

## Report to Corporate Services Committee

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

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

**Subject:** 2023 Mid-Year Capital Budget Monitoring Report

**Date:** October 3, 2023

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the 2023 Mid-Year Capital Budget Monitoring Report:

- a) the 2023 Mid-Year Capital Budget Monitoring Report **BE RECEIVED** for information, it being noted that the life-to-date capital budget represents \$3.4 billion with \$1.9 billion committed and \$1.5 billion uncommitted; it being further noted that the City Treasurer, or designate, will undertake the housekeeping budget adjustments identified in the Report, in accordance with the Multi-Year Budget Policy adopted by amending by-law No. CPOL.-45(b)-239;
- b) the following actions be taken with respect to the completed capital projects identified in Appendix "B", which have a total of \$3.4 million of net surplus funding:
  - i) the capital projects included in Appendix "B" **BE CLOSED**;
  - ii) the following actions be taken with respect to the funding associated with the capital projects approved for closure in b) i), above:

### Rate Supported

- A) pay-as-you-go funding of \$15 thousand **BE TRANSFERRED** from capital receipts;
- B) authorized debt financing of \$2 thousand **BE RELEASED** resulting in a reduction of authorized, but unissued debt;
- C) uncommitted reserve fund drawdowns of \$169 thousand **BE RELEASED** back into the reserve funds which originally funded the projects;

### Non-Rate Supported

- D) uncommitted reserve fund drawdowns of \$2.5 million **BE RELEASED** back into the reserve funds which originally funded the projects;
- E) other net non-rate supported funding sources of \$758 thousand **BE ADJUSTED** in order to facilitate project closings.

## Executive Summary

This report provides a summary of the results related to the 2023 life-to-date capital budget for the Property Tax Supported Budget, the Water Rate Supported Budget, and the Wastewater and Treatment Rate Supported Budget.

At the midway point of 2023 the City's life-to-date capital budget stood at \$3.4 billion; \$1.9 billion (55.5%) is committed to capital work, while \$1.5 billion (44.5%) remains uncommitted. Thus far during the calendar year, 142 discrete contract awards worth \$231.5 million were awarded; 53 by Council and 89 by Civic Administration (Appendix "A"). These awards contributed to total capital spending of \$87.4 million by the halfway mark of 2023.

This report traditionally provides fulsome information regarding capital projects recommended to be closed as well as the status of capital projects with budgets greater than three years old that have no future budget requests. Providing this information

requires significant administrative effort which at the current time would detract from the organization-wide efforts currently underway to develop the 2024 to 2027 Multi-Year Budget (MYB). The information provided in Appendix B and Appendix C in this iteration of the report is based on what is readily available. The traditional level of detail will be provided in full again in the 2023 Year-End Capital Monitoring Report in the spring of 2024. As it stands, this report recommends closing 35 capital projects with a total budget value of \$60.1 million (Appendix “B”). If approved, the closing of completed capital projects will return a total of \$3.4 million back to their original rate and non-rate sources of financing. Civic Administration has also identified housekeeping budget adjustments that will result in \$24.8 million of surplus capital funding being returned to their various original source of financing (Appendix “C”). This funding has been identified on projects that are required to remain open but use of that funding is not required, nor imminent, for a variety of reasons.

This report also provides a summary of the City’s debt, key capital budget financing strategies, and emerging issues that may impact the 2023 capital budget.

## **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. The City of London’s Multi-Year Budget development and monitoring is a strategy to align financial resources with Council’s Strategic Plan and to maintain London’s finances in a transparent, sustainable, and well-planned manner, incorporating intergenerational equity, affordability and environmental, social, and governance considerations. On a semi-annual basis, through the Capital Budget Monitoring Report process, Civic Administration analyzes the capital projects life to date approved budgets against actuals required for completion and recommends appropriate budget releases and project closures in line with City policies and practices. This exercise ensures the capital budget is continuously monitored and if needed, monies are released which can be used to implement the City’s Strategic Plan.

## **Analysis**

### **1.0 Background Information**

#### **1.1 Previous Reports Related to this Matter**

Corporate Services Committee, April 11, 2023, meeting, Agenda Item # 4.2, 2022 Year-End Capital Budget Monitoring Report

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=98449>

Strategic Priorities and Policy Committee, September 20, 2022 meeting, Agenda Item # 2.5, 2022 Mid-Year Capital Budget Monitoring Report.

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=94608>

#### **1.2 Source of Financing Terminology Defined**

Within this report the terms “rate supported” and “non-rate supported” are used when referring to the sources of financing that support the City’s capital budget. Rate supported refers to property tax, and water and wastewater utility rate sources of financing (e.g., capital levy, water rates, reserve funds, debt). Non-rate supported refers to sources of financing primarily supported by development charges and in some cases contributions from parties external to the Corporation of the City of London.

### **2.0 Discussion and Considerations**

#### **2.1 2023 Life-To-Date Capital Budget Activity and Revisions**

After Council approves the capital budget, as the year progresses, reports are presented to Council to approve major contract awards and proceed with capital projects. Each report includes a Source of Financing (SofF). Most awards are within the approved capital budget, but some awards require budget adjustments as detailed in

the SofF. Budget adjustments may also result from the application of assessment growth funding, receipt of senior government funding and other revenue sources such as insurance proceeds and private drain connections.

Other capital project awards proceed under administrative authority granted by the Procurement of Goods and Services Policy; details on these approvals are provided in an annual report from the Purchasing and Supply Division.

Table 1 summarizes 2023 life-to-date capital budget adjustments by Tax Supported, Wastewater and Treatment, and Water budgets. Appendix “A” provides details on the source of these adjustments.

**Table 1 – 2023 Capital Budget Life-To-Date Revisions as of June 30, 2023 (\$Thousands)**

Budget	2023 Life-to-Date Approved Budget (as of January 1, 2023)	2023 Council Budget Adjustments	2023 Administrative Budget Adjustments <sup>1</sup>	2023 Life-to-Date Approved Budget (as of June 30, 2023)
Tax Supported	2,306,518	24,619	8,179	2,339,316
Wastewater	769,537	3,279	4	772,821
Water	297,619	1,545	6	299,169
<b>Total</b>	<b>3,373,673</b>	<b>29,443</b>	<b>8,189</b>	<b>3,411,306</b>

Subject to rounding.

Table Notes:

(1) Approximately \$5.0 million of the Administrative Budget Adjustments relate to funding received from other levels of government e.g. Ontario Priorities Housing Initiative (OPHI).

As of June 30, 2023, there were 142 discrete contract awards worth \$231.5 million (53 were awarded by Council and 89 were awarded administratively). Table 2 summarizes the 2023 contract awards by Tax Supported, Wastewater and Treatment, and Water budgets. Appendix “A” provides details on all Council approved contract awards.

**Table 2 – 2023 Capital Budget Contract Awards as of June 30, 2023 (\$Thousands)**

Budget	Council Approved Contract Awards	Administration Approved Contract Awards	Total Awards
Tax Supported	113,246	31,608	144,854
Wastewater	38,986	20,437	59,423
Water	13,187	14,040	27,227
<b>Total</b>	<b>165,419</b>	<b>66,085</b>	<b>231,503</b>
Number of Contract Awards	53	89	142

Subject to rounding.

The increase in volume and amount of administratively approved contract awards has resulted from the Council approved increase in internal approval thresholds from \$3 million to \$6 million on January 31, 2022.

## 2.2 2023 Life-To-Date Capital Budget Status

A summary of the 2023 life-to-date capital budget, including the committed and uncommitted amounts, is summarized in Table 3. This information is essential for budget monitoring to ensure that spending is being managed within the approved budget.

**Table 3 – 2023 Life-To-Date Capital Budget Details as of June 30, 2023  
(\$Thousands)**

Budget	Classification	Approved Budget <sup>1</sup>	Actual and Commitments <sup>2</sup>	Uncommitted to Date <sup>2</sup>	Percent Committed
Tax Supported	Lifecycle	592,322	393,266	199,057	66.4%
Tax Supported	Growth	1,039,323	510,872	528,452	49.2%
Tax Supported	Service Improvement	707,670	263,068	444,603	37.2%
Tax Supported	Sub-Total	2,339,316	1,167,205	1,172,111	49.9%
Wastewater	Lifecycle	254,127	212,927	41,201	83.8%
Wastewater	Growth	378,609	208,091	170,518	55.0%
Wastewater	Service Improvement	140,085	77,343	62,742	55.2%
Wastewater	Sub-Total	772,821	498,360	274,461	64.5%
Water	Lifecycle	195,221	156,307	38,914	80.1%
Water	Growth	93,719	64,941	28,777	69.3%
Water	Service Improvement	10,230	6,257	3,972	61.2%
Water	Sub-Total	299,169	227,506	71,663	76.0%
<b>City</b>	<b>Total</b>	<b>3,411,306</b>	<b>1,893,071</b>	<b>1,518,235</b>	
<b>City</b>	<b>Percentage of Total</b>	<b>100.0%</b>	<b>55.5%</b>	<b>44.5%</b>	

Subject to rounding.

Table Notes:

(1) Totals are for active projects only. Projects approved to be closed during the year are deducted from this table.

(2) Once a capital project has an approved budget, spending or commitments may not be made for several years, for example, longer term projects like multi-purpose recreation centres.

The observed increases in both total life-to-date budget and uncommitted capital funding, over what would be considered historic norms, is attributable to the presence of several generational capital projects that are currently being planned and constructed. The largest projects contributing to these results that are in the early planning stages are the LTC Highbury Facility Demolition and Rebuild (\$199.5 million), LPS Headquarters Expansion (\$40.0 million), Southeast and Northwest community centres (\$69.5 million combined), Wharncliffe to Becher Underpass (\$44.4 million). Also in various phases of construction are the South and East corridors of the Rapid Transit project (\$147.1 million), Adelaide Street Grade Separation (\$87.6 million), and the Roadmap to 3000 Affordable Units (\$42.2 million). It is important to understand that these figures represent only the current and life-to-date budget amounts of each capital project, they do not include funding that may be budgeted in the future years of the capital plan (i.e. 2024 onward).

