

# Agenda

## Corporate Services Committee

12th Meeting of the Corporate Services Committee

July 13, 2020, 12:00 PM

Virtual Meeting - during the COVID-19 Emergency

City Hall is open to the public, with reduced capacity and physical distancing requirements.

Meetings can be viewed via live-streaming on YouTube and the City website.

Members

Councillors A. Kayabaga (Chair), M. van Holst, J. Helmer, J. Morgan, A. Hopkins, Mayor E. Holder

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To make a request specific to this meeting, please contact [CSC@london.ca](mailto:CSC@london.ca)

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### 3. Scheduled Items

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- 6.1 Land Acquisition / Solicitor-Client Privileged Advice / Position, Plan, Procedure, Criteria or Instruction to be Applied to Any Negotiations

A matter pertaining to the proposed or pending acquisition of land by the municipality, including communications necessary for that purpose; advice that is subject to solicitor-client privilege; commercial and financial information, that belongs to the municipality and has monetary value or

potential monetary value and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality.

## **7. Adjournment**

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>LYNNE LIVINGSTONE CITY MANAGER</b>
<b>SUBJECT:</b>	<b>POSTPONEMENT – ANNUAL RETIREMENT DINNER AND 25-YEAR CLUB RECEPTION</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the City Manager, the following actions be taken with respect to the Annual Retirement Dinner and 25-Year Club Reception:

- a) the staff report dated July 13, 2020 entitled “Postponement – Annual Retirement Dinner and 25-Year Club Reception, BE RECEIVED; and
- b) notwithstanding Council Policy “Receptions and Dinners for Retirement, 25-Year Club and Other Civic Occasions”, the Civic Administration BE DIRECTED to reschedule the 2020 Annual Retirement Dinner and 25-Year Club Reception in 2021 when the Medical Officer of Health and the Province of Ontario have lifted restrictions to provide for the event to be safely held.

<b>BACKGROUND</b>
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Council Policy “Receptions and Dinners for Retirement, 25-Year Club and Other Civic Occasions” states the following with respect to the Retirement Dinner and 25-Year Club Reception:

“2.1 Retirement Dinner – shall mean a dinner held to recognize City of London staff and London Police Service staff who have retired, or will retire, in the calendar year during which the dinner is held.”

“2.2 25-Year Club Reception- shall mean a reception held for City of London staff and London Police Service staff who have, or will have achieved 25 years of service with the City of London or the London Police Service, in the calendar year in which the reception is held.

4.1 Subject to the annual budget approval process, an annual City of London Retirement Dinner for employees retiring in the calendar year, and one guest, shall be hosted by the City of London.

4.2 Subject to the annual budget approval process an annual Council reception shall be held for those employees achieving 25 years of service in the calendar year, including one guest.”

The City Clerk’s Office is responsible for making the necessary arrangements to hold the above-noted annual events. The 2020 Retirement Dinner is scheduled to be held on November 18, 2020 at the RBC Place London. The 2020 25-Year Club Reception is scheduled to be held at City Hall, prior to the September 15, 2020 Municipal Council Meeting where the recipients are to be recognized.

Given the current circumstances related to the COVID-19 Emergency, it is recommended that the 2020 Retirement Dinner and the 2020 25-Year Club Reception be rescheduled to be held in 2021 when it is determined safe to do so; it being noted that the Council Policy provides for both events to be held in the year the individuals have or will be retiring or in the year the individuals have achieved 25 years of service with the City of London or the London Police Services. Due to the COVID-19 Emergency it would not be possible to hold these two events in 2020.

The Civic Administration recommends that these two events be rescheduled to be held in 2021 when it is safe to do so, to recognize the achievements of these individuals.

The Civic Administration will ensure that the Unions and impacted employees are advised of the cancellation.

<b>RECOMMENDED BY:</b>
<b>LYNNE LIVINGSTONE</b> <b>CITY MANAGER</b>

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>MAT DALEY – DIRECTOR, INFORMATION TECHNOLOGY SERVICES</b>
<b>SUBJECT:</b>	<b>RFP 20-22 SHAREPOINT ONLINE MIGRATION</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Director, Information Technology Services, City Manager’s Office, and with the concurrence of the City Clerk, Legal and Corporate Services, the following actions **BE TAKEN** with respect to the SharePoint Online Migration:

- a. The proposal submitted by Elantis Solutions, 10123 – 99 Street, Suite 400, Edmonton, Alberta, J5J 3H1, for the SharePoint Online Migration **BE ACCEPTED** in accordance with the Procurement of Goods and Services Policy;
- b. The financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix A;
- c. Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this purchase, and;
- d. The approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract, agreement or having a purchase order relating to the subject matter of this approval.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None.

<b>2019-2023 STRATEGIC PLAN</b>
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This project supports the Corporation in its Strategic Area of Focus of **Leading in Public Service**.

Creating and migrating to a SharePoint Online platform also supports multiple strategies outlined in the Strategic Plan 2019-2023, including:

- Continue to maintain, build and enhance a high-performing and secure computing environment; and
- Deliver and maintain innovative digital solutions to increase efficiency and effectiveness across the Corporation.

The Corporation’s SharePoint application, CityHub, is an important tool that will continue to support the Corporation in achieving these results.

<b>BACKGROUND</b>
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**Purpose**

The purpose of this report is to seek approval from Committee and Council to award the SharePoint Online Migration to Elantis Solutions, at the proposed cost of \$568,000.00 (exclusive H.S.T). CityHub is the Corporation’s Electronic Document and Records Management System (EDRMS). As a knowledge management tool, it provides an essential service to the Corporation as the repository of corporate information. CityHub is divided into a Document Centre, where active files are maintained, and a Records Centre, where inactive files are stored. The Corporation has approximately 2.6 million active files stored in the Document Centre and 1.2 million inactive files stored in the Records Centre. This amounts to approximately 3.4 terabytes of data across four (4) servers. The project plan will include migration of all CityHub files to SharePoint Online. The current SharePoint environment is in extended support which will end in 2023.

This contract includes one-time project implementation costs for:

- System design;
- Migration planning and delivery;
- Communications and change management;
- Project management;
- System documentation;
- Security testing;
- Post go-live support;
- SharePoint 2013 decommissioning; and
- Technical training.

## **Background**

CityHub, the City of London's current EDRMS, is built in a SharePoint 2013 on-premises environment, and leverages Gimmal Records Management (GRM), Nintex forms and workflow, PSIs capture scanning, and Colligo email integration. The Corporation uses The Ontario Municipal Records Management System (TOMRMS) as its classification scheme and retention schedule which is integrated into CityHub. Within the current SharePoint environment, with our business partners, Information Technology Service (ITS) is undertaking a digital transformation to leverage Nintex forms and workflow by replacing the Corporation's forms with Nintex forms, and automating the associated processes. Examples of these processes include approvals, notifications, and courtesy copies. There are currently 45 Nintex forms and 34 associated workflows in CityHub. This transformation reflects our commitment to put the people, knowledge and tools in place to support innovative best practices throughout our Corporation. One focus of this transformation is to reduce inefficiencies in accordance with the Corporation's Continuous Improvement Strategy, allowing staff to focus on optimized service delivery.

SharePoint 2013 support will expire in 2023. As such, there are risks associated with delaying migration. The primary risk is the loss of corporate data. Remaining on an unsupported platform increases the risk that the Corporation could lose access to its knowledge management system and the corporate body of information it contains. As well, we face an increasing risk of security threats, difficulty in responding to service disruptions, reduced ability to respond quickly and to introduce minor enhancements as needs evolve, and an impact on our ability to effectively manage the volume of information that is currently hosted on our site.

The use of SharePoint reflects the Corporation's strategic commitment to intelligently leveraging Cloud computing. The migration to SharePoint Online is part of a larger organizational transition to Office 365. As such, the new SharePoint Online platform will provide a more integrated experience for users of CityHub. Other municipalities that have adopted the SharePoint Online platform include the Region of Durham, the Region of Peel, the City of Ottawa, and the City of Brampton.

To date, based on best practices and to set the project up for success, several pre-project initiatives were undertaken by ITS and the City Clerk's Office to prepare for a migration to SharePoint Online, both from a technical perspective, and a governance perspective:

- The CityHub Governance Committee was formed:
  - This committee is made up of representatives from each Service Area, whose role is to act as spokesperson for, and communicate with, their Service Areas regarding CityHub initiatives;
- A SharePoint Governance Plan was developed:
  - Representatives from across the Corporation were engaged, and roles were assigned for both technical and corporate resources regarding governance of the platform;
- SharePoint and Records Management education for the Corporation were provided:
  - The CityHub Power Users Group was formed to create a group of users with advanced SharePoint skills;
  - A curriculum of technical SharePoint skills and records management training were developed and offered through the Corporation's corporate training program;
- SharePoint road-mapping activities were conducted:
  - A preliminary plan was developed to move to SharePoint Online, along with identification of next steps and potential challenges;
  - The CityHub technical team has taken steps to remediate as many of the potential challenges in advance as possible;
- Inactive records were disposed of:
  - Any inactive records that had reached the end of their retention period by December 31, 2019 were disposed of, reducing the total number of records needing to be migrated and ensuring compliance with the Corporation's Records Retention By-law;
- The Corporation's email system was migrated to Office 365:

- Office 365 is the basis for all online Microsoft platforms, including Exchange Online and SharePoint Online. Having this infrastructure in place reduces the complexity to migrate to SharePoint Online.

This project will be completed in partnership with the selected vendor, ITS, and the City Clerk’s Office, along with the involvement of other Service Area staff.

**DISCUSSION**

In response to the RFP, Elantis Solutions met the requirements of the evaluation committee and presented a proposal that will support the Corporation in moving forward with the migration to SharePoint Online. With offices located in Edmonton and Vancouver, Elantis Solutions has assisted seven (7) public sector entities with SharePoint migrations. They also have extensive experience assisting the private sector with SharePoint migrations. During six (6) years in business, they have focused on SharePoint strategies, migrations, and enterprise content management, along with process automation and innovation with Nintex workflow.

Key elements of their proposal include the following:

- Proven experience in working with municipalities;
- Proven experience in delivering SharePoint migrations;
- Robust infrastructure and application support post-implementation; and
- A sound project management methodology.

Elantis Solutions was selected not only for their aforementioned public sector SharePoint experience, but also because of their experience with Nintex forms and workflow. Their staffing complement includes one (1) of only three (3) Nintex Virtual Technical Evangelists in Canada. They have significant experience migrating Nintex to Office 365, and have been nominated for the Nintex Solution Innovation Awards.

In their proposal, Elantis Solutions demonstrated a thorough understanding of the challenges associated with migration from SharePoint on-premises to SharePoint Online, and provided strategies to overcome these challenges, confirming their suitability for this engagement. They also emphasized proper change management strategies, focusing on consistent user experience to ensure a high level of end-user adoption and acceptance. A key element of their proposal included demonstrating value to the Corporation through the development of Key Performance Indicators such as user satisfaction and performance levels.

**Procurement Process**

On March 9, 2020, on behalf of ITS and the City Clerk’s Office, the Purchasing & Supply Management department issued a formal Request for Proposal (RFP20-22) for the SharePoint Online Migration on the Corporation’s Bids and Tenders website to source a qualified and experienced proponent to complete this work. Project management, solution design, remediation of third-party and custom components, training and documentation, user acceptance testing, deployment and data migration, change management, and post go-live service and support were all attributes of this endeavor.

After the RFP was posted, there were ten (10) Addenda issued to respond to questions, inquiries, and requests for clarification. When the RFP closed, five (5) compliant submissions were received, and one (1) submission was disqualified due to not meeting ITS technical mandatory requirements.

A two (2) envelope RFP process was used – one envelope contained the technical project proposal and the second contained the pricing proposal.

Four (4) evaluation committee representatives from the City Clerk’s Office, Development and Compliance Services, and ITS evaluated the four (4) submissions based on the technical criteria outlined in the document. At the end of this process, the proponent with the highest score, demonstrating their ability to fully meet the Corporation’s requirements, was Elantis Solutions. The pricing for their proposal amounts to \$568,000.00 (exclusive H.S.T.).

**FINANCIAL IMPACT**

The capital expenditure to fund the SharePoint Migration project was approved in the 2020-2023 Multi-Year Budget and the Source of Financing is attached as Appendix A.

<b>ACKNOWLEDGEMENTS</b>
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This report was prepared with the assistance of Purchasing Services, Legal Services, the City Clerk’s Office, and Information Technology Services.

<b>PREPARED BY:</b>	<b>PREPARED BY:</b>
<b>Julie Wilson</b> <b>Manager, Enterprise Applications I,</b> <b>Information Technology Services – City</b> <b>Manager’s Office</b>	<b>Bridgette Somers</b> <b>Manager, Corporate Records, City Clerk’s Office –</b> <b>Legal and Corporate Services</b>
<b>RECOMMENDED BY:</b>	<b>CONCURRED BY:</b>
<b>Mat Daley</b> <b>Director, Information Technology Services</b> <b>– City Manager’s Office</b>	<b>Cathy Saunders</b> <b>City Clerk, City Clerk’s Office – Legal and</b> <b>Corporate Services</b>

CC:

Mary Ma, Procurement Officer, Purchasing and Supply  
Lisa Mugford, Coordinator, Development and Compliance Services

APPENDIX "A"

#20104  
July 13, 2020  
(Contract Award)

Chair and Members  
Corporate Services Committee

RE: RFP20-22 SharePoint Online Migration  
(Subledger CP200004)  
Capital Project GGAPPL1803 - City Hub Upgrades & Enhancements  
Elantis Solutions - \$568,000.00 (excluding H.S.T.)

**FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:**  
Finance & Corporate Services confirms that the cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Director, Information and Technology Services, City Manager's Office, and with the concurrence of the City Clerks, Legal Corporate Services, the detailed source of financing for this project is:


<u>ESTIMATED EXPENDITURES:</u>	<u>Approved Budget</u>	<u>Committed to Date</u>	<u>This Submission</u>	<u>Revised Budget</u>
<u>IT3010 - Application, Data, Information &amp; Process</u>				
Consulting	\$1,106,431	\$856,726		\$249,705
Consulting - City Hub Upgrades & Enhancements	96,554	96,554		0
Computer Equipment	445,072	416,071		29,001
Computer Equipment - City Hub Upgrades	597,625	19,628	\$577,997	0
City Related Expenses	926			926
Communication Costs	1,996,503			1,996,503
<b>NET ESTIMATED EXPENDITURES</b>	<b><u>\$4,243,111</u></b>	<b><u>\$1,388,980</u></b>	<b><u>\$577,997</u></b> 1)	<b><u>\$2,276,134</u></b>

<u>SOURCES OF FINANCING:</u>				
<u>IT3010 - Application, Data, Information &amp; Process</u>				
Capital Levy	\$2,206,071	\$1,272,798		\$933,273
Drawdown from Technology Reserve Fund	1,342,861			1,342,861
Drawdown from Technology Reserve Fund - City Hub Upgrades	694,179	116,182	\$577,997	0
<b>TOTAL FINANCING</b>	<b><u>\$4,243,111</u></b>	<b><u>\$1,388,980</u></b>	<b><u>\$577,997</u></b>	<b><u>\$2,276,134</u></b>

1) Financial Note:

	<u>GGAPPL1803</u>
Purchase Cost	\$568,000
Add: HST @13%	73,840
Less: HST Rebate	(63,843)
Total Purchase Cost	<u>\$577,997</u>

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Kyle Murray  
Director of Financial Planning & Business Support

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2019 INVESTMENT REPORT

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

- a) The 2019 Investment Report, providing a summary of the performance of the City of London’s investment portfolio, **BE RECEIVED** for information.
- b) The Investment Policy (attached as Appendix “B”) **BE RECEIVED** for information; it being noted that Civic Administration is not recommending any revisions to the policy at this time.

LINK TO THE 2019-2023 STRATEGIC PLAN
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Council’s 2019-2023 Strategic Plan for the City of London identifies ‘Leading in Public Service’ as a strategic area of focus. Management of the City of London’s investment portfolio in line with its stated objectives supports this area of focus and links to the strategy of maximizing investment returns while adhering to the City’s Investment Policy.

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

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

This report meets the above requirements.

