

Corporate Services Committee

Report

14th Meeting of the Corporate Services Committee
September 8, 2020

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

ALSO PRESENT: S. Spring, B. Westlake-Power
Remote Attendance: Councillors M. Cassidy and S. Hillier; L. Livingstone, A. Barbon, B. Card, I. Collins, K. Dickins, M. Goldrup, A. Hagan, D. Munteer, K. Murray, C. Saunders, K. Scherr, M. Schulthess, K. Shahata, B. Warner
The meeting is called to order at 12:01 PM; it being noted that the following Members were in remote attendance: Councillors M. van Holst, J. Helmer, A. Hopkins and J. Morgan.

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

2. Consent

Moved by: J. Morgan
Seconded by: E. Holder

That Consent items 2.3 to 2.6 BE APPROVED.

Yeas: (6): A. Kayabaga, M. van Holst, J. Helmer, J. Morgan, A. Hopkins, and E. Holder

Motion Passed (6 to 0)

2.3 Corporate Asset Management Plan 2020 Review

Moved by: J. Morgan
Seconded by: E. Holder

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and on the advice of the Manager III, Corporate Asset Management, the staff report dated September 8, 2020 with respect to Corporate Asset Management Plan 2020 Review BE RECEIVED for information.

Motion Passed

2.4 Corporate Human Rights and Code of Conduct Inquiries, Requests, Complaints and Related Training Initiatives January 1, 2019 - February 29, 2020

Moved by: J. Morgan
Seconded by: E. Holder

That, on the recommendation of the Director, People Services and the concurrence of the City Manager, the staff report regarding Corporate Human Rights and Code of Conduct inquiries, requests and training initiatives BE RECEIVED for information purposes.

Motion Passed

2.5 Property Acquisition - 595 Adelaide Street North

Moved by: J. Morgan
Seconded by: E. Holder

That, on the recommendation of the Assistant City Solicitor, the proposed by-law appended to the staff report dated September 8, 2020 as Appendix "A" BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020 to appoint a Director of 1220109 Ontario Inc.

Motion Passed

2.6 Declare Surplus and Transfer - Part of 640 Adelaide Street North - Adelaide Street North / CPR Grade Separation Project

Moved by: J. Morgan
Seconded by: E. Holder

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 closed portion of road publicly described as 640 Adelaide Street, located on the east side of Adelaide Street north, more specifically shown as Blocks A, B and C, Plan 449(3RD), and Part Block C, Plan 386 (3RD) as in GD24607, and Part Block G, and Part Lots 1, 2 and 3, Plan 386(3RD) as in 711193, City of London, being Part of PIN 082790121 (LT), containing an area of approximately 178 square metres (0.043 acres), the following actions be taken:

- a) the subject property BE DECLARED SURPLUS; and
- b) the subject property BE TRANSFERRED to Canadian Pacific Railway.

Motion Passed

2.1 Capital Asset Renewal and Replacement Reserve Fund Rationalization Report

Moved by: A. Hopkins
Seconded by: J. Helmer

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

- a) the Capital Asset Renewal and Replacement Reserve Funds by-law appended to the staff report dated September 8, 2020 as Appendix C, which includes the establishment and continuance of the reserve funds listed in Schedule A of the by-law, BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020 to establish the Capital Asset Renewal and Replacement Reserve Funds By-law, and govern the administration and management of said funds, and to repeal the following by-laws as provided for in Schedule B of the by-law:

- Capital Infrastructure Gap A.-7513-68
- City Facilities A.-5993-508

- Courts Administration Repairs and Maintenance A.-6004-519
- Dearness Home Capital A.-6258-296
- Fire Vehicles and Equipment Replacement F.-144-552
- Golf Course A.-5550-202
- Library Facilities, Vehicle and Equipment A.-5995-510
- Material Recovery A.-6968-184
- Parking Facilities A.-6970-186
- Police Vehicle and Equipment Replacement A.-7195-351
- Public Art Acquisition A.-6306-34
- Public Art Maintenance A.-6305-33
- Public Housing Major Upgrades A.-6003-518
- RBC Place London A.-7730-218
- Sanitary Landfill Site A.-5174-97
- Social Housing Major Repairs, Upgrades and Stabilization A.-7519-79
- Technology Services A.-6967-183
- Vehicle and Equipment Replacement A.-5994-509
- Woodland Acquisition and Management A.-7526-93
- Sewage Treatment Plant Capacity A.-6068-32
- Sewage Works A.-5353-265
- New Capital Water A.-5477-267; and,

b) the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer BE AUTHORIZED to take all actions necessary to implement the changes to the City's reserve funds outlined in the above-noted report.

Yeas: (6): A. Kayabaga, M. van Holst, J. Helmer, J. Morgan, A. Hopkins, and E. Holder

Motion Passed (6 to 0)

2.2 2020 Reserve Fund Housekeeping Report

Moved by: J. Helmer

Seconded by: E. Holder

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

a) the following proposed by-laws appended as Appendix A to the above-noted staff report BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020:

i) A by-law to establish the Building Permit Revenue Stabilization Reserve Fund;

ii) A by-law to establish the Dearness Home Gift Reserve

iii) A by-law to establish the Municipal Election Reserve Fund;

iv) A by-law to establish the Official Plan Reserve Fund;

v) A by-law to establish the Tree Bank Reserve Fund; and,

vi) A by-law to establish the Unfunded Liability Reserve Fund; and,

b) the proposed by-law appended to the staff report dated September 8, 2020 as Appendix B BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020 to establish a reserve fund by-law in accordance with the January 12, 2016 Council approved Red Light Camera Program Implementation.

Yeas: (6): A. Kayabaga, M. van Holst, J. Helmer, J. Morgan, A. Hopkins, and E. Holder

Motion Passed (6 to 0)

3. Scheduled Items

None.

4. Items for Direction

4.1 Application - Issuance of Proclamation - Respiratory Therapy Week

Moved by: A. Hopkins
Seconded by: J. Helmer

That based on the application dated August 25, 2020, from the Canadian Society of Respiratory Therapists, the week of October 25 - 31, 2020 BE PROCLAIMED as Respiratory Therapy Week.

Yeas: (6): A. Kayabaga, M. van Holst, J. Helmer, J. Morgan, A. Hopkins, and E. Holder

Motion Passed (6 to 0)

5. Deferred Matters/Additional Business

None.

6. Confidential (Enclosed for Members only.)

Moved by: J. Morgan
Seconded by: E. Holder

That the Corporate Services Committee convene, In Closed Session, for the purpose of considering 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.

Yeas: (6): A. Kayabaga, M. van Holst, J. Helmer, J. Morgan, A. Hopkins, and E. Holder

Motion Passed (6 to 0)

The Corporate Services Committee convenes, In Closed Session, from 12:57 PM to 1:06 PM.

7. Adjournment

The meeting adjourned at 1:07 pm.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	CAPITAL ASSET RENEWAL & REPLACEMENT RESERVE FUND RATIONALIZATION REPORT

RECOMMENDATION

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

- a) the Capital Asset Renewal and Replacement Reserve Funds by-law attached as Appendix C, including supporting reserve funds (Schedule A), **BE INTRODUCED** at the Municipal Council meeting to be held on September 15, 2020;
- b) the reserve fund by-laws listed in Schedule B of Appendix C **BE REPEALED** at the Municipal Council Meeting to be held on September 15, 2020, it being noted that these reserve fund by-laws are being replaced with the Capital Asset Renewal and Replacement Reserve Funds by-law contained in recommendation a) above.
- c) the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer **BE AUTHORIZED** to take all actions necessary to implement the changes to the City's reserve funds outlined in this report.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee, May 11, 2020, Agenda Item #2.2, 2019 Year-End Capital Monitoring Report
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=72773>

Strategic Priorities and Policy Committee, August 26, 2019, Agenda Item #4.3, 2019 Corporate Asset Management Plan
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=66559>

Corporate Services Committee, September 25, 2018, Agenda Item #2.2, Reserves Rationalization Report
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=50269>

Corporate Services Committee, July 17, 2018, Agenda Item #2.4, Reserve and Reserve Fund Policy Report
<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=47669>

LINK TO 2019-2023 STRATEGIC PLAN

Council's 2019-2023 Strategic Plan for the City of London identifies "Leading in Public Service" as one of five strategic areas of focus. The Capital Asset Renewal and Replacement Rationalization Report supports this strategic area of focus via the strategic priority "The City of London is a leader in public service as an employer, a steward of public funds, and an innovator of service" which includes maintaining London's finances in a transparent and well-planned manner to balance equity and affordability over the long term.

BACKGROUND

The use of reserves and reserve funds are an important tool that helps the City of London's (the "City") long-term financial planning. This is the second report submitted with regard to the rationalization of the City's reserve and reserve fund portfolio in accordance with the Reserve and Reserve Fund Policy approved by Council in 2018. The first report, Reserves Rationalization Report, implemented a number of changes including revising the list of reserves and their names for consistency, creating new and terminating old reserves, consolidating balances, and setting target balances for the City's contingency holdings across the City's three budgets (Property Tax, Water Rate, and Wastewater & Treatment Rate).

The purpose of this report is similar, to create administrative efficiencies in the management of the City's Capital Asset Renewal and Replacement (CARR) reserve funds and align the City's holdings with the approved Reserve and Reserve Fund Policy. These reserve funds support the City's lifecycle capital plan and are a significant part of the 'pay-as-you-go' financial strategy that funds the maintenance, renewal and replacement of the City's existing assets. This means that within the lifecycle renewal capital budget the City is committed to paying for capital expenditures with current year operating funding (capital levy) and savings held in reserve funds. This allows the City to avoid the use of debt for these capital works. In the approved 2020-2023 Multi-Year Budget the City will meet its target of 0% debt financing in the lifecycle renewal capital budget by 2022. Over the 2020-2023 Multi-Year Budget period the CARR reserve funds provide 33% of the funding for the City's tax supported lifecycle renewal capital budget (page 108, Approved 2020-2023 Tax Supported Budget).

These reserve funds support two of the primary objectives of the City's Reserve and Reserve Fund Policy:

PROVISION FOR MAJOR CAPITAL EXPENDITURES

It shall be the City's goal to maintain adequate reserves and reserve funds to replace and rehabilitate major capital assets, as required, and to provide for new capital assets that have been identified in the long-term capital plan. To achieve this goal, the following budget practices will be applied where applicable:

- *Reserve funds for the full cost of replacement or rehabilitation of major assets will be funded from ongoing operations at a rate which reflects the consumption of that asset by current ratepayers. Contributions to these funds will commence in the fiscal year that the asset is acquired or put into service and will be based on an estimate of the useful life of the asset.*

[...]

REDUCE TAX/RATE SUPPORTED DEBT

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

Currently the City maintains twenty-two (22) CARR reserve funds with forecasted uncommitted 2020 balances that total approximately \$169.3 million; \$82.1 million (tax), \$41.1 million (water), and \$46.1 million (wastewater & treatment). These reserve funds have been an important element of the City's long-term strategic financial plan, helping address the lifecycle renewal needs of its infrastructure and contributing to maintenance of the City's Aaa credit rating. The current CARR reserve fund holdings are summarized in Appendix A.

FUNDING THE INFRASTRUCTURE GAP

In 2019, the City's second edition of the Corporate Asset Management Plan (CAM Plan) was published outlining the replacement values, useful lives, condition, levels of service and infrastructure gap associated with the City's many classes of assets. In 2020 the CAM Plan Update (Corporate Services Committee, September 8, 2020) indicates that the City currently

owns \$21.3 billion of infrastructure with a 10-year infrastructure gap, as it relates to lifecycle renewal works, that is projected to grow to \$635.0 million by 2029 (includes tax, water, wastewater & treatment). This suggests that while progress has been made since the first CAM Plan was published in 2014, work remains in addressing the lifecycle renewal needs of the City's infrastructure.

With Council's support the City has made significant strides increasing the amount of funding available for lifecycle renewal since 2016 when the Capital Infrastructure Gap Reserve Fund was first established. The Capital Infrastructure Gap Reserve Fund is anticipated to receive \$51.1 million in tax supported contributions during the 2020-2023 period. This reserve fund is a significant source of financing for numerous lifecycle renewal capital projects over the course of the City's 10 year capital plan.

Like most municipalities, the City has been challenged in finding the balance between delivering services expected by the community in an affordable manner, and providing adequate funding for asset renewal. Every four years, in concert with the City's Multi-Year Budget cycle, the Corporate Asset Management (CAM) division publishes London's Corporate Asset Management Plan. This Plan is the foundation of two inputs currently incorporated into the City's financial planning practices that help fund lifecycle renewal and replacement work:

1. Multi-Year Budget Business Case – Each multi-year budget the City's CAM division creates a business case for Council's consideration that requests funding depending on the outcome of the most recently completed CAM Plan. This funding is currently contributed to the Capital Infrastructure Gap Reserve Fund which in turn funds individual lifecycle renewal capital projects as required through the City's budget development process.
2. Assessment Growth Business Case – Each year the City's CAM division creates a business case requesting funding to establish lifecycle savings plans for new assets created by developers and assumed by the City, or created directly by the City from capital works funded via the City's growth capital budget. This funding is also currently contributed to the Capital Infrastructure Gap Reserve Fund which in turn funds individual capital projects as required through the City's budget development process.

The Capital Infrastructure Gap Reserve Fund has been a useful tool in the City's long-term planning as it relates to funding the requirements of its existing infrastructure.

CARR RESERVE FUND RATIONALIZATION

Unlike the 2018 Reserves Rationalization Report, where a number of funds were consolidated, Civic Administration is recommending that the benefits gained through changes to the structure of the CARR reserve funds primarily focus on an enhanced alignment with the City's CAM Plan. The structure recommended in this report maintains twenty-one (21) CARR reserve funds with some significant changes required to reach the optimum end state. Appendix B presents the recommended CARR reserve fund portfolio for each budget, illustrates the improved alignment with the City's CAM Plan and shows the 2020 forecasted uncommitted balance for each fund. A description of each reserve fund is available in Schedule A of Appendix C.

Similar to the Reserve Rationalization Report in 2018, an external review was undertaken in the hope it would help guide Civic Administration in the recommendations put forth in this report. In 2018, guidance and best practices on reserves was found in the form of publications from the Government Finance Officers Association. During review for this report no standardization of best practices for the structure or target balances of lifecycle reserve funds was found. As such multiple approaches to the CARR reserve fund rationalization process were evaluated. The structure that best aligns separate CARR reserve funds with the asset classes of the City's CAM Plan is the preferred option. In this arrangement each CARR reserve fund will serve as the primary fund to support the City's associated lifecycle renewal capital projects that seek to mitigate the infrastructure gaps within particular classes of asset. Aspects of the recommended approach are visible in municipalities across the province including Mississauga, Hamilton, Kitchener, Vaughan, Cambridge, Guelph, Kingston, City of Waterloo, Waterloo Region, York Region, and to lesser extents Ottawa and Brampton. In many of the cases identified these municipalities have similarly strong asset management practices.

PROPOSED REALLOCATION OF THE CAPITAL INFRASTRUCTURE GAP RESERVE FUND CONTRIBUTIONS

This report recommends a new approach to the tax supported contributions currently funding the Capital Infrastructure Gap Reserve Fund. Once the structure of the CARR reserve funds is approved, Civic Administration will implement a process to reallocate a prorated portion of the

contributions currently being contributed to the Capital Infrastructure Gap Reserve Fund to each of the separate CARR reserve funds. This process will be based on the findings of the CAM Plan and a determination of the areas of highest need. This reallocation will be adjusted each multi-year budget to align with the updated findings of the most recent CAM Plan which is also on a four year cycle coinciding with the timing of the multi-year budget. Any new funding approved through the CAM multi-year budget business case will be allocated proportionately to the separate CARR reserve funds which in turn will be a source of funding for the City's lifecycle renewal capital projects. These lifecycle capital projects are the primary avenue to implement work that addresses the City's infrastructure gap. The CARR reserve funds not covered in the scope of the City's CAM Plan (Library Facilities, Vehicle and Equipment Renewal; RBC Place London Renewal; Police Facilities, Vehicle and Equipment Renewal; and Public Housing Renewal) will have contributions to their respective CARR reserve funds determined as the asset management maturity of the individual board or commission progresses.

Despite the transition to separate CARR reserve funds, the Capital Infrastructure Gap Reserve Fund is recommended to remain open and continue to receive one-time funding via the Council approved Surplus/Deficit and Assessment Growth policies. As per the approved policies, 25% of any year-end surplus and 50% of any excess assessment growth funding is contributed to the Capital Infrastructure Gap Reserve Fund. The balance in this fund will primarily be used as a funding source for unforeseen events or one-time loss of revenue within the City's lifecycle renewal capital plan or other CARR reserve funds. The balance in the Capital Infrastructure Gap Reserve Fund will be available to transfer to each separate CARR reserve fund in accordance with the Council approved Reserve and Reserve Fund Policy as needs may arise. This moderate degree of financial flexibility against the pressures that may materialize in each fund is recommended given the City's evolving asset management maturity.

The prorated tax supported contributions to each separate CARR reserve fund will be transitioned to their corresponding service within the City's existing service program budget structure. Currently the tax supported contributions to the Capital Infrastructure Gap Reserve Fund are budgeted corporately within the Financial Management service. This adjustment will enhance London's approach to service based budgeting; presenting a truer picture of what it costs to deliver a particular service to the community.

The reallocation of the tax supported contributions currently being contributed to the Capital Infrastructure Gap Reserve Fund will remain within the City's property tax supported CARR reserve funds. The rate supported CARR reserve funds in the City's water and wastewater & treatment budgets are not eligible to receive property tax supported funding. Contributions to these rate supported CARR reserve funds will continue to be determined via consideration of the City's utility rates and the 20 year plans that inform development of the rate supported capital plan.

BENEFITS OF THE PROPOSED CARR RESERVE FUND APPROACH

These recommended changes will align administrative processes, simplify the monitoring and reporting of future reserve fund balances and continue to support the City's long-term financial planning as well as the Corporate Asset Management program. Each service area's lifecycle renewal capital budget will be supported by a CARR reserve fund providing consistency and greater transparency in addressing the City's infrastructure investment requirements. This structure of separate and distinct CARR reserve funds offers the following benefits:

- Aligns with the three fundamental goals and principles of the City's Corporate Asset Management Policy: providing sustainable service to City customers; optimizing municipal infrastructure asset value while minimizing lifecycle costs; and managing risks to service delivery.
- CAM Plan alignment will allow the City to better quantify investment in a particular class of asset, enhancing our *Ont. Reg. 588/17: Asset Management Planning for Municipal Infrastructure* reporting. This demonstrates a commitment to continuous improvement of the City's asset management planning and a strong link between asset management and municipal budgeting.
- Stronger governance regarding the implementation of the CAM Plan outcomes will result. As the CARR reserve fund contributions will now be informed by the CAM Plan results, Council will approve these annually via the reserve fund information included in the budget process.
- More transparency for Council and the public regarding the funds available to invest in a particular asset class and also supports public engagement opportunities regarding the CAM Plan.
- The transition to program specific CARR reserve fund contributions enhances the City's service based budget; presenting a truer picture of what it costs to deliver a particular

service to the community.

- Increased transparency of the separate funds will better inform the City’s service areas of the funds available for their lifecycle renewal capital plans during budget development; improving the ability to plan work that helps address the infrastructure gap.

While the above benefits represent a material improvement to the City’s long-term financial management, budgetary practices and governance of public funds, in order to achieve them Civic Administration must undertake additional effort to develop and implement the practices, which will occur over the coming months. Additionally, although one of the main objectives of rationalizing the City reserves and reserve funds is to minimize the number of funds administered, this CARR reserve funds rationalization results in one additional fund, which is a minor administrative burden, significantly outweighed by the benefits achieved.

CARR RESERVE FUND TARGET SETTING

The Reserve and Reserve Fund Policy delegates the authority of setting reserve and reserve fund targets to the City Treasurer or designate, with the requirement that targets must be reported to Council periodically.

Similar to above, after much research and consultation, it has been determined that there is no consistent or standard best practice guidance available regarding target balances that should be held in reserve funds for the lifecycle renewal of municipal assets. Noteworthy approaches were observed in the City of Mississauga and the City of Vaughan where both municipalities have implemented target balances for their respective capital reserve/reserve fund equivalent to one year’s worth of tax-supported capital expenditure requirements. The work to establish this target in the City of Mississauga was supported by BMA Management Consulting Inc. and is noted in their Long Range Financial Plan. In general it became clear through this research that while comparable frameworks are available, efforts to establish targets for lifecycle renewal reserve funds depends greatly on an individual municipality’s financial environment, financial policies and strategies, asset management maturity, risk tolerance, etc. As such, Civic Administration will utilize a measured and conservative approach to ensure the necessary lifecycle renewal savings are set aside while also being mindful of the City’s forecasted infrastructure gap and the need for additional investment in our existing assets.

CARR RESERVE FUNDS MINIMUM TARGET BALANCE

The City is currently responsible for the operation and maintenance of \$21.3 billion worth of municipal assets. Each year through the lifecycle renewal capital budget the assets get maintained, renewed and/or replaced as needed. Supporting these activities are the CARR reserve funds which help smooth spikes in the City’s lifecycle renewal capital plan and subsequently balance the need for additional tax payer funding. Table 1 illustrates the breakdown between the average annual lifecycle renewal (LCR) capital budget (2020-2029) and the forecasted uncommitted 2020 CARR reserve fund balances across the tax and rate supported budgets.

Table 1 – LCR Budgets & Uncommitted CARR Reserve Fund Balances (\$000’s)

Budget	Average Annual Lifecycle Renewal Capital Budget (2020-2029) ¹	2020 Uncommitted Balance ²
Property Tax	\$102,348	\$73,883
Water Rate	\$37,840	\$41,142
Wastewater Rate	\$49,082	\$46,082
TOTAL	\$189,270	\$161,107

1. As presented in the 2020-2023 Multi-Year Budget.
 2. Assumes Appendix B CARR reserve funds are approved.

The City will invest an average of \$189.3 million per year in its infrastructure over the 2020-2029 capital plan that was established during the multi-year budget. Under the new CARR reserve fund structure this capital plan will be supported by \$161.1 million in savings. Balances within these reserve funds will fluctuate as savings accumulate in advance of significant drawdowns. For example, the forecasted uncommitted balances of the Water Works Renewal Reserve Fund during the 2020-2023 Multi-Year Budget period are: 2021 \$44.5 million, 2022 \$50.1 million, 2023 \$22.0 million.

