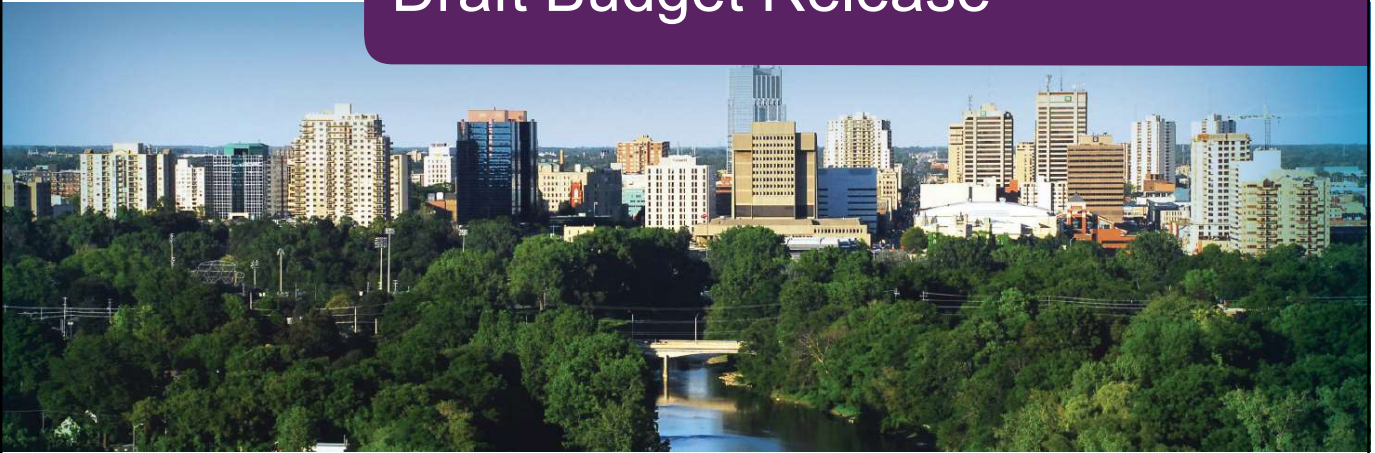


# Draft Budget Release



**December 12, 2023**



# Budget Document

## Property Tax, Water, Wastewater & Treatment Budgets

2024 – 2027 Multi-Year Budget  
Draft - December 12, 2023



Available online at [london.ca/budget](https://london.ca/budget) and [GetInvolved.London.ca/budget](https://GetInvolved.London.ca/budget)



# Agenda

- Multi-Year Budget Process
- 2024-2027 Multi-Year Budget Kick-off Refresher – April 2023
- Property Tax Supported 2024-2027 Multi-Year Budget Overview
- 2024-2027 Multi-Year Budget Impact & Comparisons
- Water & Wastewater 2024-2027 Multi-Year Budget Overview
- Key Dates & Upcoming Public Engagement
- Budget Chair Requests
- “Strong Mayor” Legislation – Impact on the Budget Process