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# INVESTMENTS & PERFORMANCE

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**Portfolio Balance**

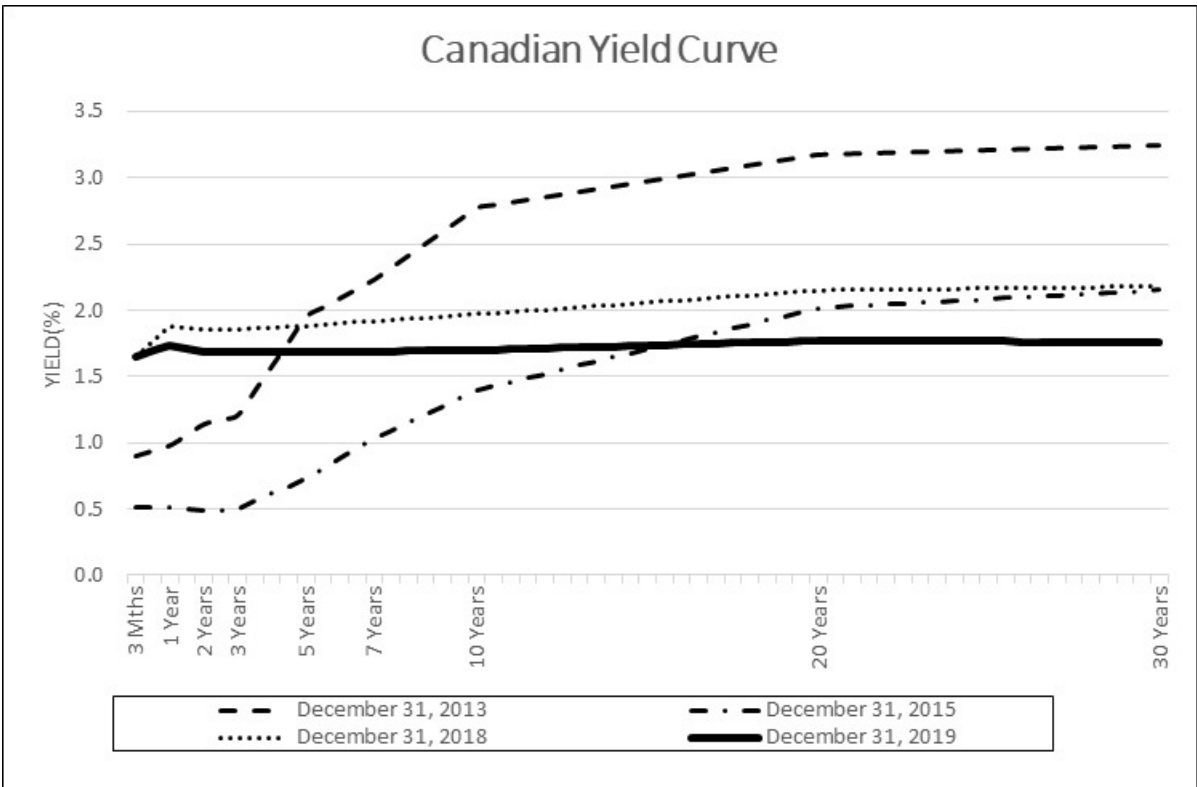
In 2019, the City of London (the “City”) maintained a monthly average investment portfolio balance of \$1,189 million (2018, \$1,024 million), consisting of cash and investments in securities prescribed under *Ontario Regulation 438/97*. As at December 31, 2019, the City’s investment portfolio included government bonds, corporate bonds, ONE Canadian equity fund and guaranteed investment certificates (GICs). A summary of the City’s investment portfolio at year-end is attached as **APPENDIX “A”**. The City’s investment portfolio contains over 400 securities.

**Market Summary for 2019**

The Bank of Canada maintained its overnight target rate at 1.75% throughout 2019, refraining from delivering rate cuts as it assessed the balance between external risks and domestic resilience. The yield curve remained flat throughout the year, flattening even further than in 2018.

The graph below shows a comparison of the yield curve for four different years. Given this ‘flattening’, generally, there is minimal additional returns for a longer term maturity and higher risk.

Government of Canada Yield Curve



Source: RBC PH&N

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

**Investment Strategy**

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

In 2019, a review of the Investment Policy was undertaken by staff and the City’s investment term targets, listed as a percentage of the total investment portfolio (approved by Council in July, 2018), were maintained as follows.

Classification	Maturing in	Revised Target (+/- 10%)	Previous Target
Cash & Short-term	Less than one year	40%	50%
Medium-term	One to five years	30%	25%
Long-term	More than five years	30%	25%

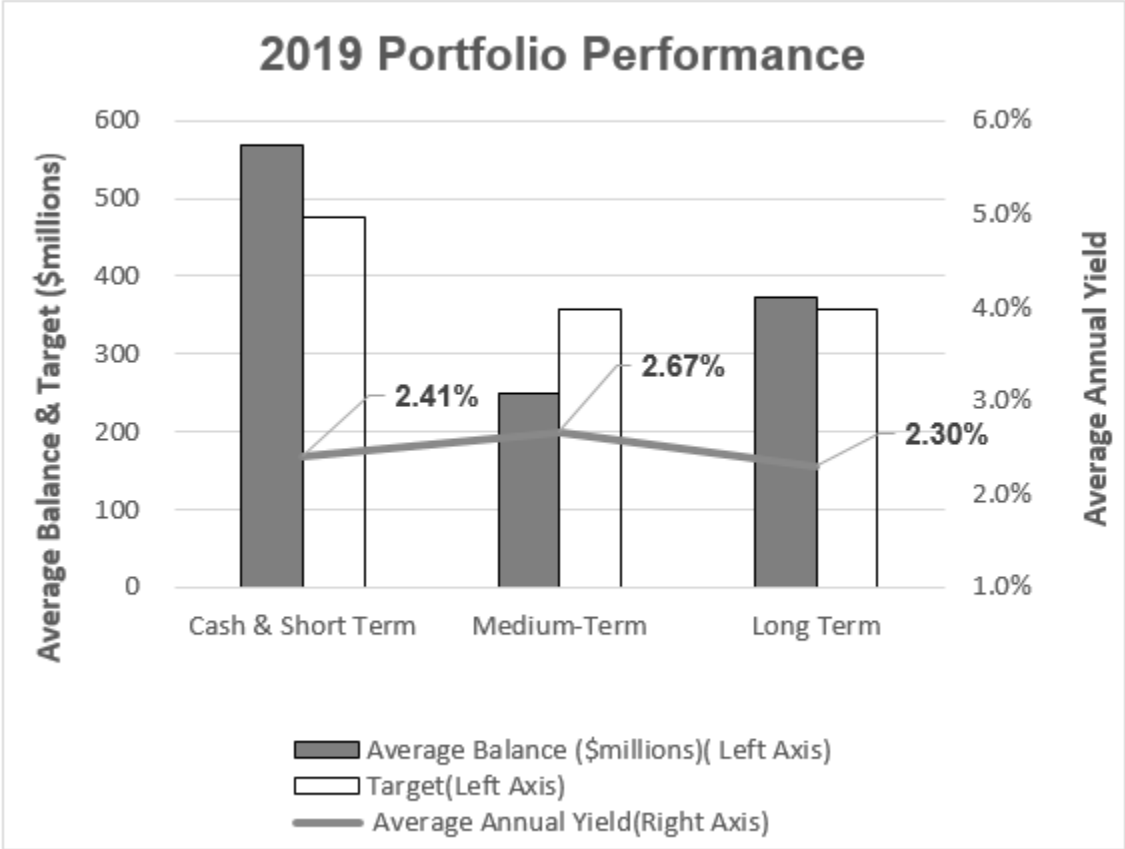
The revised targets were in response to the City’s achievement of the previous targets and growth in the City’s investment program, allowing the City to increasingly focus on medium and long-term investment management. The City’s overall strategy is to move towards the revised targets gradually, maintaining liquidity but remaining flexible to respond to market conditions, such as the ‘flattening’ yield curve. The City’s strategy is to remain in a “defensive” position and more actively pursue the targets when the risk-reward trade-off of longer-term maturities provides adequate compensation for the extra risk of longer-term investments.

Below is a comparison of the City’s portfolio to the portfolio targets for 2019.

Classification	Maturing in	Average for 2019	Dec. 31, 2019	Target
Cash & Short-term	Less than one year	48%	46%	40%
Medium-term	One to five years	21%	24%	30%
Long-term	More than five years	31%	30%	30%

**Performance of Investments**

The chart below shows a breakdown of the average annual yields for 2019, as well as the investment portfolio balance in comparison to policy targets. For the purposes of this report, yield includes interest income and realized gains and losses. Yield does not include unrealized gains and losses (i.e. market value appreciation).



The City’s portfolio performance is closely tied to the Bank of Canada’s overnight rate given the type of securities and assets it holds. In 2019, Civic Administration rebalanced its portfolio by working with one of its external managers, Scotia Institutional Asset Management, to merge its medium and long-term portfolio into one long-term portfolio to provide flexibility in holdings, react

to market conditions while also updating its benchmark to aid in better yield performance. This resulted in a better performance in the long term portfolio in comparison to 2018 due to the realization of capital gains through the rebalancing. Performance in the medium-term range of the portfolio was also improved compared to 2018 due to the re-investment of maturities at higher rates. Finally, the City's favourable rate on cash holdings resulted in a comparatively strong yield for the cash & short-term investments in the City's portfolio than those in the long-term range. As securities mature from the medium and long-term range, the new securities purchased will reflect current market conditions.

### **Investment Income**

For the purposes of this report, investment income includes interest income and realized gains and losses. In 2019, the City earned total income of approximately \$28.9 million (\$20.4 million in 2018) from investments, of which \$22.3 million (\$14.8 million in 2018) was earned from reserve fund investments and \$6.6 million (\$5.6 million in 2018) was earned from general fund investments.

The increase in investment income in 2019 compared to 2018 is related to the increase in short term interest rates (the Bank of Canada overnight rate was 1.25% at the beginning of 2018 vs. 1.75% throughout 2019), higher cash balances and realized capital gains when the long term portfolio was rebalanced.

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

### **Eligible Investments (Statement of Compliance)**

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

### **Investment in Own-Securities**

*Ontario Regulation 438/97* requires that the City report the estimated proportion of total investments that are invested in its own long-term and short-term securities to the total investments held by the municipality. In 2018, the City did not hold or purchase any of its own securities, reflecting no change in proportion of own securities to total investments from the previous year's report.

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## ***ONE CANADIAN EQUITY PORTFOLIO***

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As Civic Administration works towards diversifying its investment portfolio while looking to maximize returns, the City began investing in equity funds in 2019. As per the current Investment Policy, up to five percent of the total investment portfolio may be invested in eligible pooled equity funds. In accordance with the *Municipal Act, 2001* and without adopting the prudent investor standard, the only allowable investment in equity funds is through the One Investment Program.

The One Investment Program is a professionally managed group of investment funds that is operated by Local Authority Services Ltd [LAS] (a subsidiary of the Association of Municipalities of Ontario) and the CHUMS Financing Corporation (a subsidiary of the Municipal Finance Officers' Association of Ontario). While the program offers a wide range of funds, it is the Pooled Equity fund that the City has invested in. The portfolio manager enlisted for the Pooled Equity fund is Guardian Capital LP, an organization that has been managing institutional assets for over 50 years with over \$20 billion in assets under management. The City's current investments cover off other asset classes such as cash, GICs and bonds.

The One Canadian Equity portfolio's objective is to provide superior long-term investment returns through capital growth and dividend yield by investing in a diversified, conservatively managed portfolio of equity securities issued by Canadian corporations. The fund is denominated in Canadian dollars. Based on the 2019 annual report, the pooled fund's assets amounted to \$391.7 million at year-end.

Equity investments are higher risk than the other asset classes the City currently holds. With this higher risk, there is an expectation of higher returns, although performance is not guaranteed,

including the risk of negative returns. The City has recorded its investment's position at cost and earned income. With new accounting standards coming in the future, adoption of Financial Instruments accounting may introduce more variability in reporting performance due to recording of unrealized gains and losses. Furthermore, it should be noted that past performance is not indicative of or a guarantee of future performance. For example, the 2019 return for the One Investment Canadian Equity Fund was 18.3% (compared to the 22.88% reported for the TSX Composite Index), compared to its 5 year annualized return of 7.5% (compared to the 6.28% return for the TSX Composite Index).

Civic Administration's aim in adding this asset class to the portfolio is to provide diversification. Adding an asset class that behaves differently than the other asset classes in the portfolio can reduce risk to the overall portfolio while increasing the expected return.

Based on historical data, over the long-term, equities will outperform bonds to compensate for their higher risk. The City's equity investment position is intended to be held with a long-term view (greater than five years) with no plan to actively change the position regularly ('buy and hold'). Civic Administration plans to invest up to five percent of the City's investment portfolio (excluding cash) into the fund by the end of 2020 gradually in order to minimize risk exposure, subject to market conditions and available cash resources to invest.

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## ***PRUDENT INVESTOR UPDATE***

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

Amendments were also made to the prescribed list of eligible investment securities for municipalities that do not wish to invest or are not eligible to invest under the new prudent investor standard. The prescribed list of eligible securities consists primarily of government bonds, bank issued debt, and corporate bonds. The regulation also permits investment in Canadian corporate shares if the investment is made through the One Investment Program. Effective January 1, 2019, eligible municipalities have the option to continue under the updated prescribed list or move to the prudent investor standard.

Civic Administration has continued to perform due diligence and evaluation of implications and requirements of this standard over the past year including monitoring what actions other municipalities are taking. Civic Administration has also been participating in a treasury and investments working group with other Ontario municipalities, exploring other potential future investment options for municipalities. The group is working towards the goal of meeting with representatives from the Municipal Finance Branch of the Ministry of Municipal Affairs and the Ontario Financing Authority to discuss potential changes to the Act. Two specific changes, amongst others, are consideration of an Outsourced Chief Investment Officer model option in the prudent investment standard and also expansion of the prescribed list of eligible investments within the current Act.

Adoption of the prudent investor standard as currently written is irrevocable. As a result, Civic Administration is not recommending adopting the prudent investor standard at this time, pending the possibility of other investment options in consultation with the aforementioned working group. Focus will continue to be on optimizing the investment portfolio and its holdings within the current framework and the City's investment policy.

Civic Administration will continue to provide regular updates on any developments with respect to the prudent investor standard and any other regulatory changes affecting the City's investment portfolio.

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**LOOKING AHEAD – IMPACT OF COVID-19**

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While rates remained stable in 2019, the tone has changed significantly in 2020 due to evolving market conditions as a result of the COVID-19 pandemic. The TSX Composite Index suffered a decline of approximately 35% from late February through mid-March, although has since recovered more than half of that loss as of the time of writing. There have been three rate cuts by the Bank of Canada in 2020 and the pandemic-induced pressure on the economy is putting additional downward pressure on yields. Although the Bank of Canada has stated that further rate cuts are not to be expected in the immediate future, the Canadian yield curve continues to remain relatively flat.

In response to these challenging market conditions and the financial impacts of COVID-19, the City’s near term investment strategy is to continue to focus on maintaining liquidity and a healthy cash position. This will entail the use of a mixture of various strategies inclusive of allowing investments to mature without reinvesting, not making investment purchases per our normal maturity ladder and deferring some additional investments. As a result, Civic Administration is temporarily deviating, as necessary, from the investment term targets in the approved Investment Policy – noting that the Policy provides authority for the City Treasurer to do so – in order to maintain sufficient liquidity to mitigate the financial impacts of COVID-19 on the Corporation. Generally, this may involve maintaining larger allocations to cash & short-term investment products to provide a buffer to support the City’s day-to-day cash flow needs.

Civic Administration continues to monitor available rates compared to interest earned on bank balances given the uncertain rate environment and will invest strategically should opportunities arise to maximize yield while maintaining sufficient liquidity to meet the City’s ongoing needs.

<b>CONCLUSION</b>
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The City’s investment portfolio remains compliant with the *Municipal Act, 2001* and the City’s Investment Policy. Investments are continuing to be made to earn competitive returns while ensuring capital preservation and liquidity requirements are met.

PREPARED BY:	REVIEWED BY:
FOLAKEMI AJIBOLA, CTP MANAGER, FINANCIAL MODELLING, FORECASTING & SYSTEMS CONTROL (TREASURY)	MARTIN GALCZYNSKI, CPA, CA MANAGER, FINANCIAL PLANNING & POLICY
CONCURRED BY:	RECOMMENDED BY:
KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

## APPENDIX “A”

### CITY OF LONDON INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2019

Product	Avg. Term to Maturity (Years)	Total Book Value (General + Reserve Fund)	General Fund Book Value	Reserve Fund Book Value	% of Portfolio
<b>Cash &amp; Short-Term (Maturing in less than 1 year):</b>					
<u>Internally Managed:</u>					
Cash (Note A)	0.0	412,109,211	199,869,700	212,239,511	34.0%
SCOTIA - High Interest Savings Account	0.1	67,200,000	19,000,000	48,200,000	5.5%
Internally Managed GICs	0.5	82,765,583	21,000,000	61,765,583	6.8%
<b>Total Cash and Short-Term</b>		<b>562,074,794</b>	<b>239,869,700</b>	<b>322,205,094</b>	<b>46.3%</b>
<b>Medium-Term (Maturing in 1 - 5 years):</b>					
<u>Internally Managed GICs and Bonds</u>					
	3.1	229,352,090	-	229,352,090	18.9%
<u>Externally Managed:</u>					
RBC Dominion Securities	1.1	57,666,089	-	57,666,089	4.8%
Total Externally Managed (Medium Term)		57,666,089	-	57,666,089	4.8%
<b>Total Medium-Term</b>		<b>287,018,179</b>	<b>-</b>	<b>287,018,179</b>	<b>23.7%</b>
<b>Long-Term (Maturing in more than 5 years):</b>					
<u>Internally Managed Bonds</u>					
	5.9	3,209,359	-	3,209,359	0.3%
<u>Externally Managed: Note B</u>					
RBC PH&N - Combined	5.1	57,825,366	-	57,825,366	4.8%
RBC PHN - PUC Funds	5.1	75,997,667	-	75,997,667	6.3%
Scotia Institutional Asset Mgmt	4.9	211,719,721	-	211,719,721	17.5%
ONE Canadian Equity Portfolio		15,000,000	-	15,000,000	1.2%
Total Externally Managed (Long Term)		360,542,754	-	360,542,754	29.7%
<b>Total Long-Term</b>		<b>363,752,113</b>	<b>-</b>	<b>363,752,113</b>	<b>30.0%</b>
<b>Total Portfolio</b>		<b>1,212,845,086</b>	<b>239,869,700</b>	<b>972,975,386</b>	<b>100%</b>
Total Internally Managed		794,636,243	239,869,700	554,766,543	65.5%
Total Externally Managed		418,208,843	-	418,208,843	34.5%
<b>Total Portfolio</b>		<b>1,212,845,086</b>	<b>239,869,700</b>	<b>972,975,386</b>	<b>100.0%</b>

**Note A:** Cash balances as per bank accounts as at December 31, 2019. Excludes Trust Fund Cash.

**Note B:** In general, externally managed portfolios are deemed to be long-term investments, as they generally represent invested funds that are not required in the short- to medium-term (typically > 5 years).