The presence of this many large-scale capital projects will continue to result in elevated life-to-date approved capital budgets until such time that they are completed and closed. The elevated uncommitted funding will gradually decline as construction progresses and expenditures are realized.

## 2.3 Capital Budget Housekeeping Adjustments

On July 25, 2023, Council approved the Council Policy Manual Review including re-adoption of the Multi-Year Budget Policy. The Multi-Year Budget Policy has since its inception contained authorization for the City Treasurer or designate to make budget adjustments considered “housekeeping” in nature. These adjustments do not have a material impact on the capital plan. Reporting housekeeping budget adjustments of significance through the budget monitoring process, which occurs twice per year, allows more timely disclosure of capital budget adjustments to Council and the community, better reflects operational requirements, and keeps the capital budget in a more current state. Furthermore, this practice results in the timely release of funding to the original source of the financing (capital receipts, reserve funds, debt, etc.), making it available for future budget approvals and reducing future budget requests for additional financing.

The housekeeping budget adjustments completed result in **\$24.8 million being returned** to their various original source of financing. These savings are primarily attributable to favourable tender results caused by a competitive marketplace at the time of the tender award, and changes to timelines and scopes of projects (e.g., a growth project delayed to a future period). The impacts realized to date in 2023 can be found below, rate supported sources of financing, summarized in Table 4 and non-rate supported sources of financing, summarized in Table 5. For a detailed listing of each capital project refer to Appendix “C”.

**Table 4 – Capital Budget Housekeeping Adjustments Rate Supported Sources of Financing to be Released (\$Thousands)**

Budget	Capital Levy	Debt	Reserve Funds	Total
Tax Supported	0.0	896.6	90.5	987.1
Wastewater	0.0	0.0	1,625.8	1,625.8
Water	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>896.6</b>	<b>1,716.2</b>	<b>2,612.9</b>

Subject to rounding.

**Table 5 – Capital Budget Housekeeping Adjustments Non-Rate Supported Sources of Financing to be Released (\$Thousands)**

Budget	Reserve Funds <sup>1</sup>	Debt <sup>1</sup>	Other	Total
Tax Supported	6,554.2	0.0	0.0	6,554.2
Wastewater	8,411.3	2,393.5	0.0	10,804.8
Water	4,847.4	0.0	0.0	4,847.4
<b>Total</b>	<b>19,812.9</b>	<b>2,393.5</b>	<b>0.0</b>	<b>22,206.4</b>

Subject to rounding.

Table Notes:

(1) Non-rate supported reserve funds / debt primarily supported by Development Charges.

In total, the housekeeping budget adjustments exercise will release rate supported reserve funds of \$1.7 million and non-rate reserve fund drawdowns of \$19.8 million. The details of these reserve fund drawdown releases are outlined in Table 6 and 7 below.

**Table 6 – Capital Budget Housekeeping Adjustments Rate Supported Reserve Fund Drawdowns to be Released (\$Thousands)**

Reserve Fund	Amount
Industrial Oversizing - General Reserve Fund	90.5
Sewage Works Renewal Reserve Fund	1,625.8
<b>Total</b>	<b>1,716.2</b>

Subject to rounding.

**Table 7 – Capital Budget Housekeeping Adjustments Non-Rate Supported Reserve Fund Drawdowns to be Released (\$Thousands)**

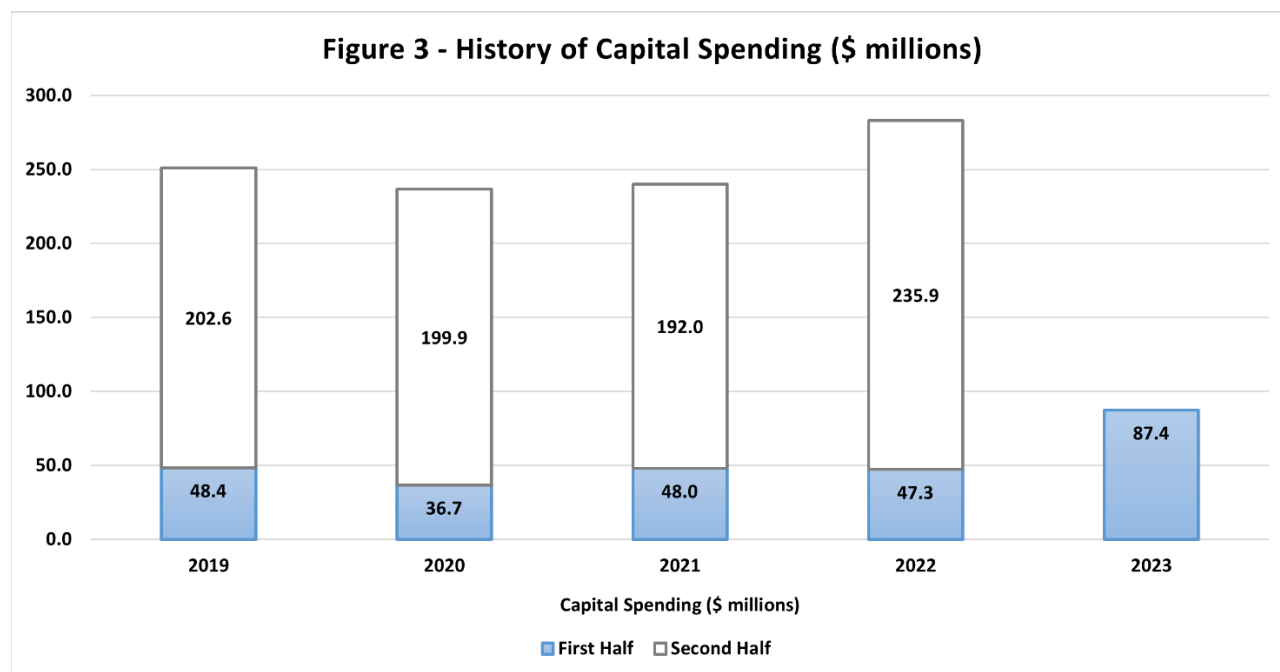
Reserve Fund	Amount
City Services Reserve Fund Roads and Related Services	6,554.2
City Services Reserve Fund Water	4,847.4
City Services Reserve Fund Stormwater	8,411.3
<b>Total</b>	<b>19,812.9</b>

Subject to rounding.

## 2.4 Capital Cash Flow

Capital spending each year is not the same as the capital budget for that year. Spending on capital projects can extend several years after the budget is approved by Council. Spending within a given year is therefore a layering of several capital projects approved in various years and at various stages. Total capital spending tends to be greater during the latter part of the year as construction invoices are received, approved, and paid. This information is important for the timing of debt issuances, reserve fund drawdowns and cash flow management decisions.

As of June 30, 2023, **total capital spending was \$87.4 million** compared to \$47.3 million by mid year in 2022 (Figure 3 below). This increase can be attributed to the many significant, generational, capital projects alluded to above in section 2.2; South and East corridors of the Rapid Transit project (\$147.1 million), Adelaide Street Grade Separation (\$87.6 million), the Roadmap to 3000 Affordable Units (\$42.2 million), etc. Because of the significant capital requirements of these projects, we anticipate increased spending of the life-to-date capital budget to continue until these projects are substantially complete.



## 2.5 Completed (Closed) Capital Projects

Civic Administration continues to undertake reviews to close capital projects in a timely manner to ensure the life-to-date capital budget is accurately stated and savings, if any, are returned to their original funding source for future budget utilization.

This report traditionally provides fulsome information regarding capital projects recommended to be closed as well as the status of capital projects with budgets greater than three years old that have no future budget requests. During years where the Mid-Year Capital Monitoring process and Multi-Year Budget development overlap, Civic Administration does not provide this information at the same level in the Mid-Year

report. Opting not to distract from the significant undertaking that is Multi-Year Budget development during the summer, reporting at the traditional level of detail returns in the Year-End version of the Capital Monitoring report presented in the Spring.

The information provided in Appendix B and Appendix C in this iteration of the report is based on what is readily available. This report recommends closing 35 projects with a total budget value of \$60.1 million. The completed projects that are recommended to be closed were under budget by \$3.4 million in total. The rate and non-rate source of financing impacts of closing the completed capital projects is summarized in Table 8 and 9 below. For a detailed listing of each completed capital project refer to Appendix "B".

**Table 8 – Completed Capital Projects Rate Supported Sources of Financing to be Released (\$Thousands)**

Budget	Capital Levy <sup>1</sup>	Debt	Reserve Funds	Total
Tax Supported	-15.3	1.9	-16.1	-29.4
Wastewater	0.0	0.0	0.0	0.0
Water	0.0	0.0	185.0	185.0
<b>Total</b>	<b>-15.3</b>	<b>1.9</b>	<b>168.9</b>	<b>155.6</b>

Subject to rounding.

Table Notes:

(1) Negative value relates to capital project PD1217 Dundas Place Field House as illustrated in Appendix B, table 1. As recommended, and once approved, pay-as-you-go funding of \$15 thousand will be transferred from capital receipts.

**Table 9 – Completed Capital Projects Non-Rate Supported Sources of Financing to be Released (\$Thousands)**

Budget	Reserve Funds	Debt	Other <sup>1</sup>	Total
Tax Supported	4.0	0.0	-6.0 <sup>2</sup>	-1.9
Wastewater	494.4	0.0	694.5	1,188.9
Water	1,995.3	0.0	69.3	2,064.6
<b>Total</b>	<b>2,493.7</b>	<b>0.0</b>	<b>757.9</b>	<b>3,251.6</b>

Subject to rounding.

Table Notes:

(1) Represents non-City funding sources such as proceeds from external parties.

(2) Additional contribution was received to finish capital project RC2645 Tim Hortons Playhouse, as illustrated in Appendix B, table 1.

In total, the capital project closing exercise, if approved, will release, and transfer uncommitted rate and non-rate reserve fund drawdowns of \$2.66 million, of which, \$169 thousand relates to rate supported reserve funds and \$2.49 million relates to non-rate supported reserve funds. The details of these pending reserve fund drawdown releases are outlined in Table 10 and 11 below.

