



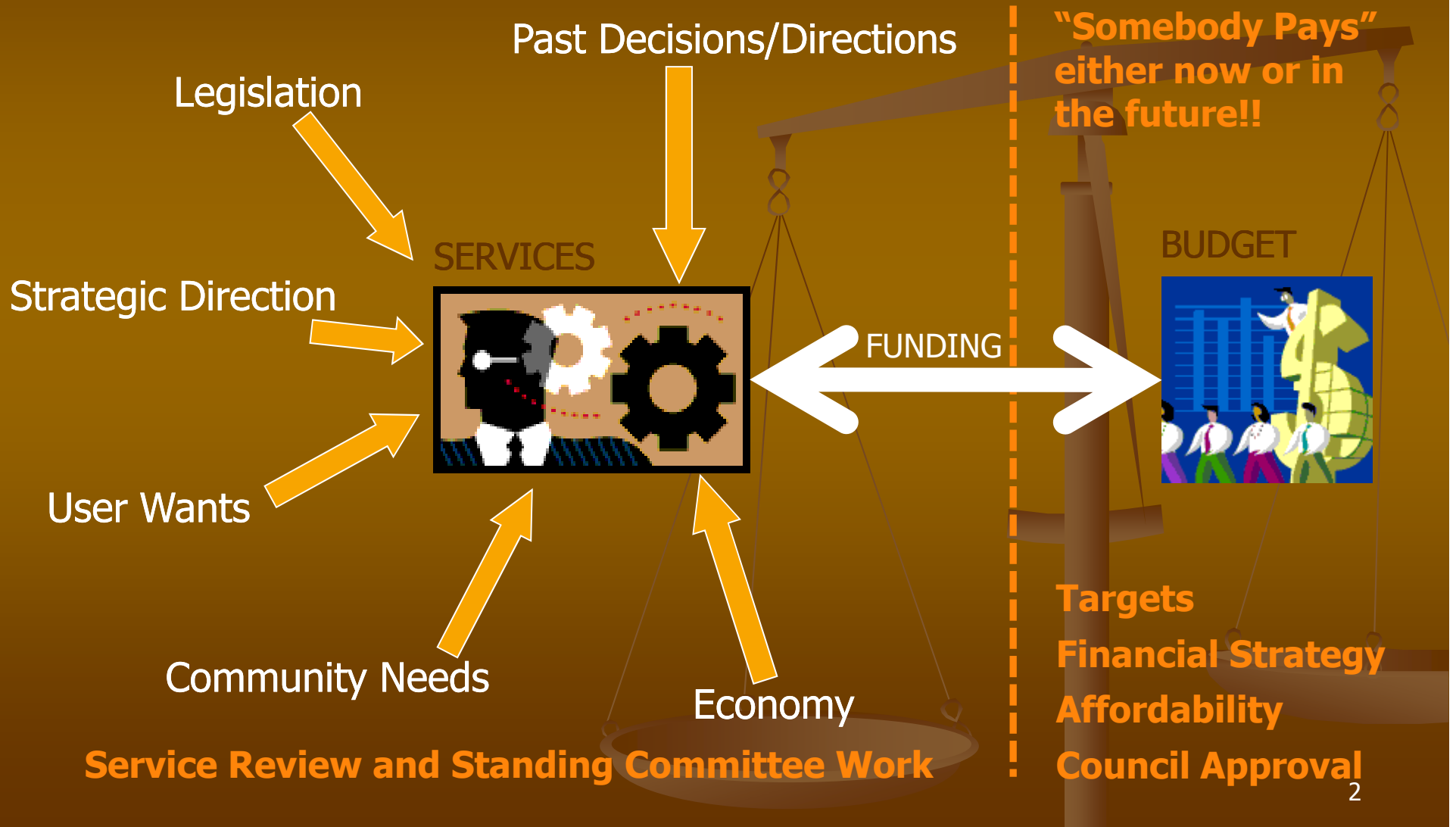
City of London

2012 Budget

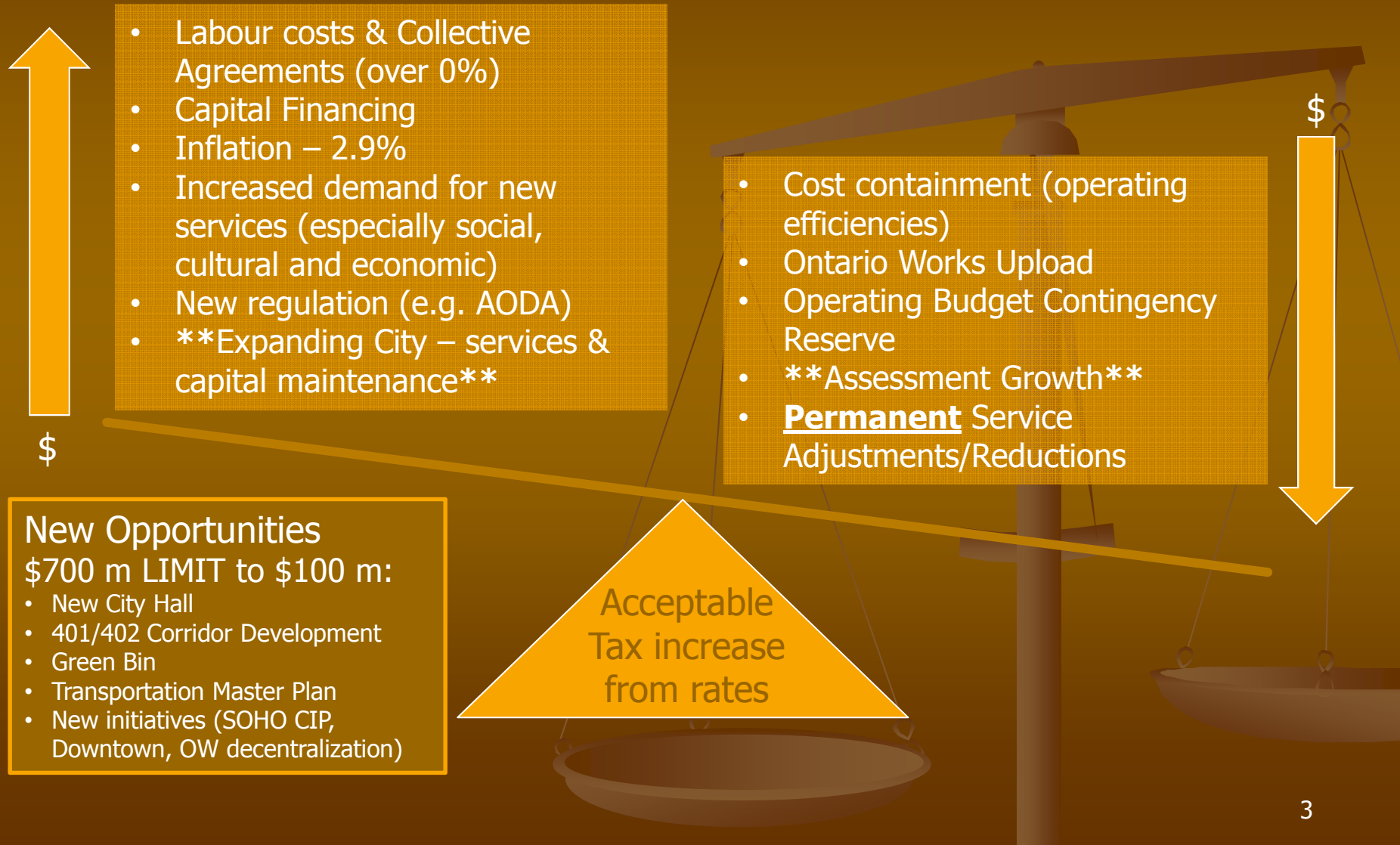
Balancing Service with Affordability

December 5th, 2011

Building Blocks of the Budget



The Balancing Act – zero or not!