## **APPENDIX “B”**

**Policy Name:** Investment Policy

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

**Last Review Date:** May 10, 2019

**Service Area Lead:** Manager III, Financial Planning and Policy

### **1. Policy Statement**

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

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

### **Objectives**

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

#### **1.1. Adherence to statutory requirements;**

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

#### **1.2. Preservation of capital;**

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

#### **1.3. Maintenance of liquidity; and**

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

#### **1.4. Competitive rate of return.**

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

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

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

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

The investment portfolio is comprised of:

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

## 2. Definitions

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

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

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

### 3. **Applicability**

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

### 4. **The Policy**

#### 4.1 **Standard of Care**

##### Prudence

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

##### Delegation of Authority and Authorization

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

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

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

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

4.2 Investment Strategy

4.2.1 Diversification

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

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

4.2.2 Investment Type Limitations

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

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

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

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

1.2.3 Investment Term Targets

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

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

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

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

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

#### 4.2.4. Buy and Hold

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

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

#### 4.2.5 Performance Standards

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

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

#### 4.2.6 Internal Borrowing

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

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

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

#### 4.2.7 Trust Funds

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

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

### 4.3 Reporting

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

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

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

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>BUSINESS IMPROVEMENT AREAS - FINANCIAL MEASURES TO RESPOND TO COVID-19</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 **BE RECEIVED** for information.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Corporate Services Committee, January 20, 2020, Agenda item 2.2, Argyle Business Improvement Area 2020 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70358>

Corporate Services Committee, January 20, 2020, Agenda item 2.3, Hamilton Road Business Improvement Area 2020 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70359>

Corporate Services Committee, January 20, 2020, Agenda item 2.4, Hyde Park Business Improvement Area 2020 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70360>

Corporate Services Committee, January 20, 2020, Agenda item 2.5, Old East Village Business Improvement Area 2020 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70361>

Corporate Services Committee, January 20, 2020, Agenda item 2.6, London Downtown Business Association 2020 Proposed Budget – Municipal Special Levy  
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=70362>

<b>LINK TO STRATEGIC PLAN</b>
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Council’s 2019-2023 Strategic Plan for the City of London identifies “Growing Our Economy” and “Leading in Public Service” as strategic areas of focus; these involve working better together for economic growth with Business Improvement Areas and continuing to build strong working relationships with such community partners. In line with these areas of focus, the City provides guidance to the Business Improvement Areas of London in regards to establishment and ongoing business and financial operations. The City also acts as the intermediary with respect to collecting the approved levy amounts which fund services provided to the Business Improvement Area members and thus promote continued growth in London’s economy.

<b>DISCUSSION</b>
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Subsection 205(2) of the Municipal Act, 2001 requires a business improvement area (BIA) to submit an annual budget to Council that Council may approve in whole or in part, but may not add expenditures.

On January 28, 2020, Municipal Council approved the 2020 budget and the required municipal special levy for all five BIA’s operating within the City of London.

With the emergence of COVID-19 impacting the member businesses in the BIA’s, each BIA reviewed their approved 2020 budget to identify planned expenditures that were less essential under the pandemic conditions. The funding related to these deferred expenditures was

accumulated in a contingency fund ready to assist their member businesses with initiatives that would support them as they recover from the impacts of COVID-19.

Subsection 205(3) of the Municipal Act, 2001 notes that a BIA may not spend any money unless it is included in the budget approved by the municipality or in a reserve fund.

The purpose of this report is to inform Municipal Council of the changes in planned expenditures for each of the five BIA's, noting that the BIA's did not change the total amount of their budget or the amount of their special levy in 2020, only the nature of some of their planned expenditures. All the BIA's communicated the changes to their budget to all members in their area. See **Appendix A** for more information on the changes outlined below.

**London Downtown Business Association** reallocated \$200,000 of their 2020 budget to a COVID-19 Action Plan for general promotion activities and safety equipment across the BIA during the reopening phase. They also designated \$156,000 of existing funds to a Business Restart Grant to provide direct grants for up to 250 businesses. Another \$300,000 of existing funds was designated for a Marketing Grant to provide direct grants for up to 250 businesses. Finally, Downtown London reallocated another \$197,309 of their 2020 budget to increase the amount of their existing contingency fund that will be set aside to pay for future tax write offs.

**Hyde Park Business Improvement Area** reallocated \$71,000 of their 2020 budget to a COVID-19 Response and Recovery fund. They designated \$20,000 to increase their existing budget for CTV advertising, \$500 for additional website development, and \$50,500 for a number of programs including a guest speaker for their Zoom Townhall meeting, a new shop.uptown-london website, a gift card program (*HUG a Business...from a Distance*), social media advertising, digital advertising on CTV, the Vyond Animation application to develop in-house digital training tools for members, a PPE subsidy program, and a subsidized delivery program.

**Old East Village Business Improvement Area** reallocated \$12,650 from their 2020 budget to additional digital marketing expenses, promotional videos, and beautification activities. Funds not utilized in 2020 may also be set aside in the operating fund reserve for other COVID-19 related supports to be determined in 2021.

**Argyle Business Improvement Area** reallocated \$15,000 of their 2020 budget to a COVID-19 contingency fund to increase radio advertising, on-line gift card auction and additional summer graffiti clean-up.

**Hamilton Road Business Improvement Area** reallocated \$15,000 from their 2020 budget to a COVID-19 Action Plan for additional social media advertising, a Google AdWords micro grant program and to put the Tree Trunk Tour on-line, including promotion for local businesses.

<b>PREPARED BY:</b>	<b>REVIEWED BY:</b>
<b>ALAN DUNBAR, CPA, CGA MANAGER FINANCIAL PLANNING &amp; POLICY</b>	<b>KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING &amp; BUSINESS SUPPORT</b>
<b>RECOMMENDED BY:</b>	
<b>ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	

## APPENDIX A

### Details on Changes to BIA 2020 Budgets

#### London Downtown Business Association

Source of Funding	\$ Amount	How funds will be reallocated
Funding allocated from the following expenditure lines in the 2020 Budget: MainStreet Recruitment/Retention \$41,500 MainStreet Aboutface \$50,000 Business to Business \$2,000 Planters \$15,000 Public Art \$7,500 Clean Team \$2,700 Sponsorships \$26,000 Volunteer Recognition \$4,000 Miscellaneous \$1,998 Activations \$19,500 <u>Marketing</u> \$29,802 <b>Total</b> \$200,000		<b>COVID ACTION PLAN</b> <ul style="list-style-type: none"> <li>• Business to Business, Webinars, Town Halls</li> <li>• PPE for members</li> <li>• TV, radio, Spotify ads</li> <li>• Social media ads</li> <li>• Office safety</li> <li>• Poster/mural campaign</li> <li>• Business open signs</li> <li>• Hit Our Bricks campaign</li> <li>• Welcome Back campaign</li> </ul>
Tenant Improvement Loan Program account (does not impact budget, funds already on hand)	\$156,000	<b>Business Restart Grant</b> <ul style="list-style-type: none"> <li>• 250 businesses at max total grant of \$625 each (Downtown London pays 75% of costs incurred)</li> <li>• To provide support for Personal Protective Equipment, in-store health and safety</li> </ul>
Cash on hand (for bridging funding delays; general bank account) (does not impact budget, funds already on hand)	\$300,000	<b>Marketing Grant</b> <ul style="list-style-type: none"> <li>• 250 businesses at max total grant of \$800 each (Downtown London pays 75% of costs incurred) for COVID-19 marketing services (total fund \$200,000)</li> <li>• 250 businesses at max of \$400 – funding for reopening promotions (total fund \$100,000)</li> </ul>
Funding allocated from the following expenditure lines in the 2020 Budget: HST not spent \$9,560 Marketing \$55,799 Hydro/Gas \$4,060 <u>Administrative savings/cuts</u> \$127,890 <b>Total</b> \$197,309		<b>Contingency Fund</b> <ul style="list-style-type: none"> <li>• Added to the \$90,000 originally budgeted for tax write offs (total fund amount \$237,309)</li> <li>• Holding for contingency of possible increase to tax write offs</li> </ul>

Information on these budget revisions was sent to all members on June 4, 2020 in a newsletter (in the absence of in person gatherings). The newsletter asked for questions to be submitted to an e-mail ([budgetquestions@downtownlondon.ca](mailto:budgetquestions@downtownlondon.ca)) and Downtown London promised to respond with answers to all questions back to all members to keep them informed. Downtown London did not receive any questions regarding the changes and only positive feedback from the membership.

## Hyde Park Business Improvement Area

Source of Funding	\$ Amount	How funds will be reallocated	\$ Amount
Funding allocated from the following expenditure lines in the 2020 Budget:		<b>COVID Response and Recovery Fund</b>	
Office Equipment Upgrades	\$7,000	Increased funding for:	
Office Furniture	\$1,000	CTV Ad Package	\$20,000
Leasehold Improvements	\$5,000	Website Development, Hosting and Maintenance	\$500
Training / Conferences	\$4,500	Guest speaker for Zoom Townhall meeting	
Operating	\$500	New <i>shop.uptown-london</i> website listing over 150 businesses with links to their shopping carts	
AGM including Postage	\$2,000	Gift card program: <i>HUG a Business...from a Distance</i> (HPBIA processed the gift cards, incurring the processing costs, so businesses receive 100% of the funds. Purchasers of gift cards of \$50 or more receive \$25 in Hyde Park Dollars to be spent at any HPBIA participating business.)	
Promotional Marketing Materials	\$1,500	Social media advertising	
Board Meetings / Monthly Business Networking Meetings	\$1,000	Digital advertising on CTV	
Special Events / Sponsorships	\$2,000	Investment in Vyond Animation application to develop in-house digital training tools for members	
Pondfest / Outdoor Piano Program	\$18,000	PPE subsidy program	
Community Beautification Projects	\$26,500	Subsidized delivery program	
<u>Contingency</u>	<u>\$2,000</u>	Virtual Pondfest event (August)	
<b>Total</b>	<b>\$71,000</b>	Digital Mainstreet Program: Part II	
		<b>Total</b>	<b>\$71,000</b>

Information on these budget changes was sent to the Hyde Park BIA members on May 1, 2020 in the form of a newsletter entitled “Hyde Park BIA COVID Action Plan”.

## Old East Village Business Improvement Area

Source of Funding	\$ Amount	How funds will be reallocated	\$ Amount
Funding allocated from the following expenditure lines in the 2020 Budget:		<b>COVID Fund</b>	
Marketing	\$1,350	Increased funding for:	
Beautification	\$4,300	DIGOEV Digital Marketing Fund	
Special Projects	\$4,000	OEV Promo Videos	
<u>AGM</u>	<u>\$3,000</u>	Beautification - COVID related needs/opportunities	
<b>Total</b>	<b>\$12,650</b>	Graffiti removal program (BIA to provide 50% of cost)	
		Additional/unidentified COVID related supports in 2020-21	
		<b>Total</b>	<b>\$12,650</b>

Information on these budget changes was e-mailed to the Old East Village BIA members on June 26, 2020, including an invitation to respond if they had any questions.

**Argyle Business Improvement Area**

Source of Funding	\$ Amount	How funds will be reallocated	\$ Amount
Funding allocated from the following expenditure lines in the 2020 Budget: Marketing <u>Summer Event</u> <b>Total</b>	 \$12,500 <u>\$2,500</u> <b>\$15,000</b>	<b>COVID-19 Contingency Fund</b> Increased funding for: Radio advertising - primarily for member recovery efforts On-line gift card auction with radio station Summer graffiti clean-up blitz removal program <b>Total</b>	 \$12,500 \$1,000 <u>\$1,500</u> <b>\$15,000</b>

Information on these budget changes was e-mailed to the Argyle BIA members on June 25, 2020, with an option to respond if they had any questions.

**Hamilton Road Business Improvement Area**

Source of Funding	\$ Amount	How funds will be reallocated	\$ Amount
Funding allocated from the following expenditure lines in the 2020 Budget: Promotions and Festivals (short term and long term initiatives) <u>Salaries and Wages</u> <b>Total</b>	 \$5,000 <u>\$10,000</u> <b>\$15,000</b>	<b>COVID-19 Action Plan</b> Increased funding for: Social media advertising Google AdWords micro grant program for membership Putting the Tree Trunk Tour on-line, including promotion for local businesses Other events and promotions (to be determined) <b>Total</b>	       <b>\$15,000</b>

Information on these budget changes was e-mailed to the Hamilton Road BIA members on June 30, 2020.

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>ELIMINATION OF VACANT AND EXCESS LAND SUBCLASSES TAX REDUCTIONS</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer and Chief Financial Officer, the following actions be taken with respect to the elimination of vacant and excess land subclasses tax reductions:

- a) the staff report dated July 13, 2020 entitled “Elimination of Vacant and Excess Land Subclasses Tax Reductions”, BE RECEIVED:
- b) the City Clerk BE DIRECTED to bring forward for Municipal Council’s consideration the attached proposed by-law (Appendix “A”) being “A by-law to eliminate the subclass tax reduction in accordance with subsection 313 (1.3) of the *Municipal Act, 2001*, as amended for vacant and excess land in the commercial and industrial property classes for 2020 and subsequent years at such time as the Provincial Regulation related to this matter, is in effect.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Corporate Services Committee, October 22, 2019, Item # 2.3, Vacant/Excess Land Subclass Tax Reductions and Other Tax Policy Issues

Corporate Services Committee, April 14, 2020, Item # 2.3, Year 2020 Tax Policy

<b>BACKGROUND</b>
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On October 29, 2019 Municipal Council approved the following resolution:

- That, on the recommendation of the Managing Director Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to vacant/excess land subclass tax reductions in the commercial and industrial property classes and other tax policies noted in the attached staff report:*
- a) *the Minister of Finance BE REQUESTED to file the necessary regulation to eliminate the 30% municipal tax reductions on vacant commercial and industrial land and excess land in the City of London, beginning with the 2020 calendar year, in order that the City policy for these subclass reductions for municipal taxes will be the same as the Provincial policy for subclass reductions for education taxes that will be applicable in the year 2020;*
  - b) *the City Clerk BE DIRECTED to send the above-noted resolution to the Minister of Finance;*

At this time, the above resolution is with the Minister of Finance. We anticipate the requested regulation will be signed by the Minister very soon. We have been advised the regulation when issued will be retroactive for the year 2020. The above resolution has been incorporated into the City’s Year 2020 Tax Policy Report and by-laws as approved by Council for the year 2020 and is consistent with the Provincial policy for subclass reductions for education property taxes in 2020.

The issuance of the Provincial Regulation was anticipated at the time of the approval of tax policy by Council for the year 2020. It appears however, due to the COVID-19 emergency, the requested regulation has been delayed. The proposed by-law attached as Appendix “A” to this report will be placed on a future Municipal Council Agenda for consideration of enactment at such time as the regulation related to this matter is in effect.

PREPARED BY:	CONCURRED BY:
JIM LOGAN, CPA, CA DIVISION MANAGER – TAXATION & REVENUE	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES

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

Attachment.

## APPENDIX “A”

Bill No.  
2020

By-law No.

A by-law to eliminate the subclass tax reduction in accordance with subsection 313 (1.3) of the *Municipal Act, 2001*, as amended, for vacant and excess land in the commercial and industrial property classes for 2020 and subsequent years.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 307 of the *Municipal Act, 2001*, as amended, provides for the passing of by-laws for the levying of rates of taxation;

AND WHEREAS section 313(1.3) of the *Municipal Act, 2001*, as amended, provides that despite subsection (1), a municipality, other than a lower-tier municipality, may, if authorized by the regulations, pass a by-law providing that a tax rate reduction in paragraph 1, 2, 3, 4 or 5 of subsection (1) does not apply. 2016, c. 37, Sched. 15, s. 4; 2017, c. 8, Sched. 19, s. 3 (4);

AND WHEREAS the Province of Ontario has amended Ontario Regulation 580/17 Tax Matters – Vacant and Excess Land Subclasses, Tax Reductions;

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

1. For all taxation years beginning 2020, the tax rate reductions in paragraphs 2, 3, 4, or 5 of subsection 313(1) of the *Municipal Act, 2001*, as amended, do not apply.
2. The administration of this by-law is assigned to the City Treasurer who is hereby authorized and directed to do such things as may be necessary or advisable to carry out fully the provisions of this by-law.
3. This by-law comes into force on the day it is passed.

PASSED in Open Council on -

Ed Holder  
Mayor

Catharine Saunders  
City Clerk

First Reading –  
Second Reading –  
Third Reading –

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE  MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>INDUSTRIAL LAND DEVELOPMENT STRATEGY ANNUAL MONITORING AND PRICING REPORT CITY OWNED INDUSTRIAL LAND</b>

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

- a) The staff report dated July 13, 2020 entitled “Industrial Land Development Strategy Annual Monitoring and Pricing Report – City-Owned Industrial Land”, **BE RECEIVED** and;
- b) **NO ACTION BE TAKEN** at this time to adjust the current pricing of the City owned industrial land from the following prices that were established October 1, 2018:

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

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

Pricing for serviced industrial land in Trafalgar Industrial Park:

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

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Board of Control Report – February 11, 2009 – Industrial Land Development Strategy Report
- Strategic Priorities and Policy Committee – November 18, 2013 – Industrial Land Development Strategy 2013 – 2023
- Corporate Services Committee – June 20, 2017 – Industrial Land Development Strategy Annual Monitoring & Pricing Report
- Corporate Services Committee – July 17, 2018 - Industrial Land Development Strategy, Annual Monitoring and Pricing Report - city-owned industrial land
- Corporate Services Committee – June 18, 2019 – Industrial Land Development Strategy, Annual Monitoring and Pricing Report – city owned industrial land

<b>BACKGROUND</b>
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**Purpose**

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

**Context**

This report is prepared in accordance with Council's resolution which directs that the Civic Administration prepare a monitoring report on the City's Industrial Land Development Strategy (ILDS), as well as a review of the pricing of City owned industrial land for Municipal Council's consideration.