**Table 10 – Completed Capital Projects Rate Supported Reserve Fund Drawdowns to be Released (\$Thousands)**

Reserve Fund	Amount
City Facilities Renewal Reserve Fund	-16.0 <sup>1</sup>
Water Works Renewal Reserve Fund	185.0
<b>Total</b>	<b>169.0</b>

Subject to rounding.

Table Note:

(1) RC2050 Aquatic Accessibility is overbudget and requires an additional drawdown from the reserve fund to close the project.

**Table 11 – Completed Capital Projects Non-Rate Supported Reserve Fund Drawdowns to be Released (\$Thousands)**

Reserve Fund	Amount
City Services Reserve Fund Parks and Recreation	4.0
City Services Reserve Fund Wastewater	178.0
City Services Reserve Fund Stormwater	316.0
City Services Reserve Fund Water	1,995.0
<b>Total Non-Tax/Rate Supported Reserve Fund Impacts</b>	<b>2,493.0</b>

Subject to rounding.

## 2.6 Capital Budget Financing Strategies – Capital Levy

The overarching capital financing strategy for capital levy, also referred to as pay-as-you-go financing, is to first apply this funding source to lifecycle renewal capital budgets as the purpose of projects in this classification is to maintain existing infrastructure. An administrative target was previously set to eliminate debt financing on lifecycle renewal projects. In 2022 the administrative target of 0% debt financing for lifecycle renewal projects was achieved, meaning lifecycle renewal projects are now completely financed from a combination, based on need and affordability, of capital levy and drawdowns from the City's many Capital Asset Renewal and Replacement reserve funds.

## 2.7 Capital Budget Financing Strategies – Reserve Funds

Obligatory reserve funds are primarily used as a source of financing for growth projects. Discretionary reserve funds are primarily used as a source of financing for lifecycle renewal and service improvement projects where appropriate reserve funds and sufficient balances exist.

Obligatory and discretionary reserve funds are categorized as follows:

### **OBLIGATORY**

- 1) **City Services Development Charges (DC)** – dictated by the DC by-law
- 2) **Parkland** – cash-in-lieu of parkland dedication through the Parkland Conveyance and Levy By-law (CP-9) according to the Planning Act (Section 51.1)
- 3) **Canada Community-Building Fund** – previously known as Federal Gas Tax, funds received under the Municipal Funding Agreement for Transfer of Canada Community-Building Fund Revenues

### **DISCRETIONARY**

- 1) **Capital Asset Renewal and Replacement** – to support renewal and replacement of existing assets
- 2) **Capital Asset Growth** – to support Development Charges incentive programs and Industrial Land Development Strategy
- 3) **Specific Projects and New Initiatives** – to support specific planned projects (e.g., economic development, affordable housing, community improvement grants and loans)
- 4) **Contingencies/Stabilization and Risk Management** – to provide contingency funding for specific risk areas

Obligatory and discretionary reserve funds are controlled by municipal by-laws and the City's Reserve and Reserve Fund Policy.



## Reserves and Reserve Funds – Noteworthy Developments

Civic Administration presented the following rationalization reports at various Corporate Services Committee meetings:

- September 25, 2018 - Reserve Rationalization Report (agenda item #2.2),
- September 8, 2020 - Capital Asset Renewal and Replacement Reserve Funds Rationalization Report (agenda item #2.1)
- June 20, 2022 - Special Projects and New Initiatives Reserve Fund Rationalization Report (agenda item #2.2),
- September 11, 2023 - Contingencies/Stabilization and Risk Management Reserve Fund Rationalization Report (agenda item #2.1), and
- September 11, 2023 - Capital Asset Growth Reserve Fund Rationalization Report (agenda item #2.2).

These reports aligned a significant portion of the City’s reserve and reserve fund portfolio with key Council approved financial management policies (examples include Reserve and Reserve Fund Policy, Capital Budget and Financing Policy, and Corporate Asset Management Policy). Additionally, through these reports, transparency and accountability has been enhanced, target balances have been established, and administrative efficiencies realized.

Civic Administration will continue to report on the City’s reserve funds to Council noting that Civic Administration’s tentative plans are to complete a reserve fund housekeeping report before the end of 2024.

## 2.8 Capital Budget Financing Strategies – Debt

A summary of the projected debt levels for 2023 is detailed in Table 12 below.

**Table 12 – 2023 Debt Level as of June 30, 2023 (\$Thousands)**

Category	Dec 31, 2022	Issued in 2023	Retired in 2023	June 30, 2023 <sup>1</sup>	Authorized 2023	Total Potential
Property Taxes	109,738	8,314	24,380	93,671	307,961	401,632
Wastewater	19,456	-	4,239	15,217	716	15,933
Water	108	-	108	-	-	-
Rate Supported Reserve Funds	1,656	-	1,166	490	-	490
Joint Water Boards – City’s Share	5,338	-	1,519	3,819	2,070	5,888
City Services Reserve Funds	82,514	13,186	12,970	82,730	137,122	219,852
<b>Total</b>	<b>218,809</b>	<b>21,500</b>	<b>44,383</b>	<b>195,926</b>	<b>447,869</b>	<b>643,795</b>

Subject to rounding. City of London only, excludes debt of consolidated entities.

Table Note:

(1) Outstanding debt level is subject to completion of 2023 financial statement audit.

The City’s Debt Management Policy was last amended by Council on July 25, 2023 (amending by-law No. CPOL.-48(a)-242). The policy establishes strategies for the management of the City’s debt program. These strategies are outlined in tables 13 and 14 below.

**Table 13 – Debt Management Strategies to Limit and Reduce Authorized Debt**

Strategy	Target	Where Are We? / Results
Avoid the use of debt financing for lifecycle renewal projects	0% debt by 2023 for the rate supported budget	2023 results: 0% debt
Limiting debt financing by way of an internal debt cap	Average of \$36.0 million over 10-year capital plan for property tax supported initiatives	2023 results: forecasted 10-year average of \$24.4 million in debt financing currently in the capital budget at mid-year.
Reducing authorized debt as prescribed by the Surplus/Deficit and Assessment Growth Policies	No specified targets, policies direct 50% of any operating surplus and 50% of excess assessment growth funding be applied to reduce authorized debt	2022 Year-end operating result: \$6.6 million applied.  2023 assessment growth: \$1.1 million applied.
Releasing surplus debt financing from the capital budget	No specified target, subject to available surplus	2022 Year-end capital results: \$0.0 released.

**Table 14 – Debt Management Strategies to Minimize Debt Servicing Costs**

Strategy	Target	Where Are We? / Results
Setting targets for debt servicing costs by budget	Debt servicing costs as a percentage of revenue: Property Tax less than 8%, Wastewater less than 10%, and Water equal to 0%	2022 results: Property Tax 4.3%, Wastewater 4.0%, Water 0.1% <sup>1</sup>
Maintaining a strong credit rating	Aaa (Stable)	2022 result: Aaa (Stable)

Table Note:

(1) Debt servicing costs as a percentage of revenue in the Water budget is temporarily over the established target because of prior year debt issuances, noting that the Water capital budget has not included rate supported debt financing since 2010.

### 3.0 Emerging Issues

This section of the report provides information on emerging issues that may impact the capital budget in 2023 and beyond. Within this section, each emerging issue is assigned a likelihood, which estimates the issue’s probability of impacting the budget in 2023. These likelihoods are categorized as high, medium, and low, and are defined as follows:

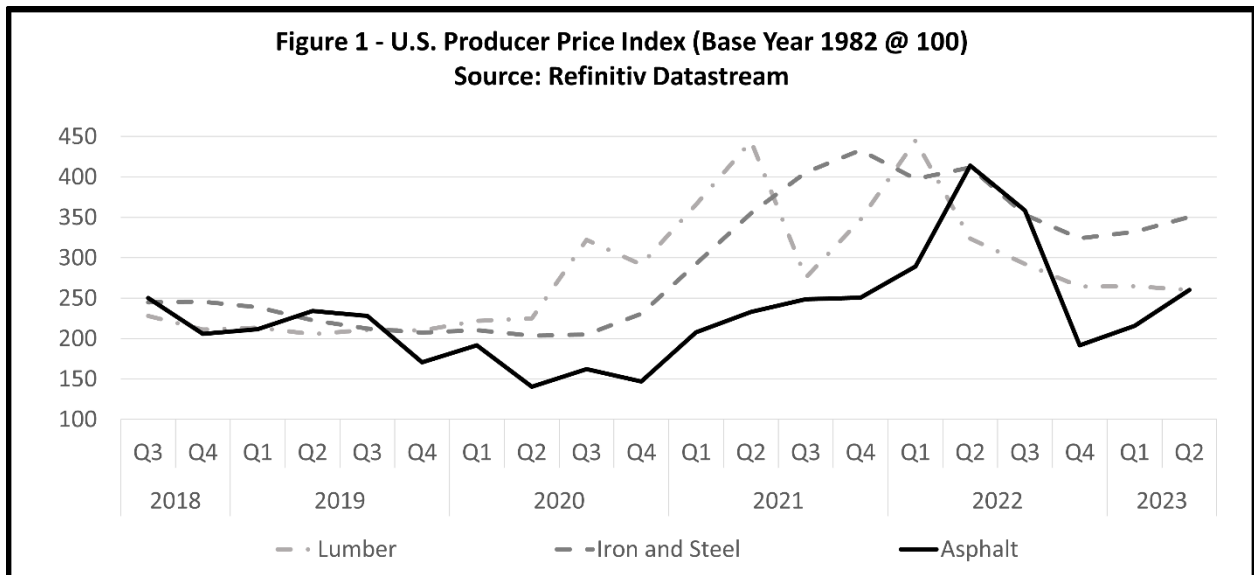
- High – likelihood of the issue impacting the 2023 and beyond period is predicted to be greater than 60%.
- Medium – likelihood of the issue impacting the 2023 and beyond period is predicted to be between 30% and 60%.
- Low – likelihood of the issue impacting the 2023 and beyond period is predicted to be less than 30%.

