b>							
	<b>Masonville Transit Village Secondary Plan</b> <b>Rationale:</b> The 2014 Development Charges Background Study provides funding for studies and projects to support future growth and development of the City. Rapid Transit Village Secondary Plans were identified as an eligible category of studies. This amendment establishes a capital account for the first study under this program that will provide the foundation for future redevelopment of the Masonville Transit Village; the northern terminus of the City's rapid transit system.	-	-	-	75	75	-	75
	<b>Source of Financing:</b> Other, Non-Tax Supported				O, NTS			O, NTS
	<b>Budget Amendment Case #11</b>							
	<b>Project Estimate Updates - Growth Transportation Capital Projects</b> <b>Rationale:</b> Changes to project estimates for transportation growth projects based on results of multiple environmental assessments completed in 2018 (Wharncliffe Rd. widening, Richmond/Fanshawe	-	-	-	(1,325)	(1,325)	23,970	22,645
	<b>Source of Financing:</b> Debt, Non-Tax Supported				D, NTS		D, NTS	D, NTS
	<b>Budget Amendment Case #12</b>							
	<b>Realignment of Growth Transportation Capital Projects</b> <b>Rationale:</b> Changes to the timing of various transportation growth projects resulting in no additional funding requirement to the 10 year capital plan.	-	-	-	(6,833)	(6,833)	6,833	-
	<b>Source of Financing:</b> Debt, Non-tax Supported				D, NTS		D, NTS	
	<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(8,083)	(8,083)	30,803	22,720
	<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						3,300	3,300
	<b>Total Growth Budget Amendments (Inc/(Dec))</b>	-	-	-	(8,083)	(8,083)	34,103	26,020

**Growth Capital Budget (\$000's) (continued)**

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>Victoria Bridge - Active Transportation</b>							
<b>Rationale:</b> At the June 19, 2018 Civic Works Committee meeting, Council approved the Environmental Study Report to replace Victoria Bridge on Ridout Street over the Thames River. The total project costs are estimated at \$14.1 million (\$10.8 million lifecycle; \$3.3 million growth).	-	-	3,300	-	-	-	<b>3,300</b>
<b>Source of Financing:</b> Debt, Non-Tax Supported			D, NTS				D, NTS
<b>Total Growth 2020-2025 Budget Amendments (Inc/(Dec))</b>	-	-	<b>3,300</b>	-	-	-	<b>3,300</b>

### Service Improvement Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025 <sup>1</sup> Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	15,804	60,995	32,657	10,035	119,491	184,712	304,203
Service Improvement Revised Budget	15,804	60,995	32,657	10,035	119,491	184,712	304,203
<b>Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Sources of Financing</b>							
Capital Levy (CL)	-	-	-	-	-	(372)	(372)
Debenture (D)	-	-	-	-	-	2,372	2,372
Reserve Fund (RF)	-	-	-	-	-	2,328	2,328
Other (O)	-	-	-	-	-	-	-
Non-tax Supported (NTS)	-	-	-	-	-	(4,328)	(4,328)
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Net Tax Levy Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. 2020-2025 forecasted source of financing changes reflect housekeeping budget adjustments which have a net impact of zero on the capital plan.

**APPENDIX A**

**OPERATING BUDGET**

**OVERVIEW – NET BUDGET**

**& GROSS EXPENDITURE**

**BUDGET**

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
**(\$000's)**

<i>Operating Budget</i>	2016		2017		2018		2019 <sup>2</sup>		2016-2019 Average % Inc/(Dec) <sup>4</sup>
	Expense	Net	Expense	Net	Expense	Net	Expense <sup>3</sup>	Net	
Approved % Increase From Rates		2.5%		2.9%		2.8%		3.2%	2.8%
Approved Budget <sup>1</sup>	840,957	536,434	887,114	556,980	943,535	579,532	948,431	597,657	
Cumulative Amendment							586	(2,435)	
<b>Revised Budget</b>	<b>840,957</b>	<b>536,434</b>	<b>887,114</b>	<b>556,980</b>	<b>943,535</b>	<b>579,532</b>	<b>949,017</b>	<b>595,222</b>	
<b>Revised % Increase From Rates</b>		<b>2.5%</b>		<b>2.9%</b>		<b>2.8%</b>		<b>2.7%</b>	<b>2.7%</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impact of 2019 tabled budget amendments 1 through 6 (recommended) and budget amendment 7 (for consideration).
3. Expense amount reported excludes the expenditure portion of budget amendment #5 - Additional Land Ambulance Resources to Address Service Pressures proposed to be funded from 2019 assessment growth revenue.
4. Represents the average annual 2016-2019 percent increase from rates.

# **OPERATING BUDGET OVERVIEW: NET BUDGET**



**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
Culture Services <sup>2</sup>	98,711	23,918	24,326	25,036	25,431	25,379	98,659	(52)
Economic Prosperity <sup>2</sup>	46,010	11,523	11,592	11,437	11,457	11,452	46,005	(4)
Environmental Services <sup>2</sup>	88,034	20,693	21,584	22,505	23,251	22,826	87,608	(425)
Parks, Recreation & Neighbourhood Services <sup>2</sup>	136,715	31,979	33,372	35,270	36,093	35,737	136,358	(356)
Planning & Development Services <sup>2</sup>	29,536	6,886	6,874	7,723	8,053	7,941	29,424	(112)
Protective Services <sup>2</sup>	674,434	159,188	167,139	172,247	175,860	175,978	674,552	118
Social & Health Services <sup>2</sup>	267,563	67,829	67,830	65,370	66,534	67,124	268,153	590
Transportation Services <sup>2</sup>	271,378	64,056	66,392	69,717	71,213	71,230	271,395	18
Corporate, Operational & Council Services <sup>2</sup>	244,554	56,665	61,135	63,553	63,200	62,990	244,344	(210)
Financial Management <sup>2</sup>	413,669	93,696	96,736	106,674	116,563	114,563	411,669	(2,000)
<b>PROPERTY TAX LEVY SUPPORTED BUDGET</b>	<b>2,270,603</b>	<b>536,434</b>	<b>556,980</b>	<b>579,532</b>	<b>597,657</b>	<b>595,222</b>	<b>2,268,169</b>	<b>(2,435)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impact of 2019 budget amendments 1 through 6 (recommended) and budget amendment 7 (for consideration).

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
<b>CULTURE SERVICES</b>								
Centennial Hall <sup>2</sup>	659	138	157	173	191	191	659	-
Arts, Culture & Heritage Advisory & Funding	9,081	2,172	2,212	2,334	2,364	2,364	9,081	-
Museum London	6,706	1,635	1,665	1,690	1,716	1,716	6,706	-
Eldon House	1,126	271	279	286	290	290	1,126	-
Heritage	947	185	177	289	296	296	947	-
London Public Library <sup>2</sup>	80,192	19,518	19,835	20,264	20,575	20,523	80,140	(52)
<b>TOTAL CULTURE SERVICES</b>	<b>98,711</b>	<b>23,918</b>	<b>24,326</b>	<b>25,036</b>	<b>25,431</b>	<b>25,379</b>	<b>98,659</b>	<b>(52)</b>
<b>ECONOMIC PROSPERITY</b>								
Business Attraction & Retention	34,571	8,747	8,751	8,537	8,537	8,537	34,571	-
Community Improvement / BIA	934	227	232	237	238	238	934	-
London Convention Centre <sup>2</sup>	2,481	589	612	637	643	638	2,476	(4)
Tourism London	8,025	1,961	1,998	2,027	2,039	2,039	8,025	-
Covent Garden Market	-	-	-	-	-	-	-	-
<b>TOTAL ECONOMIC PROSPERITY</b>	<b>46,010</b>	<b>11,523</b>	<b>11,592</b>	<b>11,437</b>	<b>11,457</b>	<b>11,452</b>	<b>46,005</b>	<b>(4)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
<b>ENVIRONMENTAL SERVICES</b>								
Kettle Creek Conservation Authority <sup>2</sup>	1,995	436	467	516	576	551	1,970	(25)
Lower Thames Valley Conservation Authority	644	153	158	164	169	169	644	-
Upper Thames River Conservation Authority	13,354	2,926	3,240	3,467	3,720	3,720	13,354	-
Environmental Action Programs & Reporting	3,097	765	776	778	778	778	3,097	-
Garbage Recycling & Composting <sup>3</sup>	68,943	16,412	16,942	17,581	18,008	17,608	68,543	(400)
<b>TOTAL ENVIRONMENTAL SERVICES</b>	<b>88,034</b>	<b>20,693</b>	<b>21,584</b>	<b>22,505</b>	<b>23,251</b>	<b>22,826</b>	<b>87,608</b>	<b>(425)</b>
<b>PARKS, RECREATION &amp; NEIGHBOURHOOD SERVICES</b>								
Neighbourhood & Recreation Services <sup>2&amp;4</sup>	83,682	19,445	20,277	21,652	22,309	21,952	83,326	(356)
Parks & Urban Forestry	53,033	12,535	13,096	13,618	13,785	13,785	53,033	-
<b>TOTAL PARKS, RECREATION &amp; NEIGHBOURHOOD SERVICES</b>	<b>136,715</b>	<b>31,979</b>	<b>33,372</b>	<b>35,270</b>	<b>36,093</b>	<b>35,737</b>	<b>136,358</b>	<b>(356)</b>
<b>PLANNING &amp; DEVELOPMENT SERVICES</b>								
Building Approvals	(2,834)	(725)	(910)	(605)	(594)	(594)	(2,834)	-
Planning Services	14,560	3,421	3,517	3,622	4,000	4,000	14,560	-
Development Services <sup>3</sup>	17,809	4,189	4,267	4,706	4,647	4,535	17,697	(112)
<b>TOTAL PLANNING &amp; DEVELOPMENT SERVICES</b>	<b>29,536</b>	<b>6,886</b>	<b>6,874</b>	<b>7,723</b>	<b>8,053</b>	<b>7,941</b>	<b>29,424</b>	<b>(112)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
3. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
4. Amounts reported include the impacts of budget amendment #7 for consideration - London Children's Museum Funding Request.

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
<b>PROTECTIVE SERVICES</b>								
Animal Services	7,045	1,708	1,740	1,778	1,819	1,819	7,045	-
By-Law Enforcement & Property Standards <sup>2</sup>	5,323	1,239	1,314	1,411	1,360	1,335	5,298	(25)
Corporate Security & Emergency Management <sup>3</sup>	9,645	2,228	2,377	2,500	2,540	2,522	9,627	(18)
Fire Services	237,545	56,047	59,667	59,625	62,206	62,206	237,545	-
London Police Services <sup>4</sup>	414,875	97,966	102,042	106,932	107,935	108,096	415,036	161
<b>TOTAL PROTECTIVE SERVICES</b>	<b>674,434</b>	<b>159,188</b>	<b>167,139</b>	<b>172,247</b>	<b>175,860</b>	<b>175,978</b>	<b>674,552</b>	<b>118</b>
<b>SOCIAL &amp; HEALTH SERVICES</b>								
Housing Services	46,753	11,837	11,779	11,606	11,531	11,531	46,753	-
Housing Development Corporation	9,600	2,552	2,481	2,281	2,287	2,287	9,600	-
London & Middlesex Housing Corporation	38,877	8,992	9,501	9,944	10,440	10,440	38,877	-
Long Term Care	20,771	5,030	5,147	5,249	5,346	5,346	20,771	-
Land Ambulance <sup>5</sup>	57,356	13,219	14,427	14,742	14,967	15,557	57,946	590
Middlesex-London Health Unit	24,380	6,095	6,095	6,095	6,095	6,095	24,380	-
Social & Community Support Services	69,826	20,105	18,401	15,452	15,868	15,868	69,826	-
<b>TOTAL SOCIAL &amp; HEALTH SERVICES</b>	<b>267,563</b>	<b>67,829</b>	<b>67,830</b>	<b>65,370</b>	<b>66,534</b>	<b>67,124</b>	<b>268,153</b>	<b>590</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
3. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
4. Amounts reported include the impacts of budget amendment #6 - London Police Service - Safeguard Program.
5. Amounts reported include the impacts of budget amendment #5 - Additional Land Ambulance Resources to Address Service Pressures.

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
<b>TRANSPORTATION SERVICES</b>								
Parking <sup>2</sup>	(12,764)	(3,314)	(3,237)	(3,135)	(3,077)	(3,402)	(13,089)	(325)
Public Transit (LTC)	123,029	28,962	29,972	31,782	32,313	32,313	123,029	-
Roadways <sup>3&amp;4</sup>	161,113	38,409	39,658	41,070	41,977	42,319	161,456	343
Rapid Transit	-	-	-	-	-	-	-	-
<b>TOTAL TRANSPORTATION SERVICES</b>	<b>271,378</b>	<b>64,056</b>	<b>66,392</b>	<b>69,717</b>	<b>71,213</b>	<b>71,230</b>	<b>271,395</b>	<b>18</b>
<b>CORPORATE, OPERATIONAL &amp; COUNCIL SERVICES</b>								
Corporate Services	216,981	50,462	53,887	56,014	56,618	56,618	216,981	-
Corporate Planning & Administration	9,655	2,517	2,707	2,717	1,713	1,713	9,655	-
Council Services	14,071	3,409	3,440	3,485	3,736	3,736	14,071	-
Public Support Services <sup>2</sup>	3,847	276	1,101	1,337	1,133	923	3,637	(210)
<b>TOTAL CORPORATE, OPERATIONAL &amp; COUNCIL SERVICES</b>	<b>244,554</b>	<b>56,665</b>	<b>61,135</b>	<b>63,553</b>	<b>63,200</b>	<b>62,990</b>	<b>244,344</b>	<b>(210)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
3. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
4. Amounts reported include the impacts of budget amendment #4 - Bicycle Lane Maintenance.

**2016-2019 OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	2019		2016-2019 Revised Net Budget	2019 Net Budget Inc/(Dec)
					Approved Net Budget <sup>1</sup>	Amended Net Budget <sup>1</sup>		
<b>FINANCIAL MANAGEMENT</b>								
Corporate Financing								
Capital Financing								
Capital Levy	166,498	37,271	40,760	43,660	44,807	44,807	166,498	-
Debt Servicing	152,800	37,575	37,255	38,256	39,715	39,715	152,800	-
Contribution to Capital Reserve Funds	89,740	18,807	21,244	24,244	25,444	25,444	89,740	-
Other Related Financing								
Contingencies <sup>2</sup>	65,342	13,613	12,116	16,234	23,378	21,378	63,342	(2,000)
Other Corporate Revenues & Expenditures	(84,676)	(19,513)	(20,575)	(21,778)	(22,809)	(22,809)	(84,676)	-
Finance	23,964	5,943	5,935	6,058	6,028	6,028	23,964	-
<b>TOTAL FINANCIAL MANAGEMENT</b>	<b>413,669</b>	<b>93,696</b>	<b>96,736</b>	<b>106,674</b>	<b>116,563</b>	<b>114,563</b>	<b>411,669</b>	<b>(2,000)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #3 - Confidential Matter - "In-Camera".

# **OPERATING BUDGET OVERVIEW: GROSS EXPENDITURE BUDGET**

**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
Culture Services <sup>2</sup>	101,640	24,690	25,075	25,733	26,143	26,076	101,573	(67)
Economic Prosperity <sup>2</sup>	46,010	11,523	11,592	11,437	11,457	11,452	46,005	(4)
Environmental Services <sup>2</sup>	138,990	32,987	34,281	35,402	36,321	36,296	138,965	(25)
Parks, Recreation & Neighbourhood Services <sup>2</sup>	381,451	76,815	91,059	113,424	100,152	101,759	383,058	1,607
Planning & Development Services <sup>2</sup>	59,717	13,693	14,364	15,825	15,835	15,835	59,717	-
Protective Services <sup>2</sup>	724,261	170,936	179,494	185,184	188,648	188,791	724,404	143
Social & Health Services <sup>2</sup>	971,480	232,035	241,206	246,897	251,342	251,932	972,070	590
Transportation Services <sup>2</sup>	317,772	74,949	78,026	81,608	83,189	83,532	318,115	343
Corporate, Operational & Council Services <sup>2</sup>	302,764	70,758	74,967	79,482	77,558	77,558	302,764	-
Financial Management <sup>2</sup>	575,951	132,571	137,051	148,543	157,787	155,787	573,951	(2,000)
<b>PROPERTY TAX LEVY SUPPORTED BUDGET</b>	<b>3,620,037</b>	<b>840,957</b>	<b>887,114</b>	<b>943,535</b>	<b>948,431</b>	<b>949,017</b>	<b>3,620,623</b>	<b>586</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impact of 2019 budget amendments 1 through 6 (recommended) and budget amendment 7 (for consideration).