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

As part of Council's Strategic Plan 2019 to 2023, ILDS remains an important strategy in growing our economy and bringing more employment to the City.

**City Owned Industrial Land Pricing in London, Ontario**

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

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

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

Pricing for serviced industrial land in Trafalgar Industrial Park is:

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

Surcharges are as follows:

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

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

**Industrial Land Pricing in Surrounding Municipalities in Southwestern Ontario**

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

**SUMMARY OF CURRENT LAND HOLDINGS**

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

**SERVICED LANDS**

**Current Inventory – Serviced Industrial Land**

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

PARK	Net Available (Acres)	Net Available (Hectares)
Innovation Park – Phases I to IV	210.4	85.15
Skyway Industrial Park	26.2	10.60
Forest City Industrial Park	3.2	1.3
TOTAL	239.83	97.05

Included within the approximate 239 acres of City owned industrial land currently available for sale are 30.1 acres under option and another 38.55 acres under contract (as of June 1, 2020) in various City owned Industrial Parks. Total marketable lands is 171.18 acres.

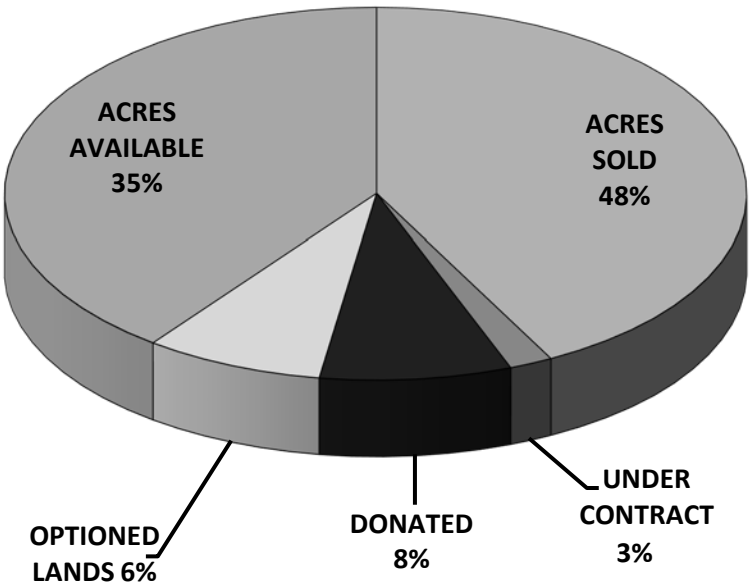
In terms of larger industrial parcels available, several remain which are privately owned. Under the City’s owned inventory, only one (1) parcel remains with size greater than 50 acres which is located within Innovation Park Phase 4 – Advanced Manufacturing Park. The ILDS implementation team is working to bring forward additional supply as Huron Industrial Park becomes developed which is described later in the report.

**Innovation Park** (for Map of Park refer to Schedule 1 attached)

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

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

Total Gross Acres:	653 Acres
Total Developable Acres:	477 Acres
Total Acres Sold (to date):	226.8 Acres
Total Acres Under Contract:	12.01 Acres
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date):	30.1 Acres
Total Net Acres (Available):	<u>168.32 Acres</u>
Average Selling Price Per Acre:	\$49,833 / acre
# of Parcels Sold:	14
Average Size of Parcel Sold:	16.2 Acres
Types of businesses in the Park:	Light/Advanced Manufacturing

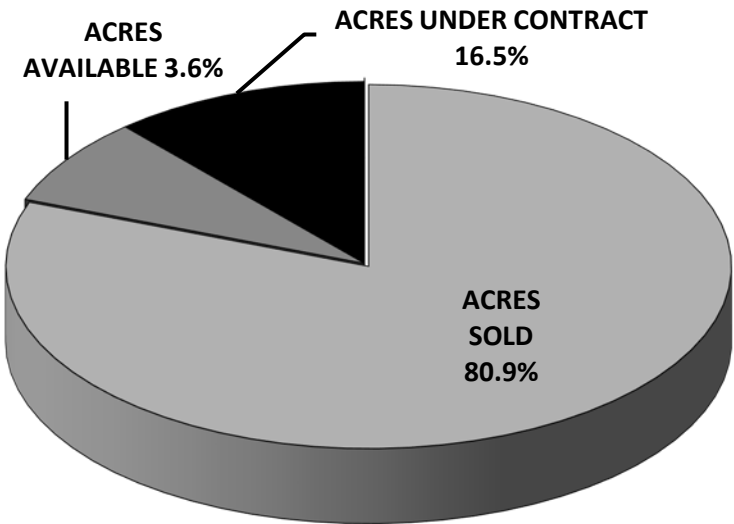


\* Information updated As of June 1, 2020.

**Skyway Industrial Park** (for Map of Park refer to Schedule 2 attached)

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

Total Gross Acres:	172 Acres
Total Developable Acres:	130 Acres
Total Acres Sold (to date):	105.17 Acres
Total Acres Under Contract	21.45 Acre
Total Net Acres (Available)	4.77 Acres



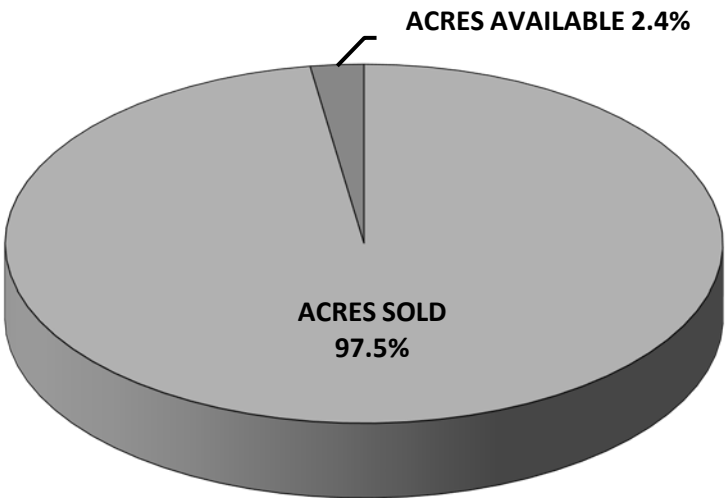
Total # of Parcels Sold:	9
Average Sale Price	\$47,575 / acre
Average Size of Parcel Sold:	11.7 Acres
Types of businesses in the Park:	Manufacturing, Warehousing

*\*Information update As of June 1, 2020.*

**Forest City Industrial Park** (for Map of Park refer to Schedule 3 attached)

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

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



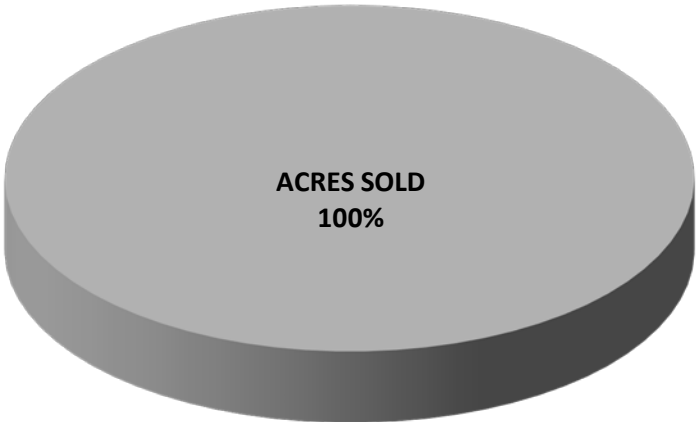
*\*3.2 Acres was optioned by Brose and was released in 2018. The parcel is encumbered with municipal services with limited development potential. Further environmental reviews/studies are required to determine the net developable area.*

**River Road Industrial Park**

(for Map of Park refer to Schedule 4 attached)

River Road Industrial Park is located on the west side of Veteran’s Memorial Parkway, north of River Road. 52 acres of land were acquired from 1975 to 2001 for this industrial park, and development was completed by the end of 2001. There are no remaining parcels of land for sale in River Road Industrial Park which were previously developed by the City.

Total Gross Acres:	52 Acres
Total Developable Acres:	46 Acres
Total Acres Sold (to date):	46 Acres
Total Acres Under Contract:	0 Acres
Total Net Acres Available:	<u>0 Acres</u>
Average Selling Price Per Acre:	\$54,661 / acre
# of Parcels Sold:	12
Average Size of Parcel Sold:	3.83 Acres
Types of businesses in the Park:	Manufacturing, Warehousing



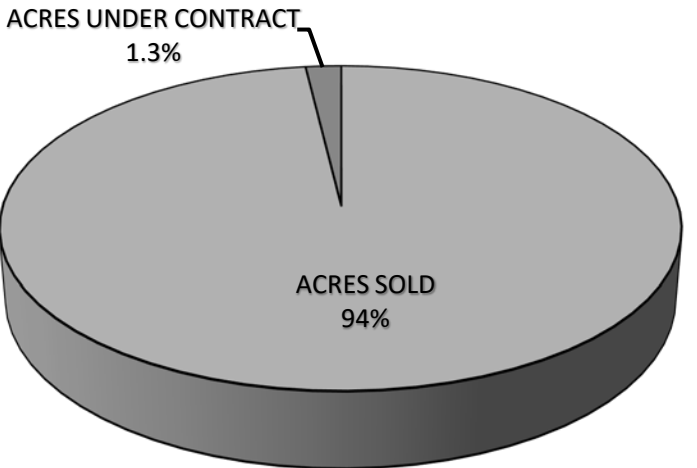
\*Information update As of June 1, 2020.

**Trafalgar Industrial Park**

(for Map of Park refer to Schedule 5 attached)

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

Total Gross Acres:	428 Acres
Total Developable Acres:	379 Acres
Total Acres Sold (to date):	356.37 Acres
Total Acres Under Contract:	5.02 Acres
Total Acres Optioned (to date):	0 Acres
Total Net Acres (Available):	<u>0 Acres</u>
Average Selling Price / Acre:	\$60,905 / acre
Types of businesses in the Park	Manufacturing, Warehousing



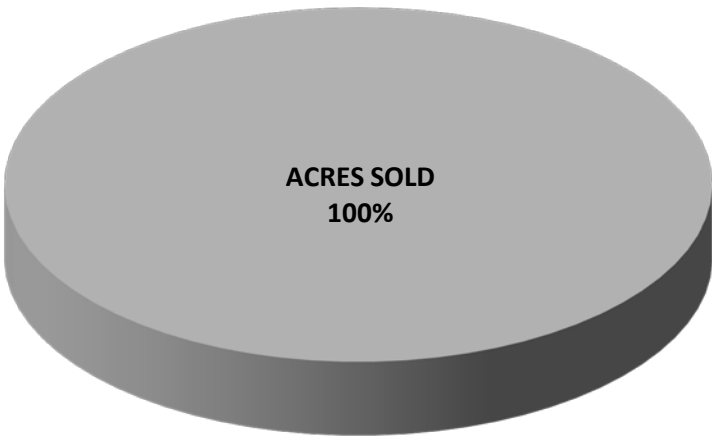
\*Information updated As of June 1, 2020.

**Cuddy Boulevard Industrial Lands**

(for Map of Park refer to Schedule 6 attached)

In 2010, the City obtained land on Cuddy Boulevard from the London Optimists in exchange for land on Rectory Street destined to house the London Optimist Sports Centre (“BMO Centre”), which is now in operation. These lands are 8.82 acres in size and zoned General Industrial. Environmental studies (SAR Report, Phase I ESA) were completed and the lands were made available to market in January, 2018.

Total Developable Acres:	8.82 Acres
Total Acres Sold:	8.82 Acres
Total Net Acres (Available):	0 Acres
Average Selling Price Per Acre:	\$74,117/ Acre



*\*Information updated As of June 1, 2020.*

**UNSERVICED LANDS**

**Current Inventory – Serviceable Industrial Land**

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	217.5*	88*
Innovation Park, Phase V	Light Industrial	200	80.9
Highbury & Highway 401 Lands	Light Industrial	5.35	2.17
	<b>TOTAL</b>	<b>422.85</b>	<b>171.07</b>

*\*Note: net acres shown of future Veteran’s Memorial Parkway requirement (currently under construction).*

**Huron Industrial Park**

The Huron Industrial Park lands are located around the intersection of Huron Street and the extension of Veteran’s Memorial Parkway (VMP). The extension of VMP and upgrades to Huron Street were awarded in March 2020 at a cost of \$11.2 million. To date, approximately 139.4 acres (56.4 ha) is partially serviced and environmental and engineering studies are currently underway. Upon completion of the Huron Industrial Lands Storm water Management Facility (SWMF) these lands will be fully serviced at a municipal level. The construction of the new SWMF is expected to start in Q3 2020 and become operational in Q2 2021. At this point the Huron Industrial Lands will be fully serviced at a municipal level and can be actively marketed. Several of the parcels still require site preparation work to bring them to a complete shovel ready state. The City has been able to reuse excess soil from the VMP and SWMF projects in order to reduce costs by not having to pay for fill to bring the grades up. Other characteristics to note with these lands are the following:

- Portions of the lands are subject to building height restrictions as related to the proximity of the London International Airport and Transport Canada regulations.
- The Sun Canadian high-pressure oil pipeline which runs in a north-south direction through a large portion of the site, and;
- Access, grading, and a servicing solution is being finalized for southern blocks of Huron Industrial lands which is anticipated to be ready and would bring up to 65 acres to market by early 2021. Soft marketing of these lands is already underway.

**Innovation Park, Phase V**

In 2013, the City acquired approximately 84 acres (34ha) of land 2555-2591 Bradley Ave. for the future Phase V development of Innovation Park. In 2018, the abutting 2531 Bradley Ave. was secured under contract which totaled approximately 45.9 acres (18.6 ha). The transaction closed in March of 2019.

After several years of negotiating, the City reached an agreement with the property owners at 2497 Bradley Ave. On October 30<sup>th</sup>, 2019 the remaining lands of approximately 70 acres (28.3 ha) were acquired, which completed the land assembly required for Innovation Park Phase V.

The City has recently received archaeological clearance for 2555-2591 Bradley Ave and the Stage 1 and 2 Archaeological has also been completed for 2497 and 2531 Bradley Ave. Additional Archaeological work will be scheduled for later this year.

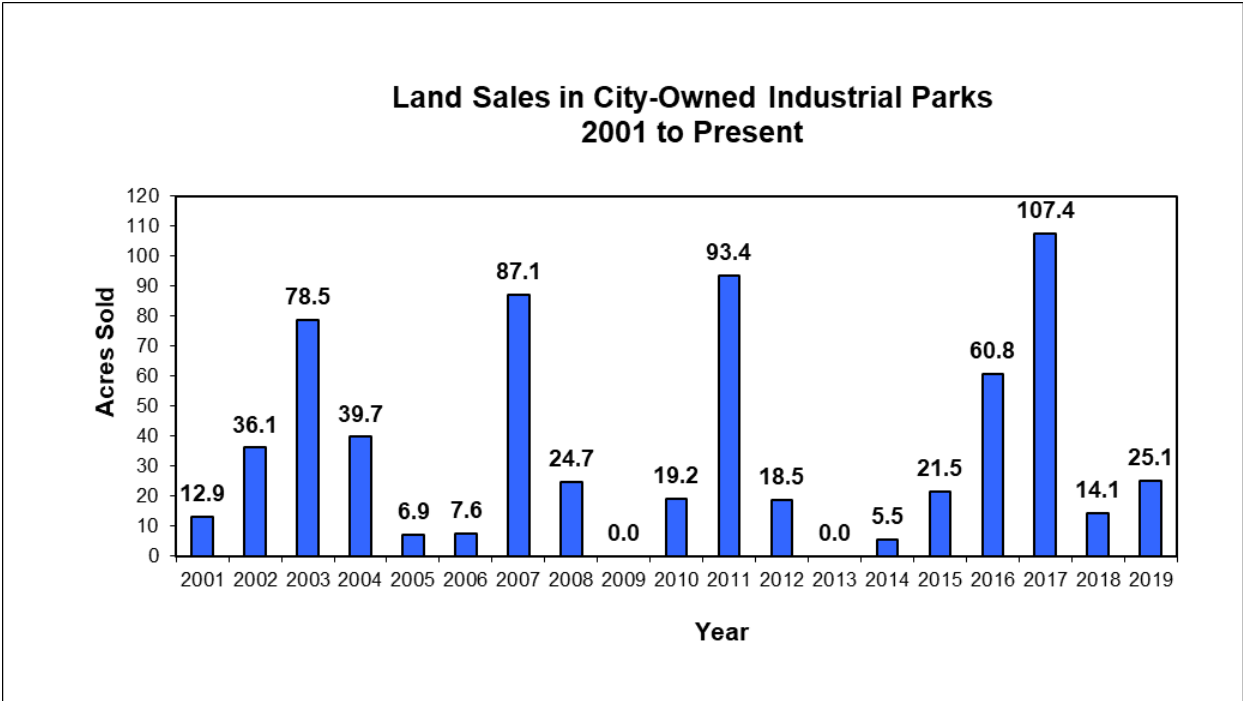
The City has also completed a high level concept for this phase in order to begin negotiations with Hydro One to acquire lands under their transmission lines for a future internal roadway. It's expected that this will be wrapped up by the end of 2020. Future work includes design, extension of municipal services to this phase, construction of a SWMF and construction of new internal municipal services.