#### EMERGING ISSUE AFFECTING ALL THREE BUDGETS

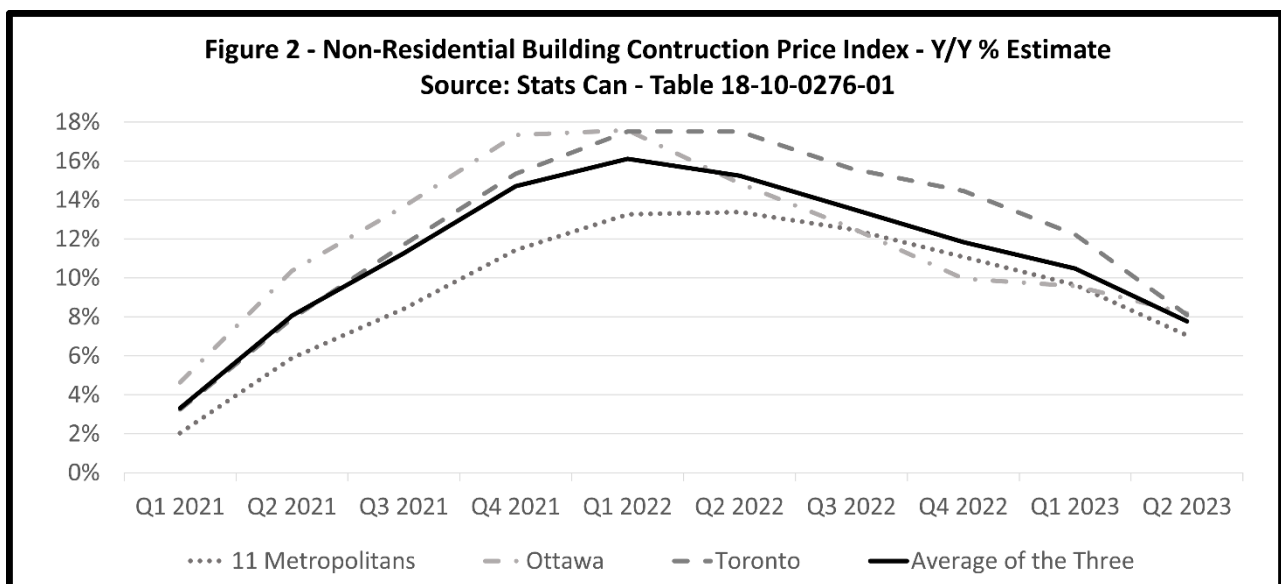
##### Inflation

In 2022 and throughout 2023, supply chain disruptions and increased demand for certain raw materials caused many capital projects in the approved capital plan to experience inflationary pressures. The U.S. Producer Price Index (Figure 1 – sourced via Refinitiv) is the official monthly measure of producer prices in the United States, and

a good comparator of trends being experienced in Canada. It measures average changes in prices received by domestic producers for their outputs like lumber, iron/steel and asphalt; the prices for lumber, iron/steel and asphalt have increased 17%, 66% and 36% respectively over the Q1 2020 (beginning of the current multi-year budget) to the Q2 2023 period. Similarly, Statistics Canada tracks various input prices through the Industrial Product Price Index (IPPI). Since the beginning of 2020 through to June 30, 2023, the price of lumber and other wood products has increased 22% and primary ferrous metal products (e.g. steel) have increased 55%. The Statistics Canada Industrial Product Price Index does not specifically include asphalt. Clearly, therefore, substantial price increases for various materials utilized in construction projects have been experienced, not only in Canada but across North America and the world. It is important to highlight the volatility of these prices of raw materials, which can make budgeting and planning capital works extremely challenging.



Higher input costs are contributing to increases seen in the costs of construction. The Building Construction Price Indexes tracked by StatsCan are a quarterly measure of change in prices that contractors charge to construct a range of new commercial, institutional, industrial (ICI) and residential buildings. Of particular importance to the City of London is the Non-Residential Building Construction Price Index, which is presented in Figure 2 for the Q1 2021 to Q2 2023 period.



This graph represents a striking change in the construction environment since the approval of the 2020 to 2023 Multi-Year Budget. Capital projects in the City's 10-year Capital Plan do account for inflation; however, the 2.4% factor used during multi-year budget development has been significantly outpaced. As a result, many projects in the 10-year capital plan for lifecycle renewal, growth, and service improvement do not fully reflect the funding requirements to complete the projects as originally planned. The 2024 to 2027 Multi-Year Budget development that is currently underway is the best

opportunity for making significant changes to the City's capital budget and 10-year capital plan.

While inflation may be showing signs of easing (albeit still at elevated levels), it should be noted that long term construction price deflation (i.e. falling construction prices) is very rare and typically only seen during significant economic downturns. Pausing or deferring capital projects in this environment may not reduce our future costs with respect to the City's capital works and may in fact have detrimental effects on London's economic recovery. Additionally, deferring a significant number of capital projects would likely cause operational issues as projects stack up in future years, calling into question the ability to execute many deferred projects in a compressed period. It should also be emphasized that not all capital projects are experiencing budget pressures due to inflationary challenges. Many capital project procurements have come in at or below budgeted amounts and the impacts of inflation have been partially offset by an influx of funding from other levels of government.

### **Likelihood of Impact on 2024 Budget - High**

## **PROPERTY TAX**

### **Infrastructure Funding**

#### Investing in Canada Infrastructure Program (ICIP) - Public Transit Stream (PTS)

The City of London was approved for ten transit related projects under this program for a total project cost of \$375 million, with \$103.1 million from the Government of Ontario, \$123.8 million from the Government of Canada and the balance of funding, approximately \$148 million, coming from municipal and other sources. Construction on most Public Transit Stream funded projects started in 2020 and 2022, with construction continuing in 2023 and beyond. The program deadline for construction is 2033.

Two additional applications for funding under the ICIP – Public Transit Stream have been submitted by the City of London and are currently being considered by the Provincial and Federal governments.

1. Active Transportation – In February 2022, applications for seven active transportation projects were submitted under Intake 3 of the Public Transit Stream. The total project value is \$40.0 million, including a \$29.3 million contribution from the federal and provincial governments. Projects include on-road cycling facilities, pedestrian crossings, boulevard bike lane renewal, intersection accessibility compliance, improvements across bridge pinch points, bike parking and south branch TVP extension. As of August 31, 2023, five of the seven applications have been approved for a total project value of \$24.2 million.
2. London Transit Commission (LTC) – Highbury Facility

After approval of the ten projects discussed above and the active transportation projects submitted in February 2022, London had \$119.3 million remaining in allocated Federal and Provincial funding. This funding was earmarked for the planned North and West corridors of the rapid transit system but not yet submitted for consideration.

The Federal Budget 2023 accelerated the submission date for Intake 4 of the Public Transit Stream to March 31, 2023. In December 2022, Council approved re-allocating London's remaining ICIP-PTS funding to replacing the LTC Highbury Facility as this facility had reached its useful life and the application could meet the revised Intake 4 submission date.

The cost estimate for the entire project is \$332.5 million, including design, consulting, and cost escalation, with an estimated 2025 construction start. The project was broken into two smaller projects to maximize use of available funding and mitigate the taxpayer impact. Project 1 was estimated at \$199.5 million and was submitted for ICIP-PTS funding in late December 2022. The application is

still being considered. Project 2 is estimated at \$133.0 million and will be considered through a future Multi-Year Budget submission.

### Investing in Canada Infrastructure Program (ICIP) - Community, Culture and Recreation Infrastructure Stream

This stream supports community infrastructure priorities. The City of London was approved for two projects under this stream.

1. Labatt Park - \$2.0 million. This project includes the installation of accessible washrooms, repair and replacement of bleachers, and replacement of sport lighting. Construction started November 4, 2022, with completion scheduled by November 30, 2023.
2. Carling Heights Optimist Community Centre (CHOCC) - \$1.9 million. This project includes a teaching kitchen space, installation of an elevator, and other building renewal components. The prime consultant will be engaged in summer 2023. Construction is scheduled to start September 2025, with completion scheduled by October 31, 2026.

### Strategic Priorities Infrastructure Fund

In September 2022, London was approved for a \$4.2 million project for several upgrades at Foxfield Park, including a new spray pad and field house with accessible washrooms, a regulation size lit and irrigated premier grass soccer field, upgrades to existing park pathway, park lighting, parking facilities, and multi-use courts for tennis, pickle ball and basketball. Council approved the transfer payment agreement for this project in March 2023. The project started in June 2023 and is anticipated to end in November 2024.

### Investing in Canada Infrastructure Program (ICIP) - COVID-19 Community Resilience Stream

In August 2020, the Federal Government announced the COVID-19 Resilience Infrastructure Stream to assist with social and economic recovery from the health and economic crisis brought on by COVID-19. London was approved for four projects under this stream. All projects are under construction and will be complete by fall 2023.

1. Active Transportation - \$3.75 million. Includes three projects for new cycling facilities, boulevard bicycle path improvements and downtown sidewalk improvements.
2. Recreation Facilities - \$1.75 million. One project for HVAC rehabilitation at the Carling and Stronach arenas and the Boyle Community Centre.

### Green and Inclusive Community Buildings Program (GICB)

In December 2020, the federal government recognized that municipal and community buildings play a role in Canada's climate response and allocated \$1.5 billion for retrofits, repairs or upgrades of existing buildings and the construction of new public buildings.

On May 12, 2022, London was approved for \$2.2 million of Federal funding for the Kinsmen Arena Deep Energy Retrofit. Council approved the contribution agreement in March 2023 and work is proceeding.

London submitted another application for a similar project for Nichols Arena for \$2.4 million of Federal funding.

### Active Transportation Fund

On December 22, 2022, London was approved for a \$2.0 million project under this program to extend the City's active transportation system by connecting the Stoney Creek Pathway from Windermere Road to the Thames Valley Corridor and onto the City's Core. The contribution agreement was approved by Council on July 25, 2023. The project must be completed by March 2026.

### Canada Community Revitalization Fund (CCRF)

On June 24, 2022, the Federal Government announced the Canada Community

Revitalization Fund (CCRF), a national investment of \$500 million over two years to help communities build and improve community infrastructure projects to assist recovery from the COVID-19 pandemic.