**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
<b>CULTURE SERVICES</b>								
Centennial Hall <sup>2</sup>	3,232	760	779	830	863	848	3,217	(15)
Arts, Culture & Heritage Advisory & Funding	9,437	2,322	2,339	2,373	2,403	2,403	9,437	-
Museum London	6,706	1,635	1,665	1,690	1,716	1,716	6,706	-
Eldon House	1,126	271	279	286	290	290	1,126	-
Heritage	947	185	177	289	296	296	947	-
London Public Library <sup>2</sup>	80,192	19,518	19,835	20,264	20,575	20,523	80,140	(52)
<b>TOTAL CULTURE SERVICES</b>	<b>101,640</b>	<b>24,690</b>	<b>25,075</b>	<b>25,733</b>	<b>26,143</b>	<b>26,076</b>	<b>101,573</b>	<b>(67)</b>
<b>ECONOMIC PROSPERITY</b>								
Business Attraction & Retention	34,571	8,747	8,751	8,537	8,537	8,537	34,571	-
Community Improvement / BIA	934	227	232	237	238	238	934	-
London Convention Centre <sup>2</sup>	2,481	589	612	637	643	638	2,476	(4)
Tourism London	8,025	1,961	1,998	2,027	2,039	2,039	8,025	-
Covent Garden Market	-	-	-	-	-	-	-	-
<b>TOTAL ECONOMIC PROSPERITY</b>	<b>46,010</b>	<b>11,523</b>	<b>11,592</b>	<b>11,437</b>	<b>11,457</b>	<b>11,452</b>	<b>46,005</b>	<b>(4)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.

**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
<b>ENVIRONMENTAL SERVICES</b>								
Kettle Creek Conservation Authority <sup>2</sup>	1,995	436	467	516	576	551	1,970	(25)
Lower Thames Valley Conservation Authority	644	153	158	164	169	169	644	-
Upper Thames River Conservation Authority	13,354	2,926	3,240	3,467	3,720	3,720	13,354	-
Environmental Action Programs & Reporting	3,589	883	898	902	906	906	3,589	-
Garbage Recycling & Composting <sup>3</sup>	119,408	28,587	29,517	30,353	30,950	30,950	119,408	-
<b>TOTAL ENVIRONMENTAL SERVICES</b>	<b>138,990</b>	<b>32,987</b>	<b>34,281</b>	<b>35,402</b>	<b>36,321</b>	<b>36,296</b>	<b>138,965</b>	<b>(25)</b>
<b>PARKS, RECREATION &amp; NEIGHBOURHOOD SERVICES</b>								
Neighbourhood & Recreation Services <sup>2&amp;4</sup>	328,213	64,229	77,913	99,755	86,316	87,923	329,820	1,607
Parks & Urban Forestry	53,238	12,586	13,147	13,669	13,836	13,836	53,238	-
<b>TOTAL PARKS, RECREATION &amp; NEIGHBOURHOOD SERVICES</b>	<b>381,451</b>	<b>76,815</b>	<b>91,059</b>	<b>113,424</b>	<b>100,152</b>	<b>101,759</b>	<b>383,058</b>	<b>1,607</b>
<b>PLANNING &amp; DEVELOPMENT SERVICES</b>								
Building Approvals	22,035	4,897	5,321	6,040	5,778	5,778	22,035	-
Planning Services	15,956	3,726	3,822	4,002	4,405	4,405	15,956	-
Development Services <sup>3</sup>	21,727	5,070	5,221	5,784	5,652	5,652	21,727	-
<b>TOTAL PLANNING &amp; DEVELOPMENT SERVICES</b>	<b>59,717</b>	<b>13,693</b>	<b>14,364</b>	<b>15,825</b>	<b>15,835</b>	<b>15,835</b>	<b>59,717</b>	<b>-</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
3. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
4. Amounts reported include the impacts of budget amendment #7 for consideration - London Children's Museum Funding Request.

**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
<b>PROTECTIVE SERVICES</b>								
Animal Services	11,968	2,886	2,971	3,027	3,085	3,085	11,968	-
By-Law Enforcement & Property Standards <sup>2</sup>	14,390	3,337	3,571	3,774	3,708	3,708	14,390	-
Corporate Security & Emergency Management <sup>3</sup>	9,818	2,270	2,419	2,544	2,585	2,567	9,800	(18)
Fire Services	238,097	56,184	59,804	59,763	62,345	62,345	238,097	-
London Police Services <sup>4</sup>	449,989	106,260	110,728	116,076	116,925	117,086	450,150	161
<b>TOTAL PROTECTIVE SERVICES</b>	<b>724,261</b>	<b>170,936</b>	<b>179,494</b>	<b>185,184</b>	<b>188,648</b>	<b>188,791</b>	<b>724,404</b>	<b>143</b>
<b>SOCIAL &amp; HEALTH SERVICES</b>								
Housing Services	92,220	23,258	23,436	22,895	22,631	22,631	92,220	-
Housing Development Corporation	9,600	2,552	2,481	2,281	2,287	2,287	9,600	-
London & Middlesex Housing Corporation	39,651	8,992	9,759	10,202	10,698	10,698	39,651	-
Long Term Care	92,434	22,580	22,760	23,485	23,609	23,609	92,434	-
Land Ambulance <sup>5</sup>	57,356	13,219	14,427	14,742	14,967	15,557	57,946	590
Middlesex-London Health Unit	24,380	6,095	6,095	6,095	6,095	6,095	24,380	-
Social & Community Support Services	655,838	155,339	162,249	167,196	171,055	171,055	655,838	-
<b>TOTAL SOCIAL &amp; HEALTH SERVICES</b>	<b>971,480</b>	<b>232,035</b>	<b>241,206</b>	<b>246,897</b>	<b>251,342</b>	<b>251,932</b>	<b>972,070</b>	<b>590</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
3. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
4. Amounts reported include the impacts of budget amendment #6 - London Police Service - Safeguard Program.
5. Amounts reported include the impacts of budget amendment #5 - Additional Land Ambulance Resources to Address Service Pressures, excluding expenditure portion proposed to be funded from 2019 assessment growth revenue.

**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
<b>TRANSPORTATION SERVICES</b>								
Parking <sup>2</sup>	10,996	2,625	2,702	2,805	2,864	2,864	10,996	-
Public Transit (LTC)	123,029	28,962	29,972	31,782	32,313	32,313	123,029	-
Roadways <sup>3&amp;4</sup>	183,667	43,362	45,352	46,981	47,972	48,314	184,010	343
Rapid Transit	80	-	-	40	40	40	80	-
<b>TOTAL TRANSPORTATION SERVICES</b>	<b>317,772</b>	<b>74,949</b>	<b>78,026</b>	<b>81,608</b>	<b>83,189</b>	<b>83,532</b>	<b>318,115</b>	<b>343</b>
<b>CORPORATE, OPERATIONAL &amp; COUNCIL SERVICES</b>								
Corporate Services	237,999	55,626	59,035	61,324	62,014	62,014	237,999	-
Corporate Planning & Administration	10,282	2,596	2,887	2,900	1,898	1,898	10,282	-
Council Services	16,627	3,481	3,557	5,509	4,079	4,079	16,627	-
Public Support Services <sup>2</sup>	37,857	9,055	9,487	9,748	9,566	9,566	37,857	-
<b>TOTAL CORPORATE, OPERATIONAL &amp; COUNCIL SERVICES</b>	<b>302,764</b>	<b>70,758</b>	<b>74,967</b>	<b>79,482</b>	<b>77,558</b>	<b>77,558</b>	<b>302,764</b>	<b>-</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #1 - Recommended Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%.
3. Amounts reported include the impacts of budget amendment #2 - Cancellation of Planned 2019 Minimum Wage Increase.
4. Amounts reported include the impacts of budget amendment #4 - Bicycle Lane Maintenance.

**2016-2019 OPERATING EXPENDITURE BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
(\$000's)

SERVICE	2016-2019 Approved Exp. Budget <sup>1</sup>	2016 Approved Exp. Budget <sup>1</sup>	2017 Approved Exp. Budget <sup>1</sup>	2018 Approved Exp. Budget <sup>1</sup>	2019		2016-2019 Revised Exp. Budget	2019 Exp. Budget Inc/(Dec)
					Approved Exp. Budget <sup>1</sup>	Amended Exp. Budget <sup>1</sup>		
<b>FINANCIAL MANAGEMENT</b>								
Corporate Financing								
Capital Financing								
Capital Levy	166,498	37,271	40,760	43,660	44,807	44,807	166,498	-
Debt Servicing	152,800	37,575	37,255	38,256	39,715	39,715	152,800	-
Contribution to Capital Reserve Funds	89,740	18,807	21,244	24,244	25,444	25,444	89,740	-
Other Related Financing								
Contingencies <sup>2</sup>	65,342	13,613	12,116	16,234	23,378	21,378	63,342	(2,000)
Other Corporate Revenues & Expenditures	68,203	16,916	17,441	17,779	16,067	16,067	68,203	-
Finance	33,367	8,388	8,233	8,370	8,375	8,375	33,367	-
<b>TOTAL FINANCIAL MANAGEMENT</b>	<b>575,951</b>	<b>132,571</b>	<b>137,051</b>	<b>148,543</b>	<b>157,787</b>	<b>155,787</b>	<b>573,951</b>	<b>(2,000)</b>

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Amounts reported include the impacts of budget amendment #3 - Confidential Matter - "In-Camera".

# **APPENDIX B**

## **STAFFING CHANGES OVERVIEW**

**2016-2019 STAFFING CHANGES OVERVIEW  
2019 ANNUAL BUDGET UPDATE**

		Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
		2016	2017	2018	2019	2016	2017	2018	2019
<b>Recommended Staffing Changes</b>									
Total Approved Staffing <sup>1</sup>		3,676	3,728	3,762	3,767	4,991.3	5,088.2	5,138.6	5,151.6
<b>Amendments</b>	<b>Budget Amendment 5 - Additional Land Ambulance Resources</b>								
	<b>Rationale:</b> These positions are required to meet the steady increase in call volumes for Middlesex-London Paramedic Service, noting that positions pertaining to growth are proposed to be funded through assessment growth funding.	-	-	-	8	-	-	-	8.3
	<b>Budget Amendment 6 - London Police Service Safeguard Program</b>								
	<b>Rationale:</b> A full time psychologist and administrative support staff will facilitate expansion of the "safeguard" program to include all sworn and civilian members across London Police Service.	-	-	-	2	-	-	-	2.0
<b>Cumulative Increase - Amendments</b>		-	-	-	<b>10</b>	-	-	-	<b>10.3</b>

Note 1: Total Approved Staffing numbers include positions approved as part of the 2016-2019 Multi-Year Budget, approved Assessment Growth business cases and housekeeping budget adjustments.

**2016-2019 STAFFING CHANGES OVERVIEW (CONTINUED)**  
**2019 ANNUAL BUDGET UPDATE**

		Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
<i>Other Staffing Changes</i>		2016	2017	2018	2019	2016	2017	2018	2019
<b>The following staffing changes have been accommodated in the 2016-2019 Multi-Year Budget with no net budget impact:</b>									
<b>Other Staffing Changes</b>	<b>Planning Services</b>								
	<b>Rationale:</b> Planning Services requires an additional position to deliver on a variety of functions relating to community engagement. This additional position will be funded entirely from user fee revenues.	-	-	-	1	-	-	-	1.0
	<b>Development Services<sup>2</sup></b>								
	<b>Rationale:</b> These positions, funded through existing budgets and user fee revenues, are required to focus on community engagement, strategic divisional priorities related to improved staff efficiencies, effective policy development and economic benefits associated with more streamlined development approvals processes.	-	-	-	3	-	-	-	2.0
	<b>Human Resources</b>								
	<b>Rationale:</b> This position provides direction and supports the various recruitment activities of the Corporation. Funding for this position was accommodated through a zero based budget review of Human Resources business units.	-	-	-	1	-	-	-	1.0
	<b>Corporate Communications</b>								
<b>Rationale:</b> Staffing changes funded through existing budgets are required for the following: <ul style="list-style-type: none"> <li>• Graphic design support. Currently this function is outsourced across several services. It is the intent to bring this service in-house in order to gain efficiencies.</li> <li>• Additional support for a central point of contact for media, focusing on ensuring media has access to information and individuals who will help reporters tell their stories.</li> </ul>	-	-	-	2	-	-	-	2.0	
<b>Cumulative Increase - Other Staffing Changes</b>		-	-	-	7	-	-	-	6.0
<b>Cumulative Increase - Amendments &amp; Other Staffing Changes</b>		-	-	-	17	-	-	-	16.3
<b>Revised Staffing Total</b>		<b>3,676</b>	<b>3,728</b>	<b>3,762</b>	<b>3,784</b>	<b>4,991.3</b>	<b>5,088.2</b>	<b>5,138.6</b>	<b>5,167.9</b>

Note 2: Increase in Full-Time Employees is greater than increase in Full-Time Equivalents due to a temporary position previously approved as Full-Time Equivalent.



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# **APPENDIX C**

## **CAPITAL BUDGET OVERVIEW**

**2016-2019 CAPITAL BUDGET OVERVIEW WITH FORECAST FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
**(\$000's)**

**CAPITAL BUDGET BY CLASSIFICATION**

Classification	2016 Approved Budget <sup>1</sup>	2017 Approved Budget <sup>1</sup>	2018 Approved Budget <sup>1</sup>	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
Lifecycle Renewal	86,942	77,707	75,630	77,557	317,836	1,907	548,787	7,343	866,623
Growth <sup>2</sup>	67,998	73,726	57,971	117,790	317,485	(8,083)	790,028	34,103	1,107,513
Service Improvement	15,804	60,995	32,657	10,035	119,491	-	184,712	-	304,203
<b>Total Expenditures <sup>3&amp;4</sup></b>	<b>170,744</b>	<b>212,428</b>	<b>166,258</b>	<b>205,382</b>	<b>754,812</b>	<b>(6,176)</b>	<b>1,523,527</b>	<b>41,446</b>	<b>2,278,339</b>

*Subject to rounding*

- Notes:
1. Amounts reported in the 2016 to 2018 Capital Budget include housekeeping budget adjustments.
  2. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.
  3. Includes the recommended budget amendments (8-12) supported by budget amendment cases and 2020-2025 budget adjustments that do not require a budget amendment case since there is no impact to 2016-2019.
  4. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.

**2016-2019 CAPITAL BUDGET OVERVIEW WITH FORECAST FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
**(\$000's)**

**CAPITAL BUDGET BY SERVICE PROGRAM**

Service Program	2016 Approved Budget <sup>1</sup>	2017 Approved Budget <sup>1</sup>	2018 Approved Budget <sup>1</sup>	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
Culture Services	4,638	2,800	2,279	6,540	16,257	-	17,662	-	33,919
Economic Prosperity	6,746	6,305	12,345	8,328	33,724	1,907	51,480	(2,437)	85,204
Environmental Services	6,248	2,415	5,934	1,655	16,252	-	64,730	-	80,982
Parks, Recreation & Neighbourhood Services	42,881	29,461	31,397	24,528	128,267	-	96,361	-	224,628
Planning & Development Services	2,328	1,569	212	730	4,839	75	4,125	-	8,964
Protective Services	8,822	4,575	4,985	5,649	24,031	-	99,001	-	123,032
Social & Health Services	2,608	5,108	3,575	3,758	15,049	-	22,098	-	37,147
Transportation Services <sup>2</sup>	84,820	144,119	91,980	142,027	462,946	(8,158)	1,089,213	44,943	1,552,159
Corporate, Operational & Council Services & Financial Management	11,653	16,076	13,551	12,167	53,447	-	78,857	(1,060)	132,304
<b>Total Expenditures <sup>3&amp;4</sup></b>	<b>170,744</b>	<b>212,428</b>	<b>166,258</b>	<b>205,382</b>	<b>754,812</b>	<b>(6,176)</b>	<b>1,523,527</b>	<b>41,446</b>	<b>2,278,339</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2018 Capital Budget include housekeeping budget adjustments.
2. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.
3. Includes the recommended budget amendments (8-12) supported by budget amendment cases and 2020-2025 budget adjustments that do not require a budget amendment case since there is no impact to 2016-2019.
4. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.

**2016-2019 CAPITAL BUDGET OVERVIEW WITH FORECAST FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE (AS RECOMMENDED)**  
**(\$000's)**

**CAPITAL BUDGET BY SOURCE OF FINANCING**

Source of Financing	2016 Approved Budget <sup>1</sup>	2017 Approved Budget <sup>1</sup>	2018 Approved Budget <sup>1</sup>	Annual Update 2019 Amended	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
<b>Tax Supported</b>									
Capital Levy	34,841	37,229	34,654	42,551	149,275	-	299,994	-	449,269
Debenture	33,913	40,159	18,071	27,287	119,430	(836)	169,914	9,320	289,344
Reserve Fund	31,169	25,094	28,849	29,740	114,852	1,857	213,993	2,223	328,845
Other	834	10,027	3,015	427	14,303	15	5,531	-	19,834
<b>Sub-total Tax Supported</b>	<b>100,757</b>	<b>112,509</b>	<b>84,589</b>	<b>100,005</b>	<b>397,860</b>	<b>1,036</b>	<b>689,432</b>	<b>11,543</b>	<b>1,087,292</b>
<b>Non-Tax Supported</b>									
Debenture <sup>2</sup>	15,537	27,127	(13,942)	3,977	32,699	(7,590)	144,870	(10,089)	177,569
Reserve Fund <sup>2</sup>	24,644	26,612	42,112	56,685	150,053	328	230,558	33,212	380,611
Federal Gas Tax	16,479	12,691	16,721	15,222	61,113	-	106,578	4,328	167,691
Provincial Grants	2,070	27,110	11,572	3,047	43,799	-	15,243	-	59,042
Senior Government	982	1,432	2,371	24,336	29,121	-	327,931	-	357,052
Other	10,275	4,947	22,835	2,110	40,167	50	8,915	2,452	49,082
<b>Sub-total Non-Tax Supported <sup>3</sup></b>	<b>69,987</b>	<b>99,919</b>	<b>81,669</b>	<b>105,377</b>	<b>356,952</b>	<b>(7,212)</b>	<b>834,095</b>	<b>29,903</b>	<b>1,191,047</b>
<b>Total Sources of Financing <sup>4</sup></b>	<b>170,744</b>	<b>212,428</b>	<b>166,258</b>	<b>205,382</b>	<b>754,812</b>	<b>(6,176)</b>	<b>1,523,527</b>	<b>41,446</b>	<b>2,278,339</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2018 Capital Budget include housekeeping budget adjustments.
2. The 2018 negative amount of debenture financing is a result of housekeeping budget adjustments which transferred previously approved growth debenture financing to City Services Reserve Funds (CSRFs) financing. Adjustments such as these are made periodically based on the affordability within CSRFs balances.
3. 2016 to 2018 capital budgets have decreased from 2018 approved totals as a result of housekeeping budget adjustments related to the Capital Budget Realignment - Bus Rapid Transit report at Corporate Services Committee, June 19, 2018.
4. Includes the recommended budget amendments (8-12) supported by budget amendment cases and 2020-2025 budget adjustments that do not require a budget amendment case since there is no impact to 2016-2019.

