

## Report to Corporate Services Committee

**To:** Chair and Members  
Corporate Services Committee

**From:** Anna Lisa Barbon, Deputy City Manager, Finance Supports

**Subject:** Contingencies/Stabilization and Risk Management Reserve Fund Rationalization Report

**Date:** September 11, 2023

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken:

- a) the Contingencies/Stabilization and Risk Management Reserve Fund Rationalization Report **BE RECEIVED** for information; noting that reserve fund targets established in accordance with the authority provided to the City Treasurer in the Council approved Reserve and Reserve Fund Policy are presented in Appendix B;
- b) the Contingencies/Stabilization and Risk Management Reserve Funds to be maintained, listed in Appendix B, **BE APPROVED**;
- c) the Contingencies/Stabilization and Risk Management Reserve Fund by-laws attached as Appendix D **BE INTRODUCED** at the Municipal Council meeting to be held on September 26, 2023;
- d) Civic Administration **BE AUTHORIZED** to take all actions necessary to implement the changes outlined in this report.

## Executive Summary

This report, the fourth in a series of reports rationalizing the City's reserve and reserve fund holdings, addresses the Contingencies/Stabilization and Risk Management (CSRM) category of reserve funds held by the City. Consistent with the first three reports, Civic Administration is seeking administrative efficiency by reviewing its CSRM holdings. In addition to restructuring the funds held in the CSRM category, Civic Administration has established targets for each reserve fund retained per the authority provided to the City Treasurer in the Council approved Reserve and Reserve Fund Policy.

## Linkage to the Corporate Strategic Plan

Council's 2023 to 2027 Strategic Plan for the City of London identifies "Well-Run City" as one of eight strategic areas of focus. Contingencies/Stabilization and Risk Management (CSRM) Reserve Fund Rationalization Report supports this strategic area of focus via the strategic priority "The City of London is trusted, open, and accountable in service of the community" which includes maintaining London's finances in a transparent and well-planned manner to balance equity and affordability over the long term.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

Corporate Services Committee, June 20, 2022, Agenda Item #2.2, Special Projects and New Initiatives Reserve Fund Rationalization Report <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=93234>

Corporate Services Committee, September 8, 2020, Agenda Item #2.1, Capital Asset Renewal and Replacement Reserve Fund Rationalization Report <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=74168>

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>

## **2.0 Discussion and Considerations**

### **2.1 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 *fourth* report submitted regarding 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 initial report, Reserves Rationalization Report, implemented several changes to the City's contingency reserve holdings across all three budgets (Property Tax, Water Rate, and Wastewater and Treatment Rate) including revising names, creating new and terminating old reserves, consolidating funds, and setting target balances. The second report, Capital Asset Renewal and Replacement Reserve Fund Rationalization Report, resulted in similar changes to the City's lifecycle renewal funds and more significantly aligned the fund structure with the Corporate Asset Management Plan. The third report, Special Projects and New Initiatives (SPNI) reserve fund report created administrative efficiencies, set targets, and aligned the City's holdings with the approved Reserve and Reserve Fund Policy.

The purpose of this report is similar, to create administrative efficiencies in the management of the City's Contingencies/Stabilization and Risk Management (CSRM) Reserve Funds, set targets, and align the City's holdings with the approved Reserve and Reserve Fund Policy. Among the main improvements of this report will be the creation of debt substitution reserve funds (one in each budget – tax, water, wastewater and treatment) designed to better facilitate the execution of the City's debt substitution practices that are endorsed via the Council approved Debt Management Policy. Debt substitution is the process of applying current year funding from approved sources (e.g. 50% of year-end surplus per the Surplus/Deficit Policy, 50% of excess assessment growth funding per the Assessment Growth Policy, debt servicing budget surpluses, etc.) against authorized but unissued debt in the capital budget. Reducing the amount of debt in the capital budget saves the City money on future debt servicing costs. The Debt Substitution reserve funds, if approved, are a timely innovation as the cost of borrowing has increased significantly since the pandemic. The ability to save funding earmarked for debt substitution to apply against future debt, versus losing it to general surplus when there are no immediate debt substitution opportunities, will allow increased flexibility to hedge against rising interest rates and ultimately reduce the cost of the capital plan to the City taxpayers.