Tax Levy

	EXPENDITURES	-	NON-PROPERTY TAX REVENUES	=	NET BUDGET (TAX LEVY)
2011	\$718.9 m	-	\$256.2 m	=	\$462.7 m
+ Inflation, contracts and flow-through costs	20.0 m		9.6 m		10.4 m
+ New Initiatives	1.5 m		0.3 m		1.2 m
+ New Non-tax Revenue or program/service reductions	-1.9 m		0.3 m		-2.2 m
+ Expanding City (New Houses, businesses)/Program Increases	5.6 m		-0.3 m		5.9 m
2012	\$744.1 m	-	\$266.1 m	=	\$478.0 m

From Assessment Growth
1% = \$4.6 m

From Tax Rate Increase
2.3% = \$10.7 m

Excludes:

- Adds/Cuts List
- Economic Levy

How do our tax increases compare?

Over time...

- Since 2007...average tax increase from rates = 1.97% versus average CPI = 2.1%
- Submitted 2012 Budget = 2.3% versus CPI at 2.9%

With Other municipalities...

- The BMA Municipal Reports having consistently shown London as have lower than average taxes on various properties for similar sized municipalities

Tax increases for 2012 (to-date)	Tax Levy from Rates	Tax Levy from Assessment Growth
Survey of 17 municipalities of equal or greater size to London:		
Average	2.41%	1.25%
Median	2.50%	1.00%

Financial Picture is good



- Taxes competitive with similar sized Ontario municipalities (BMA Municipal Studies)
- Contained Costs through labour agreements, restructuring, efficiencies and automation
- Continued with Strategic Financial Plan principles
 - Contained Debt
 - Moved to PAYG for life cycle renewal projects (20% improvement since 2006)
 - Built Reserve Funds for liquidity (more important today than ever!)
- Maintained Aaa Credit rating for 35th year
- Invested heavily in infrastructure over the last 5 years

Consider the Long-Term view

Multi-Year Impact of Budget Decisions

- Consider the impact of your decisions today on the future in terms of impact on: Expenditures, tax levy, services and asset life
- Don't build budget problems for next year by:
 - using one-time funding to fund on-going costs
 - Not considering the impact of flow-through costs when increasing services or service levels
 - Reducing Asset maintenance
- Existing targets, all services will have to become "smaller" – *Economy, Effectiveness and Efficiency*
- Don't waiver from the principles endorsed in the strategic financial plan



Draft 2012 Budget as Submitted

**Operating & Capital
At a Glance**

2012 Operating Budget at a Glance

KEY AREA	TARGET May 31 2011	SUBMITTED December 5 2011	Over/ (Under)
Civic Departments (excluding Community Services)	1.5%	1.5%	\$ -
London Police Services	3.0%	4.8%	\$1.5 m
London Fire Services	3.0%	3.0%	\$ -
Land Ambulance	1.5%	5.1%	\$0.4m
London & Middlesex Housing Corporation	1.5%	9.0%	\$0.6m
Community Services	(4.5%)	(3.5%)	\$ 0.8m
Boards & Commissions (Library, Museum, Tourism, Convention)	1.5%	1.5%	\$ -
London Transit Commission	6.2%	6.1%	\$ -
Middlesex London Health Unit	(6.6%)	(0.1%)	\$0.5m
Corporate Revenues & Expenses (capital financing, contingencies)	13.0%	11.0%	(\$1.4m)
Additional Corporate Base Revenue – unallocated (Note: \$2 million of the \$4 million was allocated to Community Services)	(\$2.0m)	\$ -	\$2.0m
Property Tax Levy Increase	1.4%	2.3%	\$4.2 m