**2026-2028 CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

Classification / Source of Financing	2026 Forecast	2027 Forecast	2028 Forecast	2019-2028 Rolling Capital Plan
<b>CAPITAL BUDGET BY CLASSIFICATION</b>				
Lifecycle Renewal	96,410	95,981	109,793	928,528
Growth	64,102	42,528	31,733	1,046,181
Service Improvement	24,050	29,050	4,050	251,897
<b>Total Expenditures</b>	<b>184,562</b>	<b>167,559</b>	<b>145,576</b>	<b>2,226,606</b>
<b>CAPITAL BUDGET BY SOURCE OF FINANCING</b>				
<b>Tax Supported</b>				
Capital Levy	57,447	59,575	61,703	521,270
Debenture	22,354	22,584	12,297	254,436
Reserve Fund	29,322	29,600	27,261	329,916
Other	22	14	-	5,994
<b>Sub-total Tax Supported</b>	<b>109,145</b>	<b>111,773</b>	<b>101,261</b>	<b>1,111,616</b>
<b>Non-Tax Supported</b>				
Debenture	25,136	10,812	11,519	196,314
Reserve Fund	29,124	22,411	16,325	355,103
Federal Gas Tax	13,849	19,005	13,850	168,504
Provincial Grants	2,606	2,606	2,606	26,108
Senior Government	4,687	937	-	357,891
Other	15	15	15	11,070
<b>Sub-total Non-Tax Supported</b>	<b>75,417</b>	<b>55,786</b>	<b>44,315</b>	<b>1,114,990</b>
<b>Total Sources of Financing</b>	<b>184,562</b>	<b>167,559</b>	<b>145,576</b>	<b>2,226,606</b>

*Subject to rounding*

**2026-2028 CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
**(\$000's)**

The following section highlights major capital works contained within the 2026-2028 periods of the rolling 10 year capital plan:

Major Capital Works In 2026-2028	2026 Forecast	2027 Forecast	2028 Forecast
<b>LIFECYCLE RENEWAL</b>			
Recreation Facilities - Lifecycle Renewal Program	3,600	3,600	3,600
Fire Vehicle Replacement Program	3,681	15	-
Bus Replacement Program	9,455	9,455	9,455
Annual Road Repair Program - Arterial Roads and Secondary Collector Streets	27,051	27,524	28,002
Traffic Signal and Street Light Maintenance	8,147	8,395	8,642
<b>GROWTH</b>			
Huron Street Widening (Highbury to Clarke)	13,275	-	-
Colonel Talbot Rd. Reconstruction (300 meters South of Southdale to Kilbourne)	8,905	-	-
Sanatorium Rd. Widening (Riverside to Commissioners)	12,134	-	-
Southdale Rd. West Widening (Colonel Talbot to Farnham)	13,754	-	-
Adelaide Street Improvements (Fanshawe Park to Hamilton)	-	16,894	-
Wonderland Rd Widening (Sunningdale to Fanshawe)	-	9,023	-
Veterans Memorial Parkway Widening (Oxford to Huron)	-	-	7,070
Wonderland Rd Widening (Hwy 401 to Hwy 402)	759	-	12,798
<b>SERVICE IMPROVEMENT</b>			
London Police Service Facility Expansion	20,000	20,000	-
Public Housing Regeneration	1,000	1,000	1,000
Urban Forest Strategy	1,600	1,600	1,600

*Subject to rounding*

## RAPID TRANSIT CAPITAL BUDGET

On April 23, 2018, the Strategic Priorities & Policy Committee received a report on the Bus Rapid Transit project which included a revised project schedule. This schedule was different from the project schedule supporting the current budget. On June 19, 2018, the Corporate Services Committee received a report to realign the timing in the current budget with the timing in the revised project schedule. The \$500 million project budget remained the same, just shifted to future periods. The budget realignment was achieved through housekeeping budget adjustments and was presented to Municipal Council for information purposes. The tables below provide information on the impact of the Rapid Transit capital budget realignment.

**Table 1 - Expenditure Changes by Year**

Expenditures \$000's	Life-to-date										Total Approved & Projected Budget
	Approved 2018	Projected 2019	2020	2021	2022	2023	2024	2025	2026	2027	
Current Budget	147,761	17,584	30,135	131,203	85,686	34,231	41,233	4,167	8,000	0	500,000
Realigned Budget	17,975	39,888	111,726	39,350	132,314	75,898	22,050	52,769	6,780	1,250	500,000
<b>Annual Difference</b>	<b>129,786</b>	<b>(22,304)</b>	<b>(81,591)</b>	<b>91,853</b>	<b>(46,628)</b>	<b>(41,667)</b>	<b>19,184</b>	<b>(48,602)</b>	<b>1,220</b>	<b>(1,250)</b>	<b>0</b>

**Table 2 - Impact on the 2016-2019 Multi-year Budget**

Expenditures and Sources of Financing \$000's	Approved Budget				Adjustments Increase/(Decrease)			Revised Budget			
	2014 - 2015	2016-2019 Multi-Year Budget	2020 - 2026 Forecast	Total	2016-2019 Multi-Year Budget	2020-2026 Forecast	Total	2014 - 2015	2016-2019 Multi-Year Budget	2020 - 2026 Forecast	Total
<b>Total Expenditures</b>	<b>4,700</b>	<b>160,644</b>	<b>334,656</b>	<b>500,000</b>	<b>(107,482)</b>	<b>107,482</b>	<b>-</b>	<b>4,700</b>	<b>53,162</b>	<b>442,138</b>	<b>500,000</b>
<b>Sources of Financing</b>											
Municipal Contribution:											
Capital Levy	648	7,807	3,274	11,729	(6,333)	6,333	-	648	1,474	9,607	11,729
Development Charges	3,385	81,455	33,625	118,465	(65,207)	65,208	-	3,385	16,248	98,833	118,465
Federal/Provincial	667	71,382	297,757	369,806	(35,941)	35,941	-	667	35,441	333,698	369,806
<b>Total Sources of Financing</b>	<b>4,700</b>	<b>160,644</b>	<b>334,656</b>	<b>500,000</b>	<b>(107,482)</b>	<b>107,482</b>	<b>-</b>	<b>4,700</b>	<b>53,162</b>	<b>442,138</b>	<b>500,000</b>

The 2016 – 2019 Multi-Year Budget and ten year capital plan includes a number of projects that together fund a Rapid Transit initiative of \$500 million. The current funding includes a municipal contribution of \$130 million; \$12 million from tax levy and \$118 million from Development Charges.

New provincial legislation on development charges will change the "growth/non-growth split" on the municipal contribution based on the new scale of the project and the service standard (ridership). Preliminary analysis indicates the development charges portion will decrease to \$107 million, increasing the tax supported portion to \$23 million. This change will be reflected in the 2019 budget after the 2019 DC study is approved in spring 2019.



## **APPENDIX D**

# **RESERVES & RESERVE FUNDS OVERVIEW**

**2016-2025 RESERVES & RESERVE FUNDS OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Reserves &amp; Reserve Funds Forecast <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance - Obligatory Reserve Funds</b>										
<b>City Services:</b> City Services reserve funds are legislated by the Development Charges (DC) Act, 1997, as amended; a separate reserve fund exists for each service upon which a DC is levied; contributions fund future growth related projects.	80,995	110,768	59,612	40,158	34,886	32,186	28,991	31,903	35,316	39,208
<b>Federal Gas Tax:</b> Federal Gas Tax Reserve Fund is maintained under the Agreement for Transfer of Federal Gas Tax Revenues between Canada-Ontario-AMO-City of Toronto made as of June 17, 2005.	28,000	36,547	3,252	2,154	2,193	2,232	2,273	2,314	2,355	2,398
<b>Parkland:</b> Parkland Reserve Fund is legislated by the Planning Act, R.SO. 1990, as amended; monies standing in the reserve fund represent contributions from developers for payments in lieu of providing parkland and the reserve fund is restricted to supporting related park or other recreational purposes.	2,793	2,600	2,772	3,110	3,554	3,906	4,364	4,731	5,204	5,601
<b>Total Obligatory</b>	<b>111,788</b>	<b>149,915</b>	<b>65,636</b>	<b>45,422</b>	<b>40,633</b>	<b>38,324</b>	<b>35,628</b>	<b>38,948</b>	<b>42,875</b>	<b>47,207</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.

## Reserves & Reserve Funds Overview (\$000's) (continued)

<b>Reserves &amp; Reserve Funds Forecast <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance - City-Owned Reserve &amp; Reserve Fund Categories</b>										
<b>Capital Asset Renewal &amp; Replacement:</b> Established to provide funding for the repair and maintenance of existing City assets to ensure city-owned assets do not deteriorate over time.	92,093	107,178	81,564	89,432	86,353	101,417	104,929	110,077	118,542	130,871
<b>Capital Asset Growth:</b> 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.	16,024	25,106	17,128	10,737	13,030	7,418	10,717	6,777	7,461	7,757
<b>Special Projects &amp; New Initiatives:</b> 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.	140,180	148,337	123,067	128,829	140,216	150,868	157,796	169,257	180,990	194,191
<b>Contingencies/Stabilization &amp; Risk Management:</b> Designed to fund future obligations which are based on calculated estimates and to mitigate unforeseen events or one-time unanticipated expenses.	136,455	154,704	144,799	145,692	144,106	148,494	150,812	155,376	160,390	165,526
<b>Total City-Owned</b>	<b>384,752</b>	<b>435,325</b>	<b>366,558</b>	<b>374,690</b>	<b>383,705</b>	<b>408,197</b>	<b>424,254</b>	<b>441,487</b>	<b>467,383</b>	<b>498,345</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.

## Reserves & Reserve Funds Detail (\$000's)

<b>Capital Asset Renewal &amp; Replacement <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
City Facilities Reserve Fund	31,019	37,300	30,086	36,032	40,802	47,429	51,487	57,895	61,972	68,127
Capital Infrastructure Gap Reserve Fund	1,728	2,758	3,453	4,865	6,588	9,029	7,606	10,947	14,462	18,153
Social Housing Major Repairs Reserve Fund	8,244	8,603	8,883	9,288	9,959	10,643	11,339	12,048	12,769	13,503
Public Housing Major Upgrades Reserve Fund	2,453	3,275	1,577	1,681	2,216	2,760	3,315	3,879	4,453	5,038
Sanitary Landfill Site Reserve Fund	11,935	14,792	13,327	15,768	4,318	7,495	10,881	4,334	7,658	11,518
All other Capital Asset Renewal & Replacement Reserve Funds	36,714	40,450	24,238	21,798	22,470	24,061	20,301	20,974	17,228	14,532
<b>Capital Asset Renewal &amp; Replacement Total <sup>3</sup></b>	<b>92,093</b>	<b>107,178</b>	<b>81,564</b>	<b>89,432</b>	<b>86,353</b>	<b>101,417</b>	<b>104,929</b>	<b>110,077</b>	<b>118,542</b>	<b>130,871</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The increase in capital asset renewal and replacement reserve fund balances is primarily attributable to savings aimed at managing the City's forecasted \$466.1 million 10 year infrastructure gap as first reported in the *State of Infrastructure Report 2013*. As part of the 2020-2023 Multi-Year Budget development, Civic Administration will incorporate the results of the 2018 Corporate Asset Management Plan (AMP) into the 10 year capital plan, which will in turn impact the projected drawdowns of various capital asset renewal and replacement reserve

<b>Capital Asset Growth <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
Industrial Land Reserve Fund	6,768	12,793	11,496	6,083	8,042	5,677	7,069	5,565	5,224	4,448
DC Incentive Program Reserve Funds	5,022	8,227	4,860	3,800	4,117	851	2,738	282	1,285	2,306
All other Capital Asset Growth Reserve Funds	4,234	4,086	772	854	871	890	910	930	952	1,003
<b>Capital Asset Growth Total <sup>3</sup></b>	<b>16,024</b>	<b>25,106</b>	<b>17,128</b>	<b>10,737</b>	<b>13,030</b>	<b>7,418</b>	<b>10,717</b>	<b>6,777</b>	<b>7,461</b>	<b>7,757</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The projected ending balances of capital asset growth reserve funds are decreasing as a result of the Council approved Service Review of Community Improvement Plan Incentives Report (April 24, 2017, Planning & Environment Committee meeting), which resulted in a decrease to the annual tax supported contribution to the Development Charge (DC) Incentive Program Reserve Funds.

## Reserves & Reserve Funds Detail (\$000's) (continued)

<b>Special Projects &amp; New Initiatives <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
Economic Development Reserve Fund	27,561	30,621	13,750	9,264	13,011	16,825	17,176	21,570	25,538	30,561
Operating Efficiency, Effectiveness & Economy Reserve	9,729	11,311	9,967	13,535	16,975	19,847	22,681	24,904	27,126	29,348
PUC Environmental Reserve Fund	71,626	73,113	73,113	73,113	73,113	73,113	73,113	73,113	73,113	73,113
Land Acquisition Reserve Fund	3,071	3,478	5,021	6,000	6,996	8,009	9,042	10,092	11,162	12,251
Community Improvement Plan - Grant & Loan Reserve Funds	4,051	4,727	4,379	7,170	7,489	6,974	7,152	7,359	7,841	8,645
All other Special Projects & New Initiatives Reserves/Reserve Funds	24,142	25,087	16,837	19,747	22,632	26,100	28,632	32,219	36,210	40,273
<b>Special Projects &amp; New Initiatives Total <sup>3</sup></b>	<b>140,180</b>	<b>148,337</b>	<b>123,067</b>	<b>128,829</b>	<b>140,216</b>	<b>150,868</b>	<b>157,796</b>	<b>169,257</b>	<b>180,990</b>	<b>194,191</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The increase in special projects/new initiatives reserve funds is primarily due to the following:
  - i. The Operating Efficiency, Effectiveness and Economy (EEE) Reserve balance contains forecasted contributions based on past savings realized, but does not forecast future drawdowns unless the investments are Council approved. The reasonability of the balance of this reserve is monitored as per the target established in the Council approved Reserves Rationalization Report (September 25, 2018, Corporate Services Committee meeting). The combined target of this reserve and the Operating Budget Contingency Reserve (OBCR) is equal to two months of the net budget or \$96.6 million for 2018 and the combined projected ending balances of the EEE and OBCR are \$47.1 million for a target shortfall of \$49.5 million.
  - ii. The Economic Development Reserve Fund balance is increasing to ensure the City of London has the flexibility to fund initiatives/projects that support economic development in the City of London, as well as Municipal Council's approved Strategic Plan. Additionally, this reserve fund contains ongoing budgeted contributions, but does not forecast for future drawdowns unless the investments are Council approved. The actual future ending balance is likely to be less than the projected ending balance.
  - iii. The Land Acquisition Reserve Fund balance is increasing to provide for the acquisition of land and property in advance of projected needs and to support operating costs associated with maintaining the land and property until the future use of the land and property is determined by Council. Additionally, this reserve fund contains ongoing budgeted contributions, but does not forecast for future drawdowns unless the investments are Council approved. The actual future ending balance is likely to be less than the projected ending balance.