The primary purpose of the reserve funds in the CSRM category is to fund future obligations which are based on calculated estimates (e.g. WSIB claims) and to mitigate unforeseen events or one-time unanticipated revenue losses and expenses. These funds can also be utilized to minimize fluctuations in taxes caused by cyclical events. A list of the current CSRM reserve funds and their forecasted 2023 uncommitted balances is available in Appendix A.

To achieve these objectives, Civic Administration is seeking Council approval of the following matters pertaining to the City's CSRM reserve fund portfolio:

- a) Approval of the reserve funds to be maintained (Appendix B); noting the target balances for each fund are established by Civic Administration under the

authority of the City Treasurer in accordance with the Council approved Reserve and Reserve Fund Policy.

- b) Approval of the CSRM Reserve Fund by-laws (Appendix D) that are required to implement the recommended changes.

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

#### **ADHERENCE TO STATUTORY REQUIREMENTS**

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

#### **PROMOTION OF FINANCIAL STABILITY AND FLEXIBILITY**

- i. It shall be the City's practice to maintain adequate reserves and reserve funds within the following categories to achieve long-term financial stability and flexibility (see definitions for detailed description of categories):
  - Obligatory,
  - Capital Asset Renewal and Replacement,
  - Capital Asset Growth,
  - Special Projects and New Initiatives, and
  - Contingencies/Stabilization and Risk Management.

#### **REDUCE TAX/RATE SUPPORTED DEBT**

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

Currently the City maintains eleven (11) CSRM tax supported reserve funds with forecasted 2023 uncommitted balances totalling approximately \$211.7 million; These reserve funds are an important element of the City's long-term strategic financial plan, saving for known but often unquantified future obligations, unforeseen events, and contributing to maintenance of the City's Aaa credit rating. As noted, the current CSRM reserve fund holdings are summarized in Appendix A.

## **2.2 CSRM Reserve Fund Rationalization**

Similar to the Special Projects and New Initiatives Reserve Fund Rationalization Report in 2022, Civic Administration is recommending that the benefits gained through changes to the structure of the CSRM reserve fund portfolio focus on creating administrative efficiencies in the management of the City's Contingencies/Stabilization and Risk Management (CSRM) Reserve Funds, set targets, and align the City's holdings with the approved Reserve and Reserve Fund Policy. As noted above, this report also recommends creation of a new set of reserve funds designed to better facilitate the execution of the City's debt substitution practices that are endorsed via the Debt Management Policy. The new Debt Substitution Reserve Funds will collect and distribute current year funding received through Council approved policies to reduce the City's authorized but unissued debt financing in its Capital Plans. These reserve funds will accumulate funding from provisions in the Surplus/Deficit, Debt Management and Assessment Growth policies, which will be used to minimize the use of debt financing on capital projects and manage the City's annual debt issuance needs. They may also be used as a temporary funding source to manage fluctuations in debt servicing costs. This will improve administrative efficiency, simplify management and reporting, and improve the Corporation's financial flexibility.

The structure recommended in this report maintains thirteen (13) CSRM reserve funds with some significant changes required to reach the optimum end state. Appendix B presents the recommended CSRM reserve fund portfolio, including the purpose of each reserve fund, and the May 31, 2023 forecasted uncommitted balance for each fund after implementing the changes.

Civic Administration monitors similar reserve funds of other municipalities and relies on information circulated by agencies such as the Municipal Finance Officers Association of Ontario (MFOA), Association of Municipalities Ontario (AMO) and Government Finance Officers Association (GFOA) to help develop best practices and inform the recommendations contained in the rationalization reports. Finance staff also engage in internal reviews with impacted parties to assess the current need for funds and inform the target setting exercise.