The 2020-2029 capital plan was incorporated into the 2020 CAM Plan Update Report which resulted in a forecasted 10-year infrastructure gap of \$635.0 million; representing an average annual shortfall of \$63.5 million over the 10 year duration. While this circumstance is challenging,

it must be noted that the overall condition of the City’s assets remains “Good”; the level of reserves/reserve funds currently held by the City have contributed to maintenance of the City’s Aaa credit rating; and, since the 2015 budget, the City has increased the average annual lifecycle renewal budget (tax, water, wastewater & treatment) in its capital plan by \$59.2 million (2015-2024 average = \$130.1 million; 2020-2029 average = \$189.3 million). Although the situation is not dire, it does require attention in the form of a measured, long-term, strategic approach to reach a level of annual investment and reserve fund savings that address the City’s infrastructure needs.

At present the City’s official documentation provides guidance on two fronts when considering how to quantify the annual investment required by its infrastructure.

1. Reserve and Reserve Fund Policy – Reserve funds for the full cost of replacement or rehabilitation of major assets will be funded from ongoing operations at a rate which reflects the consumption of that asset by current ratepayers. From a financial perspective this linear annual consumption is closely aligned with the straight line amortization method used for the City’s Tangible Capital Assets.
2. Asset Management Plan – Engineering assessment of an assets lifecycle renewal requirements given its current condition, forecasted deterioration and desired level of service.

Both sources were looked to for guidance on setting the minimum CARR reserve fund target balance. Following is an assessment of these approaches.

Reserve and Reserve Fund Policy – Financial – Annual Consumption

Under this approach annual consumption of the City’s assets over their useful life gives an indication of the reinvestment rate required each year for a particular type of asset owned by the City. For example, an asset with a 50 year useful life is used at an average rate of 2% per year (1 year divided by 50 year useful life). It is noteworthy that this financial approach to establishing an annual reserve amount is very similar to guidance included in a September 2016 presentation by the Municipal Finance Officers’ Association of Ontario titled “*Using Reserves and Reserve Fund Strategies to meet your challenging needs ahead!*” An assessment of the annual reinvestment rates for each of the City’s asset classes, aggregated by each class’s proportionate share of the City’s overall replacement value, results in a weighted average annual reinvestment rate of 1.4% for the City as a whole. This results in a recommended annual reinvestment of approximately \$290.5 million as illustrated in Table 2.

Table 2 – Weighted Average Annual Reinvestment (\$000’s)

Budget	Asset Replacement Value	Weighted Average Annual Reinvestment Rate	Required Annual Reinvestment
Property Tax ¹	\$4,539,549	2.6%	\$116,338
Water Rate	\$6,263,986	1.0%	\$65,228
Wastewater Rate	\$9,776,539	1.1%	\$108,940
Total	\$20,580,074	1.4%	\$290,506

1. Replacement value as of the 2020 CAM Plan Update Report excluding Land which for financial purposes is deemed not to deteriorate with use and is not depreciated in accordance with Generally Accepted Accounting Principles.

It would take a significant amount of time and diligence for the City to increase its average annual lifecycle renewal capital budget from an average of \$189.3 million to a required annual reinvestment of \$290.5 million.

Asset Management Plan – Engineering – Lifecycle Needs, Condition & Levels of Service

From the results of the CAM Plan we know that the City’s lifecycle renewal capital budgets and CARR reserve fund savings do not fully address the needs of the City’s existing infrastructure. Table 3 below outlines the gaps that exist in the City’s current funding and the level required by the CAM Plan to address the infrastructure gap.

Table 3 – 10-Year Forecasted Infrastructure Gap (\$000's)

Budget	10-Year Infrastructure Gap	Average Annual Funding Gap	Average Annual Lifecycle Renewal Capital Budget (2020-2029)	Required Annual Reinvestment
Property Tax	\$616,371	\$61,637	\$102,348	\$163,985
Water Rate	\$0	\$0	\$37,840	\$37,840
Wastewater Rate	\$18,660	\$1,866	\$49,082	\$50,948
Total	\$635,031	\$63,503	\$189,270	\$252,773

Once again it would take a significant amount of time and diligence for the City to increase its average annual lifecycle renewal capital budget from an average of \$189.3 million to the ideal level of annual investment illustrated by the CAM Plan of \$252.8 million. This increase would predominantly be required in the City's tax supported lifecycle renewal capital plan.

While both approaches illustrate the need for patience and consistency as the City works to address the lifecycle renewal needs of its infrastructure, they also provide guidance in the form of generally accepted industry practices in both finance and asset management. However, these approaches result in a far greater financial requirement that cannot be achieved in the short to medium term, which must be considered when concluding the appropriate target for this category of funds.

As such, Civic Administration recommends using the target of a minimum of one year's average annual lifecycle renewal capital budget over the 10 year capital plan as an appropriate starting point and an achievable minimum target for the CARR reserve funds. This approach is justified based on the previously noted facts that reserve fund balances will fluctuate over time, the City's assets are in "Good" condition, current reserve fund balances have contributed to maintenance of the City's Aaa credit rating and they also help to smooth the cyclical characteristics of the capital budget, and the persistence of the infrastructure gap. This approach of having one year's average annual lifecycle renewal capital budget held in reserve will also guard against any potential significant revenue disruptions (such as those that were experienced during the COVID-19 pandemic) that may impact the City's ability to fund its capital plan. Furthermore, this target is consistent with the above noted approaches of the City of Vaughan and the City of Mississauga, noting that the City of Mississauga's implementation of the target received strong support from BMA Management Consulting Inc., a leader in municipal finance and management best practices.

Table 4 demonstrates that the resultant minimum target balance under this approach is approximately \$189.0 million; leaving the City approximately 85% of the way to its minimum target.

Table 4 – CARR Reserve Fund Minimum Target Balances (\$000's)

Budget	CARR Reserve Fund Minimum Target Balance	2020 Uncommitted Balance ¹	Percentage of Minimum Target
Property Tax	\$102,348	\$73,883	72.2%
Water Rate	\$37,840	\$41,142	108.7%
Wastewater Rate	\$49,082	\$46,082	93.9%
TOTAL	\$189,270	\$161,107	85.1%

1. Assumes Appendix B CARR reserve funds are approved.

In setting the minimum target balance for the City's CARR reserve funds, the City Treasurer, by the authority given in the approved Reserve and Reserve Fund Policy, will implement the following:

- 1) That the basis of the minimum target balance for the tax and rate supported CARR reserve funds be equal to one year's average annual lifecycle renewal capital budget over the Council approved Multi-Year Budget Capital Plan.
 - a. Minimum target balances for the CARR reserve funds will be updated coinciding with the Multi-Year Budget cycle.
 - b. The minimum target balance of one year's average annual lifecycle renewal capital budget will be regularly assessed relative to increasing reliability/maturity of infrastructure data and progress on addressing the City's infrastructure gap (i.e. as progress is made in reducing the infrastructure gap, asset condition levels should improve, thereby reducing the amount that may need to be held in reserve funds).

- 2) That a long-term strategy (10 or more years) to reach the minimum CARR reserve fund target balance include the following provisions:
- a. Consistent with the Council approved Surplus/Deficit Policy, that in a year of surplus, 25% of the year-end surplus continue to be contributed to the Capital Infrastructure Gap Reserve Fund.
 - b. Consistent with the Council approved Assessment Growth Policy, in a particular year where the available assessment growth exceeds the growth costs of the City, on a one-time basis, 50% of the surplus continue to be contributed to the Capital Infrastructure Gap Reserve Fund.
 - c. Consistent with the results of the Corporate Asset Management Plan, a prorated portion of the tax supported contributions currently contributed to the Capital Infrastructure Gap Reserve Fund, and in the future determined by the CAM Multi-Year Budget Business Case, will be contributed to each separate CARR reserve fund.
 - i. Where an individual CARR reserve fund is at or over a balance that achieves financial sustainability in the form of no infrastructure gap within a particular class of asset, the allocation to this reserve fund will be redistributed proportionately amongst the other CARR reserve funds that support classes of assets with infrastructure gaps.
 - d. The rate supported contributions currently being contributed to the Water Works Renewal and Sewage Works Renewal reserve funds will continue to be determined via consideration of the City's utility rates, the 20 year plans that inform development of the rate supported capital budgets and the results of the Corporate Asset Management Plan.
 - e. As per the Reserve and Reserve Fund Policy, if discretionary reserves and reserve funds are below established targets, all or a portion of the future debt servicing cost savings resulting from reserve and reserve fund balances applied towards debt substitution shall be considered for future contribution to discretionary reserves or reserve funds at the discretion of the City Treasurer, it being noted that such contributions are subject to Council approval through the City's budget process.
 - f. That the City Treasurer, or designate, periodically report back to Council on target balance performance and target balance rationalization as required by the Reserve and Reserve Fund Policy.

All reserve fund contributions and balances are subject to annual budget approval.

CONCLUSION

The City's CARR reserve funds are an important element of the City's long-term strategic financial plan and financial stability. Civic Administration advises approval of the recommendations of this report to enhance the strength of the City's CARR reserve funds, align the CARR reserve funds portfolio with the Reserve and Reserve Fund Policy and the Corporate Asset Management Plan. Infrastructure financing plans will continue to be refined in future iterations of the 10-year capital plan approved through the budget process.

PREPARED BY:	REVIEWED BY:
JASON DAVIES, CPA, CMA MANAGER III, FINANCIAL PLANNING & POLICY	KYLE MURRAY, CPA, CA DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT
RECOMMENDED BY:	
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Cc: Ian Collins – Director, Financial Services
Bryan Baar – Senior Financial Business Administrator
John Millson – Senior Financial Business Administrator

APPENDIX A – Current CARR Reserve Funds (\$000's)

Budget	CARR Reserve Fund Name	2020 Projected Ending Balance
Tax Supported Budget	Capital Infrastructure Gap	\$ 4,893
	City Facilities	32,556
	Courts Administration Repairs and Maintenance ¹	262
	Dearness Home Capital	778
	Golf Course ²	117
	Library Facilities, Vehicle and Equipment	334
	RBC Place London	1,210
	Councillor's Lounge and Marriage Services ¹	59
	Material Recovery Facility	1,527
	Parking Facilities	321
	Police Vehicle and Equipment Replacement	2,597
	Public Art Acquisition ²	698
	Public Art Maintenance	317
	Public Housing Major Upgrades	2,852
	Replacement of Fire Vehicles and Equipment	5,492
	Sanitary Landfill Site	4,733
	Social Housing Major Repairs, Upgrades and Stabilization ²	10,324
Technology Services	6,811	
Vehicle and Equipment Replacement	6,206	
Total Tax Supported CARR Reserve Funds ³		\$82,087
Wastewater & Treatment Rate Supported Budget	Sewage Treatment Plant Capacity ⁴	-
	Sewage Works	46,082
Water Rate Supported Budget	Waterworks for New Capital Project	41,142
Total Rate Supported CARR Reserve Funds ³		\$87,224
Total City CARR Reserve Funds ³		\$169,311

Notes:

- Balances and commitments in the Courts Administration Repairs and Maintenance and Councillor's Lounge and Marriage Services reserve funds have been transferred to the City Facilities Renewal Reserve Fund in Appendix B Recommended CARR Reserve Funds.
- Golf Courses, Public Art Acquisition and Social Housing Major Repairs, Upgrades and Stabilization reserve funds pertain to Special Projects & New Initiatives (SPNI) activities, as such they have been excluded from Appendix B Recommended CARR Reserve Funds and transferred to the SPNI category of funds.
- Forecasted uncommitted 2020 ending balances as of June 30, 2020.
- The Sewage Treatment Plant Capacity Reserve Fund is being closed as it was established to finance past sewage treatment plant capacity upgrades. Future works will be funded from a combination of City Services funding and rate supported debt as necessary.

APPENDIX B – Recommended CARR Reserve Funds (\$000's)

Budget	CAM Plan Alignment	CARR Reserve Fund Name	2020 Projected Ending Balance
Tax Supported Budget Civic Service Areas	Not in Scope of the CAM Plan	Capital Infrastructure Gap	\$ 4,893
	Corporate & Culture Facilities	City Facilities Renewal	32,877
		Public Art Renewal	317
	Long Term Care	Dearness Home Renewal	778
	Recreation	Recreation Renewal ¹	-
	Parking	Parking Facilities Renewal	321
	Fire Fire Facilities	Fire Facilities, Vehicle and Equipment Renewal	5,492
	Solid Waste	Material Recovery Facility Renewal	1,527
		Solid Waste Renewal	4,733
	Information Technology	Technology Services Renewal	6,811
	Fleet	Fleet Vehicle and Equipment Renewal	6,206
	Transportation (Roadways, Structures, Traffic)	Transportation Renewal ¹	-
	Parks	Parks Renewal ¹	-
	Corporate Security & Emergency Management	Corporate Security and Emergency Management Renewal ¹	-
Urban Forestry (Woodlands and Park Trees, Right of Way Trees)	Urban Forestry Renewal ²	2,935	
Tax Supported Budget Agencies, Boards, Commissions	Not in Scope of the CAM Plan	Library Facilities, Vehicle And Equipment Renewal	334
		RBC Place London Renewal	1,210
		Police Facilities, Vehicle and Equipment Renewal	2,597
		Public Housing Renewal	2,852
Total Tax Supported CARR Reserve Funds ³			\$73,883
Wastewater & Treatment Rate Supported Budget	Sanitary, Stormwater	Sewage Works Renewal	46,082
Water Rate Supported Budget	Water	Water Works Renewal	41,142
Total Rate Supported CARR Reserve Funds ³			\$87,224
Total City CARR Reserve Funds ³			\$161,107

Notes:

1. New CARR reserve fund.
2. Formerly Woodland Acquisition & Management, renamed and re-categorized from Special Projects & New Initiatives category of reserve funds.
3. Forecasted uncommitted 2020 ending balances as of June 30, 2020.

APPENDIX C

Bill No.
2020

By-law No. A.- _____

A by-law to establish the Capital Asset Renewal and Replacement Reserve Funds By-law and to govern the administration and management of said funds

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish reserve funds to provide for the lifecycle renewal and replacement costs of infrastructure assets directly-owned by The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

AND WHEREAS it is desirable to establish a consolidated bylaw governing the management and administration of capital asset renewal and replacement reserve funds;

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

SHORT TITLE

CAPITAL ASSET RENEWAL AND REPLACEMENT (CARR) RESERVE FUNDS BY-LAW

1 By-law Statement

1.1 A by-law governing the management and administration of CARR reserve funds.

2 Capital Asset Renewal and Replacement Funds

- a. The bylaws establishing reserve funds listed in Schedule B are hereby repealed.
- b. The reserve funds listed in Schedule A are hereby established or continued.

3. Definitions

In this by-law,

“**budget**” means an estimated financial plan of revenue and expenditure for a set period of time.

“**By-law**” means the Capital Asset Renewal and Replacement Reserve Funds By-law

“**CARR reserve funds**” means the Capital Asset Renewal and Replacement Reserve Funds listed in Schedule A and defined as a category of reserve funds established to provide funding for the lifecycle renewal (major repair and maintenance) and replacement (including disposition) of existing and newly acquired City assets to ensure city-owned assets do not deteriorate over time.

“**City**” means The Corporation of the City of London

“**Corporate Asset Management Plan**” means the City’s multi-disciplinary management techniques (technical and financial) over the lifecycle of municipal infrastructure assets to provide

a specific level of service in the most cost effective manner and manage risks associated with municipal infrastructure assets. This typically includes plans to invest, design, construct, acquire, operate, maintain, renew, replace, and decommission assets.

“**Council**” means the Municipal Council of The Corporation of the City of London

“**infrastructure asset**” means all or part of physical structures and associated facilities that form the foundation of development, and by or through which a public service is provided, such as roadways, bridges, bicycle paths, drinking water systems, social housing, parks, recreation facilities and community centres as well as any other thing by or through which a public service is provided.

“**level of service**” means the statement that describes the output or objectives the City intends to deliver to its customers.

“**lifecycle renewal**” means capital expenditures pertaining to the maintenance, renewal and replacement of the City’s existing and newly acquired assets.

“**Municipal Act, 2001**” means the *Municipal Act, 2001*, S.O. 2001 c. 25 as may be amended

4. Applicability

4.1 The By-law applies to all CARR reserve funds administered by the City, including those established for any of the City’s Agencies, Boards and Commissions (ABC).

4.2 Furthermore, the By-law applies to all City employees who are responsible for the establishment, monitoring, administration and management of the City’s reserve funds.

5. Purpose of CARR Reserve Funds

5.1 The general purpose of CARR reserve funds shall be:

- a) To fund lifecycle renewal (major repair and maintenance) and replacement (including disposition) costs of existing and newly acquired City-owned infrastructure assets contained within the Corporate Asset Management Plan, to ensure these infrastructure assets do not deteriorate over time and continue to meet the level of service specified; and
- b) To fund lifecycle renewal (repair and maintenance) and replacement (including disposition) costs of existing and newly acquired ABC infrastructure assets, to ensure these infrastructure assets do not deteriorate over time and continue to meet the level of service specified; it being noted that ABC infrastructure assets are not contained within the City’s Corporate Asset Management Plan.

5.2 The individual purpose of each CARR reserve fund is set out in Schedule A.

6 Contributions

6.1 The following contributions shall be deposited into the CARR reserve funds by the City Treasurer or their designate:

- a) Council approved tax/rate supported multi-year budget contributions;
- b) Other tax supported contributions per Council approved policies;
- c) City Treasurer approved tax supported Assessment Growth contributions; and
- d) Other non-tax/non-rate supported contributions as approved by Council, or ABC board.

7 Drawdowns

7.1 Before any monies are expended from the CARR reserve funds for the purposes outlined in section 5 of the By-law, approval shall be given by:

- a) Council for City-owned infrastructure assets through the multi-year budget process, or by separate approval of Council; and/or

- b) ABC Boards' for ABC-owned infrastructure assets through the multi-year budget process, or by other Board approved report(s), subject to the approval of the City Treasurer or their designate.

8 Investment of Reserve Fund Balances

8.1 The City Treasurer or their designate, may invest the monies standing in any CARR reserve fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, and in so doing, may consolidate the monies standing in a CARR reserve fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the CARR reserve fund shall be accrued to and form part of the CARR reserve fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*.

9 Maintenance of Reserve Funds

9.1 Notwithstanding that provision may not be made by the Council in the budget estimates of the current or any subsequent year for contributions, or drawdowns to the CARR reserve funds, they shall continue and be maintained, and the Council shall always be taken as considering the CARR reserve funds as necessary so long as this By-law continues in force.

10 Administration

10.1 The administration of this By-law, including the establishment of CARR reserve funds, is delegated to the City Treasurer or their designate.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

SCHEDULE “A” – CARR Reserve Funds

CARR Reserve Fund Name	Purpose
Capital Infrastructure Gap	To mitigate growth in the infrastructure gap as identified in the CAM Plan and to provide a buffer against unforeseen lifecycle renewal capital expenditures.
City Facilities Renewal	To provide for renewal and replacement expenditures of all City facility assets such as corporate facilities, culture facilities, etc.
Public Art Renewal	To provide for renewal and replacement expenditures of public art in accordance with the Public Art Program.
Dearness Home Renewal	To provide for renewal and replacement expenditures of the Dearness Home and associated equipment.
Recreation Renewal	To provide for renewal and replacement expenditures of recreation assets, such as arenas, aquatics, community centers, attractions, recreation sites, senior centres, etc., excluding golf.
Parking Facilities Renewal	To provide for renewal and replacement expenditures of parking infrastructure assets such as pay stations, parking meters and surface lots, etc.
Fire Facilities, Vehicle and Equipment Renewal	To provide for renewal and replacement expenditures of fire assets such as fire stations and facilities, vehicles and equipment, etc.
Material Recovery Facility Renewal	To provide for renewal and replacement expenditures of the City’s material recovery facility and associated equipment.
Solid Waste Renewal	To provide for renewal and replacement expenditures of solid waste assets, excluding the material recovery facility.
Information Technology (IT) Renewal	To provide for renewal and replacement expenditures of IT assets such as applications and software, end user devices and applications, etc. in accordance with the City of London Information Technology Strategy.
Fleet Vehicle and Equipment Renewal	To provide for renewal and replacement expenditures of fleet assets such as vehicles and equipment, refueling stations, fuel storage tanks, etc.
Transportation Renewal	To provide for renewal and replacement expenditures of transportation assets such as roadways, sidewalks, bike lanes, structures, traffic signals, street lights, etc.
Parks Renewal	To provide for renewal and replacement expenditures of parks assets such as Thames Valley Parkway (including footbridges), play structures, sport fields and courts, parks facilities, etc.
Corporate Security & Emergency Management Renewal	To provide for renewal and replacement expenditures of corporate security and emergency management assets such as communication system infrastructure and equipment, emergency equipment, etc.
Urban Forestry Renewal	To provide for renewal and replacement expenditures of Urban Forestry assets such as street trees, park trees, woodlands, etc.

CARR Reserve Fund Name	Purpose
Library Facilities, Vehicle And Equipment Renewal	To provide for renewal and replacement expenditures of London Public Library assets such as facilities, vehicles and equipment, etc.
RBC Place London Renewal	To provide for renewal and replacement expenditures of RBC Place London assets such as facilities, equipment, etc.
Police Facilities, Vehicle and Equipment Renewal	To provide for renewal and replacement expenditures of London Police Service assets such as facilities, vehicles and equipment, etc.
Public Housing Renewal	To provide for renewal and replacement expenditures of London Middlesex Community Housing assets such as facilities, equipment, etc.
Sewage Works Renewal	To provide for renewal and replacement expenditures of wastewater sanitary and stormwater assets such as sewers, pollution treatment plants, equipment, stormwater management facilities, etc.
Water Works Renewal	To provide for renewal and replacement expenditures of water assets such as watermains, pumping stations, reservoirs, meters, equipment, etc.