## Reserves & Reserve Funds Detail (\$000's) (continued)

Contingencies/Stabilization & Risk Management <sup>1</sup>	Actuals		Budget		Forecast					
	2016 <sup>2</sup>	2017 <sup>2</sup>	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revised Projected Balance</b>										
Self Insurance Reserve Fund	10,605	10,529	11,013	12,486	14,050	15,712	17,478	19,355	21,351	23,473
Unfunded Liability Reserve Fund	62,481	70,375	71,034	72,977	74,955	76,969	79,020	81,107	83,232	85,395
Workplace Safety and Insurance Board (WSIB) Reserve Fund	12,565	13,360	13,670	13,830	13,993	14,159	14,328	14,500	14,676	14,854
Operating Budget Contingency Reserve	22,646	30,128	37,092	34,342	28,492	28,492	28,192	28,192	28,192	28,192
All other Contingencies/Stabilization & Risk Management Reserves/Reserve Funds	28,158	30,312	11,990	12,057	12,616	13,162	11,794	12,222	12,939	13,612
<b>Contingencies/Stabilization &amp; Risk Management Total<sup>3</sup></b>	<b>136,455</b>	<b>154,704</b>	<b>144,799</b>	<b>145,692</b>	<b>144,106</b>	<b>148,494</b>	<b>150,812</b>	<b>155,376</b>	<b>160,390</b>	<b>165,526</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments and changes made as a result of the Reserve Rationalization Report (September 25, 2018, Corporate Services Committee meeting).
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. Key balances within the contingencies/stabilization and risk management category of reserves and reserve funds are as follows:
  - i. The Unfunded Liability Reserve Fund supports post-employment and post-retirement benefits, vacation credits, vested sick leave benefits and landfill closure and post-closure liabilities for which the City previously did not have an identified funding source. The total of these liabilities as of December 31, 2017 are \$154.9 million for personnel related liabilities and \$36.7 million for landfill closure and post-closure liabilities. The balance of the reserve fund is increasing as a result of interest earned on investments as there are no forecasted tax supported contributions. Saving for these expenses provides for intergenerational equity i.e. the matching of annual service delivery costs with current taxpayers revenues to the greatest extent possible.
  - ii. The Operating Budget Contingency Reserve (OBCR) covers tax supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses in order to stabilize the tax rate and contribute to the necessary working funds required for operating expenditures incurred prior to the collection of taxes. The balance of this fund is decreasing due to approved drawdowns for such expenses as Subsidized Transit (\$5 million) and because there are no forecasted tax supported contributions. Furthermore, the reasonability of the balance of this reserve is monitored as per the target established within the Council approved Reserves Rationalization Report (September 25, 2018, Corporate Services Committee meeting). The combined target of this reserve and the Operating Efficiency, Effectiveness & Economy (EEE) Reserve is equal to two months of the net budget or \$96.6 million for 2018 and the combined projected ending balances of the OBCR and EEE are \$47.1 million for a target shortfall of \$49.5 million.
  - iii. The Self Insurance Reserve Fund provides funding for the payment of insurance deductibles, adjusting expenses and other insurance related expenses specifically approved by Council. The balance of this fund is increasing due to increases in forecasted insurance deductibles as well as the need to maintain a portion of the fund for other unanticipated insurance related expenses.

# **APPENDIX E**

## **DEBT OVERVIEW**

**2016-2019 DEBT OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Debt Servicing Expenditures</b>	Budget				Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Approved Budget/Forecast <sup>1</sup>	<b>37,575</b>	<b>37,255</b>	<b>38,256</b>	<b>39,715</b>	<b>40,187</b>	<b>40,966</b>	<b>41,784</b>	<b>42,037</b>	<b>42,037</b>	<b>42,037</b>
<b>Total Budget Amendments</b>										
<b>Revised Budget</b>	<b>37,575</b>	<b>37,255</b>	<b>38,256</b>	<b>39,715</b>	<b>40,187</b>	<b>40,966</b>	<b>41,784</b>	<b>42,037</b>	<b>42,037</b>	<b>42,037</b>
Revised Budget - Other Corporate <sup>2</sup>	25,375	26,646	27,031	28,584	32,578	37,054	36,437	36,586	35,692	37,455
Revised Budget - Total Corporate	62,950	63,901	65,287	68,299	72,765	78,020	78,222	78,623	77,729	79,492

<b>Potential Debt Levels (Issued + Authorized)</b>	Budget				Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revised Budget<sup>1</sup></b>	<b>270,673</b>	<b>275,566</b>	<b>260,684</b>	<b>257,539</b>	<b>268,342</b>	<b>261,252</b>	<b>248,787</b>	<b>245,710</b>	<b>244,511</b>	<b>253,714</b>
Revised Budget - Other Corporate <sup>2</sup>	304,992	326,547	303,330	285,514	305,838	313,573	309,567	297,643	275,057	294,087
Revised Budget - Total Corporate	575,665	602,113	564,013	543,053	574,179	574,824	558,355	543,353	519,569	547,801

Subject to rounding

**Notes:**

1. Amounts reported include housekeeping budget adjustments.
2. Other Corporate includes Wastewater & Treatment, Water and Reserve Fund Supported Budgets.



# **APPENDIX F**

## **RECONCILIATION OF TABLED BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD FINANCIAL STATEMENT BUDGET**

## RECONCILIATION OF TABLED BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD FINANCIAL STATEMENT BUDGET

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements, however, with the introduction of PS1200 in 2009, the Province of Ontario enacted a regulation, Ontario Regulation 284/09, allowing for certain items to be excluded from their budgets, as long as it was disclosed. Typical PSAB items, such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense can be excluded, however, the regulation requires that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The regulation requires that the report contain information regarding:

1. An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
2. An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality or local board.

London's 2019 draft Property Tax Supported operating budgets as tabled, exclude the following expenses:

1. Expenses for the amortization of tangible capital assets, estimated to be \$83.1 million for 2019, are excluded. The budget does include reserve fund contributions of \$55.1 million for 2019 and pay as you go contributions of \$45.8 million for 2019 for capital asset additions.
2. The budget does not contain the current year's post-employment benefit expense for early retirement and accrued sick leave, estimated to total \$6.1 million for 2019, for employees that are eligible for these benefits. The Corporation's consolidated liability as at December 31, 2017 was \$154.9 million. Reserve fund balances as of December 31, 2017 of \$20.4 million are available to offset this obligation.
3. The City has a landfill closure and post-closure liability of \$36.7 million, which is not recorded as an expense in the budget. The Sanitary Landfill Reserve Fund, with a balance of \$14.8 million as of December 31, 2017, partially offsets this liability.
4. The City also makes contributions to an additional reserve to offset the liabilities created from the post-employment (point 2 above) and landfill closure and post-closure expenses (point 3 above) depending upon generated surpluses, including personnel cost savings. The balance in this reserve as of December 31, 2017 was \$70.4 million.

If the above items were included in the 2019 budget, the projected annual PSAB surplus would decrease.

Table 1 and Table 2 on the following pages show the 2019 draft Property Tax Supported operating budgets and the 2018 approved revised budget in PSAB format.

**RECONCILIATION OF TABLED BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 1</b>	<b>2018 Tax Supported Revised Budget</b>	<b>2019 Draft Budget</b>
<b>REVENUES</b>		
Property Tax	579,532	597,657
Property Tax - Proposed budget amendments	-	(2,435)
Government Grants & Subsidies	238,071	226,869
User Fees	46,864	47,767
Municipal Revenues - Other	70,810	71,602
Municipal Revenues - Transfers from Capital	-	-
Municipal Revenues - Transfers from Reserves and Reserve Funds	8,258	7,557
<b>Total Revenues</b>	<b>943,535</b>	<b>949,017</b>
<b>EXPENSES</b>		
Personnel Costs	344,777	356,542
Administrative Expenses	7,077	6,527
Financial Expenses - Other	12,136	11,398
Financial Expenses - Interest & Discount on Long-term Debt	5,717	6,171
Financial Expenses - Debt Principal Repayments	31,455	32,457
Financial Expenses - Transfers to Reserves and Reserve Funds	58,133	55,147
Financial Expenses - Transfers to Capital	44,767	45,807
Purchased Services	201,238	190,473
Materials & Supplies	36,325	37,032
Vehicle & Equipment	23,958	24,258
Transfers	196,238	202,803
Other Expenses	1,462	1,321
Recovered Expenses	(19,748)	(20,919)
<b>Total Expenses</b>	<b>943,535</b>	<b>949,017</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>

**RECONCILIATION OF TABLED BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 2</b>	<b>2018 Tax Supported PSAB Adjustments</b>	<b>2019 Tax Supported PSAB Adjustments</b>
<b>PROJECTED NET PSAB SURPLUS</b>	<b>72,894</b>	<b>87,812</b>
<b>PSAB REPORTING REQUIREMENTS:</b>		
<b>Addback to revenues:</b>		
Transfers from Capital	-	-
Transfers from Reserves and Reserve Funds	8,258	7,557
<b>Deduct from expenses:</b>		
Transfers to Reserves and Reserve Funds	(58,133)	(55,147)
Transfers to Capital	(44,767)	(45,807)
Debt principal repayments	(31,455)	(32,457)
<b>PSAB adjustments:</b>		
Capital program funding earned in year <sup>(1)</sup>	(21,934)	(23,290)
Capital projects not resulting in tangible capital assets <sup>(2)</sup>	19,738	30,374
Amortization <sup>(3)</sup>	80,230	83,094
Developer contributions of assumed tangible capital assets <sup>(4)</sup>	(14,496)	(12,850)
Loss on disposal of tangible capital assets <sup>(5)</sup>	761	913
Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>(6)</sup>	(10,879)	(41,898)
Government Business Enterprises adjustments <sup>(7)</sup>	(6,983)	(6,433)
Other	-	-
Landfill liability <sup>(8)</sup>	1,752	2,063
Employee future benefit liability <sup>(9)</sup>	5,014	6,069
<b>NET SURPLUS (DEFICIT) PER DRAFT BUDGET</b>	<b>-</b>	<b>-</b>

**Footnotes and Assumptions**

- 1) Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 5 year average of actuals from 2013 - 2017.
- 2) For PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 14.79% of capital expenditure budget, based on 2017 actuals.
- 3) Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated 3.83% annual increase based on 2013 - 2017 actuals.
- 4) Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. These assets are predominantly comprised of roads infrastructure. Estimate based on 5 year average of actuals.
- 5) When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2013 - 2017.
- 6) Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.
- 7) London Hydro Inc., Fair-City Joint Venture and City-YMCA Joint Venture are considered Government Business Enterprises (GBE). At year end, the City must record the City's share of earnings based on our percentage ownership in each GBE. Estimate based on 5 year average.
- 8) Represents the annual increase in the estimated future cost of post-closure related to landfills. Estimate based on 5 year average.
- 9) Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average.

# **APPENDIX G**

## **TIMETABLE**

# 2019 ANNUAL BUDGET UPDATE TIMETABLE

WHAT	WHERE & WHEN
<b>Tabling of the 2019 Budget Update to the 2016-2019 Multi-Year Budget</b>	December 17, 2018 4:00 pm Strategic Priorities and Policy Committee Council Chambers
<b>Budget Open House</b> Provides an opportunity for Londoners to ask questions and speak in-person with administration.	January 9, 2019 6:00 pm. to 8:00 pm. BMO Centre London 295 Rectory Street
<b>Public Participation Meeting</b> Members of the public are invited to provide input into the 2019 Budget Update for the 2016-2019 Multi-Year Budget. Get involved by submitting your comments prior to the Strategic Priorities and Policy Committee on January 17, 2019, or appear as a delegation. For more information, please call 519-661-CITY (2489) ext. 4599.	January 17, 2019 4:00 pm Strategic Priorities and Policy Committee Council Chambers
<b>2019 Budget Update Review</b>	January 24, 2019 9:30 am and January 28, 2019 at 9:30 am (if needed) Strategic Priorities and Policy Committee Council Chambers
<b>Approval of the 2019 Budget Update to the 2016-2019 Multi-Year Budget</b>	February 12, 2019 4:00 pm Council Council Chambers

**APPENDIX H**

**2016-2019 MULTI-YEAR BUDGET**

**OPERATING UPDATE**

**SUMMARY**

2016-2019 Multi-Year Operating Budget Update	Total Net Budget <sup>1</sup> (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>3</sup>
	2016	2017	2018	2019		
<b>2016 Budget to Maintain Existing Service Levels</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>\$ 64</b>
<b>2016 Approved Strategic Investments:</b>						
Library's Ten Year Capital Plan	-	-	200	400		
Increased Resource Recovery and Zero Waste	-	-	200	200		
Urban Forest Strategy	200	385	585	485		
Thames Valley Corridor Plan <sup>2</sup>	-	24	145	145		
Road Safety Strategy	125	125	125	125		
Rapid Transit Implementation Strategy	-	-	-	-		
State of Infrastructure Report	-	1,000	2,000	3,000		
Garbage Collection - On-board Weighing	-	-	75	75		
Technology - Amanda	150	150	150	150		
Establish Public Engagement as an Area of Focus	25	25	25	25		
Service London Implementation Plan <sup>2</sup>	-	637	707	750		
Computerized Maintenance Management System	100	600	700	700		
London Strengthening Neighbourhoods Strategy	-	250	250	250		
Low Income Supports Enhancement	100	100	150	150		
Mental Health Addictions Strategy	-	-	-	-		
London Homeless Prevention Plan	200	400	1,000	1,000		
Winter Maintenance Strategy	143	143	143	143		
Back to the River Project	-	-	-	-		
London's Downtown Plan - Small Scale Projects	-	-	-	100		
Regenerating Public Housing Plan	-	-	250	500		
Dundas Place <sup>2</sup>	-	-	561	1,416		
City of London Internship Program	-	120	120	120		
Brownfield Incentives	20	20	20	20		
Green Bin Implementation Funding	-	-	-	-		
Enhanced By-law Enforcement	91	91	91	91		
<b>Total 2016 Strategic Investments \$</b>	<b>1,154</b>	<b>4,070</b>	<b>7,497</b>	<b>9,845</b>		<b>\$ 12</b>
<b>Total 2016 Strategic Investments %</b>	<b>0.2%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.4%</b>	
<b>2016 Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>\$ 76</b>



2016-2019 Multi-Year Operating Budget Update	Total Net Budget <sup>1</sup> (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>3</sup>
	2016	2017	2018	2019		
<b>2017 Approved Budget Amendments:</b>						
Case #1: Cap & Trade	-	-	-	100		
Case #2: Carrying Costs on City Properties	-	300	300	400		
Case #3: Updated Debt Servicing Budget	-	(300)	(300)	(300)		
Case #4: UTRCA Strategic Plan	-	-	-	-		
Case #5: LMHC Building Maintenance	-	-	65	131		
Case #6: Economic Roadmap Implementation	-	-	-	-		
Case #7: HDC - Investment in Affordable Housing	-	-	-	-		
Case #21: Free Transit Children Ages 5 - 12	-	-	-	-		
Total 2017 Budget Amendments \$	-	-	65	331		\$ -
Total 2017 Budget Amendments %	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>2017 Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>\$ 76</b>
<b>2018 Approved Budget Amendments:</b>						
Case #1: Music Development Office	-	-	-	-		
Case #2: Councillors' Annual Compensation	-	-	-	245		
Case #3: UTRCA Strategic Plan	-	-	182	390		
Case #4: Dundas Place - Ongoing Place Management	-	-	-	375		
Case #5: Elimination of Payment to Stiller Centre	-	-	(224)	(228)		
Case #6: Increased OW Admin Subsidy	-	-	(600)	(600)		
Case #7: Minimum Wage Increases	-	-	1,203	1,724		
Case #8: Confidential Matter	-	-	1,455	2,485		
Case #20: Reduced Rate Transit (Ages 13-17)	-	-	-	-		
Added: Phasing Out Vacancy Tax Rebate	-	-	(895)	(1,810)		
Added: Assessment Growth in Excess of Growth Costs to Reduce Tax Levy	-	-	(1,538)	(1,538)		
Total 2018 Budget Amendments \$	-	-	(418)	1,042		\$ 1
Total 2018 Budget Amendments %	0.0%	0.0%	-0.1%	0.3%	0.0%	
<b>2018 Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>2.8%</b>	<b>\$ 77</b>

2016-2019 Multi-Year Operating Budget Update	Total Net Budget <sup>1</sup> (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>3</sup>
	2016	2017	2018	2019		
<b>2019 Draft Budget Amendments (as tabled):</b>						
Case #1: Adjustments to Reduce Tax Levy Increase to 2.9%	-	-	-	(1,072)		
Case #2: Cancellation of 2019 Minimum Wage Increase	-	-	-	(521)		
Case #3: Confidential Matter - "In-Camera"	-	-	-	(2,000)		
Case #4: Bicycle Lane Maintenance	-	-	-	408		
Case #5: Additional Land Ambulance Resources	-	-	-	590		
Case #6: London Police Service - Safeguard Program	-	-	-	161		
Case #7: London Children's Museum Funding Request	-	-	-	-		
Total 2019 Draft Budget Amendments \$	-	-	-	(2,435)		\$ (3)
Total 2019 Draft Budget Amendments %	0.0%	0.0%	0.0%	-0.5%	-0.1%	
<b>2019 Draft % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>\$ 74</b>

Subject to rounding

Notes:

1. Strategic Investment and Budget Amendment impacts represent operating and capital levy (property tax) funding only. It does not include funding from reserve/reserve funds, user fees and Provincial subsidies.
2. Includes debt servicing costs.
3. Average property owner with an assessed value of \$221,000 in 2015 (excludes the Education tax portion).

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE #13

**STRATEGIC AREA OF FOCUS:** STRENGTHENING OUR COMMUNITY  
**INITIATIVE:** SUBSIDIZED TRANSIT FOR SENIORS  
**SERVICE(S):** SUBSIDIZED TRANSIT  
**SERVICE LEAD(S):** LYNNE LIVINGSTONE, MANAGING DIRECTOR, NEIGHBOURHOOD, CHILDREN AND FIRE SERVICES  
**TYPE OF AMENDMENT:** NEW COUNCIL DIRECTION

Budget Amendment Tax Levy Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$285	\$285
Revenue	\$0	\$0	\$0	\$0	\$0
Net Requested Tax Levy (Cumulative)	\$0	\$0	\$0	\$285	\$285
Net Incremental Tax Levy	\$0	\$0	\$0	\$285	\$285
Annual Tax Levy Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.05%	

Note 1: The tax levy impact is calculated using the approved budget.