The recommendations to rationalize the City's CSRM reserve fund portfolio align with the Corporation's strategic long-term financial plan and the Reserve and Reserve Fund Policy as they uphold the following principles:

- Reserves and reserve funds shall form an integral component of the City's budget and strategic financial plan;
- Adequate reserve and reserve fund balances shall be maintained to provide stability to tax/rate payers (liquidity);
- Reserve and reserve fund financial plans shall maintain intergenerational equity to the greatest extent possible;
- Reserve and reserve fund balances shall be maintained at a level that supports the City's maintenance of its Aaa credit rating; and
- The use of obligatory reserve funds shall be solely for the purpose prescribed for them by statute or agreement.

## **3.0 Financial Impact/Considerations**

### **3.1 CSRM Reserve Fund Minimum 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.

Due to the risk management and stabilization nature of this category of reserve funds the target setting exercise focused on the risk mitigating aspects of each fund on a case-by-case basis, i.e. how much money should be saved to prepare for future unanticipated expenses. Elements considered included the source of contributions to the fund, the nature of the risk management each fund supports, discussion with impacted parties, etc. The target balances that were determined for each fund are summarized in Appendix B.

All reserve fund contributions and balances are subject to annual budget approval, it being noted that there are no adjustments to overall budgeted reserve fund contributions resulting from this report.

## **Conclusion**

The City's CSRSM 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 CSRSM reserve funds, align the CSRSM reserve funds portfolio with the Reserve and Reserve Fund Policy, and provide administrative efficiencies for Civic Administration in the management of the portfolio.

**Prepared by:** Ken Clarke, CPA, MBA, Manager II, Accounting and Reporting, Financial Planning and Policy

**Reviewed by:** Jason Davies, CPA, CMA, Manager III, Financial Planning and Policy

**Submitted by:** Kyle Murray, CPA, CA, Director, Financial Planning and Business Support

**Recommended by:** Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

**Cc:** Ian Collins – Director, Financial Services  
Alan Dunbar – Manager III, Financial Planning and Policy

**APPENDIX A - Current CSRM Reserve Funds - Forecasted 2023  
Uncommitted Ending Balances as of May 31, 2023**

<b>Tax Supported CSRM Reserve Fund Name</b>	<b>2023 Forecasted Ending Balance</b>
Building Permit Stabilization	\$3,422,092
London and Middlesex Housing Corporation (LMHC) Employee Entitlement	11,840
London Police Force Sick Leave	96,655
London Police Service Employment Benefits	3,751,713
London Police Service Recruitment	120,375
London Public Library Sick Leave	45,456
Police Unfunded Liability	7,892,836
Self Insurance	15,178,979
Sick Leave	603,264
Unfunded Liability	161,826,025
Workplace Safety and Insurance Board (WSIB)	18,721,827
<b>Total City CSRM Reserve Funds</b>	<b>\$211,671,062</b>

**Note:** The City of London does not currently hold CSRM reserve funds in the rate supported Water and Wastewater and Treatment categories.

**APPENDIX B - CSRM Reserve Funds to be Maintained and Managed - Purpose and Targets**

Reserve Fund	Purpose (From By-laws)	2023 Forecasted Uncommitted Balance (As of May 31, 2023)	Minimum Target Balance		
			Explanation	Target Value	Over / Under
Building Permit Stabilization	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.	\$3,422,092	Target set at 100% of the annual operating costs of administration and enforcement for the prior year as per the Annual Report on Building Permit Fees.	\$8,509,974	-\$5,087,882
Debt Substitution (New)	The monies standing in the Fund shall be used by The Corporation of the City of London to reduce the amount of authorized but unissued tax supported debt as a source of financing in the capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.	\$0	Current year funding realized via City policies will accumulate in this reserve fund and be used to replace debt financing on capital projects as opportunities present.	Balance not to be reduced below \$0.	\$0
London and Middlesex Housing Corporation (LMHC) Employee Entitlement	The monies standing in the Fund shall be used to provide for the cost of vacation, sick leave credits and other LMHC employee entitlements for former LMHA employees, based on each employee's entitlement and the timing of their termination from the London & Middlesex Housing Corporation.	\$11,840	Target is set at value of remaining entitlements as provided by LMCH (formerly LMHC).	\$33,107	-\$21,267