SCHEDULE “B” – Existing CARR Reserve Fund By-Laws to be Repealed

Capital Asset Renewal & Replacement	By-Law #
Capital Infrastructure Gap	A.-7513-68
City Facilities	A.-5993-508
Courts Administration Repairs and Maintenance	A.-6004-519
Dearness Home Capital	A.-6258-296
Fire Vehicles and Equipment Replacement	F.-144-552
Golf Course	A.-5550-202
Library Facilities, Vehicle and Equipment	A.-5995-510
Material Recovery	A.-6968-184
Parking Facilities	A.-6970-186
Police Vehicle and Equipment Replacement	A.-7195-351
Public Art Acquisition	A.-6306-34
Public Art Maintenance	A.-6305-33
Public Housing Major Upgrades	A.-6003-518
RBC Place London	A.-7730-218
Sanitary Landfill Site	A.-5174-97
Social Housing Major Repairs, Upgrades and Stabilization	A.-7519-79
Technology Services	A.-6967-183
Vehicle and Equipment Replacement	A.-5994-509
Woodland Acquisition and Management	A.-7526-93
Sewage Treatment Plant Capacity	A.-6068-32
Sewage Works	A.-5353-265
New Capital Water	A.-5477-267

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2020 RESERVE FUND HOUSEKEEPING REPORT

RECOMMENDATION

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

- a) the attached proposed by-laws (Appendix A) **BE INTRODUCED** at the Municipal Council meeting to be held on September 15, 2020 to establish reserve fund by-laws in accordance with the October 2, 2018 Council approved Reserves Rationalization Report;
- b) the attached proposed by-law (Appendix B) **BE INTRODUCED** at the Municipal Council meeting to be held on September 15, 2020 to establish a reserve fund by-law in accordance with the January 12, 2016 Council approved Red Light Camera Program Implementation.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Corporate Services Committee, September 25, 2018 meeting, Agenda Item # 2.2, Reserves Rationalization Report

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=50269>

Corporate Services Committee, July 17, 2018 meeting, Agenda Item # 2.4, Reserve & Reserve Fund Policy Report

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=47669>

Civic Works Committee, January 5, 2016 meeting, Agenda Item # 2, Red Light Camera Program Implementation

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=22116>

LINK TO 2019-2023 STRATEGIC PLAN

Council's 2019-2023 Strategic Plan for the City of London identifies "Leading in Public Service" as one of five strategic areas of focus. The Reserve Fund Housekeeping Report supports this strategic area of focus via the strategic priority "The City of London is a leader in public service as an employer, a steward of public funds, and an innovator of service" which includes maintaining London's finances in a transparent and well-planned manner to balance equity and affordability over the long term.

The process of periodically reviewing reserve funds and associated by-laws supports the above objectives by demonstrating that Council and Civic Administration are continuously monitoring the accuracy and adequacy of the reserve funds managed by the City and making adjustments when necessary.

BACKGROUND

The purpose of this report is to:

- 1) Establish by-laws for reserves converted into reserve funds as per the Council approved Reserves Rationalization Report; and
- 2) Establish a reserve fund by-law for the Red Light Camera Program as per the Council approved Red Light Camera Program Implementation.

These proposed new by-laws are a continuation of the City’s reserve and reserve fund portfolio rationalization effort, which seeks to find administrative efficiency and enhance the alignment of our reserve funds objectives with the funding requirements of the municipality to strengthen our stewardship of public funds. These modernization efforts are consistent with the framework established in the Council approved Reserve and Reserve Fund Policy.

PART 1 - RESERVES TO BE CONVERTED INTO RESERVE FUNDS

At the Corporate Services Committee meeting on September 25, 2018, Council received the Reserves Rationalization Report, which outlined the City’s reserves holdings and recommended revisions aimed at achieving the objectives stated above. Through the recommendations of this report, Council at its meeting on October 2, 2018, resolved:

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to The Corporation of the City of London reserves:

- a) *the following six (6) reserves **BE APPROVED** as the reserves of The Corporation of the City of London:*
 - i) *Tax Supported Budget – Operating Budget Contingency Reserve and Operating Efficiency, Effectiveness & Economy Reserve*
 - ii) *Wastewater & Treatment Rate Supported Budget – Wastewater Budget Contingency Reserve and Wastewater Efficiency, Effectiveness & Economy Reserve*
 - iii) *Water Rate Supported Budget – Water Budget Contingency Reserve and Water Efficiency, Effectiveness & Economy Reserve;*
- b) *the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer **BE AUTHORIZED** to take any and all actions necessary to align the reserves approved in a), above, with the provisions of the City’s Reserve and Reserve Fund Policy; and*
- c) *the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer **BE AUTHORIZED** to take the following actions with respect to winding down and terminating reserves currently held by The Corporation of the City of London that are no longer included in the reserves approved in a) above:*
 - i) *Transfer reserve balances identified in Appendix B to the Operating Budget Contingency Reserve and terminate reserves after the transfers are complete;*
 - ii) *Transfer reserve balance identified in Appendix C to the City Facilities Reserve Fund and terminate reserve after the transfer is complete; and*
 - iii) *Convert reserves identified in Appendix D into reserve funds, terminate reserves after the conversions are complete and balances have been transferred, it being noted that Civic Administration will bring forward appropriate reserve fund by-laws to a future Corporate Services Committee meeting.*

Part 1 of this report addresses clause c) iii) of the Council resolution with respect to converting reserves into reserve funds; all other resolutions from this report have been addressed by the City Treasurer, or designate. For operational purposes these reserves were converted to, and managed as, reserve funds following the Council resolution noted above. Formal approval of the by-laws included with this report is the final administrative requirement to officially convert the reserves to reserve funds.

SUMMARY OF RESERVE FUNDS

As a result of the Reserves Rationalization Report, eight reserves were identified and approved by Council to be converted into reserve funds. These eight reserve funds are summarized in the table below. For a complete review of the proposed reserve fund by-laws see Appendix A.

Reserve Fund Name	Description & Target Balance Rationale
Animal Welfare Reserve Fund	<p>Description: This reserve fund supports Animal Care and Control Program initiatives for the protection of the public and the welfare of domestic animals in the community.</p> <p>Target Rationale: The target for this reserve fund will be developed in conjunction with the Special Projects & New Initiatives Reserves and Reserve Funds Rationalization Report.</p>

Reserve Fund Name	Description & Target Balance Rationale
Building Permit Revenue Stabilization Reserve Fund	<p>Description: This reserve fund collects annual building permit surpluses, if any, to provide funding for future year building administration and enforcement costs in excess of building permit revenue.</p> <p>Target Rationale: The target balance of the reserve fund is 100% of the annual operating costs for the administration and enforcement of the Building Code Act and the Building Code.</p>
Dearness Home Gift Reserve Fund	<p>Description: This reserve fund collects donations from external parties in support of Dearness Home operations. The funds can only be used for Dearness Home related activities, or as otherwise stipulated by donor agreements.</p> <p>Target: Because this reserve fund is financed by non-tax supported contributions, no targets (minimum or maximum) are applied.</p>
Councillor's Lounge & Marriage Services Reserve Fund	<p>As part of the Capital Asset Renewal and Replacement Reserve Funds Rationalization Report this reserve fund is recommended to be consolidated within the City Facilities Renewal Reserve Fund. As such there is no proposed by-law for this reserve fund within Appendix A.</p>
Municipal Election Reserve Fund	<p>Description: This reserve fund supports the City's municipal election expenses and serves the purpose of smoothing the associated cyclical expenditures of running a municipal election.</p> <p>Target: The target for this reserve fund will be developed in conjunction with the Special Projects & New Initiatives Reserves and Reserve Funds Rationalization Report.</p>
Official Plan Reserve Fund	<p>Description: This reserve fund supports the City's Official Plan and other planning projects contained in each iteration of the Development Charges Background Study, and serves the purpose of smoothing the cyclical expenditures. The reserve fund primarily supports consulting costs, but may be used for other relevant expenditures.</p> <p>Target: The target for this reserve fund will be developed in conjunction with the Growth Reserve Funds Rationalization Report.</p>
Tree Bank Reserve Fund	<p>Description: This reserve fund supports the City's Tree Bank Program, which plants new trees on private and public lands. The fund is drawn upon for tree planting that involves community and business collaboration. It taps into community in-kind tree planting labour, and seeks out contributions of materials, discounted trees, etc. so that tree planting investments are maximized.</p> <p>Target: The target for this reserve fund will be developed in conjunction with the Special Projects & New Initiatives Reserves and Reserve Funds Rationalization Report.</p>
Unfunded Liability Reserve Fund	<p>Description: This reserve fund supports employee benefits payable excluding WSIB claims in excess of \$250,000, landfill closure and post-closure liabilities, and other liabilities for which there is no identified source of financing as reported in the annual consolidated financial statements.</p> <p>Target: The target balance of this reserve fund is 85% of employee benefits payable excluding WSIB claims in excess of \$250,000, plus landfill closure and post-closure liabilities as reported in the annual audited financial statements.</p>

PART 2 – ESTABLISHMENT OF RED LIGHT CAMERA PROGRAM RESERVE FUND

At the Civic Works Committee meeting January 5, 2016, Council received the Red Light Camera Program Implementation Report, which outlined how the Red Light Camera Program would be administered and the 5 year (2017 to 2021) cost and revenue projections associated with the program. Through the recommendations of this report, Council at its meeting on January 12, 2016, resolved:

*That on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Red Light Camera Program:*

- a) *That Trafficpax LLC, **BE AWARDED** the contract for the provision of red light cameras, associated equipment, maintenance and data transfer services for the period 2017-2021, in accordance with the terms and conditions of the Request for Approvals executed by the City of Toronto on behalf of the City of London and other participating Red Light Camera municipalities in accordance with Section 14.4 (g) of the Procurement of Goods and Services Policy, noting that there is an option to extend the contact at the discretion of the City of London for an additional five years (January 1, 2022 to December 31, 2026);*
- b) *That Civic Administration **BE AUTHORIZED** to enter into an agreement with the City of Toronto to undertake centralized municipal processing of Red Light Camera offence notices;*
- c) *That Civic Administration **BE AUTHORIZED** to enter into agreements with the Ministry of Attorney General and Ministry of Transportation related to the operation of a Red Light Camera Program;*
- d) *That Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;*
- e) *That approvals given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract with the consultant for the work;*
- f) *That the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations; and*
- g) *That Civic Administration **BE DIRECTED** to create a reserve fund from the net revenue from the Red Light Camera Program to be used for future road safety initiatives and to fund future Red Light Camera Program revenue shortfalls, if necessary.*

Part 2 of this report addresses clause g) of the Council resolution with respect to the creation of a reserve fund for the Red Light Camera Program net revenues. For operational purposes this reserve fund was established following the Council resolution noted above. Formal approval of the by-law included with this report is the final administrative requirement to officially establish the reserve fund.

SUMMARY OF RESERVE FUND

The following table summarizes the description and target balance for the Red Light Camera Program Reserve Fund. For a complete review of the proposed reserve fund by-law see Appendix B.

Reserve Fund Name	Description & Target Balance Rationale
Red Light Camera Program Reserve Fund	<p>Description: This reserve fund collects annual net Red Light Camera Program revenues, if any, to provide funding for future year Red Light Camera Program costs and other road safety initiatives.</p> <p>Target Rationale: Because this reserve fund is financed by non-tax supported contributions, no targets (minimum or maximum) are applied.</p>

CONCLUSION

Civic Administration is recommending that the by-laws contained in Appendix A and Appendix B be established in order to ensure that parameters are set to best meet the needs of the community, Council and Civic Administration, and that all funds managed by the City are in alignment with the requirements of the Municipal Act, 2001, S.O. 2001, C.25, as amended, and the Council approved Reserve & Reserve Fund Policy.

PREPARED BY:	REVIEWED BY:
DAVID BORDIN, CPA, CGA MANAGER II, FINANCIAL PLANNING & POLICY	JASON DAVIES, CPA, CMA MANAGER III, 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

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

APPENDIX A

**PART 1 – BY-LAWS FOR RESERVES CONVERTED INTO
RESERVE FUNDS**

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Animal Welfare Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for Animal Care and Control Program initiatives, as required;

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

1. A reserve fund is hereby established entitled the "Animal Welfare Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of Animal Care and Control Program initiatives for the protection of the public and the welfare of domestic animals in the community.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Municipal Council approved tax supported multi-year budget contributions;
 - ii. Municipal Council approved annual surplus contributions, if any;
 - iii. City Treasurer approved tax supported Assessment Growth contributions; and
 - iv. Other non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given for expenses less than \$100,000 and the approval of Municipal Council shall be given for expenses equal to or greater than \$100,000.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other reserve funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Building Permit Revenue Stabilization Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for building code administration and enforcement costs in excess of building permit revenue, as required;

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

1. A reserve fund is hereby established entitled the "Building Permit Revenue Stabilization Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of building code administration and enforcement costs in excess of building permit revenue.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Annual building permit net revenues, if any; and
 - ii. Other tax and/or non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given, and the drawdown shall be reported to Municipal Council through both the budget monitoring and building permit fees monitoring processes.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Dearness Home Gift Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for donations from external parties in support of Dearness Home operations and residents, as required;

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

1. A reserve fund is hereby established entitled the "Dearness Home Gift Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of Dearness Home operations, or as otherwise stipulated by donor agreements.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Third party donations; and
 - ii. Other tax and/or non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the Managing Director, Housing, Social Services and Dearness Home or designate shall be given.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Municipal Election Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for municipal election costs, as required;

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

1. A reserve fund is hereby established entitled the "Municipal Election Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of municipal elections.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Municipal Council approved tax supported multi-year budget contributions;
 - ii. Municipal Council approved annual surplus contributions, if any;
 - iii. City Treasurer approved tax supported Assessment Growth contributions; and
 - iv. Other non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given for expenses less than \$100,000 and the approval of Municipal Council shall be given for expenses equal to or greater than \$100,000.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Official Plan Reserve Fund
By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for costs associated with growth planning projects, as required;

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

1. A reserve fund is hereby established entitled the "Official Plan Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of the Official Plan and other planning projects contained in each iteration of the Development Charges Background Study, and serves the purpose of smoothing the cyclical expenditures. The Fund shall primarily support consulting costs, but may be used for other relevant expenditures.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Municipal Council approved tax supported multi-year budget contributions;
 - ii. Municipal Council approved annual surplus contributions, if any;
 - iii. City Treasurer approved tax supported Assessment Growth contributions; and
 - iv. Other non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given for expenses less than \$100,000 and the approval of Municipal Council shall be given for expenses equal to or greater than \$100,000.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Tree Bank Reserve Fund
By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for the cost of grants approved as part of The Corporation of the City of London's Tree Bank program, as required;

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

1. A reserve fund is hereby established entitled the "Tree Bank Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of the Tree Bank program, which plants new trees on private and public lands through tree planting that involves community and business collaboration.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Municipal Council approved tax supported multi-year budget contributions;
 - ii. Municipal Council approved annual surplus contributions, if any;
 - iii. City Treasurer approved tax supported Assessment Growth contributions; and
 - iv. Other non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer, or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Unfunded Liability Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for liabilities recognized on The Corporation of the City of London annual consolidated financial statements for which no other permanent and/or temporary source of financing exists, as required;

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

1. A reserve fund is hereby established entitled the "Unfunded Liability Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the employee benefits payable excluding WSIB claims in excess of \$250,000.00, landfill closure and post-closure liabilities, and other liabilities for which there is no identified source of financing as reported in the annual consolidated financial statements.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Municipal Council approved tax and/or rate supported multi-year budget contributions;
 - ii. City Treasurer approved tax and/or rate supported annual surplus contributions; and
 - iii. Other non-tax and/or non-rate supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the City Treasurer or designate shall be given.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

APPENDIX B

**PART 2 – BY-LAW FOR RED LIGHT CAMERA PROGRAM
RESERVE FUND**

Bill No.
2020

By-law No. A.-_____

A by-law to establish the Red Light Camera Program Reserve Fund By-law.

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

AND WHEREAS section 9 of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides a municipality with the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001*, S.O. 2001 C.25, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS it is desirable to establish a reserve fund to provide for Red Light Camera Program and other road safety initiative costs, as required;

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

1. A reserve fund is hereby established entitled the "Red Light Camera Program Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of the Red Light Camera Program and other road safety initiatives.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
 - i. Annual net Red Light Camera Program revenues; and
 - ii. Other tax and/or non-tax supported contributions as approved by Municipal Council.
4. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the Managing Director, Environmental and Engineering Services and City Engineer or designate, and City Treasurer or designate shall be given.
5. The City Treasurer or designate may deposit the monies standing in the Fund into a special bank account or into a consolidated bank account into which are deposited the monies raised for other funds, and the earnings derived from the monies so deposited shall accrue to and form part of the Fund.
6. The City Treasurer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1), of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the City may hold from time to time provided that any earnings derived from the monies standing in the Fund shall be accrued to and form part of the Fund as permitted under sections 418(3) and 418(4) of the *Municipal Act, 2001*, S.O. 2001, C.25, as amended.
7. Notwithstanding that provision may not be made by the Municipal Council in the budget estimates of the current or any subsequent year for contributions or drawdowns to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.

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

PASSED in Open Council on September 15, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – September 15, 2020
Second Reading – September 15, 2020
Third Reading – September 15, 2020

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	CORPORATE ASSET MANAGEMENT PLAN 2020 REVIEW

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and on the advice of the Manager III, Corporate Asset Management, this report with respect to Corporate Asset Management Plan 2020 Review **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- June 23, 2020 Report to Strategic Priorities and Policy Committee – COVID-19 Financial Impacts - Update
- Budget 2020, Additional Investments Business Case #4A and #4B - City of London Infrastructure Gap
- August 26, 2019 Report to Strategic Priorities and Policy Committee - 2019 Corporate Asset Management Plan
- April 8, 2019, Report to Strategic Priorities and Policy Committee – Corporate Asset Management Policy
- January 23, 2018 Report to Corporate Services Committee - Corporate Asset Management Plan 2017 Review

STRATEGIC PLAN 2019-2023

Council's 2019-2023 Strategic Plan for the City of London identifies 'Building a Sustainable City' and 'Leading in Public Service' as strategic areas of focus. The Corporate Asset Management Plan Review Report supports these strategic area of focus via the strategic priority "London's infrastructure is built, maintained, and operated to meet the long-term needs of our community" which includes 'Maintain or increase levels of service', 'Manage the infrastructure gap for all assets', and 'Increase access to information to support community decision making' as strategic priorities. Respectively these strategies are ensuring the decisions for City's finances are transparent and well planned to keep costs as low as possible with the intention to limit the burden on current and future rate payers.

BACKGROUND

The City of London released its second Corporate Asset Management Plan (CAM Plan) in 2019. It describes current asset management practices and plans to secure the service of reliable infrastructure in the future. The Plan is consistent with federal and provincial funding requirements. The Plan also incorporates requirements subsequent to Ontario passing the *Infrastructure for Jobs and Prosperity Act, 2015*, which resulted in the Ontario Regulation (O.Reg 588/17): Asset Management Planning for Municipal Infrastructure, going into effect January 1, 2018. The 2019 CAM Plan is in compliance with phase two of O.Reg 588/17, for directly owned City assets. This compliance is ahead of the phase

two deadline for July 1, 2023, and incorporates some components of the phase three deadline for July 1, 2024.

This report implements recommendations in the City's 2019 Corporate Asset Management Plan, mainly, recommendation #4 "monitor the progress of the Corporate Asset Management Plan". This is consistent with O. Reg 588/17 requiring that annual progress reviews be prepared by July 1, 2025 (or one year after Phase Three of O. Reg 588/17 is implemented). It also continues the practice of reporting and monitoring Transportation's infrastructure gap, which has been the greatest percentage since the City first quantified the infrastructure gap in its 2013 State of Infrastructure Report.

This year's scope of work for the CAM Plan review has expanded over past years to include:

- A 2-page summary Report Card (Listed in Appendix A) that includes State of Infrastructure updates (i.e. Inventory, Replacement Value, and Condition), Infrastructure Gap, and Level of Service overview.
- The Report Card is mainly developed for the core municipal infrastructure as defined by O.Reg 588/17 and some additional services that have a large Infrastructure gap including:
 - a) Transportation (Roadways, Structures, and Traffic);
 - b) Wastewater (Stormwater and Sanitary);
 - c) Water;
 - d) Recreation;
 - e) Parks; and
 - f) Corporate Facilities.
- Updates to the City's infrastructure gap given the budget revisions during the Multi-Year Budget Process, 2020 Assessment Growth funding allocation, and deferred capital projects resulting from the COVID-19 pandemic;
- Update on how City services are meeting the preliminary level of service targets, relative to metrics updated from the 2019 CAM Plan; and
- Provide commentary and progress on the seven recommendations listed in the 2019 CAM Plan.

The information presented in this report is based on the best currently available data for asset inventory, condition and degradation curve data, along with funding as proposed in the approved 2020-2023 capital budget and 2024-2029 capital and reserve fund forecast.

COVID-19 Impacts

The novel coronavirus (COVID-19) continues to cause unprecedented health, social and economic challenges locally, nationally, and globally. The financial consequences of COVID-19 to the City of London continue to be experienced and are likely to continue into the foreseeable future as outlined in June 23 SPPC Report. The SPPC report identified a list of capital projects to be delayed in 2020 due to the COVID-19 pandemic. It is also outlined that the City of London's Multi-Year Budget additional investment case #4 (City of London Infrastructure Gap # 4 – Part B) has \$750,000 of funding deferred to 2021.

Additionally, the financial impact of COVID-19 resulted in delaying the allocation for the annual assessment growth funding and only half of the requested amount was allocated as of August 2020 (from \$2.24 million to \$1.12 million). The remaining assessment growth allocation will be reviewed in the fall as part of the full year budget monitoring and year end projections.

Future annual reviews and CAM Plan updates will have greater clarity on any additional financial impacts.





2020 CORPORATE ASSET MANAGEMENT PLAN REVIEW
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The City’s assets have approximately \$21.3 billion in replacement value in 2020 which increased from the \$20.1 billion estimated in the 2019 CAM Plan, this excludes agencies, boards and commissions. While City assets are generally in “Good” condition, investment needs for infrastructure exist. An optimal amount of funding is required to manage current and future asset risks. The difference between the optimal amount and available budget is the infrastructure gap.