**Highbury Avenue and Highway 401 Lands**

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

**Sales Activity**

Between 2001 and 2019, the City has sold approximately 659.1 acres (266.72 ha) of industrial land for a total of \$34,271,466. The estimated municipal tax revenue since 2001 on these land sales totals more than \$9,534,233 per year. Based on the 2019 industrial building permit data, a total of 161 building permits were issued. A total construction value (building alone) for industrial uses (such as manufacturing and warehousing establishments) totaled in excess of \$374 million City wide. As for Maple Leaf Foods, the building construction value for 2019 was reported to be \$300 million (building cost).



*\*Note: Reflects closed transactions only for 2019.*

The above Chart shows the absorption of City industrial land over the past 19 years. 2017 was a record year primarily a result of the large land sale to Maple Leaf foods. In 2018, land transactions cooled from years prior which can be attributed to some broader economic

uncertainties being the negotiations on the Canada-United States-Mexico Agreement (CUSMA), protectionist policies by the United States in terms of imposed steel and aluminum tariffs, and uncertainties on interest rates.

As for 2019, sentiment had improved and non-automotive investments were being made such as expansions to plants by companies such as Nestle, Dr. Oetker, and Original Cakerie. Maple Leaf Foods also broke ground in 2019 for their new 640,000 sq. ft. poultry processing facility.

In terms of City industrial land sales for 2019, a total of 25.1 acres were sold which represented six transactions to smaller to medium sized companies ranging from manufacturing uses, one new food processing industry, and two relocations here in London. Some lands that remained under contract in 2019 carried forward into 2020 as additional due diligence and time was required by several Purchaser companies.

As of June 1<sup>st</sup> 2020, the City had sold a 9 acre parcel and 38.55 acres remained under contract with companies at various stages in their due diligence. There is cautious optimism ahead given the unprecedented event with the global COVID-19 pandemic and impact yet to unfold to the local economy.

### **Investments Made in our Industrial Parks**

A summary of investments in City industrial parks made is provided in the section below for the past several years. Such investments can vary due to a variety of things being the status of the local economy, global economic events, and most recently, impacts to industry related state of emergency closures mandated by the Municipal, Provincial and Federal government. As companies focus on adjusting operations to protect the health and safety of their employees, there remains continued uncertainty on what expansion lands and timing will unfold for 2020.

### **Industrial Investment City Wide**

In consultation with building division, industrial building permit construction values for the past 3 years are shown below:

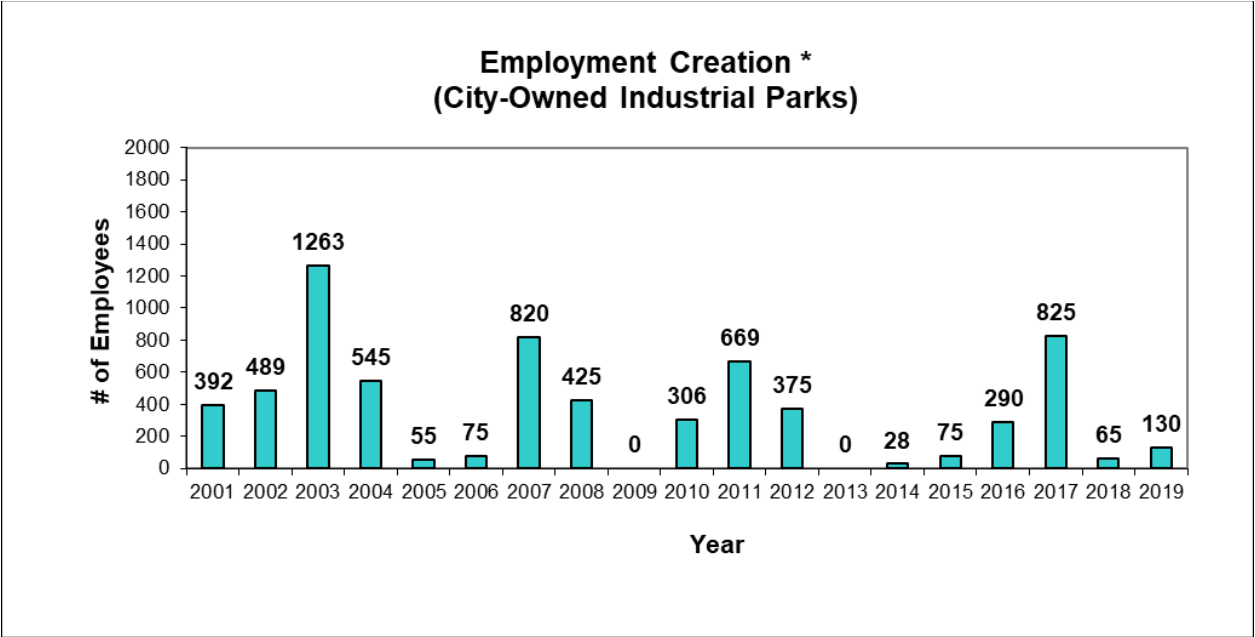
2017 - \$ 33.3 million in construction value  
2018 - \$ 43.5 million in construction value  
2019 - \$ 374.4 million in construction value

2019 was a record year in terms of construction value, largely attributed to the building permit value of Maple Leaf Foods which totaled approximately \$300 million in construction value.

As for the City owned industrial parks, 58 permits (excluding Maple Leaf Foods) were issued and the combined construction value for alterations, additions, and new builds totaled approximately \$54.7 million in construction value.

### **Employment Creation**

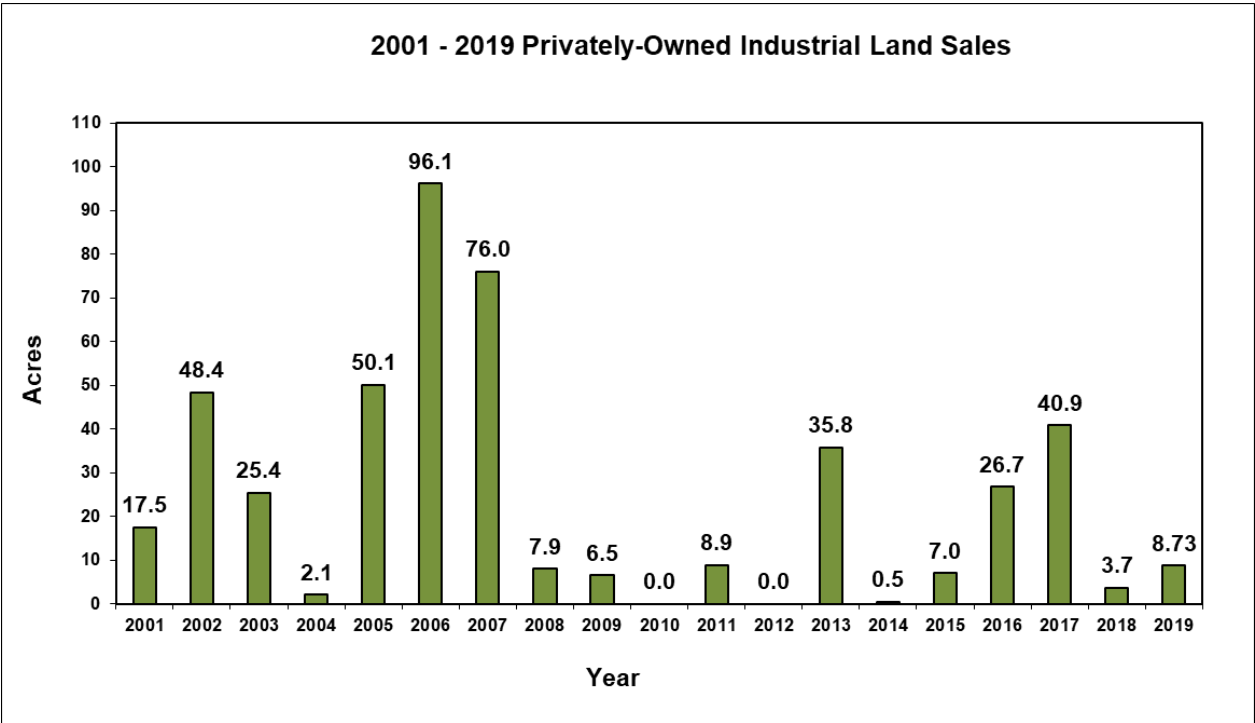
Since 2001, sales of City owned industrial lands have created over 6,827 direct new jobs. An additional 5,000+ spinoff jobs are believed to have been created through construction, logistics, service providers and manufacturing related supply chains. These jobs have significantly contributed to the sustainability of advanced manufacturing in the London region through the attraction of new global manufacturing companies.



\*Employment Creation is based on the anticipated number of employees at the time when the facilities are fully operational

**Industrial Land Sales in the Private Sector**

For vacant private industrial land sales, 2019 had a moderate increase in land sales from the previous year. In total, approximately 8.7 acres had sold and majority of these sales were smaller in parcel size ranging anywhere from 0.5 acre to 2 acres in size.



**Industrial Development Charge Grant Program**

***Background:***

On May 2, 2017, Municipal Council approved changes to the City’s Industrial Development Charges Grant Program. These changes, that came into effect on January 1, 2018, retain the current 100% development charge grant for targeted industrial uses, but decrease the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000 for non-targeted industrial uses. Targeted uses have been defined in the program to be consistent with the targeted uses of the Industrial Land Development Strategy. As part of the approved changes to the program, the program will expire on December 31, 2023.

Targeted Uses which qualify for the Industrial Development Charges Grant Program include:

- Advanced manufacturing including renewable and clean technology, automotive, agri-food/food processing, and defense and aerospace, as well as life and health sciences, information technology and digital media, and research and development.

Non-Targeted uses where a portion of the Grant Program applies (up to a max of \$250,000) include:

- Warehouses, distribution centres, transportation and logistics, businesses that store and process data for retrieval, and truck terminals.

Provided below is a cumulative city-wide summary of the Development Charge Exemptions for Industrial:

2016 - \$4,702,491  
 2017 - \$3,011,569  
 2018 - \$1,698,946  
 2019 - \$12,359,452

Approximately \$11,423,878 of last year's Development Charge Grant was attributed to the Maple Leaf foods building permit being issued.

### ***Market Observations:***

Last year, Realty Services along with LEDC continued to receive pushback on the Industrial Development Charge program which exempts non-targeted users. The comments came primarily from the development and real estate brokerage community working with clients in logistics and warehousing & distribution based sectors.

While recognizing the importance of these non-targeted based industries, London is still well positioned regionally to attract such users given a good industrial land supply, servicing capabilities, and competitive land pricing. It has also been observed that non-targeted industry will still consider locating to London based on workforce and proximity to existing clients.

The ILDS implementation team will continue monitoring any missed opportunities as a result of the current Industrial Development Charge program and monitor any emerging trends such as companies moving away from self-warehousing and online retail which is creating more need for warehouse space.

### **Getting People to Work Using Public Transit: Challenges and Solutions**

Inadequate public transit in our industrial corridor has been raised consistently by numerous employers for several years. In 2019, detailed surveys and focused employer consultations were undertaken by the London Transit Commission (LTC) in partnership with LEDC to assess industrial needs, ridership, cost-sharing options and better transit planning for the corridor. The LTC Board also recognized the need for better connectivity in industrial areas and asked LTC management to conduct industrial service reviews. Many industrial companies have also shown interest in cost-sharing arrangements with LTC to facilitate better transit coverage.

The ILDS team continues to support LTC through this assessment phase. Transit connectivity is frequently requested by expanding local companies as well as new clients looking to locate in London as it impacts employers' ability to attract and retain workforce.

### **ILDS Strategic Initiatives**

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

Provided below are some of the Strategic Initiative achievements completed in 2019.

### ***Active Role in Development and Selling Industrial Land:***

- Maintained an adequate supply of vacant industrial ready land at Innovation Park along with maintenance activities.
- Successful completion of the Municipal Class Environmental Assessment (EA) for the Stom Water Facility to service the future Huron Industrial Park.

- Municipal services design completed for Huron Industrial Park.
- Preliminary industrial subdivision plans completed for Innovation Park Phase V and Huron Industrial Park.
- Grading work completed for the remaining 26 acres at Skyway Industrial Park.
- Worked closely with Enbridge (formerly Union Gas) finalize servicing for Skyway Industrial Park and the future Huron Industrial Park.
- Realty Services Industrial Land Officer routinely providing prospective clients information on City's industrial land and maintaining the City's land availability website.
- Successful completion of the rezoning for Innovation Park Phase V lands.
- Gateway signage and lighting installed last year at Innovation Park, to improve the marketability and branding of the City's Industrial Park lands.
- LEDC has successfully worked with several local companies with expansion plans to their existing locations as well as new industries locating in London. Details are provided in LEDC's annual report, available on their website.
- New location finder tool implemented on the LEDC's dedicated website for new and existing industries to London.

#### ***Target and Understand our Target Sectors' Needs:***

- Based on inputs from industry, recent city wide industrial zoning change was implemented to allow heights up to 50 metres. ILDS team has met monthly with London Economic Development Corporation (LEDC) to discuss prospect client activity and development plans to attract new targeted industries to London.
- Tracked data throughout the year from publications provided through the Conference Board of Canada, publications provided by local commercial real estate brokerages, and internal data tracking.
- Monitoring of industrial site plan applications submitted through Development Services Division and set up of SWAT internal review team for time sensitive and/or high profile accounts.
- Regular discussions with local design build companies and brokerages to understand types of clients looking at London.

#### ***Ensure an adequate supply of land***

- As mentioned earlier above, with the approved Storm Water Management pond system and extension of the Veteran's Memorial Parkway currently in construction, approximately 217 acres additional acres will be brought to market in the short term.
- Realty Services successfully completing the acquisition of 2497 Bradley Avenue in 2019 which marks the successful completion of the land assembly required for Phase V Innovation with a combined total of 200 acres. Ongoing Archaeological and engineering work is underway.
- Actively participation by Realty Services in contacting willing sellers in securing additional longer term industrial lands for the City.
- Working with the brokerage community in offering City's industrial site to market private land listings.
- Have remained nimble by soft marketing some of the City's industrial lands on a no-grading but market ready condition to meet market demand needs or to qualify for Request for Proposals through the Province via LEDC.

#### ***Establish a plan to deliver investment-ready land***

- Monthly technical meetings to discuss industrial land status pertaining to studies, reports, construction tenders, review of capital work program budgets.
- Engaged routinely throughout the year communications with Enbridge, Bell, London Hydro and other external agencies to verify any servicing or environmental constraints.
- Presentation to the LEDC Board of Directors on the status of the City's industrial land and regional competitiveness.
- Annual Industrial Land Monitoring report prepared to Council.
- Annual summary provided Civic Administrations Senior Leadership Team (SLT) on the land sales status and to be reported in the City's Strategic Objectives.

#### ***Market our land aggressively on international stage***

- Continuation of the City's dedicated industrial website and use of marketing brochures.
- LEDC hired local companies to create drone footage of our parks to market to international clients when physical travel isn't possible. This strategy was very useful

during Covid as we were still able to market our sites effectively. LEDC held tours with site selectors, government offices, trade commissioners and other influencers to help cast a wide reach into our target markets.

- LEDC worked with our neighboring communities to market the region through the EDCO Investment Alliance.

### ***Enhance our industrial land offering by making London attractive to investment***

LEDC created videos, drone footage, website, social media and advertising to promote London's industrial parks for external investment attraction. A personalized concierge service was provided to prospects in our targeted industry sectors to enhance London's attractiveness.

### **Pricing of Municipal Industrial Land**

The City land prices have remained unchanged since late 2018 which was based on modest market conditions and to help attract new investment to London while maintaining regional competitiveness.

Prior to COVID-19, the Conference Board of Canada was predicting a 1.8% increase to GDP in Canada and 1.6% GDP increase in London for 2020 (Source: Winder 2020 Metropolitan Outlook). The unemployment rate was anticipated to drop to 5.5%. As for local data, CBRE reported that in Q1 2020 there have been 6 consecutive quarters of positive net absorption for industrial space in London and the industrial availability rate fell to 2.3%, which was lower than the national average (Source: CBRE Q1 Marketview Report).

As the first case of the novel coronavirus reached Ontario in January, over the last few months closures were enforced for schools, restaurants, theatres, and non-essential businesses as the Province officially declared a State of Emergency on March 17<sup>th</sup> and the City of London on March 20<sup>th</sup>. Most recently, as restrictions are being lifted, the magnitude of the economic impact is yet to unfold. Most recent data reported by Stats Can and the Conference Board of Canada in the media shows a double digit unemployment rate for London at 11.7% and a GDP projection falling to -3.6 percent (Source: London Free Press). It's anticipated that we will continue to see a slow recovery well into 2021 and possibly 2022.

Despite having one industrial land sale already and having approximately 47 acres under contract at various stages, there is cautious optimism ahead on whether these transactions will occur or if more time will be requested by Purchasers to extend the mandatory period to build being one (1) year from date of sale.

As a result of the current economic conditions and to maintain effort to attract new investment here in London, Civic Administration is recommending no change to the current price levels. The pricing and inventory levels will be revisited again next year with another recommendation.

### **Conclusion**

The Industrial Land Development Strategy (ILDS) has worked well since inception and progress has been made in advancing the Huron Industrial Park to nearer completion, finalizing the land assembly for Phase V Innovation Park, and collaboratively working with London Economic Development Corporation (LEDC) on retaining and attracting new investment to the City. London is well positioned regionally in terms of land inventory and pricing and continues to maintain strong competitiveness in Southwestern Ontario.

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

### **Acknowledgement**

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

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

July 3, 2020  
Attach.