<p>London Police Service</p> <p>(Formerly Police Unfunded Liability and London Police Recruitment)</p>	<p>The monies standing in the Fund shall be used by the London Police Service Board to fund any initiatives that support Police Services, including tax supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses resulting in budgetary deficits or fluctuations in the Police budget. This Fund may also be utilized for operating or capital expenditures related to:</p> <ul style="list-style-type: none"> <li>a. One-time initiatives/projects; or</li> <li>b. Initiatives/projects that require a temporary source of financing not to exceed four years. Should the London Police Service Board wish to deliver an initiative/project on a permanent basis, transition plans must identify permanent sources of financing to commence no later than the fifth year.</li> </ul>	<p>\$8,013,211</p>	<p>Target balance range of a minimum of 5% and maximum 10% of Police Operating Budget for the current year.</p>	<p>\$7,073,922 to \$14,147,843</p>	<p>-\$6,134,632</p>
<p>London Police Service Employment Benefits</p>	<p>The London Police Service Employment Benefits Reserve Fund is established and will be maintained for funds received by the London Police Service Board as a result of surpluses in the Administrative Services Only area of employee benefit plans and the demutualization of the insurance industry.</p>	<p>\$3,751,713</p>	<p>Non-tax supported funding – interest revenue on long-term investments, initial balance was established from refund of premiums paid.</p>	<p>Balance not to be reduced below \$0.</p>	<p>\$3,751,713</p>
<p>London Police Force Sick Leave</p>	<p>The monies standing in the reserve fund shall be expended, pledged or applied only for the purpose of the payment of vested sick leave benefits in accordance with the policies of the Board of Commissioners of Police and the terms of the Working Agreements between the Board and the London Police Association; and the Executive Agreements between the Board and the Chief of Police and Deputy Chief of Police.</p>	<p>\$96,655</p>	<p>Target is set at value of remaining liability of legacy employees as provided by London Police Service.</p>	<p>\$88,842</p>	<p>\$7,813</p>



	<b>Note:</b> This reserve fund applies to individuals who were with the Police before 1989 and will be closed once remaining legacy employees retire. Any remaining balance will be transferred to an appropriate fund.				
London Public Library Sick Leave	The monies standing in the reserve fund shall be expended, pledged or applied only for the purpose of the payment of vested sick leave benefits in accordance with the policies of the London Public Library Board.  <b>Note:</b> This reserve fund will be closed once remaining legacy employees retire and any remaining balance will be transferred to an appropriate fund.	\$45,456	Target is set at value of remaining liability of legacy employees as provided by London Public Library	\$29,665	\$15,791
Self Insurance	The monies standing in the reserve fund shall be expended, pledged, or applied only for the purposes of: (a) The funding of expenditures within the deductibles of any City insurance policies; (b) The funding of expenditures relative to claims in any area of risk that the City has decided to self-insure; (c) The funding of claims-related expenditures relative to amounts in excess of any City insurance policies; (d) The funding of expenditures for investigations, outside legal counsel, or adjusting costs relative to those items in (a), (b), or (c) above; (e) The funding of contracted actuarial reviews of reserve fund levels as required from time to time, or (f) The funding of additional insurance-related expenditures as approved by the Municipal Council.	\$15,178,979	Open Claims (Excluding WSIB) as provided from the Risk Management Division at the City of London.	\$14,642,837	\$536,142
Sick Leave	The monies standing in the reserve fund shall be expended, pledged, or applied only for the purpose of the payment	\$603,264	Target set at the value of remaining liability of legacy employees.	\$926,000	-\$322,736

	<p>of vested sick leave benefits in accordance with the policies of the Council and the Collective Agreements between the Corporation and its employee groups.</p> <p><b>Note:</b> This reserve fund applies to individuals who were with the City before 1989 and will be closed once remaining legacy employees retire. Any remaining balance will be transferred to an appropriate fund.</p>				
Unfunded Liability	The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the employee benefits payable, <u>excluding</u> 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.	\$161,826,025	85% of employee benefits payable, landfill closure and post-closure payable, and contaminated sites payable as per the audited financial statements	\$200,317,441	-\$38,491,416
Workplace Safety and Insurance Board (WSIB)	The monies standing in the Fund shall be used by The Corporation of the City of London to provide for the cost of Workplace Safety and Insurance Board (WSIB) claims in excess of \$250,000.	\$18,721,827	50% of Workplace Safety and Insurance Board Obligation liability provided in the audited financial statements	\$35,013,000	-\$16,291,173
Wastewater and Treatment Debt Substitution (New)	The monies standing in the Fund shall be used by The Corporation of the City of London to reduce the amount of authorized but unissued rate supported debt as a source of financing in the Wastewater and Treatment capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.	\$0	Current year funding realized via Wastewater policies will accumulate in this reserve fund and be used to replace debt financing on capital projects as opportunities present	Balance not to be reduced below \$0	\$0