In early 2023, London was approved for two projects.

1. Hyde Park Village Green - \$750,000. This project will reinvent the empty lot at 1695 Hyde Park Road, transforming it into a green space with accessible walkways, providing a direct route for pedestrians and cyclists between residences and the neighbourhood's retail and business main street.
2. RBC Place – King Street Parkette Revitalization - \$713,150. This project will revitalize the King Street Parkette adjacent to RBC Place creating a vibrant, accessible outdoor space able to accommodate up to 500 guests for organized events, providing an attractive, accessible, and safe space for social gathering by residents and visitors.

Both projects were completed in spring 2023.

#### Tourism Relief Fund (TRF)

In June 2022, the Federal Government announced the Tourism Relief Fund (TRF), a national investment of \$500 million over two years to support tourism businesses and organizations to adapt their operations to meet public health requirements while investing in products and services to facilitate their future growth.

On April 17, 2023, London was approved for a \$420,000 project “Welcome to the Heart of London”, to establish a more welcoming and visually attractive environment using consistent design elements to guide visitors through tourism facilities and events. Work on this project will continue until December 2023.

#### **Likelihood of Impact on 2024 Budget - High**

#### **Affordable Housing**

##### Roadmap to 3,000 Units Plan

On December 7, 2022, Municipal Council approved the “Roadmap to 3,000 Affordable Units” (Roadmap), a plan to achieve the Council endorsed target of 3,000 units by 2026. The Roadmap proposes a variety of tools, plans, investments, and approaches to advance action plans. Municipal sources of financing were approved to implement the Roadmap, noting that a variety of funding sources, particularly various City reserves and reserve funds, were utilized to fund the capital portion of the plan. The approval of this plan may constrain funding availability for other significant initiatives in future years.

On January 24, 2023, Council approved a revision to the plan to redirect approved funding to projects that are shovel-ready for government funding or partnerships when they are available.

##### Rapid Housing Initiative (RHI)

London was approved for all three rounds of RHI funding under the Major Cities Stream. \$7.5 million under RHI Round 1 was contributed to 122 Baseline Rd which was complete and occupied in early 2023. Under RHI Round 2, \$10.8 million was directed to 403 Thompson Rd which will be ready for occupancy October 1, 2023. On April 4, 2023, \$8.9 million from RHI Round 3 was directed to 345 Sylvan St. Construction is well underway with occupancy scheduled for August 2024.

#### **Likelihood of Impact on 2024 Budget - High**

#### **Zero-Emission Bus Implementation Plan and Funding**

On February 10, 2022, the Federal Government announced \$14.9 billion over the next eight years to support public transportation projects across Canada. On August 10, 2022, the Minister of Infrastructure and Communities announced a \$2.75 billion Zero Emission Transit Fund, a five year national program to help communities to support the purchase of 5,000 zero emission public transit and school buses and associated infrastructure.

The Zero Emission Transit Fund will support both Planning and Design Projects including studies, modelling and feasibility analysis, and Capital Projects including buses, charging and refueling infrastructure. Infrastructure Canada will provide direct funding contributions to support planning and capital projects and will also work with the Canada Infrastructure Bank which will provide flexible financing solutions through a \$1.5 billion Zero Emission Bus initiative.

On August 25, 2022, the London Transit Commission received preliminary information from the Canadian Urban Transit Research and Innovation Consortium (CUTRIC) on the Zero-Emission Bus (ZEB) Implementation Strategy they are conducting for London. The approach recommends ten 40' battery electric buses and related charging infrastructure including three high-powered overhead charging units (installed at facility or on-road) and four low-powered plug-in charging units (installed at facility). Municipal Council approved a \$26.0 million business case as part of the 2022 Budget Update to support this strategy, including required facilities work to upgrade the grid connection, install the required charging equipment, and retrofit facilities to accommodate the zero-emission buses. This business case was developed on the assumption that up to 50% of the costs of the initiative will be pursued through the Zero Emission Transit Fund.

On May 25, 2023, the LTC approved a recommendation from LTC Administration to approve in principle the ZEB fleet implementation and rollout plan and use the plan to support funding applications as determined in cooperation with Civic Administration. These applications would be submitted to the above two programs, among others.

#### **Likelihood of Impact on 2024 Budget – High**

#### **Corporate Asset Management Plan**

On August 27, 2019 Municipal Council approved the 2019 Corporate Asset Management Plan (AMP), an update to the 2014 AMP, which is compliant with O.Reg 588/17 for directly owned City assets. The 2022 Corporate AMP Review showed that the City of London owns and maintains assets with a replacement value of approximately \$22.2 billion (including Water and Wastewater) and that the City manages its infrastructure to keep it in generally 'Good' condition. Projected spending on lifecycle assets will be more than \$1.8 billion over ten years resulting in an infrastructure investment gap of roughly \$666.9 million over the cumulative 10-year period of 2022 to 2030.

To address the infrastructure gap, Municipal Council approved additional funding for the Capital Infrastructure Gap Reserve Fund through the 2020 to 2023 Multi-Year Budget. The City will also address the gap through different financial strategies including pursuing funding from external sources, incorporating reinvestment rate concepts through assessment growth, and, continuing to utilize one-time funding where available.

The 2023 Corporate Asset Management Plan is currently being finalized and will be presented to Council upon completion in October.

#### **Likelihood of Impact on 2024 Budget – High**

#### **More Homes Built Faster Act (formerly Bill 23)**

The More Homes Built Faster Act (the "Act") was passed by the Ontario Legislative Assembly in November 2023. Several changes in this Act have immediate impacts on the City and present new financial pressures. Most of the major financial consequences will only be triggered with the introduction of a new Development Charges By-law. It should also be noted that several requirements in the Act are still unknown as future regulations will be issued by the Province.

Key financial impacts in the Act are:

- Several Development Charges (DC) exemptions are included for qualifying residential development, reducing revenue that can be raised for growth infrastructure.
- DC rate increases must be phased in over a five-year period when a new DC by-law is passed, also reducing total DC revenue.
- Housing Services is no longer an eligible category for DC recovery.

- Parkland dedication of land or cash-in-lieu requirements for new developments are drastically reduced.
- The Act will change the way the City must operate and increase activity related to developments. The City will need to hire additional planners, engineers and technologists, ecologists, landscape architects, plans examiners, building inspectors and administrative staff.

Administration estimates that the overall impact to the City on growth costs previously funded by Development Charges are at least \$97 million over a five-year period but, as noted above, some of the financial impacts will not be triggered until the introduction of a new Development Charges by-law.

### **Likelihood of Impact on 2024 Budget - High**

#### **Climate Emergency Action Plan**

On April 24, 2019, Municipal Council declared a climate emergency. Municipal council approved a Climate Emergency Action Plan (CEAP) in April 2022. Leading up to that date was a series of reports to the Strategic Priorities and Policy Committee (SPPC) including the report at the February 8, 2022 meeting. As outlined in that report, many actions listed within the CEAP Area of Focus Workplans in 2022 and 2023 could be implemented within existing budgets and by utilizing existing City resources. However, investment in and spending adjustments for climate action over the full term of the CEAP (to 2050) by the City, businesses, institutions, and residents is anticipated to be overall significant; some investments are anticipated to align with, augment and sometimes replace planned future spending. It is anticipated that many CEAP investments may result in opportunities for net operating savings.

Civic Administration will develop a detailed Climate Change Investment and Implementation Plan for all the CEAP initiatives requiring additional funding. Determining the scope, timing, and pace of CEAP investments will be critical to support development of the 2024-2027 Multi-Year Budget, as well as future strategic plans and multi-year budgets. The investment required to support community and Corporate (City) initiatives in the CEAP cannot be borne entirely by the City of London. Support from federal and provincial partners will be critical to ensuring the successful implementation of many initiatives.

### **Likelihood of Impact on 2024 Budget - Low**

#### **Excess Soils**

Ministry (MECP) Regulation (406/19) has a new framework for the excavation, removal, and transport of “excess soils” between two or more sites. This new framework will apply to some roads projects that generate “excess soil.” There is uncertainty to the extent of this impact, but the City should anticipate potential pressures on some capital plans. This will be incorporated in future budget submissions.

### **Likelihood of Impact on 2024 Budget - Low**

## **WASTEWATER & WATER**

### **Infrastructure Funding (Wastewater)**

#### Disaster Mitigation and Adaptation Fund

In 2018, the Government of Canada launched the Disaster Mitigation and Adaptation Fund (DMAF), committing \$2 billion over 10 years to invest in structural and natural infrastructure projects to increase the resilience of communities that are impacted by natural disasters triggered by climate change. In the Federal Budget 2022, an additional \$1.375 billion in federal funding over 12 years was announced to renew the DMAF.

London’s wastewater treatment plants, which protect the Thames River from the effects of the City’s wastewater and represent millions of dollars in assets, are in areas that may be flooded during extreme weather events. Flood protection systems at Greenway and Adelaide Wastewater Treatment Plants were identified as priority projects because



of the location of those plants within the Thames River floodplain. Flood protection measures will improve the resilience of these facilities, enhance staff safety during extreme wet weather events, and reduce the likelihood of overflows and bypasses during those events.

On October 13, 2020, the Federal Government announced that London was approved for funding under the DMAF program to support the construction of flood protection measures at the Greenway and Adelaide Wastewater Treatment Plants. The overall project cost is estimated at \$49.5 million, with the maximum federal share of all project related expenses totalling \$19.8 million (40%). The contribution agreement was approved by Council in early 2022 and work is proceeding.

On March 3, 2023, the Federal Government announced that London was approved for \$3.6 million from the DMAF program. With another \$5.5 million from the City, for a total value of \$9.1 million, this project will reconstruct the Broughdale Dyke which protects 191 properties within the floodplain including residential, institutional, and recreational areas. An environmental assessment in 2016 recommended extending and raising the dyke from a 100-year flood elevation to a 250-year flood level elevation. The contribution agreement was approved by Council in early 2023.