The City has a growing infrastructure gap as outlined in the latest CAM Plan 2019. This is resulting from lifecycle renewal budgets being less than the identified optimal expenditure required to maintain current levels of service for City services within the CAM scope. Mitigating the infrastructure gap and its projected growth, to achieve sustainability, requires either an increase in infrastructure investments or a reduction in the number of services or levels of services that the City provides. The recommendation from the 2019 CAM Plan was to increase funding to mitigate the growth of the City’s infrastructure gap over a 25-year timeframe. Despite the additional funding received during the Multi-Year Budget, the infrastructure gap is expected to grow but at a reduced rate as outlined in Figure 2.

The analysis concludes that over the next decade, the City of London projects spending will be in excess of \$1.8 billion to address its lifecycle assets in the scope of the CAM Plan. This level of expenditure will result in an infrastructure investment gap of roughly **\$635.0 million** over the cumulative 10-year period of 2020-2029, as seen in Table 1, which represents 2.98% of the \$21.3 billion asset base.

Table 1 – 2020 CAM Plan Review Key Findings

CAM Plan (Year)	Replacement Value	Current Condition	Cumulative 10 Year Infrastructure Gap	Gap as a % of Replacement Value
2020	\$21.3 billion	Good	\$635.0 million	2.98%
2019	\$20.1 billion	Good	\$568.8 million	2.82%
Trend				

As listed in Figure 1, approximately 51.8% of the gap is from Transportation (\$326 million). Parks approximates 4.7% of the gap (\$29.7 million), Recreation approximates 19.5% of the gap (\$124 million), and Corporate Facilities approximates 4.8% (\$30.7 million). Further details on the gap for these services can be found in Appendix A.

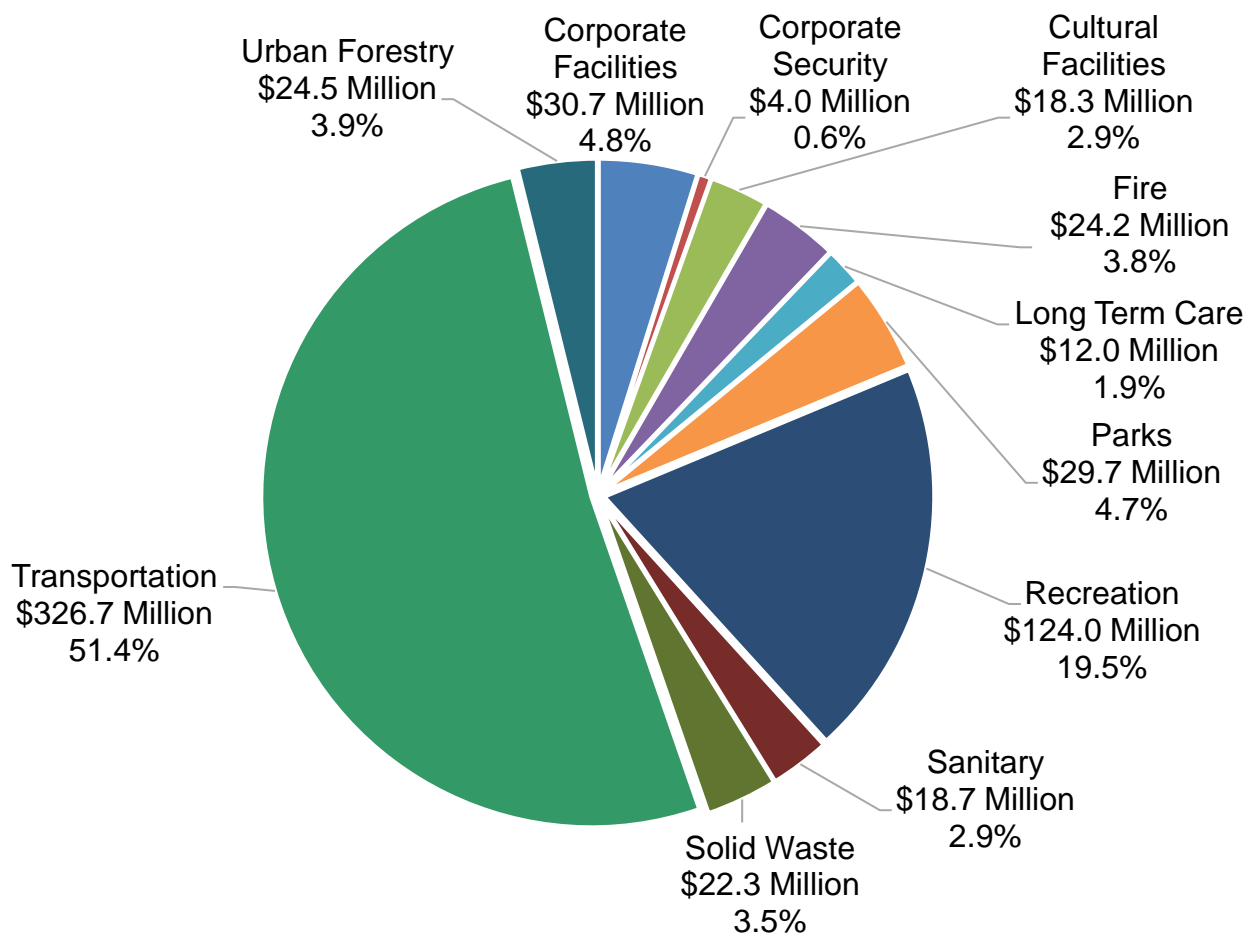


Figure 1 –10 Year Infrastructure Gap Breakdown by Services

Infrastructure Gap Comparison

Figure 2 illustrates the projected 2014 and 2019 CAM Plan infrastructure gap and the 2020 infrastructure gap curve with the adopted infrastructure gap mitigation strategies. The strategies adopted through 2020-2023 Multi-Year budget period to mitigate the 2019 projected infrastructure gap had contributed to the reduction of the actual assessed gap in 2020. The analysis shows that the forecasted cumulative 10 year infrastructure gap calculated in the 2019 CAM Plan, which was approximately \$568.8 million, is reduced by roughly \$25 million which shows the significance of the recommended mitigation strategies. The majority of the reduction is happening between the years of 2020-2023 in the Multi-Year budget period, and continuously adopting similar mitigation strategies will contribute to future reduction in the City’s infrastructure gap.

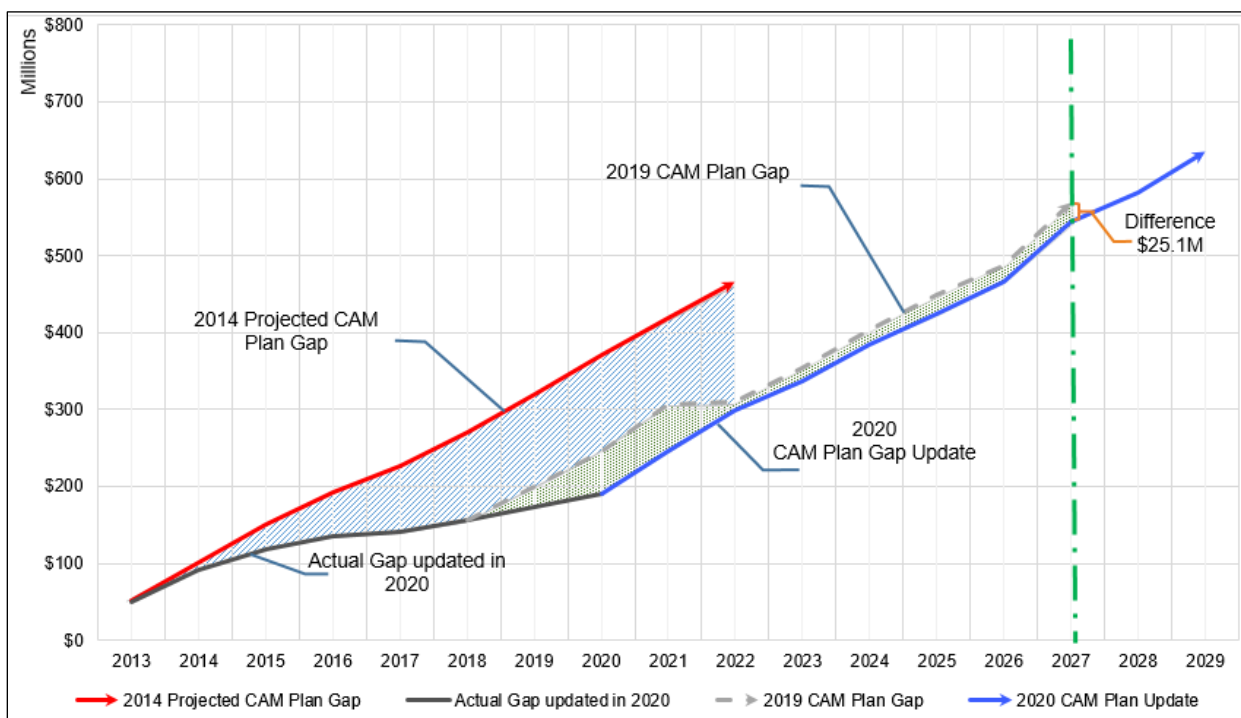


Figure 2 – Infrastructure Gap Comparisons

This annual review has not been comprehensively updated for the needs for all services within the Corporate Asset Management Scope. However, this update represents more than 85% of the assets included in the 2019 CAM Plan, based on their replacement values. In instances where the updated needs information could not be readily obtained, a projection of needs based on the 2019 CAM Plan were used.

Preliminary Level of Service (LOS) Metrics

The City of London defines its Level of Service (LOS) by understanding and quantifying the value that customers place on services and making customer requirements central to our planning processes. The LOS framework development process follows three main stages as detailed in Figure 3 and summarized below:

- a) Stage one: Establish LOS baseline (2019 CAM Plan)
 - i. Start-up
 - ii. Develop metrics and performances
- b) Stage two: Conduct periodic review (2020 CAM Plan update)
- c) Stage three: Future implementation
 - i. Identify financial relationships
 - ii. Seek public engagement
 - iii. Monitor and review

The initial development of LOS metrics and establishing a baseline for performance was documented in the 2019 CAM Plan. Stage two includes collecting and updating various Level of Service metrics for 2019 data, adjusted targets, and monitoring progress. Future implementations will include linking key LOS metrics with financial data to help identify the cost of providing these services and the cost to achieve the targets, seek public feedback to establish proposed Levels of Service, and monitor & review progress.

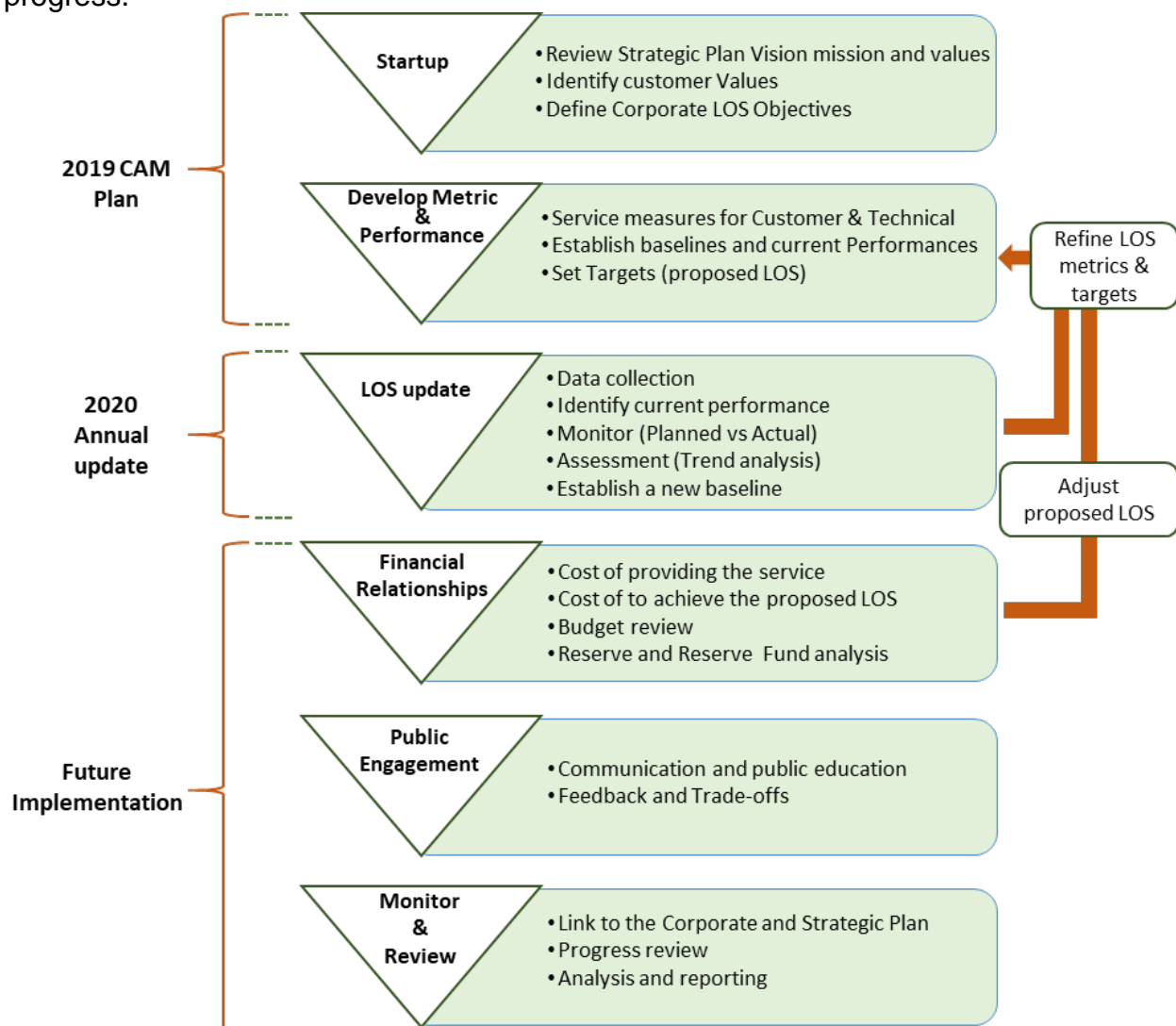


Figure 3 – Level of Service Framework Development Process

The 2020 CAM Plan Review process included a Level of Service metric update for 2019 data. Each service area provided an update to their level of service metrics (in the customer value category). Customer Values measure the perception of what the service is worth to the public versus any possible alternatives. Table 2 below outlines the description and scope of each Customer Value category:

Table 2 – Customer Value Descriptions

Customer Value Category	Description
Customer Service/ Public Education	A diversity of metrics that cover the performance assessment of the service provision. Metrics consist of descriptions for customer surveys, scope, and magnitude of services using maps, values/numbers, percentages and/or images. Examples include number of lane-kilometers of roads versus square kilometers of land area, or % of properties where fire flow is available.
Cost Efficient	Assess the service performance in terms providing the maximum feasible outcomes out of the available operating and capital budgets. Examples include annual cost to provide the service, asset lifecycle budget as a % of current replacement value, etc.
Accessibility	Include metrics related to accessibility and whether the service is provided to the greatest extent possible of all people, regardless of their age and ability. Examples include FADS and/or AODA compliancy, % of sidewalks with tree cover, % of population less than 800m walk to a park, etc.
Legislative/ Safety	Covers performance assessment of the service related to safety and compliancy with acts and/or codes. Also includes metrics regulated and legislated by a legislature related to the specific service. Examples include % of legislated MTO safety inspections met, % of facility components annually inspected, etc.
Reliability/ Availability	Includes metrics related to the availability of service such as percent of the time when an asset is available and operating properly. It could also be related to reliability such as condition of assets or number of unplanned amenity closures/use restrictions per year.
Quality	Includes metrics related to the assessment of the quality of the services provided, such as the condition of the assets, quality rating systems, or measuring the quality of the service on a technical basis using a multi-criteria quality rating systems.
Environmental Stewardship/ Sustainability	Includes metrics related to the assessment of service provision in a sustainable and environmental stewardship practices. The aim is to minimize the impact of infrastructure on the environment. Examples include % of streetlights with LED or low energy fixtures, Annual natural gas consumption per square foot, number or type of Low Impact Development (LID) technologies implemented (rain gardens and bioswales), etc.

Each Customer Value category is assigned a status indicator to help define progress towards implementation. The four status indicators are:

- **‘Meeting Targets’**, action is ongoing or completed annually; action is in progress and is on target to be complete by the target end date;
- **‘Not Meeting Targets’**, LOS target is not achieved or expected to be significantly delayed;
- **‘Risk of Not Meeting Targets’** LOS metric has been flagged as possibility of not being achieved by the target end date;
- **‘Not Assessed’ / ‘Not in Scope’** has been added for those instances where the service area was unable to provide an update during this reporting period or the customer value has no metric for the specific services.

The listings in Tables 3 and 4 are still considered preliminary – at this time not every service has metrics related to each customer value, or there is insufficient data available to perform a comprehensive update. These metrics will be expanded upon in future years with the intent to refine and report in the next CAM Plan full update in 2023. A high-level overview is provided below for “Customer Values” that are not meeting targets or are at risk of not meeting targets.

Table 3 – Level of Service Targets Summary Results

Targets Assessment	Customer Service	Cost Efficient	Accessible	Legislative/ Safety	Reliability/ Availability	Quality	Environmental Stewardship/ Sustainability	Total
Meeting Targets	9 (90.0%)	13 (86.6%)	4 (66.6%)	8 (88.9%)	9 (75.0%)	6 (60.0%)	9 (75.0%)	58 (78.4%)
Risk of Not Meeting Targets	0 (0%)	1 (6.7%)	1 (16.7%)	1 (11.1%)	0 (0%)	1 (10.0%)	0 (0%)	4 (5.4%)
Not Meeting Targets	1 (10.0%)	1 (6.7%)	0 (0%)	0 (0%)	1 (8.3%)	0 (0%)	0 (0%)	3 (4.0%)
Not Assessed	0 (0%)	0 (0%)	1 (16.7%)	0 (0%)	2 (16.7%)	3 (30.0%)	3 (25.0%)	9 (12.2%)
Total	10 (100%)	15 (100%)	6 (100%)	9 (100%)	12 (100%)	10 (100%)	12 (100%)	74 (100%)

Not Meeting Targets Assessment

Transportation Reliability/Availability metric is not meeting targets as a large percentage of freeways, secondary collectors, and local road segments are not meeting desired condition targets and showing signs of further deterioration.

Urban Forestry is not meeting cost efficient target as the Woodlands current reinvestment rate has decreased. It suggests the Woodlands infrastructure gap will increase at current levels of funding.

Corporate Security & Emergency Management is not meeting target for Customer Service as the number of days spent training or educating decreased in 2019 – approximately 40 days compared to a typical 46 to 49 days per year.

Risk of Not Meeting Targets Assessment

Transportation accessible customer values are at risk of not meeting target due to the large number of existing streets without sidewalks in contrast to London Plan policies requiring sidewalks on all streets and requests received from the public. Progress on cycling facility implementation identified in the Cycling Master Plan is also desired to be quicker.

Transportation cost efficient customer values are at risk of not meeting targets because roadway and structures annual average investment rates has been static and there is no trend towards the target. Given there is a funding gap with roadways and structures, it suggests the roadways and structures gap will not be materially decreased at current levels of funding.

Urban Forestry is at risk not meeting legislative/safety category targets because the biologically optimal frequency for tree trimming or planned urban forest maintenance target is five years, while the current cycle is at 10 years.

Corporate Facilities Quality category metrics related to condition are showing deterioration and there is a risk of not meeting the target in the future.

Table 4 – 2020 Level of Service Targets

Service	Customer Service/ Public Education	Cost Efficient	Accessible	Legislative/Safety	Reliability/ Availability	Quality	Environmental Stewardship/ Sustainability
Water	Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets
Sanitary	Meeting Targets	Meeting Targets	Not Assessed	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets
Stormwater	Meeting Targets	Meeting Targets	Not Assessed	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets
Transportation	Meeting Targets	Risk of Not Meeting Targets	Risk of Not Meeting Targets	Not Assessed	Not Meeting Targets	Not Assessed	Meeting Targets
Parking	Not Assessed	Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets	Meeting Targets	Not Assessed
Solid Waste	Not Assessed	Meeting Targets	Not Assessed	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets
Parks	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets
Recreation	Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets	Not Assessed	Not Assessed	Not Assessed
Urban Forestry	Meeting Targets	Not Meeting Targets	Meeting Targets	Risk of Not Meeting Targets	Not Assessed	Meeting Targets	Meeting Targets
Fire	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets
Long Term Care	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets	Not Assessed
Corporate & Cultural Facilities	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets	Not Assessed	Risk of Not Meeting Targets	Not Assessed
Fleet	Not Assessed	Meeting Targets	Not Assessed	Meeting Targets	Meeting Targets	Meeting Targets	Meeting Targets
IT	Meeting Targets	Meeting Targets	Not Assessed	Not Assessed	Meeting Targets	Not Assessed	Not Assessed
Corporate Security & Emergency Management	Not Meeting Targets	Meeting Targets	Not Assessed	Meeting Targets	Not Assessed	Not Assessed	Not Assessed

Legend
Meeting Targets
Risk of Not Meeting Targets
Not Meeting Targets
Not Assessed
Not in Scope/ TBD

REVIEW OF *Corporate Asset Management Plan 2019* RECOMMENDATIONS

The Corporate Asset Management Plan 2019 contained seven recommendations resolved by Council in order to strongly support the development of standardized asset management practices in the City of London. The progress and status of these recommendations are described below.

Recommendation 1: Continue to align the Plan with the Corporate Strategic Plan.

- Council's 2019-2023 Strategic Plan for the City of London identifies 'Building a Sustainable City' and 'Leading in Public Service' as strategic areas of focus which are pertinent to Asset Management. These areas include 'Maintain or increase levels of service', 'Manage the infrastructure gap for all assets', and 'Increase access to information to support community decision making' as strategic priorities. Respectively these strategies are ensuring the decisions for City's finances are transparent and well planned to keep costs as low as possible with the intention to limit the burden on current and future rate payers. This 2020 Corporate Asset Management Plan review continues to align with the Corporate Strategic Plan.