**Note:** For all reserve funds, even those without an upper limit established via this report, the balance in each fund will continue to be regularly reviewed ensuring

Water Debt Substitution (New)	The monies standing in the Fund shall be used by The Corporation of the City of London to reduce the amount of authorized but unissued rate supported debt as a source of financing in the Water capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.	\$0	Current year funding realized via Water policies will accumulate in this reserve fund and be used to replace debt financing on capital projects as opportunities present	Balance not to be reduced below \$0	\$0
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that the financial resources contained within each fund are being utilized for their intended purpose. Upon the results of these reviews, adjustments to the target balances may be considered in the future.

## APPENDIX C - Actions to be taken with Respect to Existing CSRM Reserve Fund By-laws

**Table 1 - Reserve Funds Terminated**

<b>Reserve Fund</b>	<b>By-Law</b>	<b>Rationale</b>	<b>Funding Notes</b>
Police Unfunded Liability	No By-Law Exists	The police unfunded liability reserve fund was established to provide a funding mechanism for projects that were not included in the budget. No by-law was ever created. Consolidating this into the new London Police Service Reserve Fund adds better functionality, improves administration and creates operational efficiencies.	Balance and commitments will be transferred to the newly established London Police Service Reserve Fund and the reserve fund will be terminated.

**Table 2 - By-law to be Repealed and Replaced with Updated By-law**

<b>Reserve Fund</b>	<b>By-Law</b>	<b>Rationale</b>
Self Insurance	A.-5929-208	A general by-law update to update language, format and include up to date Municipal Act standards as well as consolidate the 2013 by-law update into one by-law.
London Police Service	A.-6390-236 (formerly London Police Service Recruitment)	Balance and commitments to remain in place in the same numbered fund under a newly established London Police Service Reserve Fund by-law. This reserve fund will provide Police more flexibility to fund initiatives that support Police Services including tax supported contingencies to mitigate unforeseen events, one-time unanticipated revenue losses and expenses resulting in budgetary deficits or fluctuations in the Police capital or operating budget.

**Table 3 – New Reserve Fund By-laws to be Created**

<b>Reserve Fund</b>	<b>By-Law</b>	<b>Rationale</b>
Debt Substitution		This reserve fund will be utilized to assist Civic Administration in managing the amount of authorized but unissued debt in the 10-year tax supported capital plan. It may also be used as a temporary source to manage fluctuations in debt servicing costs.
Water Debt Substitution		This reserve fund will be utilized to assist Civic Administration in managing the amount of authorized but unissued debt in the 10-year water rate supported capital plan. It may also be used as a temporary source to manage fluctuations in debt servicing costs.
Wastewater and Treatment Debt Substitution		This reserve fund will be utilized to assist Civic Administration in managing the amount of authorized but unissued debt in the 10-year wastewater and treatment rate supported capital plan. It may also be used as a temporary source to manage fluctuations in debt servicing costs

**Table 4 – Reserve Fund By-laws with No Changes**

<b>Reserve Fund</b>	<b>By-Law</b>	<b>Rationale</b>
Building Permit Stabilization	A.-8012-186 (2020)	No material changes are required to these by-laws. Updates to the Municipal Act references are not specifically required at the current time. These reserve fund by-laws may receive further attention during Civic Administration’s regular reviews. Necessary changes will be brought forward as part of future reserve fund housekeeping reports when applicable. Although some of these by-laws are quite old, some of these reserve funds are to be closed once funds have been exhausted and the support is no longer necessary.
London and Middlesex Housing Corporation (LMHC) Employee Entitlement	A.-6147-12 (2008)	
London Police Service Employment Benefits	A.-5963-43 (2006)	
London Public Library Sick Leave	A.-4950-435 (1986)	
Sick Leave	A.-4570-202(1981)	
Workplace Safety and Insurance Board (WSIB)	A.-6002-517 (2006)	
Unfunded Liability	A.-8017-191(2020)	