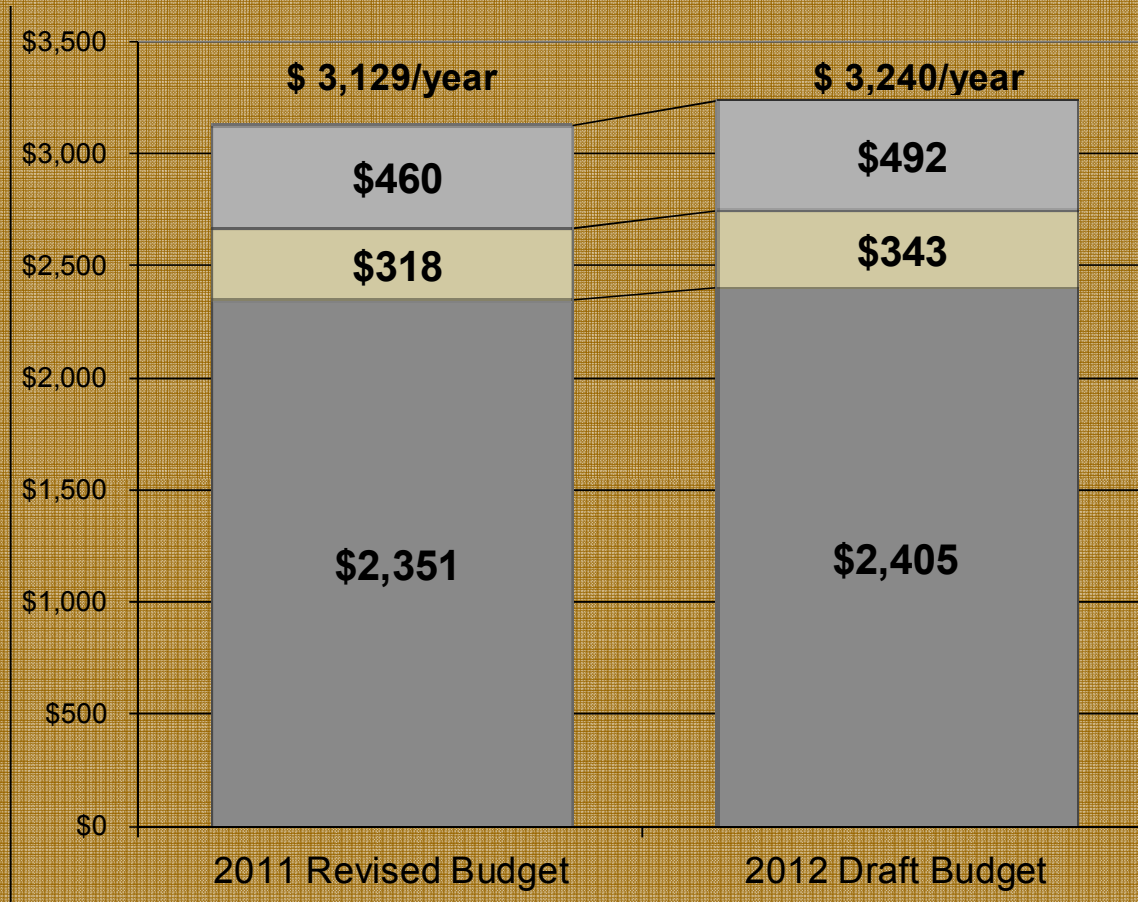
Excludes Service Changes 'Adds' and 'Cuts'

2.4%

2012 Property Tax Supported Budget Overview (in \$ millions)

	2011 Revised Net Budget	2012 Corporate Budget as Submitted		
		2012 Submitted Net Budget	\$ Increase / (Decrease) Over 2011	% Increase/ (Decrease) on Tax Levy
<i>Budget As Tabled On December 5, 2011</i>				
Culture Services	21.6	21.9	0.3	0.1%
Economic Prosperity	6.5	8.4	1.9	0.4%
Environmental Services	16.5	16.9	0.3	0.1%
Parks, Recreation & Neighbourhood Services	24.5	25.6	1.1	0.2%
Planning & Development Services	4.2	4.6	0.4	0.1%
Protective Services	139.2	144.9	5.7	1.2%
Social & Health Services	75.8	73.3	(2.5)	(0.5%)
Transportation Services	52.5	53.9	1.4	0.3%
Corporate, Operational and Council Services (including capital financing)	125.3	133.3	8.0	1.7%
Less: Strategic Draw from Operating Budget Contingency Reserve	(3.5)	(4.7)	(1.3)	(0.3%)
Property Tax Levy Supported Budget Submitted	\$ 462.7	\$ 478.0	\$ 15.3	3.3%
- Estimated Assessment Growth (dedicated to 2012 tax levy reduction)			(4.6)	(1.0%)
2012 Tax Levy Requirement (After Assessment Growth)			\$ 10.7	2.3%