Recommendation 2: Continue to advance the Corporate Asset Management Program.

- The Corporate Asset Management program has completed four of its seven units and continues to develop templates and procedures to fully implement the CAM program for all service areas.
- COVID-19 has delayed some of the CAM program implementation timelines due to maintaining minimal operations and delivering essential services across the City. This requirement delayed some tasks and moved all meeting and workshops to online platforms, including:
 - Delaying the Go Live date of the Corporate Asset Management software (Assetic, recently acquired by DudeSolutions) for Transportation Assets.
 - Delaying the implementation of the Risk module of Unit 6 "pilot trials" to start in fall 2020.

Recommendation 3: Enhance the Corporate Asset Management Program.

- CAM Program enhancement continues to form the basis of the approach while exercising flexibility to achieve effective results.
- CAM Section is working with City services to ensure asset databases are comprehensive and identify where improvements can occur.
- Introduction of the CAM Plan Report Card for core services and services that have a large infrastructure gap.
- Embarking on updating various level of service metric using predefined customer values which will ensure compliance with Phase 3 of O.Reg. 588/17.

Recommendation 4: Monitor the Progress of the Corporate Asset Management Plan.

- The 2020 CAM Plan Review assists in monitoring the CAM Plan progress.
- Since the CAM Plan, the City has progressed with its financial strategies, although COVID-19 has impeded the expected advancements.

Recommendation 5: Explore opportunities to incorporate the corporate asset management practices to the Boards & Agencies of the City as appropriate.

- In winter 2020, CAM Section had interviewed several agencies, boards, and commissions, with the expectation to finalize results in spring 2020. However, COVID-19 has curtailed the scope of this work with the priority shifting to crisis management. A maturity assessment workshop has been completed with

London Public Library, London Middlesex Community Housing (LMCH) and Covent Garden Market. The results of entities interviewed may have to be extrapolated for recommendations on methods to best incorporate Boards, Agencies, and Commissions (as appropriate) into the CAM Program.

- CAM Section has been working closely with London Middlesex Community Housing (LMCH) to develop their Asset Management Plan, providing various tools, templates, and regular advice to help transfer Asset Management best practices and expertise to their staff. LMCH Asset Management Plan will be available in the fall of 2020.

Recommendation 6: Engage the Public and Community Partners in the Asset Management Process.

- CAM Section has begun the process of working with stakeholders from internal agencies, boards, and commissions to expand the coordination of asset management across the City.
- CAM Section is also working with Asset Management Ontario and other municipalities to produce approximately eight Asset Management videos addressing various topics to help educate the public and raise awareness on Asset Management processes, noting that funding is from Federation of Canadian Municipalities (FCM).

Recommendation 7: Continue to explore opportunities to address the infrastructure gap through various financial strategies.

- With Council's support, the City has made significant strides towards increasing the amount of funding available for lifecycle renewal since 2016, when the Capital Infrastructure Gap Reserve Fund was first established. In 2019, CAM Section submitted an additional investment business case during the Multi-Year Budget (Business Case #4 - City of London Infrastructure Gap). While the amount received did not match the recommended 0.33% incremental tax increase, the amount resulted in approximately 0.16% tax increase.
- The Capital Infrastructure Gap Reserve Fund is anticipated to receive \$51.1 million in tax supported contributions during the 2020-2023 period. This reserve fund is a significant source of financing for numerous lifecycle renewal capital projects over the course of the City's 10 year capital plan. As illustrated in Figure 2, when comparing the 2019 CAM Plan projected infrastructure gap to the 2020 updated gap, it indicates the infrastructure gap would have been approximately \$25.2 million greater if not for the Multi-Year budgets approved during winter 2020.
- CAM submitted a 2020 assessment growth business case (2020 Assessment Growth Business Case #24) to ensure adequate on-going lifecycle renewal activities for increased tax-supported infrastructure. Annual assessment growth funding allocations for new infrastructure are based on recommended annual reinvestment rates for applicable infrastructure, as listed in the 2019 CAM Plan.

CONCLUSION

The City of London's Corporate Asset Management Plan continues to meet provincial and federal needs while enabling the City to move towards best practices in asset management, with two out of three phases for O.Reg. 588/17 met for directly owned assets. It is important that progress continues to be made and flexibility exercised as the City progresses towards implementing CAM practices to agencies, boards, and commissions, while using effective standardized asset management practices applying 'state of the art' technologies. This will result in Council having enhanced information on which to base strong and effective decisions.

Acknowledgements

This report was prepared with the help of Nathan de Witt, Ahmed Eweda, and Tricia Badal.

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Attached Appendix (A) Service Area Report Cards

CC:

Senior leadership Team

Doug MacRae - Director, Roads and Transportation

Scott Mathers - Director, Water and Wastewater

Tim Wellhauser - Division Manager, Facilities

Andrew Macpherson - Division Manager, Parks Planning & Operations

Lynn Loubert - Division Manager, Aquatics & Arenas








Scott Preece - Manager, Recreations Operations (Arenas), Aquatics & Arenas

Kyle Murray - Director, Financial Planning & Business Support

Paul D'Hollander, Manager IV Neighbourhood Operations

Appendix (A) Service Area Report Cards

- Transportation (Roadways, Structures, and Traffic);
- Wastewater (Sanitary);
- Wastewater (Stormwater);
- Water;
- Recreation;
- Parks;
- Corporate Facilities

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Roadways 	\$2,053,170	 Good	\$285,513	1.4%	2.0% to 3.0%**
Structures 	\$451,631	 Good	\$21,581	1.5%	1.0% to 1.7%**
Traffic 	\$256,684	 Poor	\$19,568	3.1%	3.5% to 4.5%
Transportation	\$2,761,485	 Good	\$326,662*	1.6%	1.8% to 2.7%

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

** Canadian Report Card Recommended Annual Reinvestment Rate.

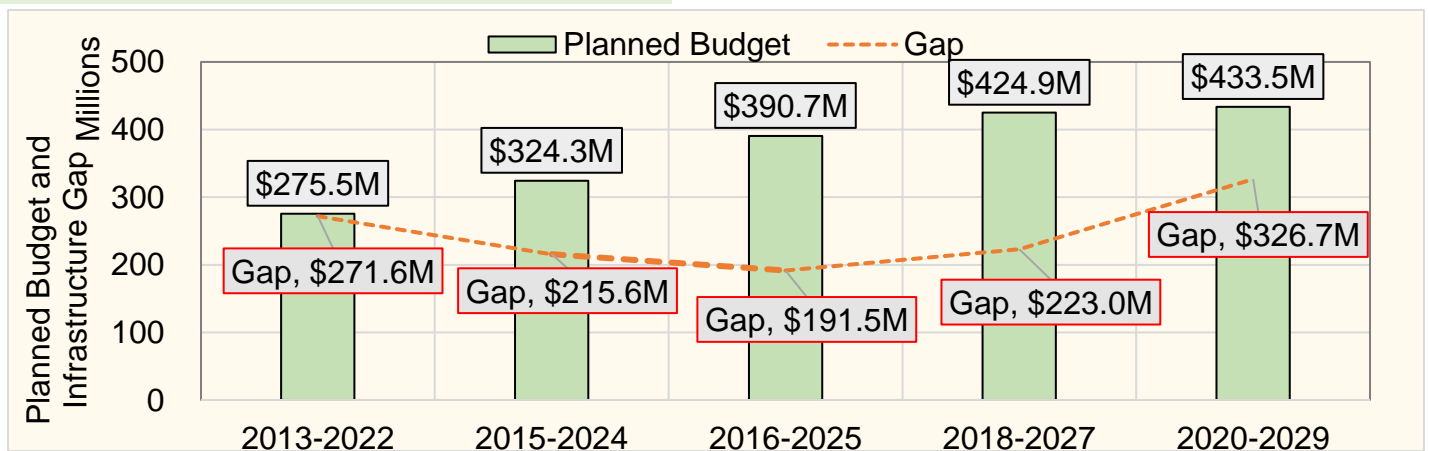
State of Infrastructure overview

The updated replacement value of the City's transportation assets is \$2.76 Billion. The Replacement values of roadways and structures assets have been updated based on the latest consultant reports (Roadmatrix & Bridge Management System) using 2019 data. Traffic assets inventory is updated and replacement values are calculated using the 2019 CAM Plan unit costs.

Transportation assets condition is overall good. Condition information has been updated for roads, structures, sidewalks, traffic signals and street light assets.

Infrastructure Gap Overview

Transportation's 10 year infrastructure gap is estimated at approximately \$327M. The table above provide information on the updated Transportation infrastructure funding gap, with detail for Roadways, Structures, and Traffic. A \$230M in growth-focused provincial funding was recently approved on June, 2020. Although the majority of the funding is growth-focused, it may help reduce the infrastructure gap. However, analyzing the impact of this additional funding will be performed in the future years. Rapid Transit is not part of the budget and analysis



Infrastructure Gap Comparison (Transportation Services)

2020 Corporate Asset Management Plan Update

Transportation Services

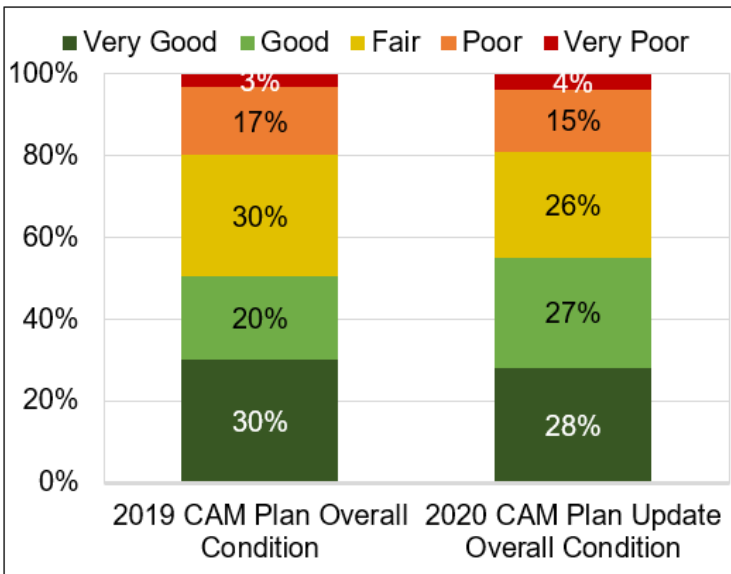


London
CANADA

Report Card

Asset Type	Planned Budget (000's)			Projected 10-year infrastructure gap (000's)		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Roadways	\$287,649	\$296,106	\$(8,457)	\$285,513	\$159,627	\$125,886	
Structures	\$65,941	\$54,111	\$11,830	\$21,581	\$38,488	\$(16,907)	
Traffic	\$79,891	\$74,716	\$5,175	\$19,568	\$24,934	\$(5,366)	
Transportation	\$433,481	\$424,933	\$8,548	\$326,662	\$223,049	\$103,613	

The figure and table above illustrate the infrastructure gap increasing since the 2019 CAM Plan which covered the 10 year period of 2018-2027. The 2020 update indicates that the Transportation infrastructure gap has increased to approximately \$327M. The \$104M increase from the 2019 CAM Plan resulted mainly from Roadway assets. Roadway budgets has decreased around \$8.5M over the 10 year period resulting from the completion of one time project, and requirements have increased by \$136M. Structures gap has decreased by nearly \$17M as the budget has increased by nearly \$12M while requirements have decreased by nearly \$6M. Traffic gap has decreased by approximately \$5M as budgeting has increased.








2019 CAM Plan vs. 2020 CAM Plan Update Condition

The 2020 CAM Plan update lists the overall condition of the Transportation assets in Good condition. Compared to the CAM Plan 2019, there is no big change in the overall condition; however condition distribution shows more assets in Very Poor condition as seen in the figure. Asset replacement values and the 10 year requirements have increased because of the rise in construction and restoration costs of infrastructure. The infrastructure gap is expected to increase in the next 10 years, causing an anticipated deterioration in the overall condition of Transportation Assets. More budget is required in order to maintain the current level of service.

Customer Value	Level of Service Overall Assessment
Accessible	Risk of Not Meeting Targets
Cost Efficient	Risk of Not Meeting Targets
Environmental Stewardship	Meeting Targets
Reliable	Not Meeting Targets
Customer Service	Meeting Targets

Preliminary Level of Service Update

Accessible is at risk of not meeting target due to the large number of existing streets without sidewalks in contrast to London Plan policies requiring sidewalks on all streets and requests received from the public. Cycling facility implementation progress, identified in the Cycling Master Plan, is also desired to be quicker. Cost Efficient: Combined annual average investment rate of Roadways and Structures has been static with no trend towards the target. Reliable: Many metrics related to condition of assets are showing deterioration and not meeting targets.

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Collection 	\$4,120,570	 Good	No Gap Identified	0.6%	2.0% to 3.0%**
Treatment 	\$1,024,550	 Fair	\$80,642*	0.4%	1.8% to 2.0%**
Wastewater Sanitary	\$5,145,120	 Good	\$18,660	0.5%	1.0% to 1.4%**

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

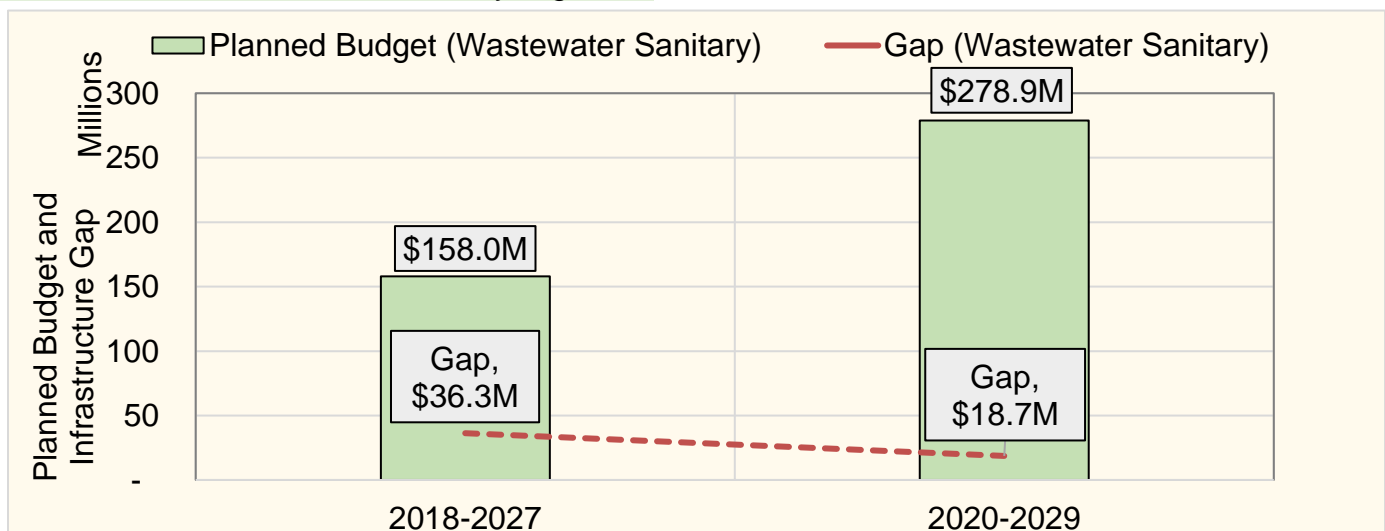
** Canadian Report Card Recommended Annual Reinvestment Rate.

State of Infrastructure overview

The updated replacement value of the City's Wastewater Sanitary assets is \$5.15 Billion. Replacement Values and Condition information are updated for the 'Collection' asset type (sanitary sewer pipes). Sewer pipes represent the bulk of the value of the sanitary asset base and are rated in Good condition based on information collected from the City's sewer inspection program. Wastewater Treatment Plants and Pump Stations condition were not updated since the 2019 CAM Plan and remains in Fair to poor conditions. The overall condition of Wastewater Sanitary is good.

Infrastructure Gap Overview

Overall Wastewater Sanitary 10 year infrastructure gap is calculated at approximately \$18.6M. A further breakdown of this gap shows that the Sanitary Collection gap is calculated at \$nil while Wastewater Treatment gap still exists at approximately \$80 million. This Wastewater Treatment gap is expected to be reduced by drawing down from existing reserve funds and transferring excess funding from the Sanitary Collection network budgets.



Infrastructure Gap Comparison (Wastewater – Sanitary Service)

2020 Corporate Asset Management Plan Update

Wastewater - Sanitary Service

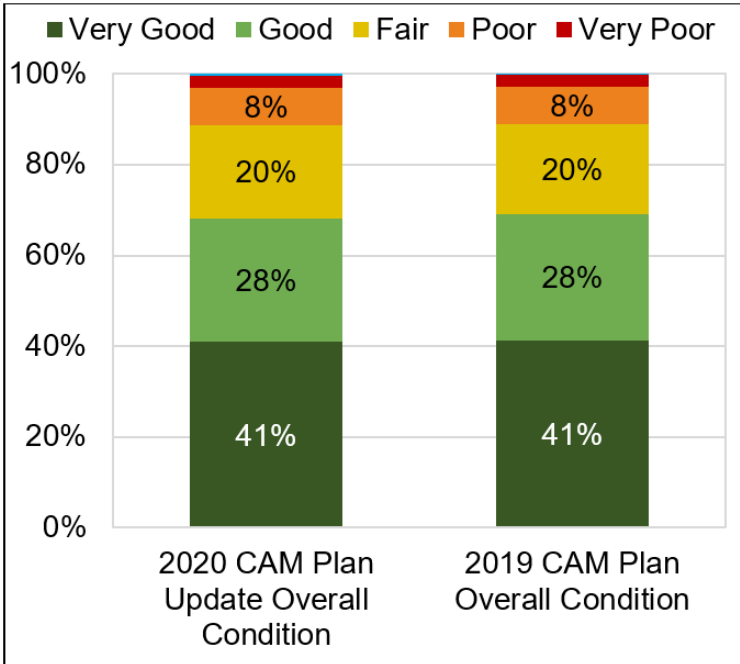


London
CANADA

Report Card

Asset Type	Planned Budget (000's)			Projected 10-year infrastructure gap (000's)		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Collection	\$240,441	\$128,053	\$112,388	-	-	-	
Treatment	\$38,472	\$29,907	\$8,565	\$80,642	\$82,931	\$(2,289)	
Wastewater Sanitary	\$278,913	\$157,960	\$120,953	\$18,660	\$36,280	\$(17,620)	

The figure and table above illustrate the change in infrastructure gap projection since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update, indicates that the Wastewater Sanitary gap is forecasted to decrease to 18.6 million, which is driven by the increase in planned investments (budget) for Wastewater infrastructure.








2019 CAM Plan vs. 2020 CAM Plan Update Condition

According to the 2020 CAM Plan update, the overall condition profile is generally 'Good' condition. Compared to the CAM Plan 2019, the condition has generally stayed the same. Given the extensive Wastewater Sanitary collection network, it is difficult to materially change the condition profile within a year or two. The overall Wastewater Sanitary infrastructure gap is reduced to \$18.6 million over the next 10 years. Continued and increased investment in Wastewater Sanitary infrastructure is needed in order maintain accepted levels of service and to ensure public safety.

Customer Value	Level of Service Overall Assessment
Cost Efficient	Meeting Targets
Environmental Stewardship	Meeting Targets
Reliable	Meeting Targets
Customer Service	Meeting Targets

Preliminary Level of Service Update

The current performance of the updated Level of service metrics have shown that they meet targets.

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Conveyance 	\$4,059,601	 Good	No Gap Identified*	0.4%	1.0% to 1.3%**
Management 	\$571,817	 Very Good	\$8,158*	1.3%	1.7 to 2.0%**
Wastewater Stormwater	\$4,631,418	 Good	No Gap Identified*	0.5%	1.0% to 1.4%**

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

** Canadian Report Card Recommended Annual Reinvestment Rate.

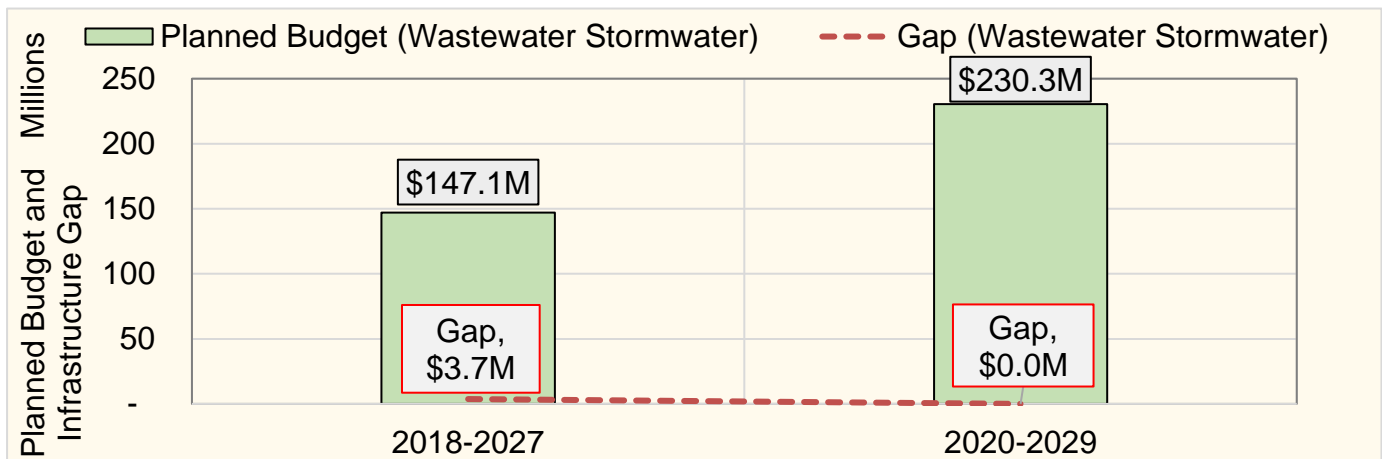
State of Infrastructure overview

The updated replacement value of the City's Stormwater assets is \$4.63 Billion. Replacement value has been updated for Conveyance (storm sewer main). The majority of Stormwater Management assets has been updated for condition and replacement value except dykes, municipal drains and waterways.