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

## **SCHEDULE 1**



**SCHEDULE “1A”**

**INNOVATION PARK – PHASES I TO IV**  
**Revenue and Expense Breakdown as of December 31, 2019**

**ACTUAL REVENUE AND PROJECTED REVENUE:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE (2006 – 2019)	\$10,857,217
Acreage Sold to Date	217.87 Acres
Average Price Per Acre (based on actual sales to date)	\$49,833 /ac
Estimated Sales Revenue on Balance of Park (210.43 Acres)	<u>\$14,728,000</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$25,585,217</b>

**Annual Municipal Taxes – On Land Sales to Date**

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$2,054,259
Annual Taxes Per Acre (2019 Actual)	\$10,968
Cumulative Taxes to Date (2006 – 2019)	\$14,978,739

**Other Subsidies**

Development Charge Exemptions (CIP)	\$21,839,038
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**BUDGETED EXPENSES:**

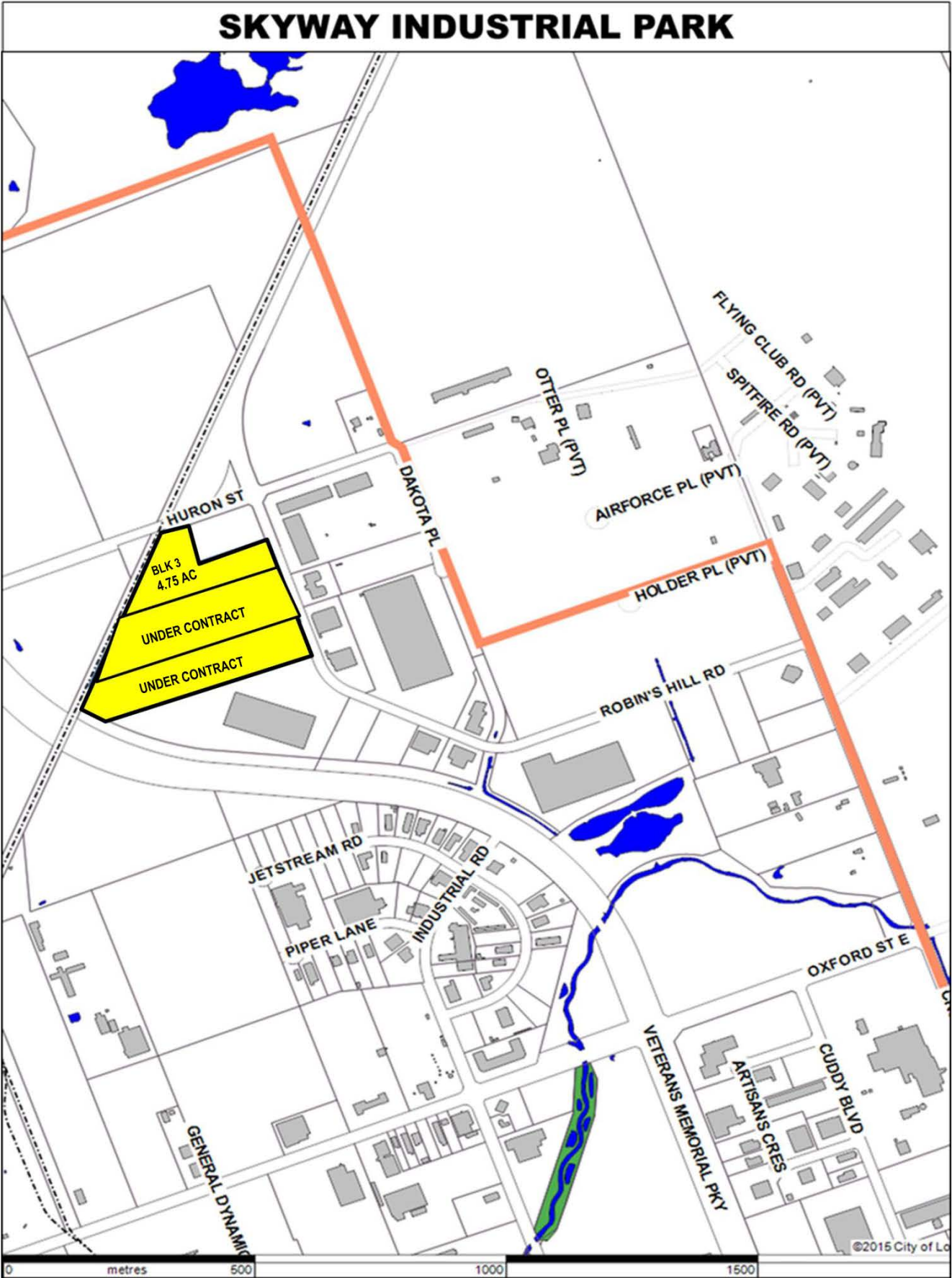
**Budgeted Acquisition, Design & Construction Costs:**

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

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

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

SCHEDULE 2



**SCHEDULE “2A”**

**SKYWAY INDUSTRIAL PARK**  
**Revenue and Expense Breakdown as of December 31, 2019**

**ACTUAL REVENUE AND PROJECTED REVENUE:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$5,003,429
Acreage Sold to Date	105.17 Acres
Average Price Per Acre (based on actual sales to date)	\$47,575 /ac
Estimated Sales Revenue on Balance of Park (26.2 Acres)	<u>\$1,834,000</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$6,837,429</b>

**Annual Municipal Taxes – On Land Sales to Date**

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$1,028,861
Annual Taxes Per Acre (2019 Actual)	\$9,783
Cumulative Taxes to Date (2007 to 2019)	\$13,239,239

**Other Subsidies**

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

**Budgeted Acquisition, Design & Construction Costs:**

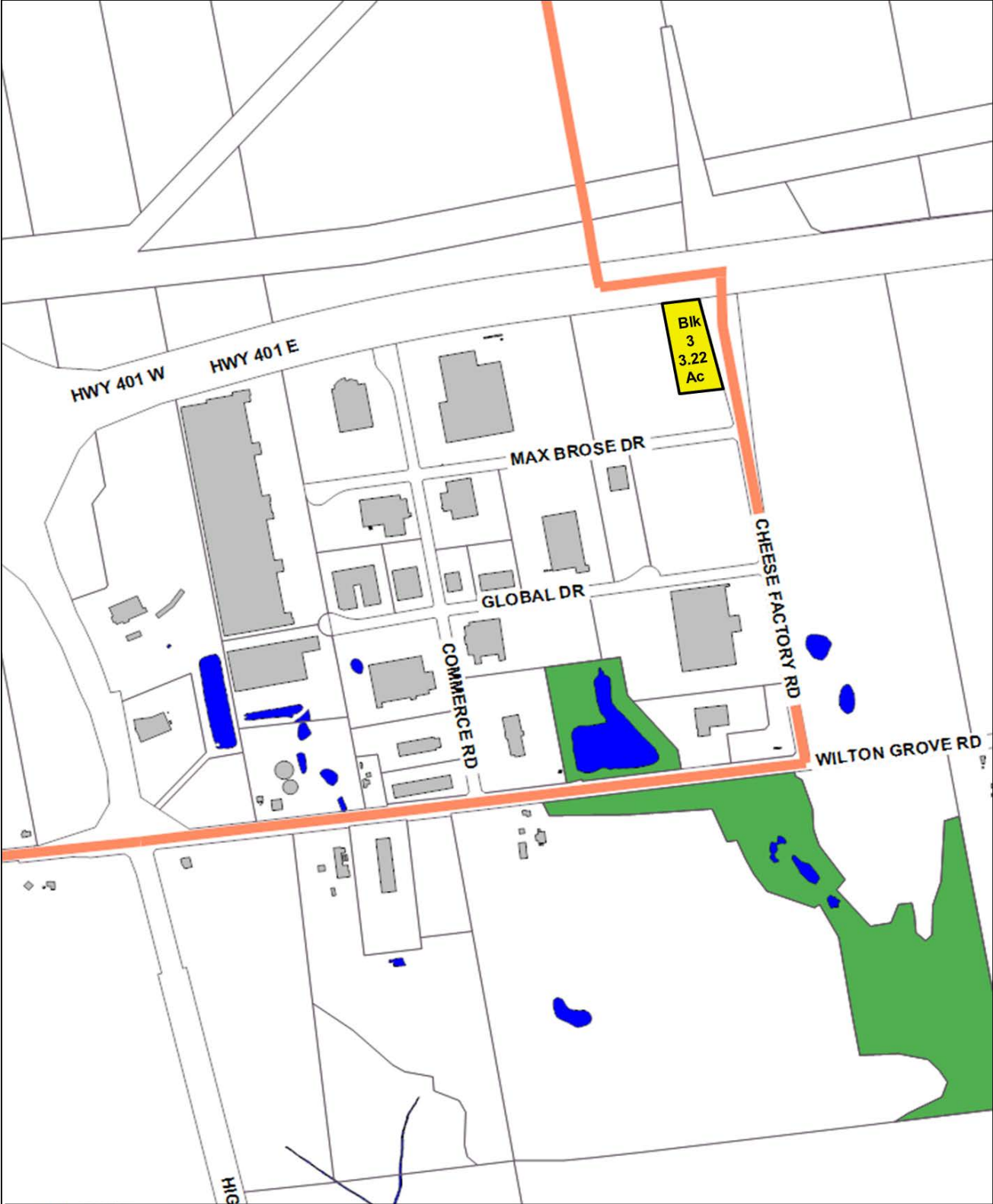
A) Land Costs: Total Land Acquisition Cost (130 net acres)	\$3,527,517
B) Servicing Costs: Design & Construction Costs	\$12,425,298
Less: Estimated Oversizing Component *	<u>- \$2,663,892</u>
TOTAL LOCAL SERVICES	\$9,761,406
Net Acreage of City owned Land	130 Acres
C) TOTAL COST (A + B) Land plus Local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

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

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

SCHEDULE 3

**FOREST CITY INDUSTRIAL PARK**



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

**SCHEDULE “3A”**

**FOREST CITY INDUSTRIAL PARK**  
**Revenue and Expense Breakdown as of December 31 2019**

**ACTUAL REVENUE AND PROJECTED REVENUE:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$6,641,405
Acreage Sold to Date	130.06 Acres
Average Price Per Acre (based on actual sales to date)	\$51,064 /ac
Estimated Sales Revenue on Balance of Park (3.2 acres @ \$80,000 per acre)	<u>\$256,000</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$6,897,405</b>

**Annual Municipal Taxes – On Land Sales to Date**

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$1,490,235
Annual Taxes Per Acre (2019 Actual)	\$11,458
Cumulative Taxes to Date (2003 to 2019)	\$18,589,821

**Other Subsidies**

Development Charge Exemptions (CIP)	\$9,737,359
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**EXPENSES:**

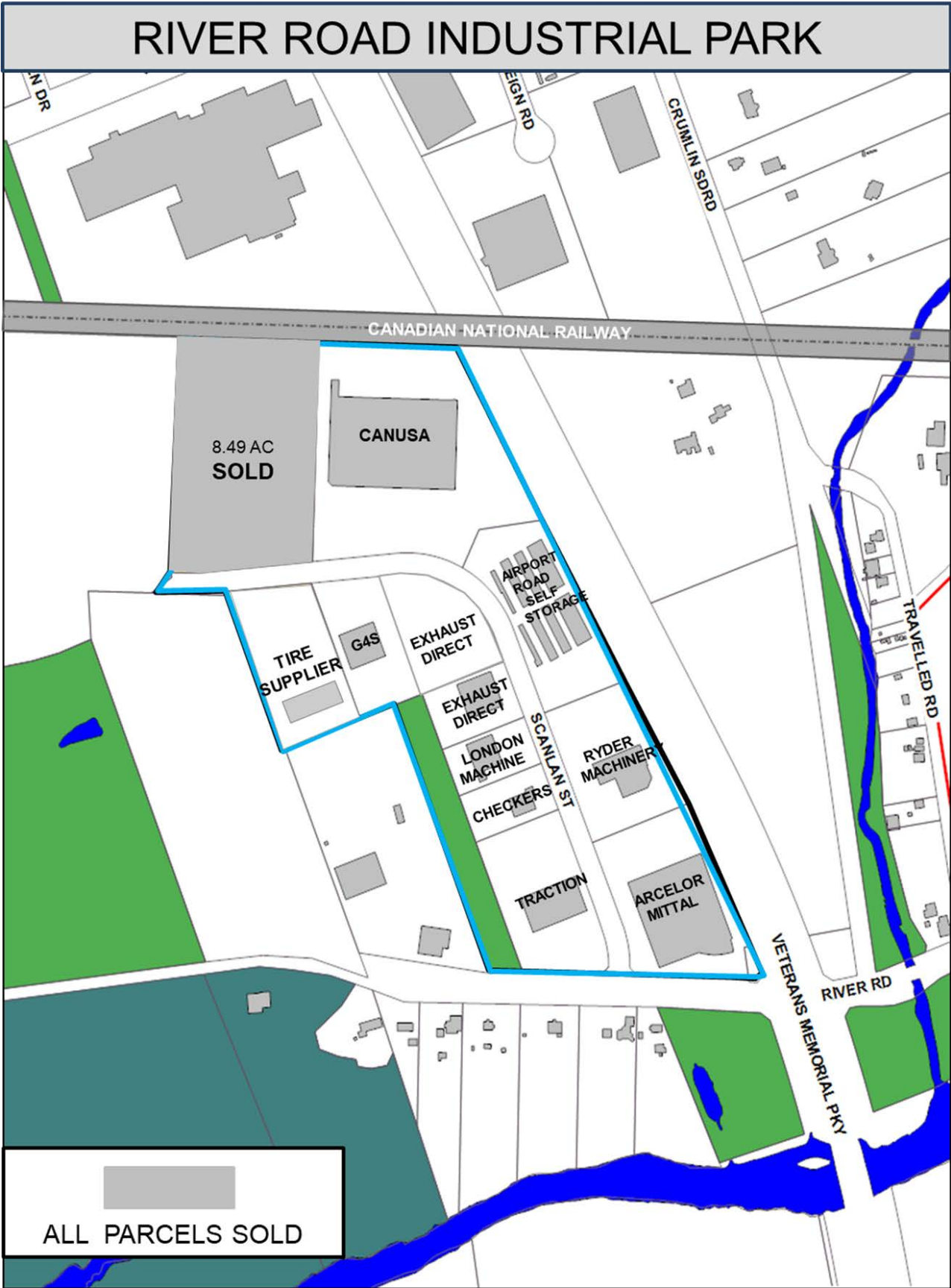
**Budgeted Acquisition, Design & Construction Costs:**

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

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

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

**SCHEDULE 4**



**\*\*River Road Industrial Park is sold out**

**SCHEDULE “4A”**

**RIVER ROAD INDUSTRIAL PARK**  
**Revenue and Expense Breakdown as of December 31, 2019**

**REVENUE – ACTUAL AND ESTIMATED:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$2,514,399
Acreage Sold to Date	45.97 Acres
Average Price Per Acre (based on actual sales to date)	\$54,696 /ac
<b>TOTAL ACTUAL SALES REVENUE</b>	<b>\$2,514,399</b>

**Annual Municipal Taxes – On Land Sales to Date**

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$453,234
Annual Taxes Per Acre (2019 Actual)	\$9,859

**EXPENSES:**

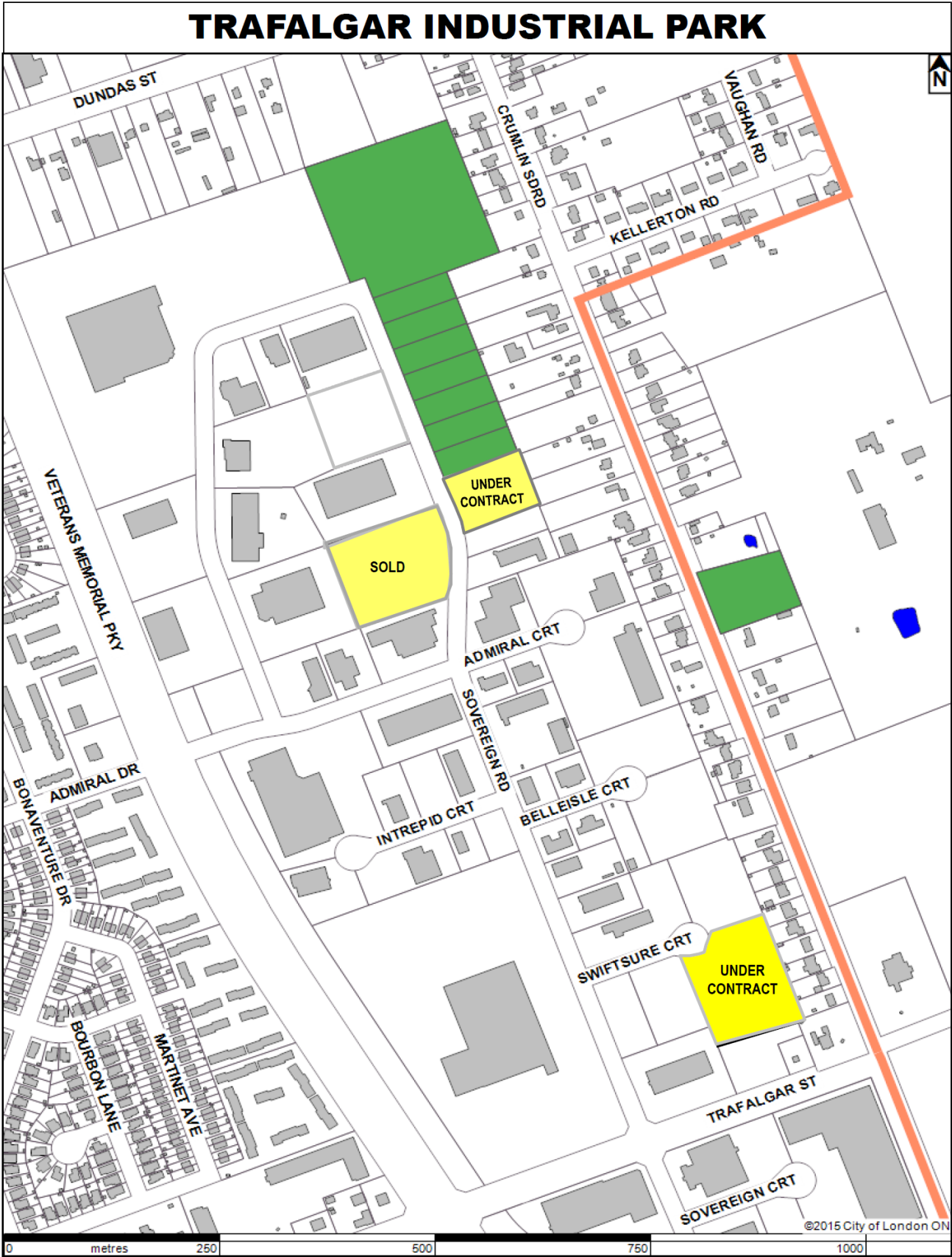
**Budgeted Acquisition, Design & Construction Costs:**

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

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

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

SCHEDULE 5



**SCHEDULE “5A”**

**TRAFALGAR INDUSTRIAL PARK**  
**Revenue and Expense Breakdown as of December 31, 2019**

**REVENUE – ACTUAL AND ESTIMATED:**

**Land Sales**

TOTAL LAND SALES REVENUE TO DATE	\$17,047,292
Acreage Sold to Date	356.37 Acres
Average Price Per Acre (based on actual sales to date)	\$47,835 /ac
Estimated Sales Revenue on Balance of Park (1.5 Acres)	<u>\$97,500</u>
<b>TOTAL ACTUAL AND ESTIMATED SALES REVENUE</b>	<b>\$17,144,792</b>

**Annual Municipal Taxes – On Land Sales to Date**

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$
Annual Taxes Per Acre (2019 Actual)	\$10,697

**Other Subsidies**

2019 Development Charge Exemptions (CIP)	Nil
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**EXPENSES:**

**Budgeted Acquisition, Design & Construction Costs:**

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

Note: - Estimates are based on Current Approved Budget Allocation as reported in JD Edwards  
- Lands “under contract” are not reflected in figures above.  
-Total Sales above is represents Trafalgar Industrial Park Phase III  
-Annual Municipal Taxes are based on all phases of Trafalgar Industrial Park.