Impact on the Average Rate Payer



ANNUAL INCREASE
for average residential
rate payer

\$ 32 Wastewater: 7% Rate Increase

\$ 25 Water: 8% Rate Increase

Municipal Property Tax 2.3%
(Note: Excludes the annual
incremental 1% Special Economic
Development Levy (subject to
Council approval) for the 2012 to
2016 period and the impact of
approximately \$448 Education tax
portion which is set by the
Province):

\$ 54

\$ 111 Total Annual Impact on Average
Residential
Rate Payer

Average Rate Payer owning a home with an assessed value of \$194,000. Municipal Property Tax Amount is subject to 2012 tax policy. Excludes the projected impact of water conservation savings for the average WasteWater/Water Rate Payer. Water Consumption Based on 207 m³

*Figures rounded for presentation purposes.

Capital Budget By Service

2012 Capital Budget Expenditure Overview by Service (\$ 000's)

Service	2011 Revised Budget	2012 Proposed Budget	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 to 2021 Forecast	Average Funding Level
Culture	2,107	1,347	4,347	1,447	1,447	1,447	10,237	2,027
Economic Prosperity	8,751	13,975	7,440	8,535	8,775	1,045	9,090	4,886
Environmental Services	4,321	2,805	5,005	1,975	1,675	4,475	14,575	3,051
Parks, Recreation & Neighbourhood Services	15,264	18,188	18,460	27,896	20,769	22,792	79,258	18,736
Planning & Development Services	524	324	324	324	324	324	1,622	324
Protective Services	6,064	3,405	6,335	4,407	7,792	5,279	25,544	5,276
Social & Health Services	2,308	2,883	2,508	2,858	3,033	2,708	13,567	2,756
Transportation Services	57,098	38,501	53,859	55,338	67,376	72,691	308,657	59,642
Corporate, Operational & Council Services	10,771	12,321	8,063	10,453	8,990	9,949	50,131	9,991
Total - Capital Projects	107,210	93,749	106,342	113,234	120,181	120,712	512,681	106,690

* Figures rounded for presentation purposes

Capital Budget Source of Funding

TAX SUPPORTED 2012 CAPITAL BUDGET with Forecast for 2013-2021 (in \$ millions)

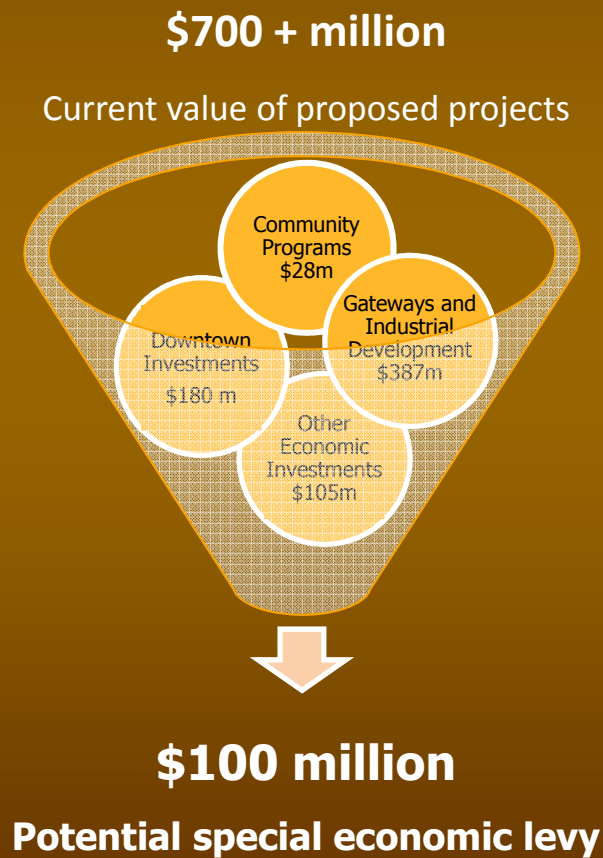
	2011 Revised Budget	2012 Proposed Budget	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 to 2021 Forecast
Expenditures Requested							
Life Cycle Renewal	55.0	58.0	44.3	54.1	59.0	67.5	321.8
Growth	31.5	18.6	45.2	46.7	46.7	44.3	154.8
Service Improvement	20.7	17.1	16.8	12.4	14.5	8.9	36.1
Total Capital Expenditures	\$107.2	\$93.7	\$106.3	\$113.2	\$120.2	\$120.7	\$512.7
Financing Available							
Capital Levy (Pay-as-you-go)	16.7	18.0	20.1	22.5	24.8	27.3	173.9
Debenture (1)	24.2	27.6	27.9	31.8	29.1	30.3	79.7
Reserve Fund	14.8	19.8	14.2	17.1	23.1	16.7	80.3
Other	0.6						
Total Tax Supported	\$56.3	\$65.4	\$62.2	\$71.4	\$77.0	\$74.3	\$333.9
Total Non-Tax Supported	\$50.9	\$28.3	\$44.1	\$41.8	\$43.2	\$46.4	\$178.8
Total Financing Available(2)	\$107.2	\$93.7	\$106.3	\$113.2	\$120.2	\$120.7	\$512.7