Stormwater continue progress with improving their data quality by updating Management assets in the City GIS database.

Infrastructure Gap Overview






As a result of budget approved during the 2020-2023 multiyear budget process, Stormwater overall gap is eliminated. A further breakdown of this gap shows that the Stormwater Conveyance gap has been eliminated while there is an increase in the projected Stormwater management assets gap to approximately \$8 million. This Stormwater management gap is expected to be mitigated by drawing down from existing reserve funds and transferring excess funding from the conveyance network budgets. While Current reinvestment rate is still below the recommended optimal reinvestment targets, the overall planned budget has increased which is considered a positive sign.



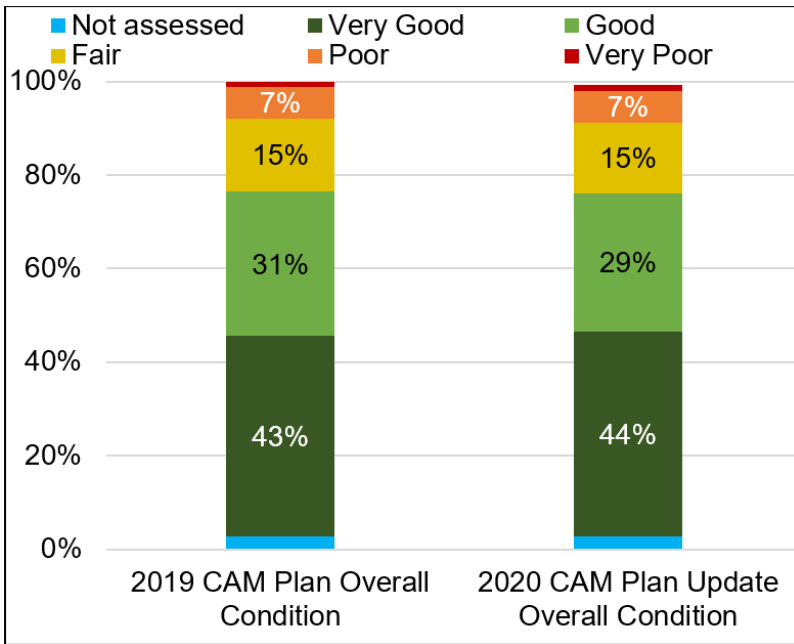
Infrastructure Gap Comparison (Wastewater – Stormwater Service)

2020 Corporate Asset Management Plan Update

Wastewater - Stormwater Service

Asset Type	Planned Budget (000's)		Change (000's)	Projected 10-year infrastructure gap (000's)		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Conveyance 	\$158,259	\$90,252	\$68,007	-	\$592	\$(592)	
Management 	\$72,080	\$56,892	\$15,188	\$8,158	\$3,160	\$4,998	
Wastewater Stormwater	\$230,339	\$147,144	\$83,195	-	\$3,752	\$(3,752)	

The figure and table above illustrate the change in infrastructure gap projection since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update indicates that the Stormwater infrastructure gap is forecasted to be eliminated, which is driven by the increase in planned investments (budget) for Stormwater infrastructure.










2019 CAM Plan vs. 2020 CAM Plan Update Condition

According to the 2020 CAM Plan update, the overall condition profile is generally 'Good' condition. Compared to the CAM Plan 2019, the condition has generally stayed the same. Given the extensive stormwater main network, it is difficult to materially change the condition profile within a year or two. The overall Stormwater infrastructure gap is expected to be eliminated in the next 10 years.

Customer Value	Level of Service Overall
Cost Efficient	Meeting Targets
Environmental Stewardship	Meeting Targets
Reliable	Meeting Targets
Customer Service	Meeting Targets

Preliminary Level of Service Update

The current performance of the updated Level of service metrics have shown that they meet targets.

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Linear 	\$6,061,426	 Good	No Gap Identified	0.5%	1.0% to 1.5%*
Water Meters 	\$35,466	 Good	No Gap Identified	5.7%	5.0%
Water Facilities 	\$167,094	 Good	No Gap Identified	3.1%	1.7% to 2.5%*
Water Assets	\$6,263,986	 Good	No Gap Identified	0.6%	1.0% to 1.5%*

* Canadian Report Card Recommended Annual Reinvestment Rate.

State of Infrastructure overview

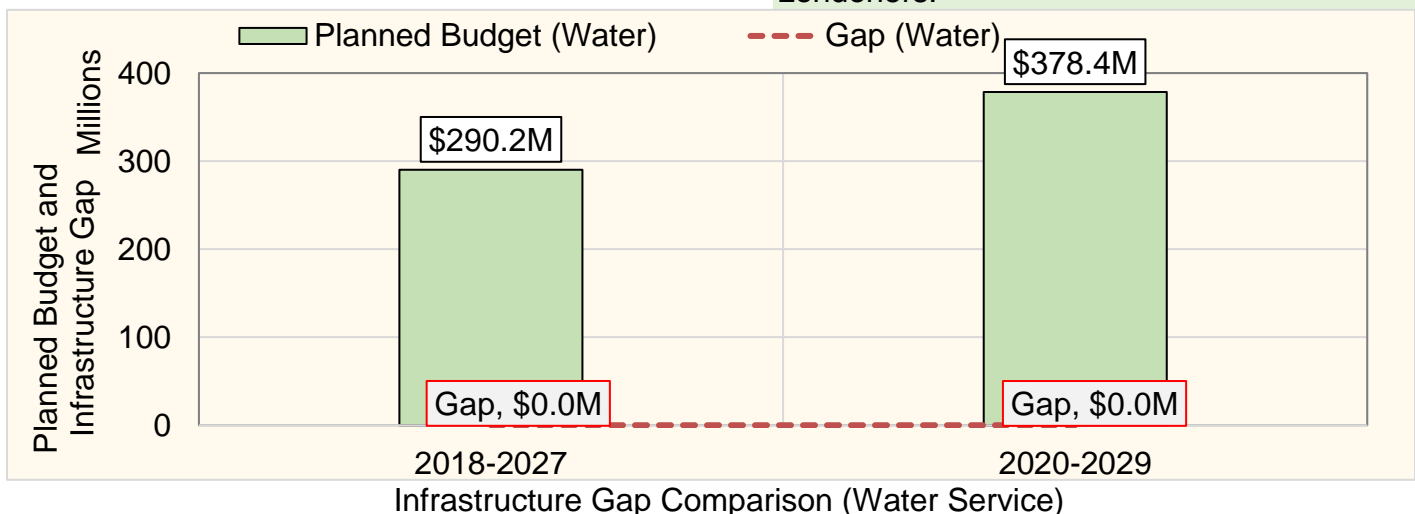
The water infrastructure is grouped into Water Linear (pipes and appurtenances), Water meters and Water Facilities (pumping stations, bulkwater stations, storage reservoirs, and wells). The updated replacement value of the City's water assets is \$6.26 Billion. This replacement value has been updated for water meters and linear infrastructure.

Water linear condition is based on 2019 CAM Plan information, water meter condition value has been updated, but there is no new condition reports for Water facilities. The overall water assets condition is "Good".

Infrastructure Gap Overview

There is no identified 10 year infrastructure gap for the Water assets. The table above provides information on updated Water infrastructure funding, the current and optimum reinvestment rates, with detail for linear, water meters, and water facilities assets.

Current reinvestment rates have increased but they are still below targeted optimal reinvestment rates recommended by the Canadian Infrastructure Report Card for water infrastructure. However water System is in relatively good shape which allows it to continue providing a plentiful, high quality, and reliable water supply to Londoners.



2020 Corporate Asset Management Plan Update

Water Service

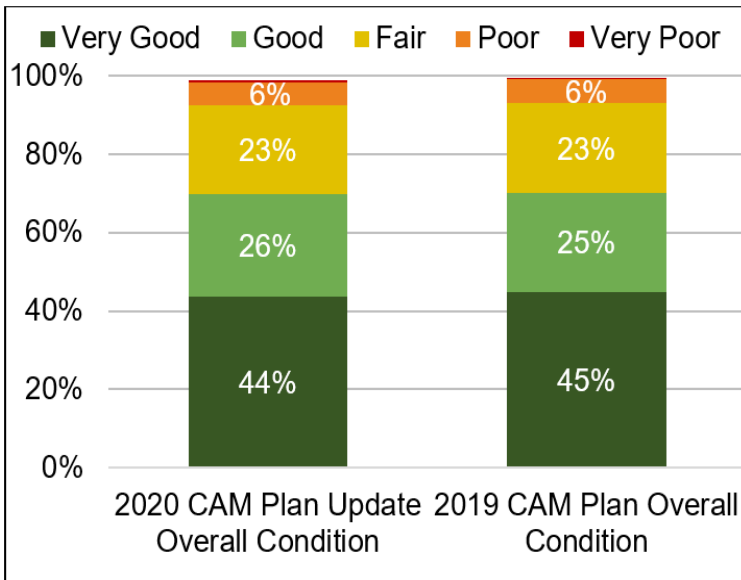


London
CANADA

Report Card

Asset Type	Planned Budget (000's)			Projected 10-year infrastructure gap (000's)		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Linear	\$305,675	\$254,273	\$51,402	-	-	-	
Water Meters	\$20,290	\$15,600	\$4,690	-	-	-	
Water Facilities	\$52,438	\$20,278	\$32,160	-	-	-	
Water Assets	\$378,403	\$290,151	\$88,252	-	-	-	

The City is addressing its water infrastructure needs by continuing proactive management techniques like targeted renewal, regular inspection, condition assessment and the use of trenchless technologies. Further use of these technologies will help manage the water network over the long term. Water projected 10 year budget has increased during the 2020-2023 multiyear budget process compared to the projections included in the latest 2019 CAM Plan.



2019 CAM Plan vs. 2020 CAM Plan Update Condition

Water assets are overall in Good condition, indicating that they meet current needs, but are aging. The condition profile is virtually the same between 2019 CAM Plan and 2020 CAM Plan update. Given the extensive water network and the long life spans of the pipes, it is difficult to materially change the condition profile within a year or two. Over the past decades, there has been consistent investment in renewing water infrastructure and expanding our system in a sustainable way.








Customer Value	Level of Service Overall Assessment
Cost Efficient	Meeting Targets
Environmental Stewardship	Meeting Targets
Reliable	Meeting Targets
Safety	Meeting Targets
Quality	Meeting Targets
Customer Service	Meeting Targets

Preliminary Level of Service Update

The current performance of the updated Level of service metrics have shown that they meet targets.

2020 Corporate Asset Management Plan Update

Recreation Services

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Recreation Assets 	\$331,319	 Poor	\$114,136	1.2%	1.7% to 2.5%**
Golf Assets 	\$20,324	 Poor	\$5,769	0.7%	1.7 to 2.5%**
Senior Centres 	\$11,069	 Poor	\$4,108	1.6%	1.7% to 2.5%**
Overall Recreation	\$362,712	 Poor	\$124,013*	1.2%	1.7% to 2.5%**

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

** Canadian Report Card Recommended Annual Reinvestment Rate.

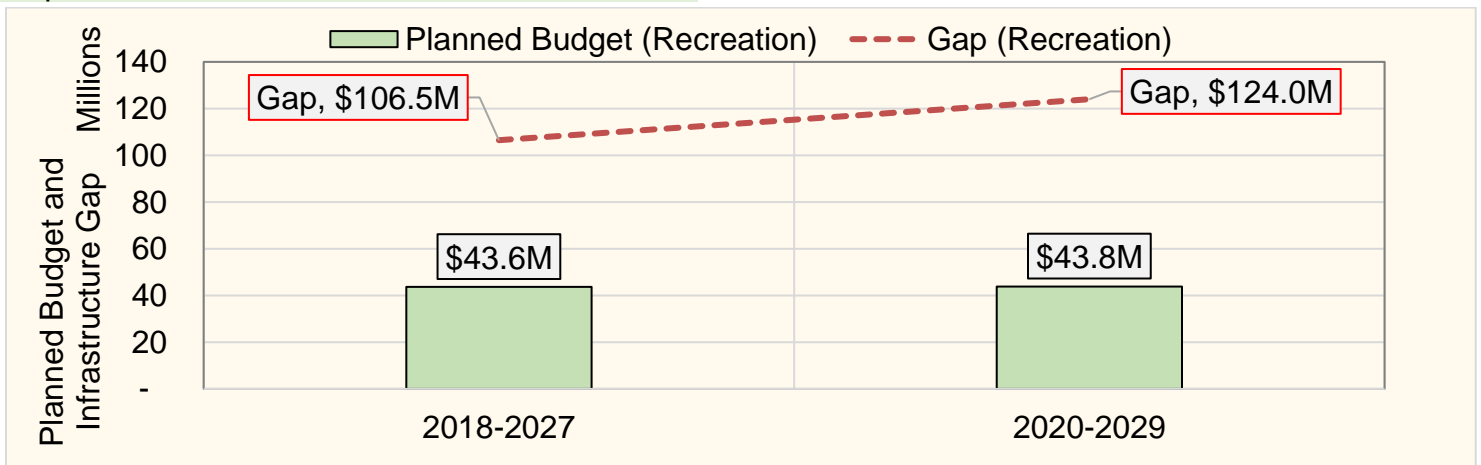
State of Infrastructure overview

The updated replacement value of the City's Recreation Facilities assets is \$363 Million. Replacement values and Condition information have been updated for all asset types including arenas, aquatic centers, community centers, golf, attractions, and senior centers and all facilities site work condition and replacement value. The condition is regularly evaluated through comprehensive condition assessments, which establish and update an industry-standard Facility Condition Index (FCI) that reflects the overall condition of the facilities and their sub-components. Recreation overall condition is 'Poor'.

Infrastructure Gap Overview

Recreation Facilities 10 year infrastructure calculated at approximately \$124 million. Despite the planned capital budget has increased, requirements for arenas and community centres account for the majority of the infrastructure gap increase. The current reinvestment rate are still below the recommended optimal reinvestment rates.

This forecast represent the costs to renew and maintain the serviceability of existing assets, and do not account for growth and the expansion of service to new areas.



Infrastructure Gap Comparison (Recreation Service)

2020 Corporate Asset Management Plan Update

Recreation Service

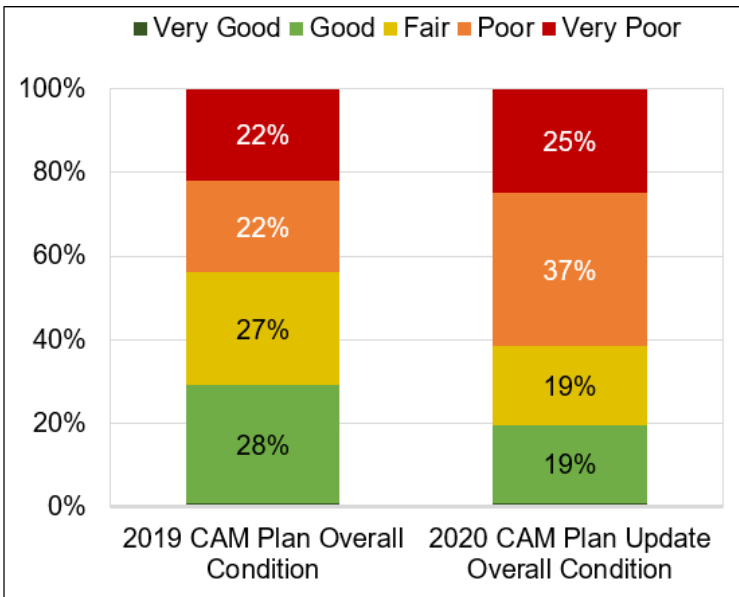


London
CANADA

Report Card

Asset Type	Planned Budget (000's)		Change (000's)	Projected 10-year infrastructure gap (000's)		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Recreation Assets	\$40,558	\$39,983	\$575	\$114,136	\$97,776	\$16,360	
Golf Assets	\$1,500	\$2,000	\$(500)	\$5,769	\$6,148	\$(379)	
Senior Centres	\$1,780	\$1,630	\$150	\$4,108	\$2,555	\$1,553	
Overall Recreation	\$43,838	\$43,613	\$225	\$124,013	\$106,479	\$17,534	

The figure and table above illustrate the infrastructure gap increasing since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update indicates that the Transportation infrastructure gap has increased to approximately \$327M. The figure and table above illustrate the change in infrastructure gap since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update indicates that the Recreation Facilities infrastructure gap has increased to approximately \$124 million with an increase of \$17.5 million more than the projected gap in the 2019 CAM Plan.



2019 CAM Plan vs. 2020 CAM Plan Update Condition









According to the 2020 CAM Plan update, the overall condition profile is revised to a generally 'Poor' condition.

Compared to the CAM Plan 2019, the condition has deteriorated from 'Fair' to 'Poor' condition, this is due to the identified infrastructure gap. Additionally, the condition distribution shows more assets in the 'Poor' and 'Very Poor' conditions. The infrastructure gap is expected to increase in the next 10 years, causing an anticipated more deterioration in the overall condition of Recreation Facilities. More Investments are required in order to maintain the current level of service.

Customer Value	Level of Service Overall Assessment
Customer Service	Meeting Targets
Cost Efficiency	Meeting Targets
Accessible	Not Assessed
Reliability/Availability	Not Assessed
Safety	Meeting Targets
Quality	Not Assessed
Environmental Stewardship	Not Assessed

Preliminary Level of Service Update

While there are many metrics that have been updated, there are also some that could not be completed given timing of the report and COVID-19 impact. The overall categories were marked as "Not Assessed" until the majority of these metrics are updated.

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Parks Linear 	\$100,678	 Good	\$14,518	1.5%	5.1%
Parks Amenity 	\$53,578	 Good	\$4,693	5.3%	6.2%
Parks Facility 	\$49,510	 Fair	\$9,986	1.7%	1.7% to 2.5%**
Other Parks Assets 	\$1,569	Not Available	\$475	1.7%	5.0%
Overall Parks	\$205,335	 Good	\$29,672*	2.5%	3.4% to 4.1%

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

** Canadian Report Card Recommended Annual Reinvestment Rate.

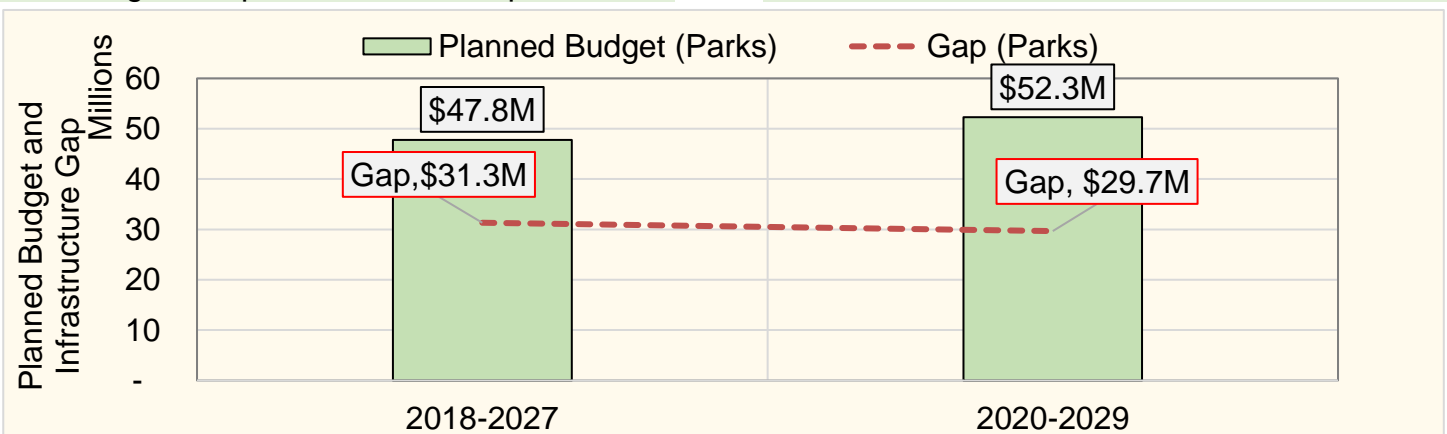
State of Infrastructure overview

The updated replacement value of the City's Parks assets is \$205 Million. Replacement values have been updated for linear, amenity, and facility asset types. Condition information has been updated for Parks Facilities and site work. Parks overall condition is 'Good'. Parks is in process of completing pathway condition assessment using drone technology. This detailed analysis will assist in refining and having more objective condition assessment of the Parks infrastructure in future asset management plan reviews and updates.

Infrastructure Gap Overview

Parks 10 year infrastructure gap is calculated at approximately \$29.7 million largely driven by the needs of the Thames Valley Parkway, multi-use pathway systems and park amenities. Current Reinvestment rates are based on latest multiyear budgets. These current reinvestment rate are still below the recommended optimal reinvestment rates.

This forecast does not account for any costs to improve service, accommodate growth or expand service to new areas or customers.