## AMENDMENT 1: SUBSIDIZED TRANSIT FOR SENIORS

Operating Budget Table (\$000's)

Subsidized Transit for Seniors	2016	2017	2018	2019		2020-2025	
	Net	Net	Net	Expenditure	Net	Expenditure	Net
Approved Budget	401	434	0*	0	0	0	0
Cumulative Amendment				285	285	1,712	1,712
<b>Revised Budget</b>				<b>285</b>	<b>285</b>	<b>1,712</b>	<b>1,712</b>

\* The previous budget for the seniors transit subsidy was re-allocated to fund the income-based transit subsidy program per Council direction.

Tax Levy Per Cent Impact Table

Tax Levy Impact (Incremental Changes)	2016	2017	2018	2019	2016-2019 Average
Operating Impact	0.0%	0.0%	0.0%	0.05%	0.01%

Staffing Table

Staffing Summary (Cumulative Changes)	2019
# of Full-Time Employees Impacted	0
# of Full-Time Equivalents Impacted	0.0
<b>Full-Time Equivalents Cost (\$000's)</b>	<b>\$0</b>

Key Performance Indicator(s) Table

Metrics (Cumulative Changes)	2016	2017	2018	2019
# of subsidized bus tickets issued yearly to seniors	548,957	534,106	N/A	606,981*
Annual cost	\$258,010	\$251,030	N/A	\$285,300*

\*Anticipated number of subsidized bus tickets and associated annual cost based on estimated increase in seniors population from 2016 to 2019 (10.57%).

## What is the reason(s) for the budget amendment(s)?

At the Municipal Council meeting on December 18, 2018, Council resolved: “*That the proposed reinstatement of reduced cost of Senior’s Bus Tickets BE REFERRED to 2019 Budget Process and the Civic Administration BE DIRECTED to establish a source of financing. (2018-C12) (4.2/1/CWC)*” This budget amendment has been prepared to address that direction.

### Historical Program:

#### Subsidized Transit for Seniors (25% subsidy)

- Up until December 31, 2017, seniors (age 65 and over) received a 25% subsidy on both tickets and monthly passes.
- The budget for this program in 2017 was \$434,334 (for both monthly passes and tickets).
- The total cost to subsidize monthly bus passes for seniors in 2017 was \$159,294. The total cost to subsidize bus tickets for seniors in 2017 was \$251,030. The cost for the full program was therefore \$410,324 for 2017.
- As part of the 2018 Budget Update process, the seniors subsidized transit program ended as Council endorsed the income-related subsidized transit program for individuals 18 and over.

### Current Programs:

The City of London currently provides the following subsidized transit programs:

#### 1. Subsidized Transit for the Visually Impaired (100% subsidy)

- The current budget for this program is \$160,000.
- For the first 11 months of 2018, the total cost of this subsidized program was \$144,559.
- In 2017, this program was over-expended by approximately \$5,000.

#### 2. Children 12 and under Ride for Free

- The current budget for this program is \$150,254.
- For the first 11 months of 2018, the total cost of this subsidized program was \$395,639.

#### 3. Income-Related Transit Program for Individuals 18 years of age and over (\$52.00/month bus pass)

- The current budget for this program is \$442,770, which previously funded the subsidized transit program for seniors. At Council’s direction any costs in excess of the current budget are to be funded first through property tax supported operating budget surplus and, if required, through a drawdown from contingency reserves.
- For the first 11 months of 2018, the total cost of this subsidized program was \$375,026.
- As endorsed by Council, Civic Administration is undertaking an evaluation of this program.
- Seniors (65+) represent approximately 13% of participants in the Income-Related Transit Program (for example, in October 2018, of the total 1,338 passes sold, 174 passes were sold to seniors).

- There are approximately **64,000** seniors in London in 2016, comprising approximately 16.5% of London's total population and approximately **2.5%** of these seniors (1,550 people) have income below the low-income cut off after tax.
- By 2036, it is estimated there will be **103,000** seniors living in London – this is a 61% increase.
- It is estimated that up to **28,699** adults (18+) are eligible for the new income-related program; approximately **1,550 (5.4%)** of this eligible population is made up of seniors 65+.

4. Subsidized Transit for Youth Ages 13 up to and including 17 (\$52.00/month bus pass)

- There is no permanent budget currently allocated for this program; at Council's direction this pilot program is being funded first through property tax supported operating budget surplus and, if required, through a drawdown from contingency reserves.
- This program started on September 1, 2018.
- The cost of this subsidized program for its first 3 months in operation was \$47,748.
- This is currently a pilot program for 18 months at which time it will be reviewed as part of the 2020-2023 Multi-Year Budget process.

As part of the 2017 Year End Operating Budget Monitoring Report, approved by Council on April 24, 2018, a \$5 million contribution to the Operating Budget Contingency Reserve was authorized to set aside funding for the children 12 and under, youth 13-17 and income-related subsidized transit programs.

Civic Administration has identified that as part of the 2020-2023 Multi-Year Budget process, a single business case for all subsidized transit programs will be brought forward for consideration.

Given the cancellation of the Seniors Subsidized Transit program in January 2018, the London Transit Commission (LTC) no longer has stock of senior passes or tickets. Should this budget amendment be approved, Civic Administration will work with LTC administration on an implementation plan to re-introduce the Seniors Subsidized Transit program.

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# RECOMMENDATIONS

ALL AMOUNTS REPORTED IN THOUSANDS (\$000's)

## Water and Wastewater & Treatment 2016-2019 Multi-Year Budget – 2019 Annual Budget Update

- a) That the following actions be taken with regards to the Water capital budget amendment cases impacting the capital budget, it being noted that financing can be accommodated within the capital plan without impacting the water rates.
- i) Changes to 2019 of the multi-year budget period, representing a decrease of \$0.3 million **BE APPROVED**, and
  - ii) Changes to the 2020-2025 forecast period, representing an increase of \$1.5 million **BE APPROVED** in principle.

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Lifecycle</b>				
1	<b>EW3553 - Arva Huron Watermain Environmental Assessment</b> <b>Rationale:</b> Environmental Assessment needed to determine the short and long-term plans for maintenance of the Huron-Arva Water Supply Pipeline.	600	-	600
<b>Growth</b>				
	<b>Water Engineering</b> <b>Rationale:</b> Revise timing of select Water Engineering projects to meet demand or align with other work in same area.			
	<b>Advance Projects:</b>			
2	EW3581 Pond Mills Road (Wilton Grove Road to Southdale Road)	585	-	585
	<b>Defer Projects:</b>			
3	EW3654 Arva Pumping Station Upgrade	(332)	332	-
4	EW3675 Summercrest Southdale High Level	(1,131)	1,131	-
<b>Total Amendments</b>		<b>(278)</b>	<b>1,463</b>	<b>1,185</b>
<b>Total Revenue</b>		<b>278</b>	<b>(1,463)</b>	<b>(1,185)</b>
<b>Total Rate Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investment, it being noted that financing can be accommodated within the capital plan without impacting rates.



- b) That the reconciliation of the tabled Water budget to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (page 20).
- c) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the Water operating budget reflecting an annual rate increase of 3% for the 2019 period **BE READOPTED** with no net change.
- d) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the following actions be taken with respect to the Water capital budget:
  - i) The revised 2019 capital budget **BE READOPTED** in the amount of \$XX;
  - ii) The revised 2020-2025 capital forecast **BE APPROVED** in principle in the amount of \$XX.
- e) That the Water Reserves and Reserve Funds Overview **BE APPROVED**, it being noted projections are subject to annual review and adjustment.

- f) That the following actions be taken with regards to the Wastewater & Treatment capital budget amendment cases impacting the capital budget, it being noted that financing can be accommodated within the capital plan without impacting Wastewater & Treatment rates.
- i) Changes to 2019 of the multi-year budget period, representing a decrease of \$8.7 million **BE APPROVED**, and
  - ii) Changes to the 2020-2025 forecast period, representing an increase of \$9.8 million **BE APPROVED** in principle.

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Lifecycle Renewal</b>				
5	<b>ES2428 - Erosion Remediation in Open Watercourses Management and Reclamation</b> <b>Rationale:</b> Increase budget to allow for Low Impact Development (LID) projects.	320	-	320
6	<b>ES5084 - Replacement Equipment Wastewater Treatment Plants</b> <b>Rationale:</b> Budget increase for the maintenance and replacement of wastewater treatment assets.	690	-	690
7	<b>ESSWM-STMRM - Dingman Creek and Other Stream Remediation</b> <b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	(1,796)	1,796	-
<b>Growth</b>				
	<b>Stormwater Management</b> <b>Rationale:</b> Revise select Stormwater Management Growth projects to coordinate with completion of Dingman Creek Environmental Assessment.			
	<b>Defer Projects:</b>			-
8	ES2475 - Dingman Creek Main Channel Remediation	(2,300)	2,300	-
9	ES3202 - Dingman On-line SWM Facility #2	(4,290)	4,290	-

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Service Improvement</b>				
<b>10</b>	<b>ES3013 - Carling Creek Trunk Storm Sewer Phase IV</b> <b>Rationale:</b> Construction schedule change to align with infrastructure renewal project.	(1,350)	1,450	100
<b>Total Amendments</b>		<b>(8,726)</b>	<b>9,836</b>	<b>1,110</b>
<b>Total Revenue</b>		<b>8,726</b>	<b>(9,836)</b>	<b>(1,110)</b>
<b>Total Rate Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investment, it being noted that financing can be accommodated within the capital plan without impacting rates.

- iii) That the following Wastewater & Treatment capital budget adjustments only impacting the 2020-2025 forecast period **BE APPROVED** in principle, it being noted that the changes to the forecast represent an increase of \$6.8 million.

<b>Capital Budget Amendments - 2020-2025</b>	
Description	2020-2025
<b>Growth</b>	
<b>ES2435 - PDC's Installed with Claimable Remediation Works</b> <b>Rationale:</b> Project cancelled as Claimable Urban Works phased out.	(100)
<b>Service Improvement</b>	
<b>ES3098 - Greenway Wastewater Treatment Plant Flood Proofing and Effluent Pumping Station</b> <b>Rationale:</b> Budget increase for Greenway flood proofing, effluent pumping station and disinfection upgrades.	6,850
<b>Total Budget Amendments</b>	<b>6,750</b>
<b>Total Rate Impact</b>	<b>-</b>

Note: A budget amendment case is not required since these capital project adjustments do not impact the 2016-2019 Multi-Year Budget period.

- g) That the reconciliation of the tabled Wastewater & Treatment budget to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (page 47).
- h) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the Wastewater & Treatment operating budget reflecting an annual rate increase of 3% for the 2019 period **BE READOPTED** with no net change.
- i) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the following actions be taken with respect to the Wastewater & Treatment capital budget:
  - i) The revised 2019 capital budget **BE READOPTED** in the amount of \$XX;
  - ii) The revised 2020-2025 capital forecast **BE APPROVED** in principle in the amount of \$XX.
- j) That the Wastewater & Treatment Reserves and Reserve Funds Overview **BE APPROVED**, it being noted projections are subject to annual review and adjustment.

# 2019 UPDATE TO THE 2016-2019 MULTI-YEAR BUDGET SUMMARY - WATER

There are no operating budget amendments recommended for the 2019 Budget Update. It should be noted that in 2019 the City will be paying 1% less than previously forecasted (2% increase instead of 3%) for water purchased from the Lake Huron Primary Water Supply System. However, this is offset by a rate increase 1% higher than previously forecasted in each of 2018 and 2019 for water purchased from the Elgin Area Primary Water Supply System (4% increase instead of 3%). The combined impact is a reduction of water purchase costs of \$35 thousand. The purchase of water costs make up approximately 30% of the City's total water distribution budget.

There are four capital budget amendments for this service area resulting in a \$0.3 million decrease in the 2016-2019 approved budget and a \$1.5 million increase to the 2020-2025 capital forecast adopted in the 2016-2019 capital budget. These budget amendments are detailed beginning on page 23.

There are a number of anticipated pressures on the Water budget going into the next multi-year budget period. These include the infrastructure gap that will be determined by the 2018 Corporate Asset Management Plan which will include reservoir replacements, the addition of growth related core area work to provide adequate servicing and ensuring the supply of water into the City is protected. During the ongoing development of the 2018 Corporate Asset Management Plan an external analysis of the replacement values of our linear assets was completed. The resultant replacement values have significantly increased from previous estimates due to the improved accuracy of asset data and unit cost assumptions. Further information will be presented to Municipal Council as part of the newest 2018 Corporate Asset Management Plan. Another major budget pressure is the need to replace one of London's major reservoirs. The Springbank Reservoir No. 2 is nearing the end of its useful life and an environmental assessment is currently underway that will consider options to replace the reservoir. The environmental assessment will also consider the long-term storage needs required to service anticipated urban growth within the City as a whole. The Core Area Servicing Studies provide a plan to provide servicing for intensification related development within the built-out City. The plan includes \$9 million in water works with a City funded share of \$0.6 million and will be finalized as part of the 2019 Development Charges Background Study process. The Arva-Huron Pipeline is the most critical supply of water into the City of London, supplying approximately 85% of water used by all customers. An environmental assessment is currently scheduled to determine the long-term strategy for replacing this key component of the City's water system. The timing and funding of the projects identified in this plan will be considered as part of the multi-year budget process.

Administration is currently reviewing the existing 20-year plans for water and wastewater assets and developing a strategy for addressing the pressures noted above and will bring forward recommendations as part of the 2020-2023 Multi-Year Budget process.

**2016-2019 WATER OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>2019 Budget Update Summary Impact on Rates</b>	Net Budget (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>2</sup>
	2016	2017	2018	2019		
Approved % Increase From Rates	3.0%	3.0%	3.0%	3.0%	3.0%	\$ 11
Approved Net Budget <sup>1</sup>	73,687	75,780	77,932	79,896		
Cumulative Amendment	-	-	-	-		
<b>Revised Net Budget</b>	<b>73,687</b>	<b>75,780</b>	<b>77,932</b>	<b>79,896</b>		
<b>Incremental Net Increase / (Decrease)</b>	-	-	-	-		
<b>Revised % Increase From Rates</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>\$ 11</b>

*Subject to rounding*

Notes:

1. Amounts reported in the Approved Net Budget include housekeeping budget adjustments.
2. Based on residential consumption of 165.4m<sup>3</sup> per year

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	Annual Update	2016-2019 Revised Net Budget	2016-2019 Net Budget Inc/(Dec)
					2019 Amended Net Budget		
Engineering	7,599	1,748	1,847	2,318	2,321	8,234	635
Water Operations	57,160	13,771	14,308	14,654	14,876	57,609	449
Purchase of Water	93,607	22,608	23,202	23,684	24,113	93,607	-
General Administration	11,855	2,728	2,662	2,851	3,075	11,316	(539)
Billings & Customer Service	10,379	2,514	2,564	2,618	2,673	10,369	(10)
Financial Expenses	126,695	30,318	31,197	31,807	32,838	126,160	(535)
<b>WATER RATE SUPPORTED BUDGET</b>	<b>307,295</b>	<b>73,687</b>	<b>75,780</b>	<b>77,932</b>	<b>79,896</b>	<b>307,295</b>	<b>-</b>

*Subject to rounding*

Notes:

1. Amounts reported include housekeeping budget adjustments.

**2016-2019 WATER STAFFING CHANGES OVERVIEW  
2019 ANNUAL BUDGET UPDATE**

<i>Staffing Changes</i>	Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
	2016	2017	2018	2019	2016	2017	2018	2019
Total Approved Staffing <sup>1</sup>	85	86	87	87	96.7	97.7	103.5	103.5
<b>Budget Amendments</b>								
<b>Revised Total Staffing</b>	<b>85</b>	<b>86</b>	<b>87</b>	<b>87</b>	<b>96.7</b>	<b>97.7</b>	<b>103.5</b>	<b>103.5</b>
<b>Incremental Increase / (Decrease)</b>	-	-	-	-	-	-	-	-

Note 1: Total Approved Staffing numbers include positions approved as part of the 2016-2019 Multi-Year Budget and housekeeping budget adjustments.

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Capital Budget Summary (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	42,564	40,778	28,242	28,580	140,164	229,538	369,702
Total Revised Budget	42,564	40,778	28,242	28,302	139,886	231,001	370,887
<b>Total Capital Expense Increase/(Decrease)<sup>1</sup></b>	-	-	-	(278)	(278)	1,463	1,185
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	434	434	166	600
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(712)	(712)	1,297	585
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(278)	(278)	1,463	1,185
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. Includes adjustments for Budget Amendments 1-4 supported by 2019 budget amendment cases.