*Numbers subject to rounding

(1) The 2012 to 2021 capital plan calls for an average debt cap limit of \$26.0 million.

(2) Total available funding will be contingent on the mix of projects approved; for example, projects supported by grants and other non-tax sources leverage more spending.

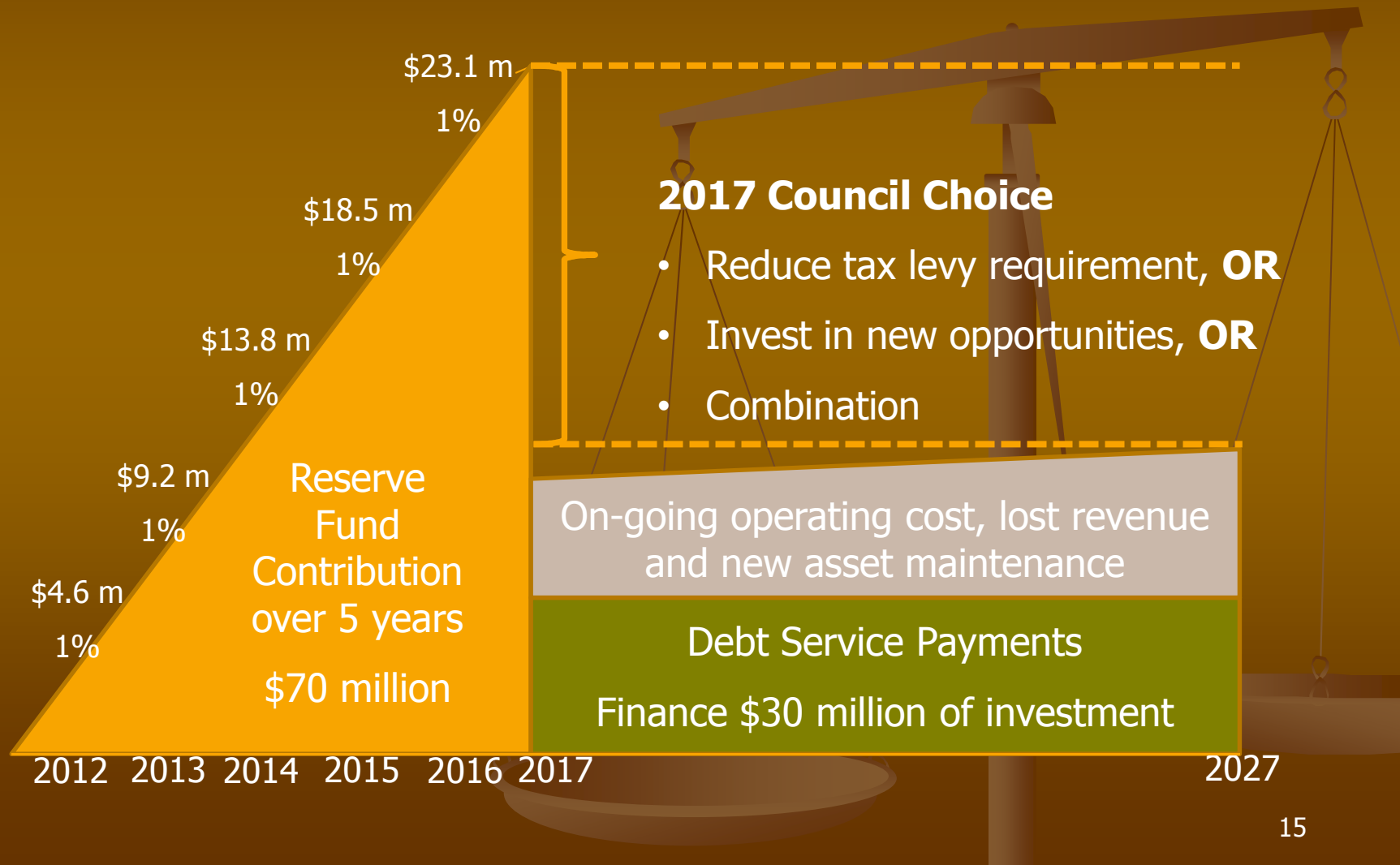
Special Economic Development Levy



Investment Principles

- ➔ Creates Jobs
- ➔ Attracts Investment
- ➔ Builds Partnerships
- ➔ Stimulate Spin-off Benefits
- ➔ Benefits Key Sectors
- ➔ Community Vibrancy

Financing \$100 m of economic initiatives



2012 Property Tax Budget

May 31,
2011

Property Tax Levy Target 1.4% (\$6.5 million) approved in principle

(After 1% assessment growth – increased tax base – new construction)

October 4,
2011

**Special Economic Development Levy 1% per year 2012 to 2016
(subject to 2012 Budget Approval)**

(City Investment to leverage additional private and public funding)

\$100 million – 2012 to 2016, Capital Projects estimated at \$700 + million

December
5, 2011

**Strategic Priorities and Policy reviews 1.4% budget
target given the following:**

⇒ **2.3%** (\$10.7 million) property tax budget increase as submitted

⇒ **1.0%** Special Economic Development Levy

Strategies & Decisions (January to February)

- 1) Subject to Council direction on **Tuesday December 6th**, Civic Departments, Boards, Commissions, and Agencies may be requested to review budget submissions to identify potential adjustments to reduce the increase in the property tax levy.