Infrastructure Gap Comparison (Parks Service)

2020 Corporate Asset Management Plan Update

Parks Service

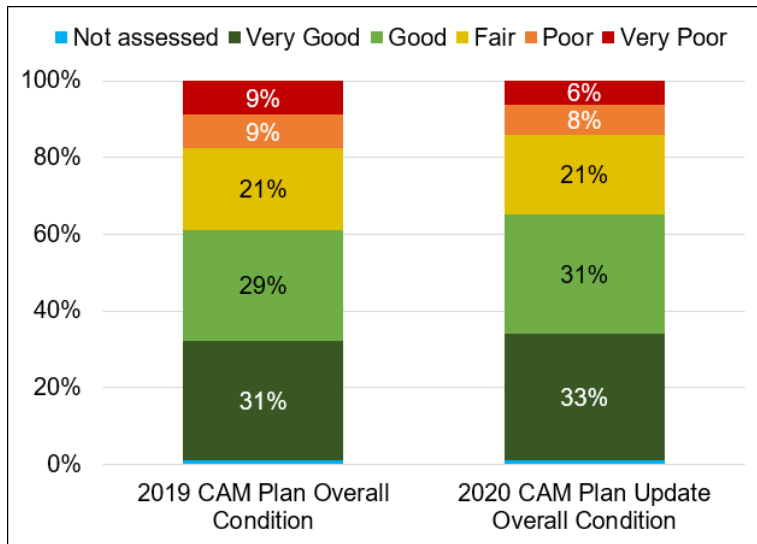


London
CANADA

Report Card

Asset Type	Planned Budget (000's)			Projected 10-year infrastructure gap (000's)			Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	
Parks Linear	\$15,220	\$6,375	\$8,845	\$14,518	\$20,821	(\$6,303)	
Parks Amenity	\$28,414	\$27,844	\$570	\$9,986	\$7,063	\$2,923	
Parks Facility	\$8,376	\$12,960	(\$4,584)	\$4,693	\$3,287	\$1,406	
Other Parks Assets	\$266	\$625	(\$359)	\$475	\$159	\$316	
Overall Parks	\$52,276	\$47,804	\$4,472	\$29,672	\$31,330	(\$1,658)	

The figure and table above illustrate the change in infrastructure gap projection since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update, indicates that the Parks infrastructure gap is forecasted to reach approximately \$29.7 million with a decrease of \$1.66 million less than the projected gap in the 2019 CAM Plan, which is driven by the increase in planned investments (budget) for parks infrastructure.



2019 CAM Plan vs. 2020 CAM Plan Update Condition

According to the 2020 CAM Plan update, the overall condition profile is revised to a generally 'Good' condition. Compared to the CAM Plan 2019, the condition has generally stayed the same, with a greater percentage of assets in fair to very good condition. The infrastructure gap is expected to decrease in the next 10 years, but is still nearing \$30 million. Continued and increased investment in park infrastructure is needed in order maintain accepted levels of service and to ensure public safety and accessibility.

Customer Value	Level of Service Overall Assessment
Customer Service	Meeting Targets
Cost Efficiency	Meeting Targets
Accessible	Meeting Targets
Safety	Meeting Targets
Quality	Not Assessed
Reliable	Meeting Targets
Environmental Stewardship	Meeting Targets

Preliminary Level of Service Update

Quality: The condition assessment (Quality Rating System) for parks amenities and pathway could not be completed given timing of the report and COVID-19 impact. Other Customer Values have metrics result meeting targets.

2020 Corporate Asset Management Plan Update



Corporate Facilities Service

• Stores Shipping and Receiving
• Small Engine Shop

Report Card



London
CANADA

Asset Type	Replacement Value (000's)	Current Condition	10 Year Infrastructure Gap (000's)	Current Reinvestment Rate	Optimal Reinvestment Rate
Corporate Facilities 	\$257,239	 Fair	\$30,737*	5.2%	1.7% to 2.5%**

* This projected infrastructure gap is reduced by the forecasted reserve fund drawdown availability over the next decade.

** Canadian Report Card Recommended Annual Reinvestment Rate.

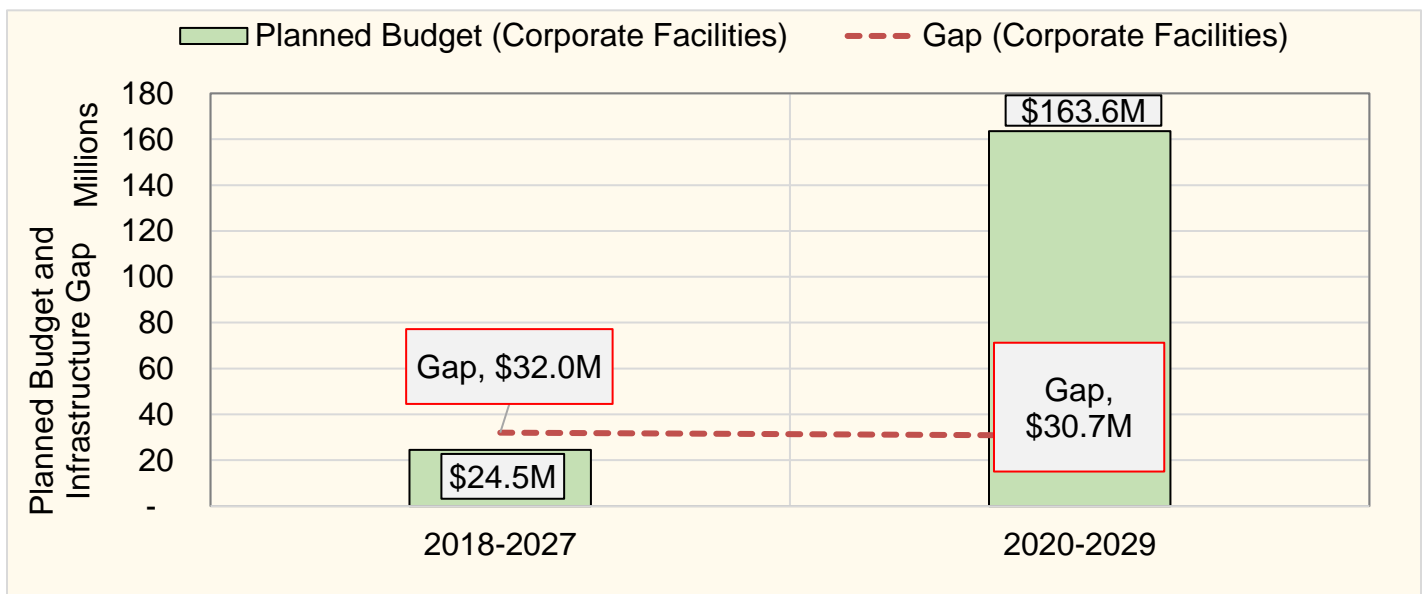
State of Infrastructure overview

The updated replacement value of the City's Corporate Facilities assets is \$257M. Replacement value has been updated for Corporate Facilities and site work as well as condition values. The assets replacement values have increased due to the rise in construction and restoration costs of infrastructure.

Corporate Facilities overall condition is 'Fair'. Condition information has been updated for office, administrative, storage and operation centers. The condition is regularly evaluated through comprehensive condition assessments, which establish and update an industry-standard Facility Condition Index (FCI) that reflects the overall condition of the facilities and their sub-components.

Infrastructure Gap Overview

Corporate Facilities 10 year infrastructure gap is calculated at approximately \$30.7M. During 2020-2023 Multiyear Budget Council approved service improvement budget of the City's Master Accommodation Plan (\$138.5M over 10 years), this funding will address City Hall requirements. Although this budget is substantial, it is directed to City Hall only and thus infrastructure gaps for other Corporate Facilities still exist. Overall, the gap is approximately \$1M less than the 2019 CAM Plan.



Infrastructure Gap Comparison (Corporate Facilities Service)

2020 Corporate Asset Management Plan Update



Corporate Facilities Service

• Stores, Shipping and Receiving
• Small Engine Shop

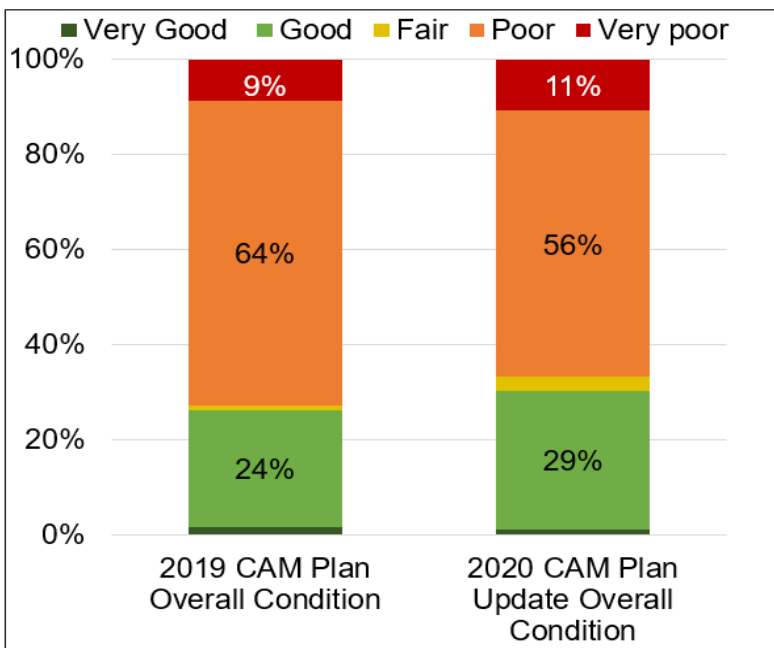
Report Card



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CANADA

Asset Type	Planned Budget (000's)			Projected 10-year infrastructure gap		Change (000's)	Gap Assessment
	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)	Change (000's)	2020 CAM Plan Update (2020-2029)	2019 CAM Plan (2018-2027)		
Corporate Facilities 	\$163,558	\$24,530	\$139,028	\$30,737	\$32,036	\$1,299	

The figure and table above illustrate the change in infrastructure gap projection since the 2019 CAM Plan which covered the 10 year period of 2018-2027. This 2020 update covering the period of 2020-2029 indicates that the Corporate Facilities infrastructure gap has decreased by roughly \$1M to approximately \$30.7M.



2019 CAM Plan vs. 2020 CAM Plan Update Condition

According to the 2020 CAM Plan update, the overall condition of the Corporate Facilities assets is still in 'Fair' condition.

Compared to the 2019 CAM Plan, there is no big change in the overall condition; however condition distribution shows more assets in the 'Good' and 'Very Good' condition.

The infrastructure gap is expected to decrease in the next 10 years, but is still nearing \$31 million. Having infrastructure gap will cause an anticipated deterioration in the overall condition of Corporate Facilities Assets. Continued and increased investment in corporate facilities is required in order to maintain the current level of service.

Customer Value	Level of Service Overall Assessment
Cost Efficient	Meeting Targets
Environmental Stewardship	Not Assessed
Quality	Risk of Not Meeting Targets
Safety	Meeting Targets

Preliminary Level of Service Update

Environmental Stewardship: is "Not Assessed" Next year civic Administration will undergo an in depth energy modeling to normalize all the contributing factors in order to compare the 2020 values to the 2014 baseline to assess if the City has achieved the 10% reduction targets from 2014 baseline.

Quality: metrics related to condition of corporate facilities are showing condition deterioration and there is a risk of not meeting the target in the future.

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	MICHAEL GOLDRUP, DIRECTOR OF PEOPLE SERVICES
SUBJECT:	CORPORATE HUMAN RIGHTS AND CODE OF CONDUCT INQUIRIES, REQUESTS, COMPLAINTS AND RELATED TRAINING INITIATIVES JANUARY 1, 2019 – FEBRUARY 29, 2020

RECOMMENDATION

That, on the recommendation of the Director, People Services and the concurrence of the City Manager, the following Report regarding Corporate Human Rights and Code of Conduct inquiries, requests and training initiatives BE RECEIVED for information purposes.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- January 22, 2019 Corporate Human Rights and Code of Conduct Inquiries, Requests, Complaints and Related Training Initiatives 2018

All previously submitted reports on these matters.

BACKGROUND

This annual Report provides an update regarding inquiries, requests, complaints and related training initiatives over the time period January 1, 2019 up to and including February 29, 2020. Included in this Report are investigations conducted by Rubin Thomlinson as part of an interim intake and investigation process.

Effective March 1, 2020, the Respectful Workplace Policy (Anti-Harassment/Anti-Discrimination) replaced the Workplace Harassment and Discrimination Prevention Policy (WHDPP) and the Code of Conduct for Employees.

With the Respectful Workplace Policy now in place, the next annual report will provide updates regarding the Respectful Workplace Policy and the Workplace Violence Prevention Policy, covering the time period March 1, 2020 to December 31, 2020. In accordance with recommendations made by Rubin Thomlinson in its March 2019 Workplace Assessment Report, an updated report template will be used, replacing this current template. Incorporated in the updated report template will be information regarding types of complaints received and the manner in which complaints are addressed subject to applicable legislation including the *Municipal Freedom of information and Protection of Privacy Act*.

Workplace Harassment Discrimination Prevention Policy, Code of Conduct for Employees and Workplace Violence – January 1, 2019 to February 29, 2020

Civic administration continues to take the necessary steps in support of the Corporate Workplace Harassment and Discrimination Prevention Policy through the Human Rights Division and Training Division in four areas:

1. Human Rights
2. Code of Conduct
3. Workplace Violence Prevention
4. Corporate Training Initiatives

During this period, contacts with the Human Rights Division can generally be described as falling within one of three categories: inquiries/requests for advice and/or assistance, and informal and

formal complaints. Inquirers whose issues do not fall within the Policy are directed to the appropriate avenue to deal with their complaints.

- **Inquiries/Requests** generally, inquires pertain to whether workplace conduct constitutes harassment and/or discrimination under the Policy, and what procedures and training are available to address potential human rights issues. Requests for advice or assistance are received from employees and generally include requests for guidance in resolving allegations of harassment and/or discrimination, and for training on how to interact with co-workers in a non-harassing, non-discriminatory manner. Such requests may require only a brief telephone discussion with the Human Rights Division, others may require meetings with the parties involved and provision of ongoing support and guidance before an issue is completely resolved.
- **Informal Complaints** include complaints made to the Human Rights Division alleging violations that may contravene the Policy that were resolved through informal methods such as coaching and counselling or facilitated discussions between the parties.
- **Formal Complaints** include complaints made to the Human Rights Division that were resolved through formal investigations.

1. HUMAN RIGHTS

During the period of January 1, 2019 – February 29, 2020, 22 Workplace Harassment Discrimination Prevention Policy issues were initiated, including 12 issues that were reviewed by Rubin Thomlinson.

The following table summarizes the Inquiries/Requests received, and Complaints that were resolved both informally and formally during this period.

ACTIVITY	TOTAL NUMBER	STATUS
Inquiries/Requests	3 Policy based	Completed
Informal Complaints	3 Policy based	Completed
Formal Complaints	Human Rights Division: 4 Policy based	Completed
	Rubin Thomlinson: 12 Policy based	Completed

2. CODE OF CONDUCT

During the period of January 1, 2019 – February 20, 2020, 48 Code of Conduct or potential Code of Conduct issues were initiated including 12 issues reviewed by Rubin Thomlinson.

The following table summarizes the Inquiries/Requests received and Complaints that were resolved both informally and formally during this period.

ACTIVITY	TOTAL NUMBER	STATUS
Inquiries/Requests	8 Policy based	Completed
Informal Complaints	26 Policy based	Completed
Formal Complaints	Human Rights Division: 14 Policy based	Completed
	Rubin Thomlinson 12 Policy based	Completed

3. WORKPLACE VIOLENCE PREVENTION

During the period of January 1, 2019 – February 29, 2020, 2 Workplace Violence Prevention or potential Workplace Violence Prevention issues were initiated through the Human Rights Division.

The following table summarizes the Inquiries/Requests received and the Complaints that were resolved both informally and formally during this period.

ACTIVITY	TOTAL NUMBER	STATUS
Inquiries/Requests	0 Policy based	
Informal Complaints	1 Policy based	Completed
Formal Complaints	1 Policy based	Completed

4. CORPORATE TRAINING INITIATIVES

The Learning and Development team delivered the Human Rights and Respectful Workplace training initiatives outlined below.

"I Step Forward" Training

Background: The "I Step Forward" program was designed to increase understanding of the impact of family violence, sexual violence/harassment and woman abuse in our workplaces, communities and homes thereby increasing our capacities to step forward and end violence and abuse by becoming "Champions for Peace." In addition, the program details safety and accountability planning to ensure employee and public safety, introduces self-care plans to address vicarious trauma, and identifies Corporate and community resources to assist employees with issues of violence and abuse. Managers/supervisors receive additional training which introduces tools and strategies so they can better assist abused employees to enhance their safety.

During the period January 1, 2019 – February 29, 2020, "I Step Forward" training was delivered to 318 employees over 17 sessions.

Action: In collaboration with community partners, civic administration is currently updating the "I Step Forward" training program to include sections on intimate partner violence and sexual violence including sex trafficking and non-state torture.

"It Starts With Me" Training

Background: "It Starts with Me" training emphasizes the need for individuals to take personal responsibility to ensure their behaviours are in accordance with expectations of our policies and a supportive workplace. The program focuses on describing behavioural expectations under the four policies as well as defines harassment, discrimination and workplace violence. Employees discuss the impact of inappropriate behaviours on the individual, the workplace and community as well as learn how to take action when they observe or are subjected to such inappropriate behaviour.

During the period of January 1, 2019 – February 29, 2020, the program was delivered to 333 employees over 17 sessions.

Action: In collaboration with community partners, civic administration is currently updating the "It Starts with Me" training program to include information regarding intimate partner violence, sexual violence (including sex trafficking and non-state torture) and sexual harassment.

Respectful Workplace Training

As noted above, the Respectful Workplace Policy came into effect March 1, 2020. To support this new policy training was delivered to management employees at the Leadership Forum in October 2019. In March 2020, employees received training on the Respectful Workplace Policy and Code of Ethics via a video. For employees without network access, the video was viewed during team meetings.

Action: Beginning in July 2020, an in-depth Respectful Workplace training is being delivered to all managers. The training will be experiential and will incorporate the management

competencies required to promote a respectful workplace. Further, additional resources for understanding the Respectful Workplace policy and a respectful workplace will be developed such as short videos, FAQ's, etc.

Conclusion

This annual Report provides an update regarding inquiries, requests, complaints and related training initiatives over the time period January 1, 2019 up to and including February 29, 2020 for the Workplace Harassment and Discrimination Prevention Policy, Code of Conduct for Employees and the Workplace Violence Prevention Policy. Included in this Report are investigations conducted by Rubin Thomlinson as part of an interim intake and investigation process.

As outlined above, the next annual report will provide updates for the Respectful Workplace Policy and the Workplace Violence Prevention Policy. The report will cover the time period March 1, 2020 up to and including December 31, 2020, utilizing an updated format based on recommendations made by Rubin Thomlinson in its March 2019 Workplace Assessment Report.

PREPARED BY:	PREPARED BY:
SANDRA CRAWFORD INTAKE ADMINISTRATOR AND LABOUR RELATIONS SPECIALIST	CRISTIN KELLER MANAGER, LEARNING AND DEVELOPMENT
CONCURRED BY:	RECOMMENDED BY:
LYNNE LIVINGSTONE CITY MANAGER	MICHAEL GOLDRUP DIRECTOR OF PEOPLE SERVICES

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	DAVID G. MOUNTEER ASSISTANT CITY SOLICITOR
SUBJECT:	PROPERTY ACQUISITION – 595 ADELAIDE ST. N.

RECOMMENDATION

That, on the recommendation of the Assistant City Solicitor, the following action **BE TAKEN** with respect to the property at 595 Adelaide St. N.:

a) the attached proposed By-law (Appendix “A”) BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020 to appoint a Director of 1220109 Ontario Inc.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Environment and Transportation Committee - November 28, 2005 - Priority Setting Factors for Future Rail / Road Grade Separations
- Civic Works Committee - June 19, 2012 - London 2030 Transportation Master Plan
- Civic Works Committee - October 28, 2013 - Adelaide Street North / Canadian Pacific Railway Grade Separation Report
- Strategic Priorities and Policy Committee - June 23, 2014 - Approval of 2014 Development Charges By-Law and DC Background Study
- Civic Works Committee - January 5, 2016 - Environmental Assessment Appointment of Consulting Engineer
- Civic Works Committee - December 12, 2016 - Environmental Assessment Update
- Civic Works Committee - September 26, 2017 - Transport Canada Grade Crossing Regulations and Railway Funding Application
- Civic Works Committee - May 28, 2018 - Railway Rationalization
- Civic Works Committee - August 13, 2018 - Adelaide Street North / Canadian Pacific Railway Grade Separation Environmental Study Report
- Report of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to the January 6, 2020 meeting of the Corporate Services Committee regarding the property acquisition – 595 Adelaide St. N., Adelaide Street CP Rail Grade Separation Project.

BACKGROUND

PROPERTY ACQUISITION – 595 ADELAIDE ST. N.

At its meeting on held on January 14, 2020 municipal council resolved that:

on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the Division Manager, Transportation Planning and Design and the Director, Roads and Transportation, on the advice of the Manager of Realty Services, with respect to the property located at 595 Adelaide Street North, further described as Part of Lot 6, west side of Adelaide Street, being the whole of PIN 08277-019 (LT), as shown on the location map attached, for the purpose of future road improvement to accommodate the Adelaide Street CP Rail Grade Separation Project, the following actions be taken:

- a) the offer submitted by 1220109 Ontario Inc., to sell the subject property to the City, for the sum of \$1,521,000.00, subject to the additional conditions as outlined in the Agreement of Purchase and Sale Schedule “A” **BE ACCEPTED**; and,
- b) the financing for this acquisition **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix “A”.

The property at 595 Adelaide consisted of a convenience store and gas bar. Based on advice received from its business and tax professionals the owner insisted that the purchase be structured as an asset purchase whereby the City purchased the outstanding shares and all assets of the company/owner, including the land and buildings. The purchase price reflected value of the corporate assets including the repayment of shareholder advances to the business.

The transaction was completed on February 28, 2020 at which time the City became the sole shareholder of the numbered Ontario corporation (1220109 Ontario Inc.). The only remaining asset of the corporation is the land and it is intended that the land will be transferred into the name of the City. Before the corporation can transfer the property to the City, the corporate directors and officers must be appointed.

1220109 ONTARIO INC.

1220109 Ontario Inc. is an Ontario corporation, incorporated under the *Business Corporations Act*. The business affairs of the corporation are managed by a board of directors comprised of one to three directors. The directors are empowered to appoint officers. The City of London is the sole shareholder of the corporation as the owner of all the issued and outstanding shares of the corporation. It is the responsibility of the City as shareholder to appoint the directors of the corporation.

<p style="text-align: center;">DISCUSSION AND RECOMMENDATION</p>

In order for the Corporation to conduct any business including transferring title to 595 Adelaide St. to the City, the board of directors for the corporation must be appointed. Since the only activity that the corporation will be engaged in is the transfer of title, it is recommended that only one director be appointed. Since the business activity to be completed relates to real estate it is recommended that Bill Warner, Manager of Realty Services be appointed as director effective February 28, 2020. Following transfer of the Adelaide St. property the activities of the corporation will be wound up.