**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Lifecycle Renewal Capital Budget (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	37,701	35,019	25,873	26,057	124,650	182,280	306,930
Lifecycle Renewal Revised Budget	37,701	35,019	25,873	26,657	125,250	182,280	307,530
<b>Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>600</b>
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	600	600	-	600
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>600</b>
<b>Net Rate Impact</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's) (continued)***

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

		2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
		2016	2017	2018	2019	Total		
<b>Amendments</b>	<b>Budget Amendment Case #1</b>							
	<b>EW3553 Arva Huron Watermain Environmental Assessment</b> <b>Rationale:</b> Environmental Assessment needed to determine the short and long-term plans for maintenance of the Huron-Arva Water Supply Pipeline.	-	-	-	600	600	-	600
	<b>Source of Financing:</b> Waterworks Reserve Fund				RF	RF		RF
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>		-	-	-	600	600	-	600
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>							-	-
<b>Total Lifecycle Renewal Budget Amendments (Inc/(Dec))</b>		-	-	-	600	600	-	600

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Growth Capital Budget (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget	3,443	4,472	1,253	2,473	11,641	42,608	54,249
Growth Revised Budget	3,443	4,472	1,253	1,595	10,763	44,071	54,834
<b>Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(878)</b>	<b>(878)</b>	<b>1,463</b>	<b>585</b>
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(166)	(166)	166	-
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(712)	(712)	1,297	585
<b>Total Revenue Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(878)</b>	<b>(878)</b>	<b>1,463</b>	<b>585</b>
<b>Net Rate Impact</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Growth Capital Budget (\$000's) (continued)**

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan	
	2016	2017	2018	2019	Total			
<b>Amendments</b>	<b>Budget Amendment Case #2</b>							
	<b>EW3581 Pond Mills Road (Wilton Grove Road to Southdale Road)</b>							
	<b>Rationale:</b> Schedule change to align with Transportation project timing.	-	-	-	585	585	-	585
	<b>Source of Financing:</b> City Services - Water Reserve Fund				NRS	NRS		NRS
	<b>Budget Amendment Case #3</b>							
	<b>EW3654 Arva Pumping Station Upgrade</b>							
	<b>Rationale:</b> Schedule change for upgrades to Arva Pumping Station.	-	-	-	(332)	(332)	332	-
	<b>Source of Financing:</b> Waterworks Reserve Fund, City Services - Water Reserve Fund				RF, NRS	RF, NRS	RF, NRS	
	<b>Budget Amendment Case #4</b>							
	<b>EW3675 Summercrest Southdale High Level</b>							
<b>Rationale:</b> Construction schedule change to align with Transportation project timing.	-	-	-	(1,131)	(1,131)	1,131	-	
<b>Source of Financing:</b> City Services - Water Reserve Fund				NRS	NRS	NRS		
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(878)	(878)	1,463	585	
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						-	-	
<b>Total Growth Budget Amendments (Inc/(Dec))</b>	-	-	-	(878)	(878)	1,463	585	

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Service Improvement Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	1,420	1,287	1,116	50	3,873	4,650	8,523
Service Improvement Revised Budget	1,420	1,287	1,116	50	3,873	4,650	8,523
<b>Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	-	-	-	-
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY CLASSIFICATION**

Classification	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
Lifecycle Renewal	37,701	35,019	25,873	26,657	125,250	600	182,280	-	307,530
Growth	3,443	4,472	1,253	1,595	10,763	(878)	44,071	1,463	54,834
Service Improvement	1,420	1,287	1,116	50	3,873	-	4,650	-	8,523
<b>Total Expenditures</b> <sup>1-3</sup>	<b>42,564</b>	<b>40,778</b>	<b>28,242</b>	<b>28,302</b>	<b>139,886</b>	<b>(278)</b>	<b>231,001</b>	<b>1,463</b>	<b>370,887</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.
3. Amounts reported include adjustments for budget amendments 1-4.

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY SOURCE OF FINANCING**

Source of Financing	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
<b>Rate Supported</b>									
Capital Rate	18,823	19,764	19,761	20,100	78,448	-	133,000	-	211,448
Debenture	-	-	-	-	-	-	-	-	-
Reserve Fund	18,940	13,285	5,886	5,996	44,107	434	51,448	166	95,555
Other	-	-	-	-	-	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>37,763</b>	<b>33,049</b>	<b>25,647</b>	<b>26,096</b>	<b>122,555</b>	<b>434</b>	<b>184,448</b>	<b>166</b>	<b>307,003</b>
<b>Non-Rate Supported</b>									
Debenture	-	-	-	-	-	-	-	-	-
Reserve Fund	2,907	2,438	909	1,245	7,499	(712)	36,002	1,297	43,501
Federal Gas Tax	1,634	3,564	3,195	961	9,354	-	8,429	-	17,783
Provincial Grants <sup>3</sup>	-	1,727	(780)	-	947	-	-	-	947
Senior Government <sup>3</sup>	-	-	(1,563)	-	(1,563)	-	-	-	(1,563)
Other	260	-	834	-	1,094	-	2,122	-	3,216
<b>Sub-total Non-Rate Supported</b>	<b>4,801</b>	<b>7,729</b>	<b>2,595</b>	<b>2,206</b>	<b>17,331</b>	<b>(712)</b>	<b>46,553</b>	<b>1,297</b>	<b>63,884</b>
<b>Total Sources of Financing<sup>1-2</sup></b>	<b>42,564</b>	<b>40,778</b>	<b>28,242</b>	<b>28,302</b>	<b>139,886</b>	<b>(278)</b>	<b>231,001</b>	<b>1,463</b>	<b>370,887</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. Amounts reported include adjustments for budget amendments 1-4.
3. Negative amounts in 2018 relate to Clean Water and Wastewater Fund financing reallocated between the Water Capital Budget and the Wastewater & Treatment Capital Budget.

**2026-2028 WATER CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

Classification / Source of Financing	2026 Forecast	2027 Forecast	2028 Forecast	2019-2028 Rolling Capital Plan
<b>CAPITAL BUDGET BY CLASSIFICATION</b>				
Lifecycle Renewal	28,126	27,133	26,648	290,844
Growth	3,525	950	1,658	51,799
Service Improvement	970	50	-	5,720
<b>Total Expenditures</b>	<b>32,621</b>	<b>28,133</b>	<b>28,306</b>	<b>348,363</b>
<b>CAPITAL BUDGET BY SOURCE OF FINANCING</b>				
<b>Rate Supported</b>				
Capital Rate	23,000	23,000	23,000	222,100
Debenture	-	-	-	-
Reserve Fund	4,917	2,988	2,955	68,304
Other	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>27,917</b>	<b>25,988</b>	<b>25,955</b>	<b>290,404</b>
<b>Non-Rate Supported</b>				
Debenture	-	-	-	-
Reserve Fund	3,176	600	1,126	42,149
Federal Gas Tax	1,108	1,545	1,225	13,268
Provincial Grants	-	-	-	-
Senior Government	-	-	-	-
Other	420	-	-	2,542
<b>Sub-total Non-Rate Supported</b>	<b>4,704</b>	<b>2,145</b>	<b>2,351</b>	<b>57,959</b>
<b>Total Sources of Financing</b>	<b>32,621</b>	<b>28,133</b>	<b>28,306</b>	<b>348,363</b>

*Subject to rounding*



**2026-2028 WATER CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

The following section highlights key capital projects contained within the 2026-2028 periods of the 10 year capital plan. These capital projects are subject to annual reviews and adjustments.

<b>Major Capital Works In 2026-2028</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>
<b>LIFECYCLE RENEWAL</b>			
EW3765 - Water Infrastructure Lifecycle Renewal	12,000	12,405	12,405
EW3563 - Main Rehabilitation	6,173	6,173	6,173
EW3787 - Main Replacement with Major Roadworks	2,800	2,800	2,800
EW3710 - Downtown Watermain Replacement	108	1,545	-
EW3579 - Fanshawe Park Road East (Highbury Ave. to Clarke Road) Watermain	-	-	1,225
EW1627 - Meter Replacement Program	1,000	1,000	1,000
<b>GROWTH</b>			
EW3625-2 - Dingman-Wonderland Feeder Watermain A20 Phase II	2,576	-	-
<b>SERVICE IMPROVEMENT</b>			
EW3743 - Watermain Extensions	840	-	-

**2016-2019 WATER MULTI-YEAR BUDGET RESERVE & RESERVE FUND OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Reserves &amp; Reserve Funds Forecast<sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016<sup>2</sup></b>	<b>2017<sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
Waterworks Reserve Fund	43,381	47,627	29,405	35,557	40,512	44,629	44,648	38,754	39,027	44,148
City Services - Water Reserve Fund	16,426	19,091	14,651	17,403	17,237	5,954	5,982	8,470	5,766	4,359
Industrial Oversizing Water Reserve Fund	1,805	330	74	75	76	78	79	81	82	84
Industrial DC Incentive Program Reserve Fund	5,020	6,410	6,099	5,733	5,360	4,982	4,596	4,707	4,835	4,964
Lead Service Replacement Program Reserve Fund	113	107	117	129	140	152	163	172	181	189
Water Customer Assistance Reserve Fund	363	412	419	427	435	442	450	458	467	475
Water Efficiency, Effectiveness & Economy Reserve	1,247	1,490	1,818	2,158	2,498	2,838	3,178	3,518	3,858	4,198
<b>Total Water Revised Projected Balance</b>	<b>68,355</b>	<b>75,467</b>	<b>52,583</b>	<b>61,482</b>	<b>66,258</b>	<b>59,075</b>	<b>59,096</b>	<b>56,160</b>	<b>54,216</b>	<b>58,417</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments.
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The overall increase in reserve and reserve fund balances is primarily attributable to savings aimed at managing the City's forecasted \$466.1 million 10 year infrastructure gap. As part of the 2020-2023 Multi-Year Budget development, Civic Administration will incorporate the results of the 2018 Corporate Asset Management Plan (AMP) into the 10-year capital plan, which will impact the projected drawdowns.

## RECONCILIATION OF TABLED WATER BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) FINANCIAL STATEMENT BUDGET

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements, however, with the introduction of PS1200 in 2009, the Province of Ontario enacted a regulation, Ontario Regulation 284/09, allowing for certain items to be excluded from their budgets, as long as it was disclosed. Typical PSAB items, such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense can be excluded, however, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The regulation requires that the report contain information regarding:

1. An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
2. An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality or local board.

London's 2019 draft Water operating budget as tabled, excludes the following expenses:

1. Expenses for the amortization of tangible capital assets, estimated to be \$16.9 million for 2019, are excluded. The budget does include reserve fund contributions of \$12.2 million for 2019 and pay as you go contributions of \$20.2 million for 2019 for capital asset additions.
2. The budget does not contain the current year's post-employment benefit expense for early retirement and accrued sick leave, estimated to total \$154 thousand for 2019, for employees that are eligible for these benefits. The Corporation's consolidated liability as at December 31, 2017 was \$154.9 million. Reserve fund balances as of December 31, 2017 of \$20.4 million are available to offset this obligation.
3. The City also makes contributions to an additional corporate reserve to offset the liabilities created from the post-employment expenses (point 2 above) and landfill closure and post-closure expenses depending upon generated surpluses, including personnel cost savings. The balance in this corporate reserve as of December 31, 2017 was \$70.4 million.

If the above items were included in the 2019 budget, the projected annual PSAB surplus would decrease.

Table 1 on the following page shows the 2019 draft Water operating budget and the 2018 approved revised budget and Table 2 reconciles the surplus in PSAB format to the Water operating budgets.

**RECONCILIATION OF TABLED WATER BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 1</b>	<b>2018 Water Revised Budget</b>	<b>2019 Draft Budget</b>
<b>REVENUES</b>		
Property Tax	-	-
Property Tax - Proposed budget amendments	-	-
Government Grants & Subsidies	-	-
User Fees	77,778	79,742
Municipal Revenues - Other	154	154
Municipal Revenues - Transfers from Capital	-	-
Municipal Revenues - Transfers from Reserves and Reserve Funds	-	-
<b>Total Revenues</b>	<b>77,932</b>	<b>79,896</b>
<b>EXPENSES</b>		
Personnel Costs	10,825	9,774
Administrative Expenses	2,440	2,510
Financial Expenses - Other	73	74
Financial Expenses - Interest & Discount on Long-term Debt	58	46
Financial Expenses - Debt Principal Repayments	349	360
Financial Expenses - Transfers to Reserves and Reserve Funds	11,311	12,242
Financial Expenses - Transfers to Capital	20,090	20,190
Purchased Services	3,178	3,132
Materials & Supplies	26,303	26,818
Vehicle & Equipment	1,937	1,969
Transfers	-	-
Other Expenses	2,869	2,927
Recovered Expenses	(1,500)	(146)
<b>Total Expenses</b>	<b>77,932</b>	<b>79,896</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>

**RECONCILIATION OF TABLED WATER BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 2</b>	<b>2018 Water PSAB Adjustments</b>	<b>2019 Water PSAB Adjstments</b>
<b>PROJECTED NET PSAB SURPLUS</b>	<b>17,628</b>	<b>18,751</b>
<b>PSAB REPORTING REQUIREMENTS:</b>		
<b>Addback to revenues:</b>		
Transfers from Capital	-	-
Transfers from Reserves and Reserve Funds	-	-
<b>Deduct from expenses:</b>		
Transfers to Reserves and Reserve Funds	(11,311)	(12,242)
Transfers to Capital	(20,090)	(20,190)
Debt principal repayments	(349)	(360)
<b>PSAB adjustments:</b>		
Capital program funding earned in year <sup>(1)</sup>	(113)	(961)
Capital projects not resulting in tangible capital assets <sup>(2)</sup>	3,097	4,186
Amortization <sup>(3)</sup>	16,327	16,327
Developer contributions of assumed tangible capital assets <sup>(4)</sup>	(5,824)	(5,202)
Loss on disposal of tangible capital assets <sup>(5)</sup>	822	886
Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>(6)</sup>	(345)	(1,330)
Employee future benefit liability <sup>(7)</sup>	158	135
<b>NET SURPLUS (DEFICIT) PER DRAFT BUDGET</b>	<b>-</b>	<b>-</b>

**Footnotes and Assumptions**

- 1) Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 5 year average of actuals from 2013 - 2017.
- 2) For PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 14.79% of capital expenditure budget, based on 2017 actuals.
- 3) Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated 3.83% annual increase based on 2013 - 2017 actuals.
- 4) Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. Estimate based on 5 year average of actuals.
- 5) When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2013 - 2017.
- 6) Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.
- 7) Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average.

# 2016 | MULTI-YEAR 2019 | BUDGET



## AMENDMENT FORM – CASE # 1

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** ARVA HURON WATERMAIN ENVIRONMENTAL ASSESSMENT  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$600	\$600
Revenue	\$0	\$0	\$0	(\$600)	(\$600)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: ENVIRONMENTAL ASSESSMENT NEEDED TO DETERMINE THE MAINTENANCE OF THE HURON-ARVA WATER SUPPLY PIPELINE

Capital Budget Table (\$000's)

EW3553 – Arva Huron Watermain Environmental Assessment		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	0
Cumulative Amendment					600	0
<b>Revised Budget</b>					<b>600</b>	<b>0</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	0	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund				(600)	
	Other					
	Non-rate Supported					
<b>Revised Budget</b>					<b>(600)</b>	<b>0</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

An Environmental Assessment (EA) is needed to determine the short and long term plans for maintaining the City of London's most critical water supply pipeline, the Arva-Huron Watermain. This project will review the options for the maintenance or replacement of the existing watermain between the Arva Reservoir and Huron Street. There are numerous challenges with traditional methods of accessing or twinning this watermain so an environmental assessment is being proposed to identify options for the future. The risks associated with not proceeding with this project are that the City would fail to have a long term plan for this aging critical infrastructure. The budget of \$600 thousand is fully offset by the unused budget from EW3576 Arva-Huron Pipeline Replacement project in 2018 which will be released as part of the 2018 Year-end Capital Monitoring Report (as of December 31, 2018).

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 2

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – NEW WATERMAIN POND MILLS ROAD  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** NEW COUNCIL DIRECTION

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$585	\$585
Revenue	\$0	\$0	\$0	(\$585)	(\$585)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.



## AMENDMENT 1: SCHEDULE CHANGE TO ALIGN WITH TRANSPORTATION PROJECT TIMING

Capital Budget Table (\$000's)

EW3581 – Pond Mills Road (Wilton Grove Road to Southdale Road)		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	0
Cumulative Amendment					585	0
<b>Revised Budget</b>					<b>585</b>	<b>0</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	0	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund					
	Other					
	Non-rate Supported				(585)	
<b>Revised Budget</b>					<b>(585)</b>	<b>0</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$274

2029 Capital Gross Expenditure: \$1,885

### What is the reason(s) for the budget amendment(s)?

Advancement of \$585 thousand of a \$2.7 million project in order to accommodate design and construction of a new watermain in coordination with Ministry of Transportation Ontario (MTO) and Transportation projects associated with widening Highway 401 and the bridge over Pond Mills Road. The 2014 Water Master Plan Update identified a future watermain to replace the existing one in 2029; however, it has been identified that the existing watermain is in conflict with the proposed lengthening of the bridge over Pond Mills Road. Relocation of the watermain needs to be advanced in the vicinity of the Pond Mills/Highway 401 bridge in order to facilitate the subsequent transportation project.

Pertinent Reports: October 24, 2017, Civic Works Committee Meeting

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=34118>

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 3

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – ARVA PUMPING STATION UPGRADE  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$332)	(\$332)
Revenue	\$0	\$0	\$0	\$332	\$332
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE FOR UPGRADES TO ARVA PUMPING STATION

Capital Budget Table (\$000's)

EW3654 – Arva Pumping Station Upgrade		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	332	2,988
Cumulative Amendment					(332)	332
<b>Revised Budget</b>					<b>0</b>	<b>3,320</b>
Source of Financing						
Approved Budget		0	0	0	(332)	(2,988)
Amendments	Capital Rates					
	Debenture					
	Reserve Fund				166	(166)
	Other					
	Non-rate Supported				166	(166)
<b>Revised Budget</b>					<b>0</b>	<b>(3,320)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

This project was scheduled to be constructed in 2020 with design beginning in 2019. Pumping demands at the Arva Pump Station have not been increasing at a rate that would justify an upgrade in capacity in 2020 and as such the project is recommended to be deferred. Previous studies indicated the expansion would be needed in 2020 but as growth demands have not outpaced water conservation efforts, this project can be deferred to future years. Expanding the capacity of this pump station prematurely will reduce the station's energy efficiency and has the potential to cause maintenance issues in the future.