TABLE 1

MUNICIPALITY	TOTAL ESTIMATED INDUSTRIAL LAND INVENTORY (AC)	PRICE PER ACRE	DEVELOPMENT CHARGES	DEVELOPED LANDS AVAILABLE YES/NO
BRANTFORD	0	n/a	\$7.01 / sq. ft. City wide. \$8.83 / sq. ft. intensification area	No
COUNTY OF BRANT	n/a	\$175,000.00/ac - \$200,000.00/ac	\$ 7.26 / sq. ft.	n/a
CAMBRIDGE	1.28 ac	\$315,000.00/ac	City - \$ 5.18 sq. ft. Region - \$16.07 sq. ft. (per DC By-Law may be eligible for 60% discount).	Yes
CHATHAM/KENT	132.25 ac	\$15,000.00/ac - \$50,000.00/ac	\$0.00-\$1.82 sq. ft.	Yes
GUELPH	30.8 ac	\$400,000.00+/ac	\$9.97 sq. ft.	Yes
HAMILTON	35.59 ac	n/a	\$18.02/sq.ft. (combined sewer system) \$20.18/sq. ft. (separated sewer system)	Yes
INGERSOLL	18.5	\$150,000.00/ac	\$0.00 sq.ft.	Yes
KITCHENER	n/a	n/a	CITY LAND - \$1.93 / sq. ft. SUBURBS - \$ 5.35 /sq.ft. No sanitary- \$4.06/sq.ft. No sanitary / water - \$3.97/sq.ft.	n/a
WATERLOO	n/a	n/a	\$ 6.69/sq. ft.	n/a
LAMPTON COUNTY	203 ac	n/a	n/a	Yes
SARNIA	245 ac	\$70,000/ac to \$85,000/ac \$50,000/ac for 5 + ac.	Urban Area -\$5.59/sq. ft. Dev. Area 2 - \$13.70/sq. ft. Rural Area- \$3.18/sq. ft.	Yes
STRATFORD	30.7 ac	\$100,000 +/- ac	\$0.00 sq.ft.	Yes
STRATHROY	113 ac	\$35,000.00/ac	\$14.42/sq. ft.	Yes
ST. THOMAS	103.72 ac	\$45,000.00+/ac	City -\$0.97/sq. ft. Dalewood Land - \$1.97/sq. ft.	Yes
WINDSOR	76.5 ac (Certified sites)	n/a	\$0.00 sq.ft.	Yes
WOODSTOCK	128 ac	\$145,000/ac - \$195,000/ac \$85,000.00 +/-ac (2019)	\$0.00 sq. ft.	Yes
<p>Notes:</p> <p>City of Brantford: No municipally owned industrial lots identified. Some privately owned industrial lots available (source: <a href="https://sites.advantagebrantford.ca/?propertyType=Land">https://sites.advantagebrantford.ca/?propertyType=Land</a>)</p> <p>County of Brant: No municipally owned industrial lots identified for County. Several private industrial lots for sale (source: <a href="https://availablelands.brant.ca/?lid=d894f4a-c63e-42d6-b603-5e6360c8f1">https://availablelands.brant.ca/?lid=d894f4a-c63e-42d6-b603-5e6360c8f1</a>)</p> <p>Cambridge: One parcel identified being 1.28 acres located in the Boxwood Industrial Subdivision. Last remaining parcel dedicated for a Fire Station. No further industrial municipal lands identified for sale (source: <a href="http://www.geowarehouse.ca">www.Geowarehouse.ca</a> &amp; <a href="https://www.investcambridge.ca/en/locate-and-expand/City-Owned-Lands.aspx#pageHeading">https://www.investcambridge.ca/en/locate-and-expand/City-Owned-Lands.aspx#pageHeading</a>)</p> <p>Ingersoll: In February 2020 a land deal fell through and the Town now has 18.5ac available. They have double the asking price since the original sale to \$150,000.00/ac (source: <a href="https://www.woodstocksentinelreview.com/news/local-news/land-sale-falls-through">https://www.woodstocksentinelreview.com/news/local-news/land-sale-falls-through</a>)</p> <p>Guelph: The City's web site is indicating that they have 30.8 ac of industrial land for sale in the Hanlon Business Park. Source: <a href="https://guelph.ca/business/economic-development-office/available-employment-land/">https://guelph.ca/business/economic-development-office/available-employment-land/</a> &amp; <a href="http://www.geowarehouse.ca">www.geowarehouse.ca</a></p> <p>Windsor: Price/ac not identifiable through online search and unable to reach City of Windsor Realty Services.</p> <p>St. Thomas : Information found using Geowarehouse (Source: <a href="http://www.geowarehouse.ca">www.geowarehouse.ca</a>)</p> <p>Kitchener/Waterloo: No municipally owned lots identified. (Source: <a href="https://www.kitchener.ca/en/building-and-development/building-parks-and-commercial-real-estate/">https://www.kitchener.ca/en/building-and-development/building-parks-and-commercial-real-estate/</a>)</p> <p>Chatham/Kent: Approximately 132 acres available (Source: <a href="https://www.chatham-kent.ca/EconomicDevelopment/business-parks-and-commercial-real-estate/">https://www.chatham-kent.ca/EconomicDevelopment/business-parks-and-commercial-real-estate/</a>)</p> <p>Information will be periodically updated by Realty Services as information becomes available.</p>				

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

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

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

EXPENDITURES	INNOVATION PARK  (For 217.87 Acres Sold from 2006 - 2019)	COST/BENEFIT PER ACRE  (For 217.87Acres Sold from 2006 - 2019)
Gross expenditure on land and local services	\$ 22.87 million	\$ 104,337
(Less) Government Grants	\$ 7.96million (Superbuild, M-III & ISF)	\$ 36,580
NET expenditure on land and local services (A)	\$ 14.76 million	\$ 67,757
REVENUES		
Total Land sales over 14 years	\$ 10.8 million	\$ 48,287
Annual Municipal Industrial Taxes (2019)	\$ 2.0 million	\$ 10,968
Cumulative Industrial Taxes over 14 years	\$ 14.97 million	\$ 68,750
Building Permits	\$1.03 million	\$ 4,758
Total Cash Inflow over 14 years: (B)	\$ 26.87 million	\$ 123,343
Net Cash Position after 14 years (B – A)	\$ 12.1 million	\$ 55,743
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$21.82 million	\$100,174
ECONOMIC BENEFITS (Provided by LEDC) (over 14 years)		
Employment Created	1,550 Direct Jobs 1,365 Indirect Jobs	7.11 Direct Jobs 6.26 Indirect Jobs
Income Generated	\$140 million	\$642,000

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

Additional Notes & Assumptions:

- The totals and Per Acre amounts for Gross and Net Expenditures above have been pro-rated for lands which have sold to date.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the industrial park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Net Cash Position will continue to increase over time as industrial park sells out.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.

**TABLE 3**  
**ECONOMIC SPIN OFFS - SKYWAY INDUSTRIAL PARK**

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

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

EXPENDITURES	SKYWAY PARK:  (For 105.17 Acres Sold from 2007 to 2019)	COST/BENEFIT PER ACRE  (For 105.17 Acres Sold from 2007 to 2019)
Gross expenditure on land and local services	\$ 10.7 million	\$ 102,222
(Less) Government Grants	\$ 3.6 million (Superbuild)	\$ 34,859
NET expenditure on land and local services: <b>(A)</b>	\$ 7.1 million	\$ 67,364
<b>REVENUES</b>		
Total Land sales over 13 years (105.17 acres)	\$ 5.0 million	\$ 47,575
Annual Municipal Industrial Taxes (2019)	\$ 1.02 million	\$ 9,782
Cumulative Industrial Taxes over 13 years	\$ 13.23 million	\$ 125,884
Building Permits	\$ 881,064	\$ 8,377
Total Cash Inflow over 13 years: <b>(B)</b>	\$ 19 million	\$ 181,836
Net Cash Position after 13 years <b>(B – A)</b>	\$ 11.9 million	\$ 114,472
<b>OTHER SUBSIDIES</b>		
Development Charge Exemptions (CIP)	\$ 14.4 million	\$ 137,540
<b>ECONOMIC BENEFITS (Provided by LEDC) (over 13 years)</b>		
Employment Created	650 direct jobs 570 indirect jobs	6.1 direct jobs 5.4 indirect jobs
Income Generated	\$59 million	\$550,000

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

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 1 acre is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.

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

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

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

EXPENDITURES	FOREST CITY PARK  (For 130.06 Acres Sold from 2003 to 2019)	COST/BENEFIT PER ACRE  (For 130.06 Acres Sold from 2003 to 2019)
Gross expenditure on land and local services	\$ 14.4 million	\$ 110,681
(Less) Government Grants	\$ 2.4 million (Superbuild)	\$ 18,683
NET expenditure on land and local services: <b>(A)</b>	\$ 12.0 million	\$ 91,998
<b>REVENUES</b>		
Total Land sales over 17 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2019)	\$ 1.4 million	\$ 11,458
Cumulative Industrial Taxes over 17 years	\$ 18.5 million	\$ 142,932
Building Permits	\$ 540,170	\$ 4,153
Total Cash Inflow over 17 years: <b>(B)</b>	\$ 25.7 million	\$ 198,150
Net Cash Position after 17 years <b>(B – A)</b>	\$13.7 million	\$ 105,335
<b>OTHER SUBSIDIES</b>		
Development Charge Exemptions (CIP)	\$ 9,737,359	\$ 73,308
<b>ECONOMIC BENEFITS (Provided by LEDC) (over 17 years)</b>		
Employment Created	2,048 direct jobs 1,802 indirect jobs	15.75 direct jobs 13.86 indirect jobs
Income Generated	\$184 million	\$1.4 million

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

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 3.2 acres is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE  MEETING ON JULY 13, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	DECLARE SURPLUS PORTION OF CITY OWNED LAND – 124 CAVENDISH CRESCENT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, with respect to a portion of City owned land located on south side of Cavendish Crescent, abutting the west side of 124 Cavendish Crescent, described as Part of Lot 16, Part Lots 15, 14 and 13, Plan 308 (W), as in W10912; Part Lot 15, Plan 308(W), as in ED38082, being part of PIN 080770394, as shown on Schedule “A” (the “Property”), the following actions **BE TAKEN:**

- a) the subject property **BE DECLARED SURPLUS**; and
- b) the subject property (“Surplus Lands”) **BE TRANSFERRED** to the abutting property owner at 124 Cavendish Crescent, in accordance with the City’s Sale and Other Disposition of Land Policy.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

None.

BACKGROUND

Site Description

The subject property is a portion of City owned open space. The proposed sale of the lands comprises of 5,430 square feet with 30 feet of frontage on Cavendish Crescent.

Estimated Frontage:	Approx. 30.4 feet - 9.3 metres – (aerial measurement)
Estimated Area:	Approx. 5,430 Sq. Ft. (aerial measurement) 0.12 acres
Shape:	Roughly rectangular
Topography:	Flat and level
Zoning:	OS4
	Adjacent zoning R2-2(19)
Use:	Being used for residential related purposes

**Current Status of Site**

The site is encroached with an existing driveway, shed, and part of a garage since the early 1970’s. Given the age of the improvements, the use is considered legal non-conforming, and the parcel does not require rezoning (i.e. Realty Services has checked with Development and Compliance Services and the use was deemed legal non-conforming due to the fact that the building and driveway have been in existence prior to July 1, 1973, as such the land does not require rezoning). The adjacent property owner met with Realty Services last December to discuss entertaining entering a license agreement, or purchase from the City. Since this time the property owner has expressed interest to proceed and purchase the property. The property owner was advised that the parcel would need Council’s approval for the parcel to be declared surplus. The purchase of the parcel will resolve the existing encroachments built on City property.

An internal property liaison process has been completed and no objections to declaring the parcel surplus were received. The City will secure a multi-utility easement at the time of sale to protect for any existing and future infrastructure planned for the property. Conditions would be built into the Agreement of Purchase and Sale that no further changes or alteration would be permitted except for what is currently there.

An internal appraisal of the property has been completed to determine the estimated fair market value of the property, which will be relied upon during disposition. The owner has requested that the City move forward with the process. The adjacent property owner has accepted the conditions imposed and subject to the reasonable costs to purchase the lands, as established by an appraisal, the owner will enter into an Agreement of Purchase and Sale with the City.

The Sale and Other Disposition of Land policy under Section 4 Methods of Sale allows for the disposition of lands to abutting property owner through direct negotiation.

**Conclusion**

The property is surplus to the needs of the City and therefore recommended to be declared surplus and sold at fair market value in accordance with the City’s Sale and Other Disposition of Land Policy.

A location map is attached for the Committee’s information.

PREPARED & SUBMITTED BY:	RECOMMENDED BY :
<b>BILL WARNER MANAGER OF REALTY SERVICES</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>

June 26, 2020  
Attach.

File No. P-2105

cc: Gary Irwin, Manager, Geomatics  
Adam Salton, Manager, Zoning & Public Property Compliance

**SCHEDULE “A”**  
**THE “PROPERTY”**



<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020</b>
<b>FROM:</b>	<b>MICHAEL GOLDRUP DIRECTOR OF PEOPLE SERVICES</b>
<b>SUBJECT:</b>	<b>EMPLOYEE ABSENTEEISM 2019</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Michael Goldrup, Director of People Services, that the following Report **BE RECEIVED** for information purposes.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Report to Corporate Services Committee – May 28, 2019 – Employee Absenteeism 2018

<b>BACKGROUND</b>
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The purpose of this report is to provide an overview of the City of London’s level of absenteeism in 2019, as well as outline the collaborative processes involved in ensuring employees a safe and early return to work following an absence from the workplace.

Civic Administration remains committed to continuous improvements with respect to assisting employees off work due to medical reasons. Despite these efforts, fluctuations in absenteeism levels are expected and will occur overtime due to a variety of factors. Civic Administration monitors these fluctuations closely to determine whether any long term concerns exist and undertakes various initiatives as required.

**1. Overview of Claims Management, Return to Work Program and Statistics**

The Corporation has various supports and resources available to assist employees that are off work due to medical reasons. Return to work supports include Union/Association - Management Return to Work Committees, modified work and accommodation programs, access to Occupational Health Physicians and Nurses, as well as benefits for Sick Leave, Short Term Disability (STD), Long Term Disability (LTD) and Workplace Safety and Insurance Board (WSIB) benefits. Civic Administration works collaboratively with our employees, Unions/Associations, and insurers to implement supports and resources (e.g., mental health strategy, flu clinics, lunch and learns, fitness programs, weight loss challenges, yoga classes, EAP, medical surveillance programs, screen savers etc.) in this regard to provide employees a safe and healthy workplace. Civic Administration is looking to build on these initiatives over the next year.

**2. Claims Management (Sick, STD, LTD, WSIB)**

Civic Administration works together with our employees in regards to applying for Sick, STD, LTD and WSIB benefits. This includes meeting with employees to ensure they understand the process, and making sure they provide the appropriate documentation to the applicable party and/or insurer for determination of eligibility for benefits.