<p>PREPARED AND SUBMITTED BY:</p>
--

<p>DAVID G. MOUNTEER, ASSISTANT CITY SOLICITOR</p>

cc: Bill Warner, Manager of Realty Services
Sachit Tatavarti, Solicitor 1

APPENDIX "A"

Bill No.

By-law No.

A By-law to appoint a director of 1220109 Ontario Inc.

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

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS by virtue of share purchase agreement dated the 16th day of January, 2020 and completed on February 28, 2020 The Corporation of the City of London became the sole shareholder of 1220109 Ontario Inc.;

AND WHEREAS it is deemed expedient for The Corporation of the City of London to appoint a director of 1220109 Ontario Inc.;

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

1. The following individual be appointed as director of 1220109 Ontario Limited:

Bill Warner

2. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council , 2020

Ed Holder
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading –
Third reading –

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	DECLARE SURPLUS AND TRANSFER PART OF 640 ADELAIDE STREET NORTH ADELAIDE STREET NORTH / CPR GRADE SEPARATION PROJECT

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, with respect to the closed portion of road publicly described as 640 Adelaide Street, located on the east side of Adelaide Street north, more specifically shown as Blocks A, B and C, Plan 449(3RD), and Part Block C, Plan 386 (3RD) as in GD24607, and Part Block G, and Part Lots 1, 2 and 3, Plan 386(3RD) as in 711193, City of London, being Part of PIN 082790121 (LT), containing an area of approximately 178 square metres (0.043 acres), the following actions **BE TAKEN**:

- a) the subject property **BE DECLARED SURPLUS**; and
- b) the subject property **BE TRANSFERRED** to Canadian Pacific Railway (CPR).

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

- Environment and Transportation Committee – November 28, 2005 – Priority Setting Factors for Future Rail / Road Grade Separations
- Civic Works Committee – June 19, 2012 – London 2030 Transportation Master Plan
- Civic Works Committee – October 28, 2013 – Adelaide Street North / Canadian Pacific Railway Grade Separation Report
- Strategic Priorities and Policy Committee – June 23, 2014 – Approval of 2014 Development Charges By-Law and DC Background Study
- Civic Works Committee – January 5, 2016 – Environmental Assessment Appointment of Consulting Engineer
- Civic Works Committee – December 12, 2016 – Environmental Assessment Update
- Civic Works Committee – September 26, 2017 – Transport Canada Grade Crossing Regulations and Railway Funding Application
- Civic Works Committee – May 28, 2018 – Railway Rationalization
- Civic Works Committee – August 13, 2018 – Adelaide Street North / Canadian Pacific Railway Grade Separation Environmental Study Report
- Civic Works Committee – January 8, 2019 – Detailed Design & Tendering Appointment of Consulting Engineer
- Civic Works Committee – June 18, 2019 – Adelaide Street North Grade Separation Memorandum of Understanding with Canadian Pacific Railway

- The Council of The Corporation of the City of London The Approving Authority under the Expropriation Act – October 22, 2019
- The Council of The Corporation of the City of London The Approving Authority under the Expropriation Act – June 16, 2020

BACKGROUND

Project Background

The Adelaide Street North / CPR Grade Separation Project was identified in the 2014 Transportation Development Charges Background Study with a recommendation for construction in 2031. Due to the area's strategic location, the Smart Moves 2030 Transportation Master Plan (TMP) also identifies the need for traffic capacity optimization and transit priority on this corridor. The project timing was subsequently adjusted and the 2019 Development Charges Background Study indicates funding being available in 2020.

In 2018 the City as the road authority completed a Municipal Class Environmental Assessment (Class EA) for the project in order to construct a subway "road under rail" grade separation on Adelaide Street North at the Canadian Pacific Railway (CP) crossing Mileage 113.73 Galt Subdivision between Central Ave and McMahan Street to replace the existing at-grade rail crossing (the "Project"). The Project will include a new four lane underpass grade separation with elevated sidewalks, a temporary road detour and permanent utility corridor on the east side of Adelaide Street, storm and ground water management infrastructure and other features as outlined in the Environmental Study Report. The Project will benefit the City and the railway by improving safety at the crossing and eliminating conflicts between road and train traffic.

Implementation of the main grade separation works is expected to be in 2021 and 2022, with early works such as utility relocations being completed in 2020. Construction of the road, structure services and utilities will be administered by a City managed contractor with an exception that implementation of track and signal works will be coordinated and executed by the railway.

Property Requirement by Canadian Pacific Railway (CPR)

As part of the Project, Canadian Pacific Railway (CPR) along with the City's Transportation Services have identified a small parcel of land located at 640 Adelaide Street North, required to accommodate the future track re-alignment. The area is immediately abutting the existing rail corridor and is approximately 178 square metres (or 0.043 acres) in size (the Subject Property). CPR requires rights to these lands this fall in order to accommodate their build and construction schedule. A location map and aerial showing the property requirement is enclosed with this report.

An internal property liaison process has been completed and no objections to declare the parcel surplus were received. In terms of the existing horseshoe pitch presently located on part of the subject property, it will be closed and relocated elsewhere on the City McMahan Park lands as discussed with Parks Planning and Design. The cost for the horseshoe pitch relocation will be included as part of the overall project cost.

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 negotiations with CPR.

CPR has requested that the City move forward with the process.

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

Conclusion

The subject property is surplus to the needs of the City and is required to accommodate the Adelaide Street North / CPR Grade Separation Project. Therefore it is recommended to be declared surplus and sold in accordance with the City's Sale and Other Disposition of Land Policy.

A location map and aerial are attached as Appendix "A" and "B" for the Committee's information.

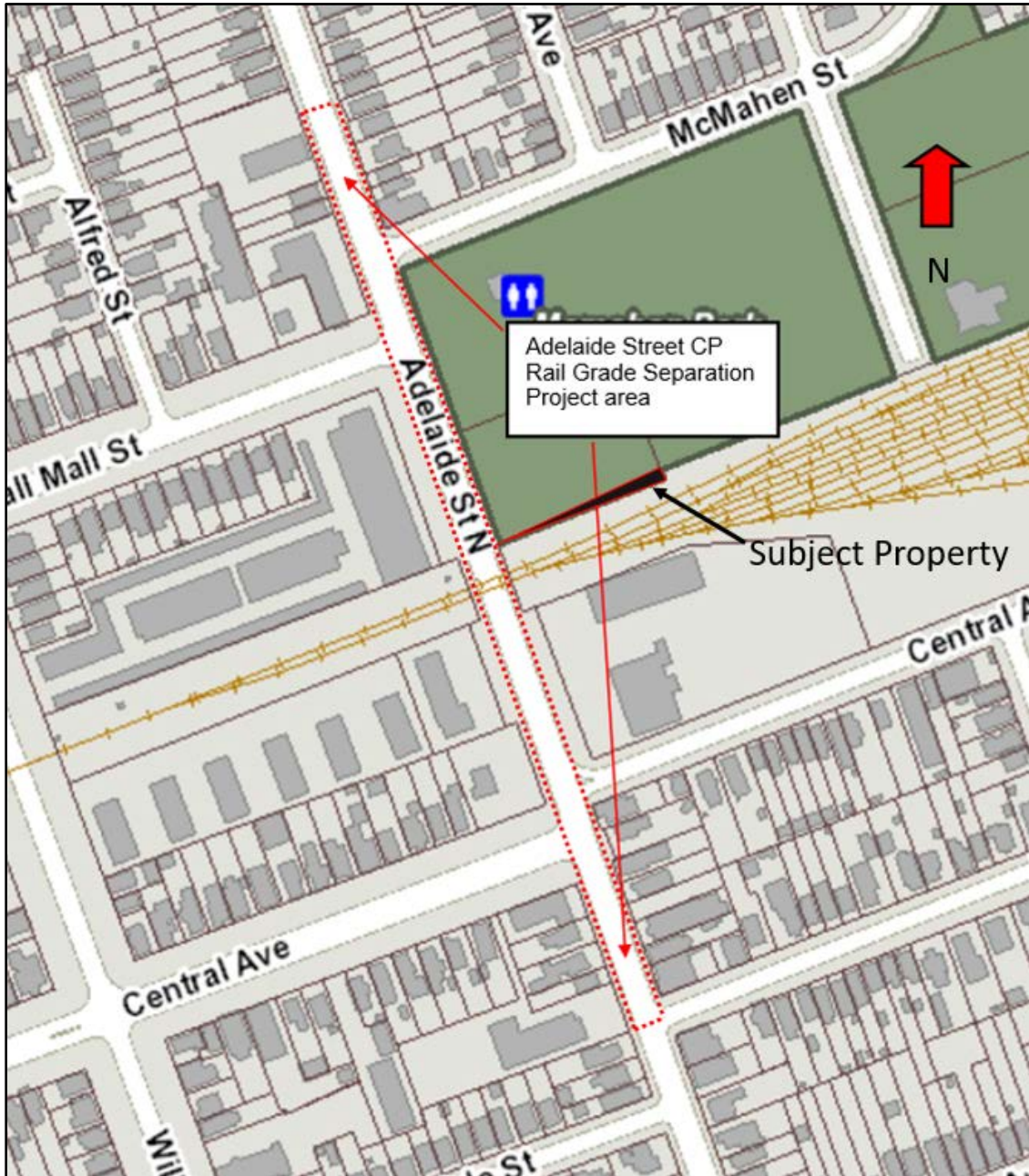
PREPARED BY:	SUBMITTED BY :
ADAM OSTROWSKI MANAGER II, REALTY SERVICES	BILL WARNER MANAGER OF REALTY SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

August 25, 2020
Attach.

File No.P-2497 (19)

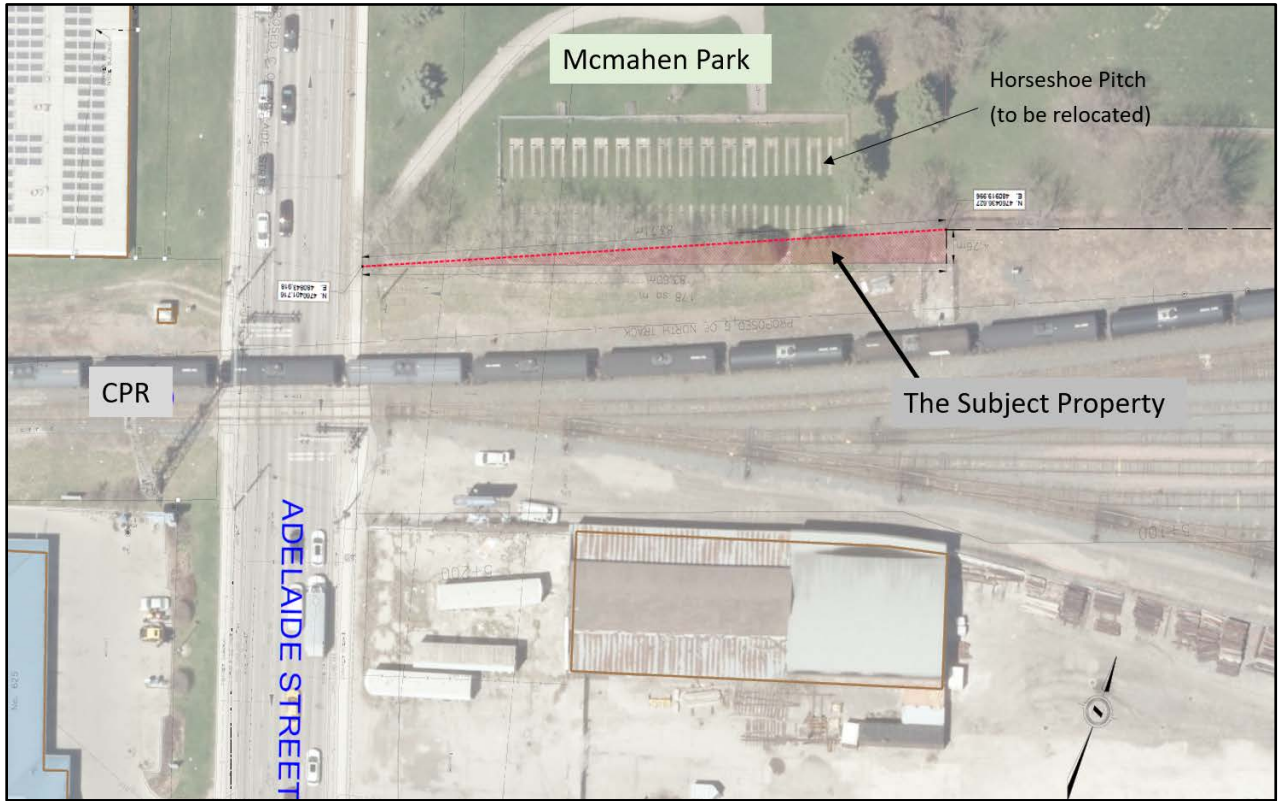
cc: Garfield Dales, Division Manager, Transportation Planning and Design
Gary Irwin, Division Manager and Chief Surveyor, Geomatics
Andrew Macpherson, Division Manager, Parks Planning and Operations
Scott Oldham, Manager, Administration and Attractions
Kelly Scherr, Managing Director, Environmental & Engineering Services and City Engineer
Sachit Tatavarti, Solicitor

Appendix "A"
Location Map of Project Area



Approximate Location Shown

Appendix "B"
Aerial of Subject Property



Subject to Final Survey

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING SEPTEMBER 8, 2020
FROM:	CATHY SAUNDERS CITY CLERK
SUBJECT:	APPLICATION – ISSUANCE OF PROCLAMATION RESPIRATORY THERAPY WEEK

RECOMMENDATION

That, the Civic Administration BE ADVISED as to how Municipal Council wishes to proceed with the attached (Appendix “A”) Proclamation request.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee – December 3, 2019
Corporate Services Committee – January 6, 2020

BACKGROUND

The Issuance of Proclamations Policy is attached as Schedule “A” for information purposes.

CONCLUSION

The Civic Administration is seeking direction from the Municipal Council as to how they wish to proceed with the attached (Appendix “A”) proclamation request received August 25, 2020 from the Canadian Society of Respiratory Therapists requesting the week of October 25 to 31, 2020 be proclaimed Respiratory Therapy Week.

The following sets out the review process for Applications for proclamations:

- The cause or event must contribute to the economic, social and cultural fabric of the City of London
- Proclamations will not be issued for the following:
 - i. Matters of political controversy, ideological or religious beliefs or individual conviction
 - ii. Events or organizations with no direct connection to the city
 - iii. Campaigns or events contrary to City of London policies or by-laws
 - iv. National, Independence or Republic Days
 - v. Campaigns or events intended for profit-making purposes
 - vi. Recognition of individuals
 - vii. Recognition of events or organizations that espouse discrimination, hatred, violence or racism
 - viii. Matters attempting to influence government policy
 - ix. Matters designed to incite hatred or disorder


The Civic Administration is seeking direction from Municipal Council with respect to this matter.

SUBMITTED BY:
CATHY SAUNDERS CITY CLERK

Proclamation Request Form

Requests for the issuance of proclamations are governed by Council Policy (excerpted below). Requests must be received at least six (6) weeks in advance of the requested issuance date and may be emailed to the City Clerk at ClerksApprovalRequests@london.ca or mailed to City Hall, P.O. Box 5035 LONDON, ON, N6A 4L9.

Request details

Name of Organization	Canadian Society of Respiratory Therapists
Date Proclamation Required	October 25th, 2020 to October 31st, 2020
Proclamation Name	Respiratory Therapy Week
Proclamation Type (day, week or month)	Week
Category (public awareness campaigns), (charitable fundraising campaigns), (arts and cultural celebrations)	Public Awareness Campaign
Requester Name	Dr. Andrew West
Requester Telephone Number	(613) 731-3164
Requester Email Address	csrt@csrt.com
Requester Address	201-2460 Lancaster Rd. Ottawa, ON K1B 4S5
Provide details of your Organization's Connection to London	<p>The CSRT has close ties with the respiratory therapy community in London. Faculty and students from the Respiratory Therapy program at Fanshawe College are active volunteers in the CSRT. In fact, two members of the Board of Directors are associated with Fanshawe: our treasurer and student Director. RT Faculty from Fanshawe and respiratory therapists at the LHSC and St. Joseph's Hospital are active volunteers, serving on practice-related networks, presenting at CSRT conferences and providing online educational resources to the RT community. The CSRT is incredibly proud of the work that London's respiratory therapists do every day, and appreciative of their commitment to providing exemplary care and advancing the profession.</p>
Required Supporting Documents	<ul style="list-style-type: none"> • Detail information on the Organization • Detail information on the Event • Confirmation of authorization from the Organization to submit the request
<p>The undersigned confirms that I am the Official Representative of the Organization requesting the Proclamation and that by signing this Application, I acknowledge and agree that my organization complies with all City of London's Policies and By-laws.</p>	
Signature	 _____ Date
	08/25/2020

NOTICE OF COLLECTION OF PERSONAL INFORMATION

Personal information collected on this form is collected under the authority of the *Municipal Act, 2001, S.O. 2001, c. 25* and may also be used for purposes related to the Issuance of Proclamations Policy and Proclamation Request Form. Questions about this collection should be addressed to the City Clerk, 3rd floor, City Hall, 300 Dufferin Ave., London, ON N6A 4L9. Tel: 519-661-2489, ext. 4937, email: csaunder@london.ca



CANADIAN SOCIETY OF RESPIRATORY THERAPISTS
SOCIÉTÉ CANADIENNE DES THÉRAPEUTES RESPIRATOIRES

August 14th, 2020

Mayor Ed Holder
300 Dufferin Avenue
PO BOX 5035
London, Ontario, N6A 4L9

Subject: Request for Recognition of Respiratory Therapists during Respiratory Therapy Week
(October 25-31, 2020)

The Canadian Society of Respiratory Therapists (CSRT) celebrates Respiratory Therapy Week annually. This week-long celebration serves to educate the public about the varied roles and responsibilities of respiratory therapists and to raise awareness of the significant contribution made by respiratory therapists across our health care system. This year, Respiratory Therapy Week runs from **October 25-31, 2020**.

Working across Canada's healthcare system, respiratory therapists provide essential care to patients of all ages. They are highly trained health professionals dedicated providing the best possible cardio-respiratory care by staying at the forefront of all available research and technology. They use their expertise in the assessment and management of respiratory diseases, in patient and family education, and in the resuscitation and stabilization of critically ill or injured patients. Respiratory therapists work in hospitals, in clinics and in the community to help members of your community breathe easier.

This year, more than ever, our health care system is relying on respiratory therapists. As frontline workers, they have been tirelessly providing care to those infected by COVID-19. The nature of their role and the care they provide requires them to be work alongside critically ill patients, often performing life sustaining procedures at the patient's head – the most infectious region for providing patient care during a respiratory pandemic.

Respiratory therapists have also played important roles behind the front lines of the pandemic. They have been instrumental in preparing at every level: advising government, mobilizing supplies, designing pandemic ventilators and adjusting protocols to best function under the parameters of this new, highly contagious infection. And, they have continued to provide essential care to a wide range of patients across our health care system who have not been afflicted by COVID-19.

On behalf of the respiratory therapists in London, the CSRT requests that you consider proclaiming October 25-31, 2020 "Respiratory Therapy Week", in recognition of the valuable role of the respiratory therapists within your community.

Sincerely,

Dr. Andrew West, CEO
Canadian Society of Respiratory Therapists



Issuance of Proclamations Policy

Policy Name: Issuance of Proclamations Policy

Legislative History: Adopted September 19, 2017 (By-law No. CPOL.-115-367);
Amended July 24, 2018 (By-law No. CPOL.-115(a)-418)

Last Review Date: January 6, 2020

Service Area Lead: City Clerk

1. Policy Statement

1.1 This policy sets out the requirements for the issuance of proclamations.

2. Definitions

2.1 Not applicable.

3. Applicability

3.1 This policy shall apply to any request for the issuance of proclamations on behalf of the City of London.

4. The Policy

4.1. Proclamations are ceremonial documents issued and signed by the Mayor on behalf of City of London Council that officially recognizes public awareness campaigns; charitable fundraising campaigns; and arts and cultural celebrations of organizations that reside/operate within the City of London. The requester must clearly identify the significance and connection of the proclamation to the mandate and goals as set out in the City of London's Strategic Plan. A proclamation does not constitute a personal or civic endorsement.

Application Process

- a) Proclamations requests are to be submitted on the City of London Application form to the City Clerk's Office at least six (6) weeks in advance of the requested issuance date.
- b) The Application must provide sufficient background information about the organization, cause or event being proclaimed and the proposed text for inclusion in the proclamation. The proposed text is subject to approval by the City of London to ensure compliance with City of London's policies and by-laws.
- c) Upon receipt of the Application, the City Clerk's Office will review the Application in accordance with this Policy and if the Application appears to be in compliance with the Policy, the Application will be placed on the next available Corporate Services Committee meeting for consideration.
- d) The Corporate Services Committee will review the Application and provide a recommendation to the Municipal Council for consideration with respect to the disposition of the Applications.

SCHEDULE "A"

Administration of Policy:

- e) The cause or event must contribute to the economic, social and cultural fabric of the City of London.
- f) Repeat requests must be submitted on an annual basis.
- g) An organization may request one proclamation per calendar year.
- h) Organization do not have exclusive rights to the day, week, or month being proclaimed.
- i) Proclamations of a similar topic will be issued on a first come first served basis.
- j) The City of London will not incur any expenses relating to the advertising or promotion of a proclamation. Recipients are responsible for the promotion of the proclamation, organization of related activities and for all associated costs.
- k) Proclamations will not be issued for:
 - Matters of political controversy, ideological or religious beliefs or individual conviction.
 - Events or organizations with no direct connection to the City of London.
 - Campaigns or events contrary to City of London policies or by-laws.
 - National, Independence or Republic Days.
 - Campaign or events intended for profit-making purposes.
 - Recognition of individuals.
 - Recognition of events or organizations that espouse discrimination, hatred, violence or racism.
 - Matters attempting to influence government policy.
 - Matters designed to incite hatred or disorder.
- l) The City of London reserves the right to refuse to issue a proclamation.