## APPENDIX D - Contingencies/Stabilization and Risk Management Reserve Fund By-Laws

Bill No. \_\_\_\_\_  
2023

By-law No. A.- \_\_\_\_\_

A by-law to establish the Self Insurance Reserve Fund and to repeal By-law No. A.- 5929-208 being "A by-law to establish a reserve fund known as the Self Insurance Reserve Fund".

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 Contingencies/Stabilization & Risk Management of The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

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

1. A reserve fund is hereby established entitled the "Self Insurance Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be expended, pledged or applied only for the purposes of:
  - a) The funding of expenditures within the deductibles of any City insurance policies;
  - b) The funding of expenditures relative to claims in any area of risk that the City has decided to self-insure;
  - c) The funding of claims-related expenditures relative to amounts in excess of any City insurance policies;
  - d) The funding of expenditures for investigations, outside legal counsel, or adjusting costs relative to those items in (a), (b), or (c) above;
  - e) The funding of contracted actuarial reviews of reserve fund levels as required from time to time, or
  - f) The funding of additional insurance-related expenditures as approved by the Municipal Council.

The City Treasurer shall pay all sums required from this Reserve Fund on the direction of the Manager III, Risk Management or their designate in accordance only with items 2 (a) to (f) above.

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. Any funds raised specifically for the Self Insurance Reserve Fund
  - iv. Contributions in accordance with Council approved policies, if any; and
  - v. Other non-tax supported contributions as approved by The City Treasurer, and/or Municipal Council.
  
4. The Manager III, Risk Management or designate may retain and instruct legal counsel on behalf of the City to protect and defend the City's interest with respect to claims falling under this by-law in accordance with the risk management policies of the Corporation.
  
6. The Manager III, Risk Management, or designate may settle or instruct legal counsel to settle claims falling under this by-law in accordance with the overall purposes of the reserve fund and the risk management practices of the Corporation.
  
7. 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.
  
8. 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.
  
9. 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.
  
10. By-Law No. A.-5929-208 being "A by-law to establish a reserve fund known as the Self Insurance Reserve Fund", as amended, passed by Municipal Council on June 27, 2005, is hereby repealed.
  
11. This By-law shall come into force and effect on the date it is passed subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

PASSED in Open Council on September 26, 2023, subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – September 26, 2023  
Second Reading – September 26, 2023  
Third Reading – September 26, 2023

Bill No. \_\_\_\_\_  
2023

By-law No. A.-\_\_\_\_\_

A by-law to establish the London Police Service Reserve Fund and to repeal By-Law No. A.-6390-236 being "A by-law to establish the London Police Service Recruitment Reserve Fund".

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 Contingencies/Stabilization & Risk Management of The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

NOW THEREFORE the Municipal Council of The Corporation of the City of London, enacts the following:

1. A reserve fund is hereby established entitled the "London Police Service Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by the London Police Service Board to fund any initiatives that support Police Services, including tax supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses resulting in budgetary deficits or fluctuations in the Police budget. This Fund may also be utilized for operating or capital expenditures related to:
  - c. One-time initiatives/projects; or
  - d. Initiatives/projects that require a temporary source of financing not to exceed four years. Should the London Police Service Board wish to deliver an initiative/project on a permanent basis, transition plans must identify permanent sources of financing to commence no later than the fifth year.
3. Contributions to the Fund shall be deposited by the City Treasurer, Police Chief or designate and consist of:
  - i. Approved tax supported multi-year budget contributions;
  - ii. Approved annual surplus contributions, if any;
  - iii. Other non-tax supported contributions as approved by The London Police Service Board, or The City Treasurer, or Municipal Council.
4. The balance in the London Police Service Reserve Fund shall not exceed the established target. The target balance of this reserve fund, established by the City Treasurer in consultation London Police Services, is updated periodically as the City



updates its other reserve / reserve fund targets. London Police Services will consult with the City on appropriate action should the balance exceed the established target for this reserve fund.