During the lifetime of a claim, Civic Administration maintains regular communication with the employee, manager, and insurer (if applicable) to ensure:

- ongoing medical documentation is provided to support the absence and ongoing benefits entitlement;
- the employee is referred to the appropriate health care provider;
- the employee is seeking and adhering to the recommended treatment plan;
- appropriate benefits are issued in accordance with the *Workplace Safety and Insurance Act (WSIA)*, contracts of insurance, applicable collective agreement, and applicable policies and/or procedures; and,
- modified work is offered, as required.

### **3. Employee Attendance Support Program**

The Corporation of the City of London is committed to maintaining a high standard of attendance, recognizing that it is an expectation of employment that all employees are responsible for their prompt and regular attendance at work. The Corporation recognizes that, from time to time, illness or injury may result in absenteeism. The Employee Attendance Support Plan is designed to promote and maintain standards of attendance for all employees and to provide supports to employees to achieve regular and improved attendance.

The Plan deals with non-culpable (non-blameworthy) absences, specifically absences arising from injury or illness that do not arise from a disability. The Plan ensures that absenteeism is managed through consistent non-disciplinary intervention strategies across the Corporation's work groups in order to assist employees in achieving regular and improved attendance.

### **4. Return to Work Program**

The Corporation has a pro-active Return to Work Program based on a "functional" model. This model focuses on the employee's abilities and capabilities, rather than their specific medical condition.

Generally, when the Corporation is notified of an employee's illness or injury, the employee is contacted and provided documentation to take to their health care practitioner so their capabilities can be identified and applicable supports can be provided. Civic Administration makes contact with the employee's manager to identify potential modified work options, if appropriate. Civic Administration also maintains a list of potential suitable modified work options that are available across the organization.

If the employee cannot be accommodated in his or her pre-disability position, alternative work may also be explored with the appropriate Union/Association – Management Return to Work Committee, where applicable.

Reasonable attempts are made to ensure employees, who are medically fit to return to work, do so in a timely manner. Employee progress is monitored with the objective of returning the employee to their pre-disability position. If this is not possible, permanent accommodation outside their pre-disability position is considered.

## **5. Statistical Overview - Sick, STD, LTD, WSIB**

### **A. Sick**

All full time employees and some part time employees are eligible for paid sick leave. Sick leave is payable at 100% of an employee's regular earnings to the extent of their sick leave credits. Sick leave earning provisions vary across employee groups. Eligibility for sick leave is dependent on an employee providing medical documentation in accordance with the applicable collective agreement and/or relevant policies and procedures.

The Corporation's average lost hours due to paid sick has increased from 63.2 hours in 2018 to 70.8 hours in 2019 (see Appendix A.1).

## **B. Short Term Disability**

Within the Corporation there are a number of STD plans that vary based on employee group. Typically this benefit commences upon exhaustion of sick time or a five day waiting period, and pays between 60 to 75 percent of the employee's pre-disability earnings. Medical documentation is provided by the employee to the insurer to determine if the employee qualifies for STD benefits in accordance with the relevant contract of insurance. Generally, if approved, STD benefits are payable for up to 26 weeks at which time the employee may be entitled to make application for LTD. During the STD period, medical documentation is required to determine ongoing entitlement.

The Corporation's average lost hours due to STD claims has decreased from 19.8 hours in 2018 to 12.6 hours in 2019 (see Appendix B.1).

It should be noted that the Corporation's Claims Management and Return to Work Programs have been successful in ensuring employees an early and safe return to work and closing 75 of 90 active claims during 2019 (see Appendix B.2). Civic Administration has noted a decrease in Short Term Disability claims in 2019 (see Appendix B.2).

## **C. Long Term Disability Claims**

Upon exhaustion of STD benefits, or sick leave benefits for those employee groups who do not have STD benefits, employees may be entitled to make application for LTD benefits. LTD benefits typically pay between 66 to 75 percent of an employee's pre-disability earnings. Further medical documentation is required to determine if the employee qualifies for LTD benefits in accordance with the relevant contract of insurance. If approved, the first two years of LTD benefits are assessed based on an employee's ability to perform their own job. Generally, after two years, LTD benefits are assessed based on an employee's ability to perform any job.

The Corporation's average lost hours due to LTD claims has increased from 54.7 hours in 2018 to 59.0 hours in 2019 (see Appendix C.1).

It is important to note that the Corporation has approximately 45 employees on LTD whom the insurance carrier has deemed "unlikely ever to return to work." These are claims in which there is no reasonable likelihood that the employee will ever return to work with or without active claims management. With the removal of these LTD claimants, the Corporation's average lost hours due to LTD claims has increased from 17.7 hours in 2018 to 23.4 hours in 2019 (see Appendix C.2).

Civic Administration has noted an increase in Long Term Disability claims in 2018 and 2019 (see Appendix C.3) and will continue to monitor.

## **D. Workplace Safety and Insurance Board Claims**

WSIB benefits are payable to any employee who is deemed to have incurred a workplace injury or illness as determined by WSIB. In order to qualify for WSIB loss of earning benefits, employees are required to submit medical documentation to authorize any absence. WSIB loss of earning benefits are typically paid at 85% of an employee's pre disability net earnings.

The Corporation's average lost hours due to WSIB claims has decreased from 11.9 hours in 2018 to 11.8 hours in 2019 (see Appendix D.1).

Similar to LTD, it is important to note that the Corporation has approximately 7 employees on WSIB whom the insurance Carrier has deemed "unlikely ever to return to work." These are claims in which there is no reasonable likelihood that the employee will ever return to work with or without active claims management. With the removal of these WSIB claims the average lost hours due to WSIB increased from 6.3 hours in 2018 to 6.5 hours 2019 (see Appendix D.2.).

The Corporation's Claims Management and Return to Work Program focuses on ensuring employees an early and safe return to work. This has resulted in a return to work rate of approximately 97% (see Appendix D.3.).

**E. Time off Based on Total Annual Hours**

This chart provides information regarding the percentage of total time off based on annual hours typically scheduled by employee group and by category of claim.

**SUMMARY**

Civic Administration remains committed to working together with our employees and Unions/Associations with respect to absenteeism. Together we have taken steps to reduce the level of absenteeism in the workplace. As previously discussed, fluctuations in absenteeism levels are expected and will occur overtime due to a variety of factors. Civic Administration monitors these fluctuations closely to determine whether any long term concerns exist and actions are required. As noted, the age demographics of City of London employees continues to change. Specifically, the percentage of employees that fall within the age range of 50 to 75 continues to increase across a majority of employee groups, albeit some greater than others. It is expected that the percentage of employees that fall within these age ranges will continue to increase over the next few years. This has impacted absenteeism levels. Despite this factor, the City of London’s absenteeism for 2019 (70.8 hours per employee) continues to be lower than in 2007 (74.8 hours per employee).

<b>PREPARED BY:</b>	<b>RECOMMENDED BY:</b>
<b>GARY BRIDGE MANAGER, HUMAN RESOUCES AND CORPORATE SERVICES</b>	<b>MICHAEL GOLDRUP DIRECTOR OF PEOPLE SERVICES</b>
<b>CONCURRED BY:</b>	
<b>LYNNE LIVINGSTONE CITY MANAGER</b>	

Appendix A.1 Paid Sick – Average Lost Hours 2007 - 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	60.9	52.1	49.7	47.5	51.4	51.6	52.1	57.0	46.9	55.9	55.2	55.0	57.2
CUPE 107	80.7	67.4	64.2	69.4	70.3	69.7	68.6	63.9	72.9	66.9	77.6	76.8	78.7
DEARNESS SEIU LOCAL 1.0N	33.6	21.6	67.9	50.6	45.2	36.2	27.8	52.2	66.1	25.7	19.5	91.9	58.7
DEARNESS UNIFOR 302 (CAW)	81.9	52.3	57.9	71.0	57.0	53.5	54.7	50.9	45.4	54.8	57.0	59.3	66.5
LPFFA	118.2	97.6	96.1	95.2	86.8	79.4	99.2	97.9	98.5	99.5	105.1	93.5	120.6
MANAGEMENT	44.5	33.6	37.6	35.8	35.3	40.0	37.7	46.5	40.3	37.4	48.4	40.0	48.9
RNFT	-	-	97.0	89.7	174.8	183.5	87.7	78.2	40.6	57.6	45.8	55.0	41.3
AVERAGE	74.8	61.0	60.2	60.7	60.0	59.1	61.6	63.2	60.4	61.8	67.2	63.2	70.8

Note: Management Employees paid sick and STD benefits are combined into one Program and reported collectively under Paid Sick.

Appendix B.1 - Short Term Disability - Average Lost Hours 2007 – 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	13.3	19.0	21.5	12.7	16.5	17.5	16.5	14.2	23.1	23.4	26.3	32.3	16.0
CUPE 107	15.0	10.3	9.6	9.1	4.8	21.3	12.9	26.1	12.9	12.4	17.8	19.5	11.2
DEARNESS SEIU LOCAL 1.ON	56.0	88.1	7.6	27.0	0.0	0.0	0.0	0.0	0.0	24.0	67.5	130.0	79.0
DEARNESS UNIFOR 302 (CAW)	31.4	38.2	56.6	54.9	39.3	54.8	49.0	39.0	53.8	16.6	40.0	31.7	58.0
LPFFA	2.8	6.2	2.5	4.8	8.9	1.9	5.3	7.8	10.7	10.5	8.2	15.9	9.2
MANAGEMENT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RNFT	-	-	0.0	12.0	0.0	0.0	0.0	212.0**	0.0	0.0	0.0	0.0	0.0
AVERAGE	10.5	12.3	13.0	10.4	10.5	*14.3	12.3	15.0	15.7	13.4	16.6	19.8	12.6

\*result of historical change

\*\*Due to the small employee group, one absences can have a significant impact

Appendix B.2 - Short Term Disability – Opened and Closed Claims

Year	Total New Claims Opened in Year	Total Claims Closed/RTW in Year*
2007	61	54
2008	70	60
2009	71	68
2010	70	88
2011	81	91
2012	78	81
2013	67	63
2014	79	76
2015	76	81
2016	89	79
2017	105	91
2018	109	107
2019	90	75

\*Total Claims Closed/RTW in Year may include claims opened in prior years.

Appendix C.1 Long Term Disability – Average Lost Hours 2007 – 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	32.1	31.4	43.2	55.2	49.6	55.3	56.7	58.4	57.2	62.1	68.5	86.5	95.9
CUPE 107	86.5	75.2	67.0	28.0*	52.2	51.6	54.4	50.3	46.1	34.6	56.7	60.6	52.1
DEARNESS SEIU LOCAL 1.ON	0.0	87.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	14.0	9.0
DEARNESS UNIFOR 302 (CAW)	94.6	107.7	129.3	189.5	186.5	143.1	142.7	157.2	127.1	137.6	130.0	114.2	128.6
LPFFA	0	0.4	5.7	1.2	3.6	5.0	0.6	0	4.3	14.9	18.8	22.2	28.6
MANAGEMENT	29.9	17.9	15.7	15.6	13.0	10.1	11.7	3.9	5.5	5.4	12.0	13.2	19.9
RNFT	-	-	0.0	0.0	0.0	0.0	0.0	16.0	0.0	0.0	0.0	0.0	0.0
AVERAGE	42.4	38.3	41.5	38.5*	42.3	41.4	42.2	41.2	38.9	40.1	48.5	54.7	59.0

\*Note: includes a significant historical adjustment as a result of a WSIB appeals decision

Appendix C.2 - Long Term Disability **WITHOUT** Claims which have been deemed “Unlikely to Ever Return to Work” – Average Lost Hours 2007 – 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	9.6	9.1	13.1	17.7	14.0	20.6	12.7	14.3	17.4	24.5	18.2	27.3	38.6
CUPE 107	12.1	9.9	10.2	11.3	6.3	14.4	12.3	13.7	14.4	(4.1)*	18.1	15.5	11.0
DEARNESS SEIU LOCAL 1.ON	0.0	82.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	14.0	9.0
DEARNESS UNIFOR 302 (CAW)	15.1	23.4	48.9	84.2	53.5	48.0	45.2	42.0	23.9	23.4	16.2	8.8	30.0
LPFFA	-	0.4	5.6	1.2	3.6	5.5	0.6	-	4.3	14.9	18.9	21.2	12.6
MANAGEMENT	6.3	4.6	1.0	4.9	2.6	0.0	4.3	0.0	5.5	5.4	3.3	5.7	0.0
RNFT	-	-	0.0	0.0	0.0	0.0	0.0	16.0	0.0	0.0	0.0	0	0.0
AVERAGE	8.1	7.9	10.7	14.7	10.2	14.0	10.6	10.5	12.4	12.3*	15.0	17.7	23.4

\*Note: includes a significant historical adjustment as a result of a WSIB appeals decision

Appendix C.3 - Long Term Disability – Opened and Closed Claims

Year	Total New Claims Opened in Year	Total Claims Closed/RTW in Year*
2007	67	21
2008	66	17
2009	66	11
2010	75	22
2011	70	18
2012	80	23
2013	75	22
2014	75	24
2015	79	24
2016	75	24
2017	86	19
2018	111	35
2019	104	26

\*Total Claims Closed/RTW in Year may include claims opened in prior years.

Appendix D.1 - WSIB – Average Lost Hours - 2007 – 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	3.8	2.3	4.2	5.6	5.2	2.7	3.3	2.1	0.8	0.8	4.6	4.2	0.3
CUPE 107	30.9	34.0	28.1	52.4*	28.4	19.1	16.7	17.6	21.5	31.3	25.3	25.6	28.3
DEARNESS SEIU LOCAL 1.ON	0.0	0.0	0.0	0.0	0.0	0.0	9.8	0.2	0.0	0.0	0.0	0.0	0.0
DEARNESS UNIFOR 302 (CAW)	41.9	61.7	25.8	27.0	18.7	18.7	19.7	24.1	36.0	11.8	10.0	10.5	10.1
LPFFA	3.5	9.8	18.2	8.5	10.7	19.6	16.4	16.5	21.9	20.8	26.4	16.7	26.3
MANAGEMENT	0.3	0.4	0.0	0.1	0.0	0.8	1.1	1.3	0.4	0.8	0.5	7.0	2.6
RNFT	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AVERAGE	11.9	14.3	13.1	17.6*	11.4	10.1	9.2	9.2	11.1	11.7	12.4	11.9	11.8

\*Note: includes a significant historical adjustment as a result of a WSIB appeals decision

Appendix D.2 – WSIB **WITHOUT** Claims which have been deemed “Unlikely to Ever Return to Work” – Average Lost Hours - 2007 – 2019

Employee Group	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs
CUPE 101	3.8	2.3	4.2	5.6	2.8	0.3	0.9	2.1	0.8	0.8	4.6	4.2	0.3
CUPE 107	27.0	30.1	15.7	5.4	12.4	5.0	4.6	5.0	4.9	14.6	7.5	8.2	12.2
DEARNESS SEIU LOCAL 1.ON	0.0	0.0	0.0	0.0	0.0	0.0	9.8	0.1	2.1	0.0	0.0	0.0	0.0
DEARNESS UNIFOR 302 (CAW)	41.9	61.7	25.8	27.0	18.8	18.7	19.9	24.1	36.0	11.8	0.6	1.4	1.3
LPFFA	3.5	9.7	18.2	3.1	5.2	3.9	1.4	5.1	10.4	14.9	13.6	8.7	18.2
MANAGEMENT	0.3	0.4	0.0	0.1	0.0	0.8	1.0	1.4	0.4	0.8	0.5	6.9	2.6
RNFT	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AVERAGE	10.9	13.3	10.0	5.2	5.9	3.2	3.0	4.4	5.3	6.9	5.7	6.3	6.5

Appendix D.3 - WSIB – Returned to Work %

Year	Claims	Returned to Work	% Returned to Work
2007	344	344	100%
2008	290	289	99%
2009	300	300	100%
2010	239	238	99%
2011	263	262	99%
2012	247	245	99%
2013	225	224	100%
2014	234	232	99%
2015	265	263	99%
2016	207	205	99%
2017	237	234	99%
2018	244	240	98%
2019	265	256	97%

Note: this chart reflects the number of claims opened during a year and how many of those same claims have returned to work

Appendix E.1 – Time off Based on Total Annual Hours – 2019

Employee Group	Paid Sick %	STD %	LTD %	WSIB %	Total %
CUPE 101	3.2%	0.9%	5.3%	0.0%	9.4%
CUPE 107	3.8%	0.5%	2.5%	1.4%	8.2%
DEARNESS SEIU LOCAL 1.ON	2.8%	3.8%	0.4%	0.0%	7.0%
DEARNESS UNIFOR 302 (CAW)	3.2%	2.8%	6.2%	0.5%	12.7%
LPFFA	5.5%	0.4%	1.3%	1.2%	8.4%
MANAGEMENT	2.6%	0.0%	1.1%	0.1%	3.9%
RNFT	2.0%	0.0%	0.0%	0.0%	2.0%
AVERAGE	3.6%	0.6%	3.0%	0.6%	7.9%

Appendix E.2 – Time off Based on Total Annual Hours – 2019 WITHOUT Claims which have been deemed “Unlikely to Ever Return to Work”

Employee Group	Paid Sick %	STD %	LTD %	WSIB %	Total %
CUPE 101	3.3%	0.9%	2.2%	0.0%	6.4%
CUPE 107	3.9%	0.6%	0.5%	0.6%	5.6%
DEARNESS SEIU LOCAL 1.ON	2.8%	3.8%	0.4%	0.0%	7.0%
DEARNESS UNIFOR 302 (CAW)	3.4%	2.9%	1.5%	0.1%	7.9%
LPFFA	5.5%	0.4%	1.1%	0.8%	7.8%
MANAGEMENT	2.7%	0.0%	0.7%	0.1%	3.5%
RNFT	2.0%	0.0%	0.0%	0.0%	2.0%
AVERAGE	3.7%	0.7%	1.2%	0.3%	5.9%