- 2) Feedback received from public consultation on 'Adds' and 'Cuts' List
- 3) Council decision **Tuesday February 21**: Property Tax Levy

Special Economic Development Levy

**February
21, 2012**

**Budget
Approval**

Timetable

Date	What	Who
Monday, December 5 , 2011 4:00 p.m.	Property Tax Budget Tabled (Operating and Capital Budgets)	Strategic Priorities and Policy Committee
Tuesday, December 20, 2011 4:00 p.m.	Budget Orientation and Strategic Planning	Strategic Priorities and Policy Committee
Saturday, January 14, 2012 10:00 a.m. to 1:00 p.m.	Public Engagement – Shopping Malls	Council Members
Tuesday, January 17, 2012 4:00 p.m.	Public Participation (Property Tax - Operating and Capital Budgets)	Strategic Priorities and Policy Committee
Wednesday, January 18, 2012 9:30 a.m.	Adds & Cuts List Report of feedback from public on 'Adds & Cuts' and prioritization for referral to budget by Committee	Services Review Committee
Thursday, January 26, 2012 9:00 a.m.	Property Tax - Capital Budget Review	Strategic Priorities and Policy Committee
Thursday, February 2, 2012 9:00 a.m.	Property Tax - Operating Budget Review (complete Capital Budget Review (if needed))	Strategic Priorities and Policy Committee
Thursday, February 9, 2012 4:00 p.m.	Property Tax - Operating Budget Review (if needed)	Strategic Priorities and Policy Committee
Tuesday, February 21, 2012 5:00 p.m.	Property Tax Budget Approved	Council