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 4

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – NEW WATERMAIN SUMMERCREST SOUTHDALE  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,131)	(\$1,131)
Revenue	\$0	\$0	\$0	\$1,131	\$1,131
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE TO ALIGN CONSTRUCTION WITH TRANSPORTATION PROJECT TIMING

Capital Budget Table (\$000's)

EW3675 – Summercrest Southdale High Level (2004)		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,131	0
Cumulative Amendment					(1,131)	1,131
<b>Revised Budget</b>					<b>0</b>	<b>1,131</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	(1,131)	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund					
	Other					
	Non-rate Supported				1,131	(1,131)
<b>Revised Budget</b>					<b>0</b>	<b>(1,131)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

This project will be deferred until 2020 and will be carried out in conjunction with Transportation project TS1407 to upgrade Southdale Road between Wickerson Road and Bramblewood Place. The timing of the Water project needs to correspond to the most current status of the Transportation project. Aligning the project schedules is beneficial to the City by causing less interruption for road users.

# 2019 UPDATE TO THE 2016-2019 MULTI-YEAR BUDGET SUMMARY - WASTEWATER & TREATMENT

There are no operating budget amendments and eight capital budget amendments for this service area resulting in an \$8.7 million decrease in the 2016-2019 approved budget. There is also a \$16.6 million increase to the 2020-2025 capital forecast adopted in the 2016-2019 approved budget. These budget amendments are detailed beginning on page 50.

The Wastewater & Treatment budget will face many pressures in the near future including funding needs to address the updated infrastructure gap determined by the 2018 Corporate Asset Management Plan, work required as part of the Canada-Ontario Lake Erie Action Plan, reducing sewer system overflows and eliminating combined sewers, and providing service for growth either in new areas or intensification of existing neighbourhoods. The following paragraphs discuss these pressures in more detail.

During the ongoing 2018 Corporate Asset Management Plan development, an external analysis of the replacement values of our linear assets was completed. The resultant replacement values have significantly increased from previous estimates due to the improved asset data accuracy and updated unit cost assumptions. Further information will be presented to Council as part of the newest 2018 Corporate Asset Management Plan.

The Great Lakes Water Quality Agreement requires the United States and Canada to reduce phosphorus levels that contribute to algae blooms in Lake Erie by 40% based on levels measured in 2008 with the Thames River Watershed identified as a priority. The final Canada-Ontario Lake Erie Action Plan was issued by the Federal government in February 2018. The plan includes a series of specific actions to be undertaken by the City of London that were endorsed by Council in Q4-2017. The City's ability to support these actions has been tied to receiving partial federal and provincial funding.

Three master studies recently undertaken to address various needs have identified \$450 million worth of capital projects that could be completed in the near to mid future. The Pollution Prevention and Control Plan outlined \$290 million worth of projects to reduce sewer system overflows. The Core Area Servicing Studies provides servicing for intensification related development within the City and includes a City funded share of \$111 million in stormwater and wastewater works. The East London Sanitary Servicing Study identified a plan to provide growth wastewater servicing to east London at a cost of \$34 million to \$74.5 million.

Flood proofing of several of the City's wastewater treatment plants and flood control dykes have been identified in the 2015-2019 corporate Strategic Plan. It was anticipated that funding would be available as part of the Federal/Provincial infrastructure program; however, the application window for the next round of funding has been delayed by over one year. If the next round of anticipated federal/provincial funding is further delayed, a strategy for addressing this need will be established as part of the 2020-2023 Multi-Year Budget process.

In Budget 2016, the Federal Government announced the *Investing in Canada Plan* to invest more than \$120 billion in infrastructure over 10 years, including \$60 billion in new funding for public transit, green infrastructure, and community, culture and recreation infrastructure. Included in the green infrastructure stream was the Clean Water and Wastewater Fund (CWWF) that was to be delivered in partnership with the Province of Ontario. The first round of program funding was released in 2016 with the expectation that future rounds would be available to complete multi-phase projects. Notwithstanding the announcement of public transit funding in early 2018, no further funding has been announced for the green infrastructure stream, resulting in continued uncertainty for water and wastewater projects within the capital plan. The City of London continues to urge the provincial and federal governments to move forward with the next round of funding as soon as possible. As one of the criteria to qualify for the funding was that the project was “incremental”, (i.e. not previously budgeted), the remaining phases of several projects are not currently budgeted and represent an additional budget pressure.

Administration is currently reviewing the existing 20-year plans for water and wastewater assets and developing a strategy for addressing the pressures noted above and will bring forward recommendations as part of the 2020-2023 Multi-Year Budget process.

**2016-2019 WASTEWATER & TREATMENT OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>2019 Budget Update Summary Impact on Rates</b>	Net Budget (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>2</sup>
	2016	2017	2018	2019		
Approved % Increase From Rates	3.0%	3.0%	3.0%	3.0%	3.0%	\$ 14
Approved Net Budget <sup>1</sup>	89,720	92,525	95,415	98,182		
Cumulative Amendment	-	-	-	-		
<b>Revised Net Budget</b>	<b>89,720</b>	<b>92,525</b>	<b>95,415</b>	<b>98,182</b>		
<b>Incremental Net Increase / (Decrease)</b>	-	-	-	-		
<b>Revised % Increase From Rates</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>\$ 14</b>

*Subject to rounding*

Notes:

1. Amounts reported in the Approved Net Budget include housekeeping budget adjustments.
2. Based on residential consumption of 165.4m<sup>3</sup> per year

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	Annual Update	2016-2019 Revised Net Budget	2016-2019 Net Budget Inc/(Dec)
					2019 Amended Net Budget		
Wastewater & Drainage Engineering & Stormwater Engineering	11,656	2,951	2,954	3,767	3,753	13,425	1,769
Sewer Operations	35,552	8,673	8,878	8,983	9,117	35,651	99
Wastewater & Treatment Operations	80,581	19,296	19,869	20,912	21,394	81,471	890
General Administration	17,111	3,879	3,930	4,406	4,708	16,923	(188)
Billings & Customer Service	9,006	2,176	2,226	2,276	2,328	9,006	-
Financial Expenses	221,936	52,745	54,668	55,071	56,882	219,366	(2,570)
<b>WASTEWATER &amp; TREATMENT RATE SUPPORTED BUDGET</b>	<b>375,842</b>	<b>89,720</b>	<b>92,525</b>	<b>95,415</b>	<b>98,182</b>	<b>375,842</b>	<b>-</b>

*Subject to rounding*

Notes:

1. Amounts reported include housekeeping budget adjustments.



**2016-2019 WASTEWATER & TREATMENT STAFFING CHANGES OVERVIEW  
2019 ANNUAL BUDGET UPDATE**

<i>Staffing Changes</i>	Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
	2016	2017	2018	2019	2016	2017	2018	2019
Total Approved Staffing <sup>1</sup>	163	163	173	173	169.0	169.0	178.7	178.7
<b>Budget Amendments</b>								
<b>Revised Total Staffing</b>	<b>163</b>	<b>163</b>	<b>173</b>	<b>173</b>	<b>169.0</b>	<b>169.0</b>	<b>178.7</b>	<b>178.7</b>
<b>Incremental Increase / (Decrease)</b>	-	-	-	-	-	-	-	-

Note 1: Total Approved Staffing numbers include positions approved as part of the 2016-2019 Multi-Year Budget and housekeeping budget adjustments.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Capital Budget Summary (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	69,511	100,238	112,638	52,268	334,655	357,105	691,760
Total Revised Budget	69,511	100,238	112,638	43,542	325,929	373,691	699,620
<b>Total Capital Expense Increase/(Decrease)<sup>1</sup></b>	-	-	-	<b>(8,726)</b>	<b>(8,726)</b>	<b>16,586</b>	<b>7,860</b>
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(7,760)	(7,760)	15,620	7,860
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(966)	(966)	966	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	<b>(8,726)</b>	<b>(8,726)</b>	<b>16,586</b>	<b>7,860</b>
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. Includes adjustments for Budget Amendments 5-10 supported by 2019 business cases and 2020-2025 budget adjustments that do not require any budget amendment cases as there is no impact to the 2016-2019 Multi-Year Budget period.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	26,144	45,482	26,852	26,168	124,646	176,225	300,871
Lifecycle Renewal Revised Budget	26,144	45,482	26,852	25,382	123,860	178,021	301,881
<b>Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(786)</b>	<b>(786)</b>	<b>1,796</b>	<b>1,010</b>
<b>Sources of Financing</b>							
Capital Rate (CR)		-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(786)	(786)	1,796	1,010
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(786)</b>	<b>(786)</b>	<b>1,796</b>	<b>1,010</b>
<b>Net Rate Impact</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Subject to rounding*

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's) (continued)***

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan	
	2016	2017	2018	2019	Total			
<b>Amendments</b>	<b>Budget Amendment Case #5</b>							
	<b>ES2428 - Erosion Remediation in Open Watercourses Management and Reclamation</b>							
	<b>Rationale:</b> Increase budget to allow for Low Impact Development (LID) projects.	-	-	-	320	320	-	320
	<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF		RF
	<b>Budget Amendment Case #6</b>							
	<b>ES5084 - Replacement Equipment Wastewater Treatment Plants</b>							
	<b>Rationale:</b> Budget increase for the maintenance and replacement of wastewater treatment assets.	-	-	-	690	690	-	690
	<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF		RF
	<b>Budget Amendment Case #7</b>							
	<b>ESSWM-STMRM - Dingman Creek and Other Stream Remediation</b>							
<b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(1,796)	(1,796)	1,796	-	
<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF	RF		
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(786)	(786)	1,796	1,010	
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						-	-	
<b>Total Lifecycle Renewal Budget Amendments (Inc/(Dec))</b>	-	-	-	(786)	(786)	1,796	1,010	

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Growth Capital Budget (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget	33,109	23,318	72,527	16,438	145,392	85,985	231,377
Growth Revised Budget	33,109	23,318	72,527	9,848	138,802	92,475	231,277
<b>Increase/(Decrease)</b>	-	-	-	(6,590)	(6,590)	6,490	(100)
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(5,624)	(5,624)	5,524	(100)
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(966)	(966)	966	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(6,590)	(6,590)	6,490	(100)
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Budget Amendment Case #8</b>							
<b>ES2475 - Dingman Creek Main Channel Remediation Works</b>							
<b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(2,300)	(2,300)	2,300	-
<b>Source of Financing:</b> Sewage Works Reserve Fund, City Services - Major SWM Reserve Fund				RF, NRS	RF, NRS	RF, NRS	

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Growth Capital Budget (\$000's) (continued)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan	
	2016	2017	2018	2019	Total			
<b>Amendments</b>	<b>Budget Amendment Case #9</b>							
	<b>ES3202 - Dingman On-line Stormwater Management Flood Control Facility #2</b>							
	<b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(4,290)	(4,290)	4,290	-
	<b>Source of Financing:</b> Sewage Works Reserve Fund, City Services - Major SWM Reserve Fund				RF, NRS	RF, NRS	RF, NRS	
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>		-	-	-	(6,590)	(6,590)	6,590	-
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						<b>(100)</b>	<b>(100)</b>	
<b>Total Growth Budget Amendments (Inc/(Dec))</b>		-	-	-	(6,590)	(6,590)	6,490	(100)

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>ES2435 - PDC's Installed with Claimable Remediation Works</b>							
<b>Rationale:</b> Project cancelled as Claimable Urban Works phased out.	(50)	-	-	(50)	-	-	(100)
<b>Source of Financing:</b> Sewage Works Reserve Fund	RF			RF			RF
<b>Total Growth 2020-2025 Budget Amendments (Inc/(Dec))</b>		<b>(50)</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>(100)</b>

\* Business cases are not included within the 2019 Annual Budget Update for the 2020-2025 forecast period since these budget amendments do not impact the 2016-2019 Multi-Year Budget.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Service Improvement Capital Budget (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	10,258	31,438	13,259	9,662	64,617	94,895	159,512
Service Improvement Revised Budget	10,258	31,438	13,259	8,312	63,267	103,195	166,462
<b>Increase/(Decrease)</b>	-	-	-	(1,350)	(1,350)	8,300	6,950
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(1,350)	(1,350)	8,300	6,950
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(1,350)	(1,350)	8,300	6,950
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Budget Amendment Case #10</b>							
<b>ES3013 - Carling Creek Trunk Storm Sewer Phase IV</b>							
<b>Rationale:</b> Construction schedule change to align with infrastructure renewal project.	-	-	-	(1,350)	(1,350)	1,450	100
<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF	RF	RF
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(1,350)	(1,350)	1,450	100
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						6,850	6,850
<b>Total Service Improvement Budget Amendments (Inc/(Dec))</b>	-	-	-	(1,350)	(1,350)	8,300	6,950

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
 (\$000's)

***Service Improvement Capital Budget (\$000's) (continued)***

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>ES3098 - Greenway Wastewater Treatment Plant Flood Proofing and Effluent Pumping Station</b>							
<b>Rationale:</b> Budget increase for Greenway flood proofing, effluent pumping station and disinfection upgrades.	6,850	-	-	-	-	-	6,850
<b>Source of Financing:</b> Sewage Works Reserve Fund	RF						RF
<b>Total Service Improvement 2020-2025 Budget Amendments (Inc/(Dec))</b>	<b>6,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,850</b>

\* Business cases are not included within the 2019 Annual Budget Update for the 2020-2025 forecast period since these budget amendments do not impact the 2016-2019 Multi-Year Budget.



**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY CLASSIFICATION**

Classification	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
Lifecycle Renewal	26,144	45,482	26,852	25,382	123,860	(786)	178,021	1,796	301,881
Growth	33,109	23,318	72,527	9,848	138,802	(6,590)	92,475	6,490	231,277
Service Improvement	10,258	31,438	13,259	8,312	63,267	(1,350)	103,195	8,300	166,462
<b>Total Expenditures</b> <sup>1-3</sup>	<b>69,511</b>	<b>100,238</b>	<b>112,638</b>	<b>43,542</b>	<b>325,929</b>	<b>(8,726)</b>	<b>373,691</b>	<b>16,586</b>	<b>699,620</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.
3. Amounts reported include adjustments for budget amendments 5-10 plus the future period adjustments not requiring business cases.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY SOURCE OF FINANCING**

Source of Financing	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
<b>Rate Supported</b>									
Capital Rate	15,550	16,949	18,606	20,450	71,555	-	134,319	-	205,874
Debenture <sup>1</sup>	(88)	-	(150)	-	(238)	-	-	-	(238)
Reserve Fund	14,637	30,915	16,379	8,533	70,464	(7,760)	131,116	15,620	201,580
Other	-	-	-	-	-	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>30,099</b>	<b>47,864</b>	<b>34,835</b>	<b>28,983</b>	<b>141,781</b>	<b>(7,760)</b>	<b>265,435</b>	<b>15,620</b>	<b>407,216</b>
<b>Non-Rate Supported</b>									
Debenture	19,564	10,572	32,198	2,000	64,334	-	30,371	-	94,705
Reserve Fund	13,224	12,373	31,848	7,415	64,860	(966)	43,201	966	108,061
Federal Gas Tax	4,500	19,767	4,500	4,480	33,247	-	27,000	-	60,247
Provincial Grants	-	7,733	881	100	8,714	-	600	-	9,314
Federal Grants	-	-	1,568	-	1,568	-	-	-	1,568
Other	2,124	1,929	6,808	564	11,425	-	7,084	-	18,509
<b>Sub-total Non-Rate Supported</b>	<b>39,412</b>	<b>52,374</b>	<b>77,803</b>	<b>14,559</b>	<b>184,148</b>	<b>(966)</b>	<b>108,256</b>	<b>966</b>	<b>292,404</b>
<b>Total Sources of Financing <sup>2&amp;3</sup></b>	<b>69,511</b>	<b>100,238</b>	<b>112,638</b>	<b>43,542</b>	<b>325,929</b>	<b>(8,726)</b>	<b>373,691</b>	<b>16,586</b>	<b>699,620</b>

*Subject to rounding*

Notes:

1. Negative amounts in 2016 and 2018 rate supported debenture financing are due to growth housekeeping budget adjustments to maintain growth/non-growth financing splits.
2. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
3. Amounts reported include adjustments for budget amendments 5-10 plus the future period adjustments not requiring business cases.

**2026-2028 WASTEWATER & TREATMENT CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

Classification / Source of Financing	2026 Forecast	2027 Forecast	2028 Forecast	2019-2028 Rolling Capital Plan
<b>CAPITAL BUDGET BY CLASSIFICATION</b>				
Lifecycle Renewal	27,980	28,430	32,280	292,093
Growth	6,447	9,230	4,590	122,590
Service Improvement	12,945	13,343	13,695	151,490
<b>Total Expenditures</b>	<b>47,372</b>	<b>51,003</b>	<b>50,565</b>	<b>566,173</b>
<b>CAPITAL BUDGET BY SOURCE OF FINANCING</b>				
<b>Rate Supported</b>				
Capital Rate	21,350	21,500	21,750	219,369
Debenture	-	-	-	-
Reserve Fund	14,911	15,609	19,561	189,730
Other	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>36,261</b>	<b>37,109</b>	<b>41,311</b>	<b>409,099</b>
<b>Non-Rate Supported</b>				
Debenture	2,817	6,500	-	41,688
Reserve Fund	3,530	2,630	4,490	61,266
Federal Gas Tax	4,500	4,500	4,500	44,980
Provincial Grants	100	100	100	1,000
Senior Government	-	-	-	-
Other	164	164	164	8,140
<b>Sub-total Non-Rate Supported</b>	<b>11,111</b>	<b>13,894</b>	<b>9,254</b>	<b>157,074</b>
<b>Total Sources of Financing</b>	<b>47,372</b>	<b>51,003</b>	<b>50,565</b>	<b>566,173</b>

*Subject to rounding*

**2026-2028 WASTEWATER & TREATMENT CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

The following section highlights key capital projects contained within the 2026-2028 periods of the 10 year capital plan. These capital projects are subject to annual reviews and adjustments.