5. Before any monies are expended from the Fund for the purposes outlined in section 2 of this by-law, the approvals of the Police Chief or their designate shall be given for expenses less than \$100,000 and, the approval of the London Police Service Board shall be given for expenses equal to or greater than \$100,000.

6. 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.

7. 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.

8. 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.

9. By-Law No. A.-6390-236 being “A by-law to establish the London Police Service Recruitment Reserve Fund”, passed by Municipal Council on July 27, 2009, is hereby repealed.

10. This By-law shall come into force and effect on the date it is passed subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

PASSED in Open Council on September 26, 2023, subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – September 26, 2023  
Second Reading – September 26, 2023  
Third Reading – September 26, 2023

Bill No. \_\_\_\_\_  
2023

By-law No. A.-\_\_\_\_\_

A by-law to establish the Debt Substitution Reserve Fund.

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 Contingencies/Stabilization & Risk Management of The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

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

1. A reserve fund is hereby established entitled the "Debt Substitution 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 reduce the amount of authorized but unissued tax supported debt as a source of financing in the capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.
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, if any;
  - iv. Contributions in accordance with Council approved policies, if any; and
  - v. Other non-tax supported contributions as approved by The City Treasurer, and/or Municipal Council.
4. The City Treasurer or designate is authorized to allocate approved debt substitution funds held in the reserve fund for the purposes outlined in section 2 of this by-law.
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 subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

PASSED in Open Council on September 26, 2023, subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – September 26, 2023  
Second Reading – September 26, 2023  
Third Reading – September 26, 2023

Bill No. \_\_\_\_\_  
2023

By-law No. A.-\_\_\_\_\_

A by-law to establish the Water Debt  
Substitution Reserve Fund.

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 Contingencies/Stabilization & Risk Management of The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

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

1. A reserve fund is hereby established entitled the "Water Debt Substitution 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 reduce the amount of authorized but unissued rate supported debt as a source of financing in the Water capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
  - i. Municipal Council approved rate supported multi-year budget contributions;
  - ii. Municipal Council approved annual surplus contributions, if any;
  - iii. Contributions in accordance with Council approved policies, if any; and
  - iv. Other non-rate supported contributions as approved by The City Treasurer, and/or Municipal Council.
4. The City Treasurer or designate is authorized to allocate approved debt substitution funds held in the reserve fund for the purposes outlined in section 2 of this by-law.
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 subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

PASSED in Open Council on September 26, 2023, subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – September 26, 2023  
Second Reading – September 26, 2023  
Third Reading – September 26, 2023

Bill No. \_\_\_\_\_  
2023

By-law No. A.-\_\_\_\_\_

A by-law to establish the Wastewater and Treatment Debt Substitution Reserve Fund.

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 Contingencies/Stabilization & Risk Management of The Corporation of the City of London and its Agencies, Boards and Commissions, as required;

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

1. A reserve fund is hereby established entitled the "Wastewater and Treatment Debt Substitution 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 reduce the amount of authorized but unissued rate supported debt as a source of financing in the Wastewater and Treatment capital plan or as a temporary funding source to manage fluctuations in debt servicing costs.
3. Contributions to the Fund shall be deposited by the City Treasurer or designate and consist of:
  - i. Municipal Council approved rate supported multi-year budget contributions;
  - ii. Municipal Council approved annual surplus contributions, if any;
  - iii. Contributions in accordance with Council approved policies, if any; and
  - iv. Other non-rate supported contributions as approved by The City Treasurer, and/or Municipal Council.
4. The City Treasurer or designate is authorized to allocate approved debt substitution funds held in the reserve fund for the purposes outlined in section 2 of this by-law.
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 subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

PASSED in Open Council on September 26, 2023, subject to the provisions of PART VI.1 of the *Municipal Act, 2001*.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – September 26, 2023  
Second Reading – September 26, 2023  
Third Reading – September 26, 2023