### **Likelihood of Impact on 2024 Budget – High**

#### **Corporate Asset Management Plan (Water; Wastewater)**

The Corporate Asset Management Plan outlines the City's plans for the management of its \$22.2 billion worth of infrastructure. An Update was completed in 2021, and it indicates the City of London owns and maintains approximately \$15.9 billion worth of water and wastewater assets representing 71% of all City owned assets. The plan identified a 10-year cumulative infrastructure gap for the City's wastewater system of \$11.9 million, but there is no 10-year infrastructure gap for the City's water system. A further breakdown of the wastewater gap shows that the Wastewater Treatment is the main driver of the wastewater overall gap. 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.

In 2022, Administration hired an engineering consultant (Aecom) to conduct a detailed condition assessment and provide a more accurate estimate for the wastewater treatment plants needs over the next 20 years to be included in the 2023 Corporate Asset Management Plan. Staff will continue to monitor the wastewater infrastructure gap including undertaking study work to provide higher quality information to better quantify the gap moving forward.

The 2023 Corporate Asset Management Plan is currently being finalized and will be presented to Council upon completion in October.

### **Likelihood of Impact on 2024 Budget – High**

#### **Excess Soils (Water; Wastewater)**

Ministry (MECP) Regulation (406/19) has a new framework for the excavation, removal, and transport of "excess soils" between two or more sites. This new framework is now in effect and it will apply to most construction projects that generate "excess soil." There is some uncertainty to what extent the costs of our capital projects will be impacted. As a result, the City should anticipate potential pressures on the Water/Wastewater capital plans.

City Staff are working with the Heavy Construction Industry to understand the potential impact of these changes on costs moving forward. In addition, City Staff are working with the Engineering Consulting community to promote the reuse of soils during capital projects and considering a project to construct a new facility for handling excess soils to meet regulatory requirements.

### **Likelihood of Impact on 2024 Budget – Medium**

#### **Impacts from Bill 93 (Water; Wastewater)**

Bill 93 and its legislative changes have significantly increased the City's costs related to providing utility locates through contracted vendor(s). A new utility locate contract entered in March 2023 escalated Water Operations' and Sewer Operations' respective operating budgets by approximately \$1.6 million each, based on 2023 volume requirements. A working group continues to explore several potential options for the longer term.

#### **Likelihood of Impact on 2024 Budget – Medium**

#### **Canada-Ontario Lake Erie Action Plan (Wastewater)**

The Great Lakes Water Quality Agreement requires the United States and Canada to reduce phosphorus levels that contribute to algal blooms in Lake Erie by 40% based on levels measured in 2008. The Thames River Watershed has been identified as a priority watershed. The final Canada-Ontario Lake Erie Action Plan was issued by the Federal government in February 2018. The plan includes a series of specific actions to be undertaken by the City of London that were endorsed by Council in Q4-2017. The timing and funding of these actions is directly linked with the availability of federal and provincial funding. Staff will continue to monitor the availability of funding and will submit applications for this work at every opportunity.

#### **Likelihood of Impact on 2024 Budget – Low**

#### **Arva Huron Water Pipeline Environmental Assessment (Water)**

The Arva-Huron Pipeline is the most critical supply of water into the City of London, supplying approximately 85% of water used by all customers. An environmental assessment was recently completed to determine the long-term strategy for replacing this key component of the City's water system. The short-term recommendation includes an asset management strategy consisting of maintenance, monitoring, and upgrading tasks. Cost estimates were provided for these asset management tasks to 2040 when the watermain is expected to reach the end of its useful life. There is sufficient funding within the current multi-year budget to complete this work over the budget period. Ongoing funding for monitoring and maintenance will be included in future multi-year budget submissions.

The long-term recommendation, which addresses the eventual replacement of this infrastructure, includes the installation of a new single or twinned water transmission main(s) on a parallel street. This work will be incorporated in the 20-year plan and included in future multi-year budget submissions.

#### **Likelihood of Impact on 2024 Budget – Low**

## **Conclusion**

Key items included in the 2023 Mid-Year Capital Budget Monitoring Report include the following:

The 2023 life-to-date capital budget:

- \$1.9 billion (55.5%) of the \$3.4 billion 2023 life-to-date capital budget is committed, leaving \$1.5 billion (44.5%) of approved capital funding uncommitted.

A total of 35 completed capital projects with a total budget value of \$60.1 million and surplus of \$3.4 million are recommended to be closed with surplus funding returned to the original source of financing (Appendix "B").

Inflationary and emerging issues were identified that may impact the capital budget in the 2024 period and beyond. Civic Administration will continue to monitor these issues and report back to Council and the community in a timely manner, noting that impacts will be incorporated in the upcoming 2024 to 2027 Multi-Year Budget.

**Prepared by: Ken Clarke, CPA, CMA, MBA Manager II, Accounting and Reporting, 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  
John Millson – Senior Financial Business Administrator  
Jeff Millman – Senior Financial Business Administrator  
Jason Davies – Manager III, Financial Planning and Policy  
Alan Dunbar – Manager III, Financial Planning and Policy

**Appendix A - 2023 Capital Budget Activity (Life-To-Date June 30, 2023)**

**Table 1 - 2023 Council Awards Details (via Council approved Source of Financing documents)**

Source of Financing Number	Date of Committee Award	Service Program	Description	Awarded Amount	Budget Adjustments
23001	2023-01-10	Wastewater and Treatment	RFP-2022-271 2023 Cured in Place Pipe (CIPP) Sewer Lining Program	5,910,296	0
23002	2023-01-31	Culture Services	Permanent City of London Indigenous Artwork Collection	100,000	100,000
23003	2023-01-10	Wastewater and Treatment	East London Link and Municipal Infrastructure Improvements Phase 2	13,438,206	0
23003	2023-01-10	Water	East London Link and Municipal Infrastructure Improvements Phase 2	2,939,271	0
23003	2023-01-10	Transportation Services	East London Link and Municipal Infrastructure Improvements Phase 2	2,327,326	988,532
23004	2023-01-10	Planning and Development Services	Single Source Procurement - SS-2022-316 Orientation Gateway Markers	134,456	0
23008	2023-01-31	Wastewater and Treatment	RFT-2022-248 Rapid Transit Implementation – Wellington Street from Queens Avenue to the Thames River (South Branch)	2,578,995	0
23008	2023-01-31	Water	RFT-2022-248 Rapid Transit Implementation – Wellington Street from Queens Avenue to the Thames River (South Branch)	3,540,699	0
23008	2023-01-31	Transportation Services	RFT-2022-248 Rapid Transit Implementation – Wellington Street from Queens Avenue to the Thames River (South Branch)	24,733,871	1,828,938
23009	2023-01-31	Wastewater and Treatment	Consultant Contract Services Increase for the Stanton Drain Trunk Sewer Replacement Project	30,440	0
23010	2023-01-31	Protective Services	Single Source Procurement - London Fire Department Battery Operated Extrication Equipment	680,245	0
23011	2023-01-31	Protective Services	Single Source Procurement - London Fire Department Stabilization Rescue Struts	62,157	0
23012	2023-01-30	Wastewater and Treatment	Property Acquisition - Hyde Park Community Stormwater Management	206,223	0
23013	2023-01-31	Protective Services	Single Source Procurement - London Fire Department Call Handling Software	430,556	0
23014	2023-01-30	Transportation Services	Property Acquisition, Wellington Gateway Rapid Transit Project	518,758	0
23018	2023-01-31	Corporate, Operational and Council Services	Single Source Procurement – Purchase of Ravo Street Sweepers	2,057,688	0
23023	2023-02-22	Transportation Services	Contract Amendment - Detailed Design for Bradley Avenue Extension - Wharnccliffe Road South to Jalna Boulevard	298,793	0
23024	2023-02-21	Corporate, Operational and Council Services	RFT-2022-247 Solarwinds Orion Network Performance Monitoring System	105,565	0
23025	2023-02-22	Parks, Recreation and Neighbourhood Services	RFP2022-306 Hyde Park Village Green Natural Playground Equipment and Rubber Safety Surfacing	152,443	0
23026	2023-02-22	Wastewater and Treatment	RFP-2022-245 Pollution Prevention Control Plan (PPCP) Update Study	306,134	0
23028	2023-02-21	Corporate, Operational and Council Services	Single Source Procurement - SS22-284 Personal Computing and Services	1,009,298	0
23029	2023-02-22	Protective Services	Single Source Procurement - SS-2023-037 London Fire Department - Engine and Aerials	7,368,528	3,255,061
23033	2023-02-21	Transportation Services	Property Acquisition, Wellington Gateway Rapid Transit Project	497,036	0
23034	2023-02-21	Corporate, Operational and Council Services	Single Source Procurement - SS-2023-031 Cognos Modernization Phase II	564,401	0
23040	2023-02-22	Parks, Recreation and Neighbourhood Services	RFP-2022-308 - Design, Supply and Installation of Typical Playground Equipment for Multiple Parks	337,725	0
23051	2023-03-21	Wastewater and Treatment	White Oak Road Upgrades - Construction Administration	126,994	0
23051	2023-03-21	Transportation Services	White Oak Road Upgrades - Construction Administration	241,420	0
23052	2023-03-21	Wastewater and Treatment	RFT-2023-001 Southdale Road West and Colonel Talbot Roundabout	585,611	0
23052	2023-03-21	Water	RFT-2023-001 Southdale Road West and Colonel Talbot Roundabout	103,392	0
23052	2023-03-21	Transportation Services	RFT-2023-001 Southdale Road West and Colonel Talbot Roundabout	8,660,501	0
23053	2023-03-21	Wastewater and Treatment	RFT-2022-315 2023 Infrastructure Renewal Program - Quebec Street	4,335,659	0
23053	2023-03-21	Water	RFT-2022-315 2023 Infrastructure Renewal Program - Quebec Street	1,443,447	0
23053	2023-03-21	Transportation Services	RFT-2022-315 2023 Infrastructure Renewal Program - Quebec Street	1,212,793	0
23054	2023-03-21	Wastewater and Treatment	RFT-2022-319 2023 Infrastructure Renewal Program - Paardeberg Crescent, Flanders Row and Rhine Avenue	2,656,887	0
23054	2023-03-21	Water	RFT-2022-319 2023 Infrastructure Renewal Program - Paardeberg Crescent, Flanders Row and Rhine Avenue	1,348,980	0
23054	2023-03-21	Transportation Services	RFT-2022-319 2023 Infrastructure Renewal Program - Paardeberg Crescent, Flanders Row and Rhine Avenue	3,480,804	0
23056	2023-03-21	Wastewater and Treatment	Single Source Procurement - Planned Rebuild of Incinerator Systems at Greenway Wastewater Treatment Plant	5,108,352	3,440,914
23059	2023-03-21	Wastewater and Treatment	Contract Price Increase: Infrastructure Renewal Program - Lorne Ave and Churchill and Manitoba	179,200	0
23059	2023-03-21	Water	Contract Price Increase: Infrastructure Renewal Program - Lorne Ave and Churchill and Manitoba	82,324	0
23059	2023-03-21	Transportation Services	Contract Price Increase: Infrastructure Renewal Program - Lorne Ave and Churchill and Manitoba	54,950	0
23060	2023-03-21	Housing, Social and Health Services	345 Sylvan Street - Rapid Housing Initiative, Round 3 Project	17,540,102	0
23061	2023-03-20	Corporate, Operational and Council Services	RFP-2202-154 Network Refresh and Secondary Data Center Portfolio Management Service	334,989	0