<b>Major Capital Works In 2026-2028</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>
<b>LIFECYCLE RENEWAL</b>			
ES2414 - Sewer Infrastructure Lifecycle Renewal	14,000	14,000	14,000
ES2693 - Specialized Sewer Repairs	4,500	5,000	5,000
ES3080 - Greenway Incinerator	500	500	4,500
ES2478 - Existing Ditches and Open Watercourses	2,200	2,000	2,000
ES5084 - Replacement Equipment at Wastewater Treatment Plants	2,200	2,200	2,200
<b>GROWTH</b>			
ESSWM-WO4 - SWM Facility-White Oaks No 4	-	4,400	-
ESSWM-NLP6 - SWM Facility-North Lambeth	2,400	-	-
ES3022 - Old Oak 2 SWM Facility	416	2,100	-
<b>SERVICE IMPROVEMENT</b>			
ES2464 - Combined Sewer Separation	11,000	12,000	12,000

**2016-2019 WASTEWATER & TREATMENT MULTI-YEAR BUDGET RESERVE & RESERVE FUND OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Reserves &amp; Reserve Funds Forecast <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
Sewage Works Reserve Fund	73,252	82,075	42,347	57,467	45,511	49,005	53,746	51,509	61,998	72,334
Industrial DC Incentive Program Sewer	3,339	3,872	3,885	3,789	4,700	5,628	6,572	7,533	8,542	9,569
Sewage Treatment Plant Capacity	291	295	301	306	311	317	323	328	334	340
Industrial Oversizing Sewer	6,827	6,920	6,091	6,200	6,312	6,291	6,269	5,958	5,640	5,318
City Services - Sanitary Sewer	14,339	19,400	1,378	6,762	11,908	14,187	15,130	12,033	10,797	8,363
City Services - Major Stormwater Management	33,343	40,649	4,996	10,262	14,382	15,077	11,409	12,126	13,697	15,267
Wastewater Efficiency, Effectiveness & Economy Reserve	2,141	2,571	2,846	3,133	3,420	3,708	3,995	4,282	4,569	4,856
Sump Pump, Sewage Ejector & Storm Private Drain Connection	284	224	228	232	236	240	244	249	254	258
Disconnection of Sewer Cross Connection Loan Program	110	112	114	116	118	120	122	124	127	129
Wastewater Budget Contingency Reserve	2,243	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313
<b>Total Wastewater &amp; Treatment Revised Projected Balance</b>	<b>136,169</b>	<b>158,431</b>	<b>64,499</b>	<b>90,580</b>	<b>89,211</b>	<b>96,886</b>	<b>100,123</b>	<b>96,455</b>	<b>108,271</b>	<b>118,747</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments.
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The overall increase in reserve and reserve fund balances is primarily attributable to savings aimed at managing the City's forecasted \$466.1 million 10 year infrastructure gap. As part of the 2020-2023 Multi-Year Budget development, Civic Administration will incorporate the results of the 2018 Corporate Asset Management Plan (AMP) into the 10-year capital plan, which will impact the projected drawdowns.

## RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) FINANCIAL STATEMENT BUDGET

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements, however, with the introduction of PS1200 in 2009, the Province of Ontario enacted a regulation, Ontario Regulation 284/09, allowing for certain items to be excluded from their budgets, as long as it was disclosed. Typical PSAB items, such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense can be excluded, however, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The regulation requires that the report contain information regarding:

1. An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
2. An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality or local board.

London's 2019 draft Wastewater operating budget as tabled, excludes the following expenses:

1. Expenses for the amortization of tangible capital assets, estimated to be \$45.5 million for 2019, are excluded. The budget does include reserve fund contributions of \$24.9 million for 2019 and pay as you go contributions of \$20.8 million for 2019 for capital asset additions.
2. The budget does not contain the current year's post-employment benefit expense for early retirement and accrued sick leave, estimated to total \$278 thousand for 2019, for employees that are eligible for these benefits. The Corporation's consolidated liability as at December 31, 2017 was \$154.9 million. Reserve fund balances as of December 31, 2017 of \$20.4 million are available to offset this obligation.
3. The City also makes contributions to an additional corporate reserve to offset the liabilities created from the post-employment expenses (point 2 above) and landfill closure and post-closure expenses depending upon generated surpluses, including personnel cost savings. The balance in this corporate reserve as of December 31, 2017 was \$70.4 million.

If the above items were included in the 2019 budget, the projected annual PSAB surplus would decrease.

Table 1 on the following page shows the 2019 draft Wastewater operating budgets and the 2018 approved revised budget and Table 2 reconciles the surplus in PSAB format to the Wastewater operating budgets.

**RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 1</b>	<b>2018 Wastewater Revised Budget</b>	<b>2019 Draft Budget</b>
<b>REVENUES</b>		
Property Tax	-	-
Property Tax - Proposed budget amendments	-	-
Government Grants & Subsidies	41	43
User Fees	95,061	97,826
Municipal Revenues - Other	313	313
Municipal Revenues - Transfers from Capital	-	-
Municipal Revenues - Transfers from Reserves and Reserve Funds	-	-
<b>Total Revenues</b>	<b>95,415</b>	<b>98,182</b>
<b>EXPENSES</b>		
Personnel Costs	16,225	16,741
Administrative Expenses	3,619	3,703
Financial Expenses - Other	-	-
Financial Expenses - Interest & Discount on Long-term Debt	1,949	1,675
Financial Expenses - Debt Principal Repayments	9,406	9,554
Financial Expenses - Transfers to Reserves and Reserve Funds	25,608	24,899
Financial Expenses - Transfers to Capital	18,108	20,753
Purchased Services	3,716	3,562
Materials & Supplies	11,257	11,664
Vehicle & Equipment	3,361	3,421
Transfers	-	-
Other Expenses	5,179	5,283
Recovered Expenses	(3,013)	(3,073)
<b>Total Expenses</b>	<b>95,415</b>	<b>98,182</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>

**RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 2</b>	<b>2018 Wastewater PSAB Adjustments</b>	<b>2019 Wastewater PSAB Adjustments</b>
<b>PROJECTED NET PSAB SURPLUS</b>	<b>36,017</b>	<b>53,296</b>
<b>PSAB REPORTING REQUIREMENTS:</b>		
<b>Addback to revenues:</b>		
Transfers from Capital	-	-
Transfers from Reserves and Reserve Funds	-	-
<b>Deduct from expenses:</b>		
Transfers to Reserves and Reserve Funds	(25,608)	(24,899)
Transfers to Capital	(18,108)	(20,753)
Debt principal repayments	(9,406)	(9,554)
<b>PSAB adjustments:</b>		
Capital program funding earned in year <sup>(1)</sup>	(5,395)	(5,144)
Capital projects not resulting in tangible capital assets <sup>(2)</sup>	6,310	6,439
Amortization <sup>(3)</sup>	43,916	43,916
Developer contributions of assumed tangible capital assets <sup>(4)</sup>	(23,720)	(23,694)
Loss on disposal of tangible capital assets <sup>(5)</sup>	1,174	1,200
Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>(6)</sup>	(5,466)	(21,050)
Employee future benefit liability <sup>(7)</sup>	286	243
<b>NET SURPLUS (DEFICIT) PER DRAFT BUDGET</b>	<b>-</b>	<b>-</b>

**Footnotes and Assumptions**

1) Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 5 year actuals from 2013 - 2017.

2) For PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 14.79% of capital expenditure budget, based on 2017 actuals.

3) Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated 3.83% annual increase based on 2013 - 2017 actuals.

4) Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. Estimate based on 5 year average of actuals.

5) When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2013 - 2017.

6) Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.

7) Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average.



# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 5

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** EROSION REMEDIATION IN OPEN WATERCOURSES MANAGEMENT AND RECLAMATION  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$320	\$320
Revenue	\$0	\$0	\$0	(\$320)	(\$320)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: INCREASE BUDGET FOR LOW IMPACT DEVELOPMENT (LID) PROJECTS

Capital Budget Table (\$000's)

ES2428 – Erosion Remediation in Open Watercourses Management and Reclamation		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	1,920
Cumulative Amendment					320	0
<b>Revised Budget</b>					<b>320</b>	<b>1,920</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	0	(1920)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				(320)	
	Other					
	Non-rate Supported					
<b>Revised Budget</b>					<b>(320)</b>	<b>(1,920)</b>

2026 Capital Gross Expenditure: \$320

2027 Capital Gross Expenditure: \$320

2028 Capital Gross Expenditure: \$320

## What is the reason(s) for the budget amendment(s)?

The Ontario Ministry of Environment and Climate Change has been promoting the use of Low Impact Development (LID) in preparation for the release of a new guidance manual for stormwater management LID practices. LIDs are designed as sponges in the municipal right-of-way (ROW) that direct rainwater runoff into the ground prior to releasing into the stream/river, thereby better mirroring the natural water cycle. These LID features were not originally foreseen in the preparation of the 2016-2019 Multi-Year Budget but have a direct benefit to improving erosion in open watercourses. This 2019 budget request will fund LID measures within the scope of four upcoming Infrastructure Renewal Projects (IRP).

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 6

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** LIFECYCLE MAINTENANCE AND REPLACEMENT OF WASTEWATER TREATMENT EQUIPMENT

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$690	\$690
Revenue	\$0	\$0	\$0	(\$690)	(\$690)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: INCREASE BUDGET FOR THE MAINTENANCE AND REPLACEMENT OF WASTEWATER TREATMENT EQUIPMENT

Capital Budget Table (\$000's)

ES5084 - Replacement Equipment Wastewater Treatment Plans		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	60	6,070
Cumulative Amendment					690	0
<b>Revised Budget</b>					<b>750</b>	<b>6,070</b>
Source of Financing						
Approved Budget		0	0	0	(60)	(6,070)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				(690)	
	Other					
	Non-rate Supported					
<b>Revised Budget</b>					<b>(750)</b>	<b>(6,070)</b>

2026 Capital Gross Expenditure: \$2,200

2027 Capital Gross Expenditure: \$2,200

2028 Capital Gross Expenditure: \$2,200

## What is the reason(s) for the budget amendment(s)?

This program is used to maintain the assets of the City's five Wastewater Treatment Plants and thirty-six Wastewater Pumping Stations. Some of this work can be planned in advance while some is related to unforeseen equipment failure. The 2019 budget was amended to fund the City's portion of many of the wastewater projects approved under the Clean Water and Wastewater Fund (CWWF) program, which resulted in a revised budget of \$60 thousand. The budget increase will help ensure any repairs and/or replacements can be completed as needed. Insufficient funding may compromise wastewater treatment efficiency and increase the risk of wastewater overflows.

Pertinent Reports: June 7, 2017, Civic Works Committee Meeting

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=32128>

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 7

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK STREAM REMEDIATION / RECLAMATION WORKS  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,796)	(\$1,796)
Revenue	\$0	\$0	\$0	\$1,796	\$1,796
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ESSWM-STMRM - Dingman Creek and Other Stream Remediation		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,796	2,100
Cumulative Amendment					(1,796)	1,796
<b>Revised Budget</b>					<b>0</b>	<b>3,896</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	(1,796)	(2,100)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,796	(1,796)
	Other					
	Non-rate Supported					
<b>Revised Budget</b>					<b>0</b>	<b>(3,896)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Stream Remediation/Reclamation works has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 8

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK MAIN CHANNEL REMEDIATION WORKS  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$2,300)	(\$2,300)
Revenue	\$0	\$0	\$0	\$2,300	\$2,300
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ES2475 – Dingman Creek Main Channel Remediation Works		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	2,300	6,700
Cumulative Amendment					(2,300)	2,300
<b>Revised Budget</b>					<b>0</b>	<b>9,000</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	(2,300)	(6,700)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,978	(1,978)
	Other					
	Non-rate Supported				322	(322)
<b>Revised Budget</b>					<b>0</b>	<b>(9,000)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Main Channel Remediation works has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.



# 2016 | MULTI-YEAR 2019 | BUDGET



## AMENDMENT FORM – CASE # 9

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK REMEDIATION WORKS  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$4,290)	(\$4,290)
Revenue	\$0	\$0	\$0	\$4,290	\$4,290
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ES3202 – Dingman On-line Stormwater Management Flood Control Facility #2		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	4,290	0
Cumulative Amendment					(4,290)	4,290
<b>Revised Budget</b>					<b>0</b>	<b>4,290</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	(4,290)	0
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				3,646	(3,646)
	Other					
	Non-rate Supported				644	(644)
<b>Revised Budget</b>					<b>0</b>	<b>(4,290)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Online Stormwater Management Flood Control Facility No. 2 has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.

# 2016 | MULTI-YEAR 2019 | BUDGET



London  
CANADA

## AMENDMENT FORM – CASE # 10

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – CONSTRUCTION OF CARLING CREEK TRUNK STORM SEWER  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,350)	(\$1,350)
Revenue	\$0	\$0	\$0	\$1,350	\$1,350
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: SCHEDULE CHANGE TO ALIGN CONSTRUCTION WITH INFRASTRUCTURE RENEWAL PROJECT

Capital Budget Table (\$000's)

ES3013 - Carling Creek Trunk Storm Sewer Phase IV		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,350	0
Cumulative Amendment					(1,350)	1,450
<b>Revised Budget</b>					<b>0</b>	<b>1,450</b>
<b>Source of Financing</b>						
Approved Budget		0	0	0	(1,350)	0
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,350	(1,450)
	Other					
	Non-rate Supported					
<b>Revised Budget</b>					<b>0</b>	<b>(1,450)</b>

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

## What is the reason(s) for the budget amendment(s)?

The construction of the Carling Creek Trunk Storm Sewer has been deferred until 2023 and will be carried out in conjunction with the Pall Mall Street Infrastructure Renewal project. This project will make improvements to the last remaining open ditch section between Waterloo Street and Maitland Street. The budget increase of \$100 thousand included in the 2020-2025 period is offset by the unused budget in 2018 which was released as part of the 2018 Mid-year Capital Monitoring Report (as of June 30, 2018).



January 15, 2019

His Worship Mayor Ed Holder and Members of City Council  
The City of London  
300 Dufferin Avenue  
London, Ontario, N6A 4L9

Dear Mayor Holder and Members of Council:

Re: City Budget 2019 – Recommendations

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At the request of the Chamber's Board of Directors, a Task Force of our Government Affairs Committee has been closely studying the City's budget process. We would like to express our appreciation to the City Treasurer, Anna Lisa Barbon, and the Director, Financial Planning & Business Support, Kyle Murray, for taking the time to visit the committee, share their thoughts about the budget and answer the committee's questions.

The Chamber understands the financial pressures that the City will be facing navigating the transition between multi-year budget plans with the uncertainty presented by the change in provincial government and the understandable enthusiasm of newly elected city councilors.

The London Chamber of Commerce, in consultation with our Government Affairs Committee and with approval of the Board of Directors, offers the following recommendations regarding the City's draft budget, scheduled for council review January 24, 2019.

1. As you are aware, it has been the Chamber's long standing position that a tax increase formula that takes into account both population growth and inflation will best serve our municipality. This has consistently fallen in the 2-3% range. We maintain that this formula remains relevant and in keeping with current economic conditions. We applaud Council for achieving a target tax levy increase below the upper limit. Anything in excess of this range could not be supported by the Chamber.
2. In so far as Council may consider additions of unbudgeted items, the Chamber recommends they not result in an increase beyond the current target of 2.7%. Newly elected councilors bring a welcome passion and enthusiasm for change however accelerating initiatives may conflict with initiatives under consideration that have gone through careful evaluation and due diligence. Should Council wish to add new items, they should balance those by finding other areas of savings.
3. Consider dispensing unused or unproductive properties or holdings or possibly repurposing them. This could include golf courses and other recreational holdings.

4. The Chamber sees the value of the multi-year budgeting process Council has adopted and championed. We are entering the final year of this cycle. Preparations will soon be underway for the next cycle. By adopting this 4 year start-and-stop multi-year process, the City, through the cycle-to-cycle transition, runs the risk of removing or compromising benefits that have otherwise been achieved. The Chamber therefore recommends Council consider a rolling multi-year process as the next evolution of our process and would be happy to help with the understanding and adoption of this approach.

We trust that Council will make decisions that will have a positive impact on our long term economic health and have the interests of our City in mind. The Chamber looks forward to Council's response and we welcome comments on any and all of the above noted recommendations.

Respectfully,

A handwritten signature in black ink, appearing to read 'Gerry Macartney', written over a light blue horizontal line.

Gerry Macartney, CEO

London Chamber of Commerce

Copies: Chamber Board of Directors, Government Affairs Committee