**Appendix A - 2023 Capital Budget Activity (Life-To-Date June 30, 2023)**

**Table 1 - 2023 Council Awards Details (via Council approved Source of Financing documents)**

Source of Financing Number	Date of Committee Award	Service Program	Description	Awarded Amount	Budget Adjustments
23062	2023-03-21	Environmental Services	Award of Construction Administration Services, Landfill Gas Flaring Facility Replacement at the W12A Landfill Site	221,349	0
23066	2023-04-12	Transportation Services	Oxford Street West and Gideon Drive Intersection Improvements	497,506	0
23068	2023-04-12	Protective Services	RFP-2022-309 Prime Consulting Services for the New Fire Station No. 15	428,700	0
23069	2023-04-12	Wastewater and Treatment	2023 Infrastructure Renewal Program and Huron Street Steel Watermain Cathodic Protection Project	664,357	12,859
23069	2023-04-12	Water	2023 Infrastructure Renewal Program and Huron Street Steel Watermain Cathodic Protection Project	494,115	0
23069	2023-04-12	Transportation Services	2023 Infrastructure Renewal Program and Huron Street Steel Watermain Cathodic Protection Project	121,573	0
23070	2023-04-12	Wastewater and Treatment	Greenway and Adelaide Wastewater Treatment Plants Climate Change Resiliency	156,060	0
23071	2023-04-12	Wastewater and Treatment	RFT-2023-015 Fanshawe Park Road & Richmond Street Intersection Improvements	472,033	0
23071	2023-04-12	Water	RFT-2023-015 Fanshawe Park Road & Richmond Street Intersection Improvements	1,601,451	0
23071	2023-04-12	Transportation Services	RFT-2023-015 Fanshawe Park Road & Richmond Street Intersection Improvements	14,114,540	0
23074	2023-04-12	Environmental Services	Single Source Procurement - SS-2023-099 Material Recovery Facility Baler Refurbishment	218,844	0
23078	2023-04-12	Environmental Services	RFP-2022-105 Procurement of Green Bin Containers and Delivery Services	4,060,275	0
23079	2023-04-11	Transportation Services	Settlement Agreement, Wharncliffe Road Widening Project	208,191	0
23080	2023-04-11	Transportation Services	Property Acquisition, Future Road Widening and Improvements	226,775	0
23090	2023-05-02	Parks, Recreation and Neighbourhood Services	Carling Heights Optimist Community Centre and McMahon Park Engagement Results	0	200,000
23094	2023-05-02	Wastewater and Treatment	Consultant Fee Increase: Tributary 12 Construction	84,741	0
23108	2023-05-24	Wastewater and Treatment	Dingman Creek Pumping Station Consulting Fees Value Increase	471,174	-174,302
23109	2023-05-24	Wastewater and Treatment	RFT-2023-016 Dingman Drive Improvements	640,508	0
23109	2023-05-24	Water	RFT-2023-016 Dingman Drive Improvements	107,532	0
23109	2023-05-24	Transportation Services	RFT-2023-016 Dingman Drive Improvements	10,069,296	0
23113	2023-05-24	Protective Services	Single Source Procurement - London Fire Department Bunker Gear	323,292	0
23116	2023-06-13	Transportation Services	RFT-2023-083 Traffic Signal Rebuild for Wonderland Road S at Village Green Avenue and at Teeple Terrace	958,048	0
23120	2023-05-30	Housing, Social and Health Services	SS-2023-120 Single Source: Supportive Housing Model at 403 Thompson Road	161,715	0
23121	2023-06-12	Planning and Development Services	RFP-2023-018 ESA Lands Asset Plan and Data Management Tool	182,551	0
23122	2023-06-13	Wastewater and Treatment	Stormwater Infrastructure and Channel Remediation Projects	699,357	0
23123	2023-06-13	Water	Contract Price Increase: RFT-2022-016 Springbank Reservoirs 1 & 3 Roof Membrane Replacement and Repairs Project	1,526,031	1,544,664
23124	2023-06-13	Wastewater and Treatment	Funding to Support UTRCA Capital/Maintenance Projects and City Watercourse Monitoring Program	334,486	0
23125	2023-06-13	Protective Services	Single Source Procurement - SS-2023-172 London Fire Department Request for Fire Apparatuses	8,028,811	8,028,811
23127	2023-06-13	Protective Services	Single Source Procurement - London Fire Department Request for a Decontamination Pod	368,763	368,763
23128	2023-06-12	Transportation Services	Property Acquisition, East London Link Rapid Transit Project	151,020	0
				165,418,609	19,594,240

**Appendix A - 2023 Capital Budget Activity (Life-To-Date June 30, 2023)**

**Table 2 - 2023 Council Approved Budget Adjustments Details (via Council approved reports with no accompanying Source of Financing document)**

<b>Budget</b>	<b>Description</b>	
Property Tax	2023 Assessment Growth	962,232
Property Tax	Adjustments resulting from the various Council approved reports	8,886,759
<b>Total</b>		<b>9,848,991</b>

**Appendix A - 2023 Capital Budget Activity (Life-To-Date June 30, 2023)**

**Table 3 - Council Approved Awards and Budget Adjustments Summary**

Budget	Awarded Amount	Budget Adjustments
Property Tax Budget	113,245,654	24,619,096
Wastewater and Treatment Budget	38,985,713	3,279,471
Water Budget	13,187,242	1,544,664
<b>Subtotal Council Awards and Budget Adjustments</b>	<b>165,418,609</b>	<b>29,443,231</b>

**Table 4 - Administrative Awards and Budget Adjustments Summary**

Budget	Awarded Amount	Budget Adjustments
Property Tax Budget	31,608,369	8,178,890
Wastewater and Treatment Budget	20,436,890	4,000
Water Budget	14,039,399	6,172
<b>Subtotal Administrative Awards and Budget Adjustments<sup>1</sup></b>	<b>66,084,658</b>	<b>8,189,062</b>

Notes:

1) Civic Administration source of financing awards are in accordance with the Procurement of Goods and Services Policy and are reported annually through that process.

**Table 5 - Combined Council Approved and Administrative Awards and Budget Adjustments Summary**

Budget	Awarded Amount	Budget Adjustments
Property Tax Budget	144,854,023	32,797,986
Wastewater and Treatment Budget	59,422,603	3,283,471
Water Budget	27,226,641	1,550,836
<b>Total Council Approved, Administrative Awards and Budget Adjustments</b>	<b>231,503,267</b>	<b>37,632,293</b>

Appendix B – Completed Capital Projects (as of June 30, 2023)

Table 1 - Tax Supported Budget Completed Capital Projects

	Classification	Approved Budget	Actual	Surplus / (Deficit)	Tax Supported Capital Levy	Tax Supported Debt	Tax Supported Reserve Fund	Non-Tax Supported Reserve Fund	Non-Tax Supported Debt	Non-Tax Supported Other
PD223016 New Field Houses	Growth	600,000	594,036	5,964		1,938		4,026		
PK138219A Edgevalley - Neighbourhood Parks	Growth	62,985	62,985	0						
EP176521 RBC Place London Repairs	Lifecycle Renewal	1,036,186	1,036,186	0						
FS115221 Emergency Fire Vehicle	Lifecycle Renewal	1,797,801	1,797,801	0						
GGAPPL1803 City Hub Upgrades and Enhancements	Lifecycle Renewal	674,182	674,182	0						
LMH261820 Public Housing Major Upgrades	Lifecycle Renewal	2,260,097	2,260,097	0						
PD128218 Maintain Neighbourhood Parks	Lifecycle Renewal	783,133	783,133	0						
PD128219 Maintain Neighbourhood Parks	Lifecycle Renewal	684,610	684,610	0						
PD302016 Maintain Urban Parks	Lifecycle Renewal	245,420	245,420	0						
PK102320G 2021 CSA Equipment	Lifecycle Renewal	75,824	75,824	0						
PK102320K West Lions Park Court (MLSE)	Lifecycle Renewal	395,899	395,899	0						
PK128220H Park Amenities Maintain Neighbourhood Parks	Lifecycle Renewal	125,380	125,380	0						
PK302020A M.A. Baran Park	Lifecycle Renewal	174,259	174,259	0						
TS116519 Warranted Sidewalks	Lifecycle Renewal	510,790	510,790	0						
TS125419 Localized Roadways	Lifecycle Renewal	503,637	503,637	0						
TS125420 Localized Roadways	Lifecycle Renewal	368,204	367,987	217						217
TS512316 Street Light Maintenance	Lifecycle Renewal	912,329	912,329	0						
PD1217 Dundas Place Field House	Service Improvement	385,670	400,935	-15,265	-15,265					
RC2050 Aquatic Accessibility	Service Improvement	240,000	256,120	-16,120			-16,120			
RC2645 Tim Hortons Playhouse	Service Improvement	20,000	26,173	-6,173						-6,173
<b>Total</b>		<b>11,856,406</b>	<b>11,887,783</b>	<b>-31,377</b>	<b>-15,265</b>	<b>1,938</b>	<b>-16,120</b>	<b>4,026</b>	<b>0</b>	<b>-5,956</b>



Appendix B – Completed Capital Projects (as of June 30, 2023)

Table 2 - Wastewater and Treatment Budget Completed Capital Projects

	Classification	Approved Budget	Actual	Surplus / (Deficit)	Comments (For Variance Greater Than \$50,000)	Rate Supported Capital Levy	Rate Supported Debt	Rate Supported Reserve Fund	Non-Rate Supported Reserve Fund	Non-Rate Supported Debt	Non-Rate Supported Other
ES2204 Colonel Talbot Pumping Station	Growth	11,365,956	11,187,657	178,299	Project variance is the result of favourable tendering.				178,299		
ES3209 Stormwater Unidentified Municipal Class Environmental Assessment Addendums	Growth	200,000	98,681	101,319	Sufficient budget exists in more recent projects to support this program.				101,319		
ES542519 Interim Works as Identified in EAs (2019-2023)	Growth	214,748	0	214,748	Budget is no longer required to support this program.				214,748		
ES241418 Sewer Infrastructure Lifecycle	Lifecycle Renewal	14,514,893	13,820,357	694,536	Work related to utilities was removed from awarded contracts and the offsetting revenue was not received.						694,536
ES269321 Sewer Relining	Lifecycle Renewal	4,591,663	4,591,663	0							
<b>Total</b>		<b>30,887,260</b>	<b>29,698,358</b>	<b>1,188,902</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>494,366</b>	<b>0</b>	<b>694,536</b>

Appendix B – Completed Capital Projects (as of June 30, 2023)

Table 3 - Water Budget Completed Capital Projects

Project	Classification	Approved Budget	Actual	Surplus / (Deficit)	Comments (For Variance Greater Than \$50,000)	Rate Supported Capital Levy	Rate Supported Debt	Rate Supported Reserve Fund	Non-Rate Supported Reserve Fund	Non-Rate Supported Debt	Non-Rate Supported Other
EW3592 Infill and Intensification Nodes Water Servicing	Growth	2,198,080	600,548	1,597,532	This program was replaced with the Built Area Works (BAW) program in the 2019 Development Charges Background Studies. Sufficient budget exists in the BAW projects to support the program.			80,005	1,517,527		
EW3654 Arva Pumping Station Upgrade	Growth	339,968	0	339,968	Pumping Station upgrade not required at this time, future timing unknown.			169,984	169,984		
EW3658 Wonderland Rd Watermain - Commissioners to Viscount (3000)	Growth	307,774	0	307,774	Project determined to not be required and no future work is planned.				307,774		
EW110420 Southeast Pumping Station Optimization and Renewal	Lifecycle Renewal	96,410	96,410	0							
EW3535 Infrastructure Renewal Program Acceleration - CWWF	Lifecycle Renewal	504,189	482,642	21,547							21,547
EW3547 Trunk Watermain Cathodic Protection Upgrades - CWWF	Lifecycle Renewal	295,000	312,171	-17,171				-64,957			47,786
EW3552 EMPS Annual Capital Replacement	Lifecycle Renewal	958,476	958,476	0							
EW355220 EMPS Optimization and Renewal	Lifecycle Renewal	129,900	129,900	0							
EW356319 Main Rehabilitation	Lifecycle Renewal	8,059,870	8,059,870	0							
EW356321 Watermain Rehabilitation and Relining	Lifecycle Renewal	4,493,864	4,493,864	0							
<b>Total</b>		<b>17,383,531</b>	<b>15,133,881</b>	<b>2,249,650</b>		<b>0</b>	<b>0</b>	<b>185,032</b>	<b>1,995,285</b>	<b>0</b>	<b>69,333</b>

**Appendix C - 2023 Mid-Year Capital Housekeeping Budget Adjustments**

**Table 1 - Tax Budget Adjustments**

Project	Classification	Approved Budget	Amount Released	Released Budget Explanation	Rate Supported Capital Levy	Rate Supported Debt	Rate Supported Reserve Fund	Non-Rate Supported Reserve Fund	Non-Rate Supported Debt	Non-Rate Supported Other
TS1359 Windermere Road - Western Rd to Richmond St	Growth	2,292,756	1,897,555	Minor consulting work completed. The continued requirements and need for this project will be evaluated in the development of the 2028 Development Charges Background Studies and included in the 2028-2031 Multi-Year Budget, if required.		203,038		1,694,517		
TS1365 Sunningdale - Hyde Park Rd to Wonderland Rd North	Growth	949,810	949,810	The continued requirements and need for this project will be evaluated in the development of the 2028 Development Charges Background Studies and included in the 2028-2031 Multi-Year Budget, if required.		108,278		841,532		
TS1371 Road Class Oversizing City Share	Growth	500,000	335,909	Lesser widening of local/arterial intersections were completed than anticipated. Sufficient budget exists in newer projects to support this program.			9,943	325,966		
TS137119 Road Class Oversizing City Share (2019-2023)	Growth	1,017,995	500,000	Lesser widening of local/arterial intersections needed than anticipated. The partial budget release will leave sufficient budget remaining to support this program.				500,000		

**Appendix C - 2023 Mid-Year Capital Housekeeping Budget Adjustments**

TS1408 Wickerson - Southdale to 650M N Southdale Upgrades	Growth	3,545,120	3,000,000	The continued requirements and need for this project will be evaluated in the development of the 2028 Development Charges Background Studies and included in the 2028-2031 Multi-Year Budget, if required.		585,267		2,414,733		
TS1496-2 Sunningdale Rd Widening - Ph 2 Intersection Upgrades	Growth	4,273,813	357,966	Project complete. Project cannot be closed due to open purchase orders which are also attached to other non-complete projects. Remaining variance being released.			80,518	277,448		
TS180219 Strategic Links (2019-2023)	Growth	6,823,147	500,000	Less work needed than anticipated. The partial budget release will leave sufficient budget remaining to support this program.				500,000		
<b>Total</b>		<b>19,402,641</b>	<b>7,541,240</b>		<b>0</b>	<b>896,583</b>	<b>90,461</b>	<b>6,554,196</b>	<b>0</b>	<b>0</b>

**Appendix C - 2023 Mid-Year Capital Housekeeping Budget Adjustments**

**Table 2 - Water Budget Adjustments**

Project	Classification	Approved Budget	Amount Released	Released Budget Explanation	Rate Supported Capital Levy	Rate Supported Debt	Rate Supported Reserve Fund	Non-Rate Supported Reserve Fund	Non-Rate Supported Debt	Non-Rate Supported Other
EW3652-2 Wickerson High Level Watermain Phase II Wickerson Road	Growth	1,278,364	986,068	Minor work completed. Timing change to construction in 2030. Future budgets will be included in the 2024-2027 Multi-Year Budget.				986,068		
EW3675 Southdale Rd Watermain - Boler to Wickerson (2004)	Growth	2,257,581	2,257,581	Timing change to construction in 2030. Future budgets will be included in the 2024-2027 Multi-Year Budget.				2,257,581		
EW3674 Wharncliffe Road (Springbank Dr to Thames River) Watermain Replacement	Lifecycle Renewal	1,603,800	1,603,800	Timing change to construction in 2025. Future budgets will be included in the 2024-2027 Multi-Year Budget.				1,603,800		
<b>Total</b>		<b>5,139,745</b>	<b>4,847,449</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,847,449</b>	<b>0</b>	<b>0</b>

**Appendix C - 2023 Mid-Year Capital Housekeeping Budget Adjustments**

**Table 3 - Wastewater and Treatment Housekeeping Budget Adjustments**

Project	Classification	Approved Budget	Amount Released	Released Budget Explanation	Rate Supported Capital Levy	Rate Supported Debt	Rate Supported Reserve Fund	Non-Rate Supported Reserve Fund	Non-Rate Supported Debt	Non-Rate Supported Other
ES5428 Infill and Intensification Nodes Storm Sewer Servicing	Growth	2,756,580	492,619	Work is complete and in the warranty period. No further work is planned and unused budget can be released. The project will be closed at the end of the warranty period.			34,487	458,132		
ESSWM-MM2 SWM Facility - Murray Marr No. 2	Growth	4,400,000	4,400,000	Timing change to construction in 2026. Future budgets will be included in the 2024-2027 Multi-Year Budget.				4,400,000		
ESSWM-MM4 SWM Facility - Murray Marr No. 4	Growth	2,100,000	2,026,052	Minor consulting work completed. Timing change to construction in 2026. Future budgets will be included in the 2024-2027 Multi-Year Budget.			91,269	1,934,783		
ESSWM-PD3 SWM Facility - Pincombe Drain No. 3	Growth	3,502,200	948,341	Work is complete and in the warranty period. No further work is planned and unused budget can be released. The project will be closed at the end of the warranty period.				472,342	475,999	
ESSWM-PD4 SWM Facility - Pincombe Drain No. 4	Growth	1,500,000	1,146,000	Timing of construction and land acquisition changed to 2026. Future budgets will be included in the 2024-2027 Multi-Year Budget.				1,146,000		
ESSWMPDP6 Pincombe Drain P6	Growth	2,250,900	1,250,000	Alternative servicing strategies were identified for the work originally planned for this project. Full budget is not required.					1,250,000	

**Appendix C - 2023 Mid-Year Capital Housekeeping Budget Adjustments**

ESSWM-PKR SWM Facility - Parker	Growth	6,055,000	667,514	Work is complete. The project is awaiting final claims. Unused funding is not required and can be released.					667,514	
ES2486 Wonderland Road Stormwater Improvements	Service Improvement	3,757,407	1,500,000	Timing change to construction in 2027, in coordination with development plans in the area. Future budgets will be included in the 2024-2027 Multi-Year Budget.			1,500,000			
<b>Total</b>		<b>26,322,087</b>	<b>12,430,526</b>		<b>0</b>	<b>0</b>	<b>1,625,756</b>	<b>8,411,257</b>	<b>2,393,513</b>	<b>0</b>