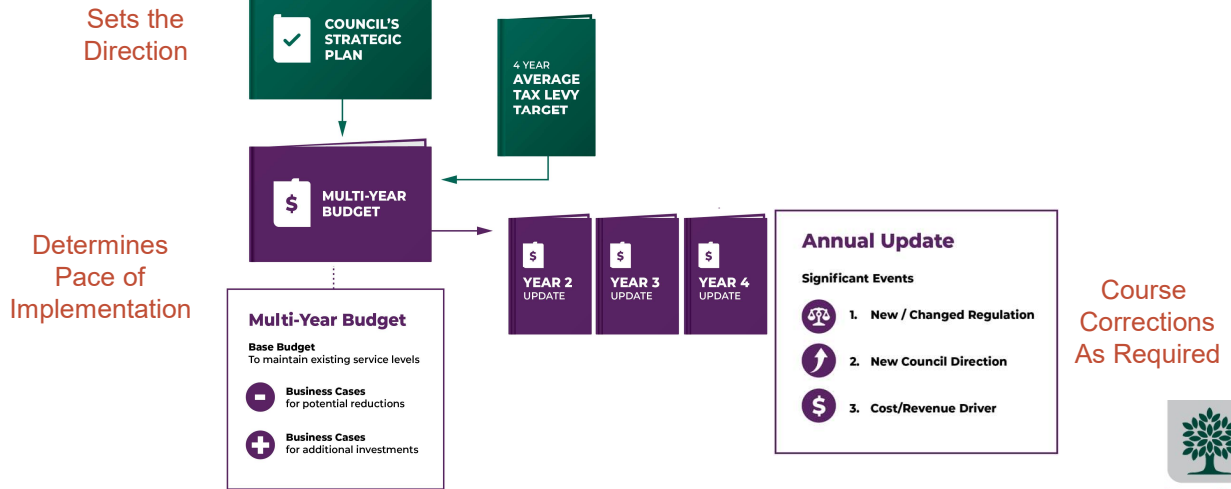


3

## Multi-Year Budget Process

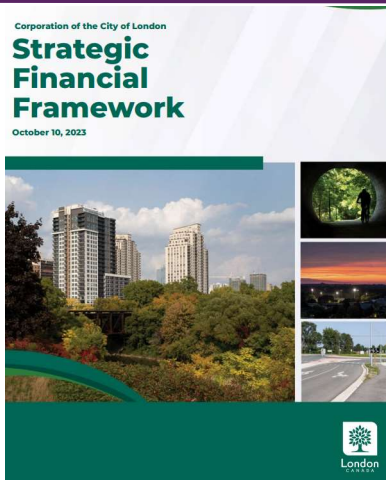
4

# Multi-Year Budget Process



5

# Strategic Financial Framework



Accessible on the City's website:

[https://london.ca/sites/default/files/2023-10/Strategic%20Financial%20Framework\\_0.pdf](https://london.ca/sites/default/files/2023-10/Strategic%20Financial%20Framework_0.pdf)



6

# 2024-2027 Multi-Year Budget Kick-off Refresher – April 2023

Multi-Year Budget

7



## Target Setting – Council Direction (Apr. 25<sup>th</sup>)

Civic Administration BE ADVISED of the Council desire for Civic Administration to bring forward a draft 2024 to 2027 Multi-Year budget with an **average annual tax levy increase in the range of approximately 2.9% – 3.9% as identified to maintain existing service levels** as well as additional investments of an **additional 0.5% in funding for additional investment**, for planning purposes;



8

# April 2023 Multi-Year Budget Kick-off Projections



Estimated to be 2.9% to 3.9% on average per year

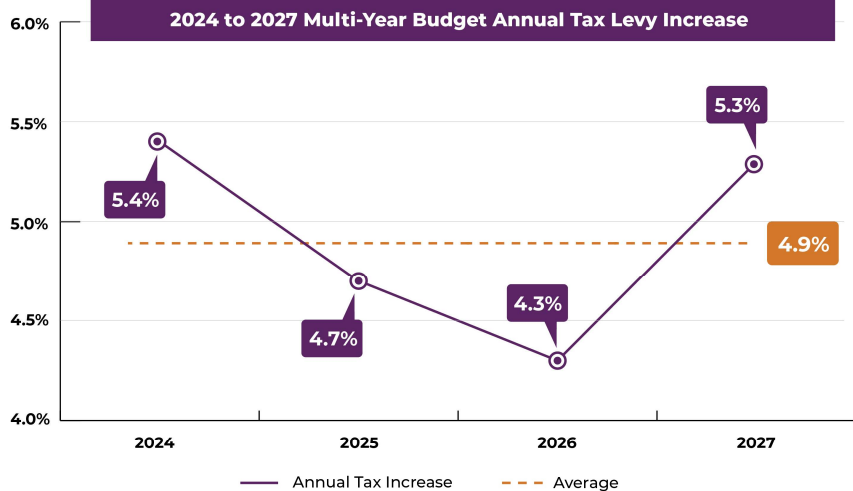
Additional 0.5% on average per year (planning guidance)



## Property Tax Supported 2024-2027 Multi-Year Budget Overview

### Base Budgets

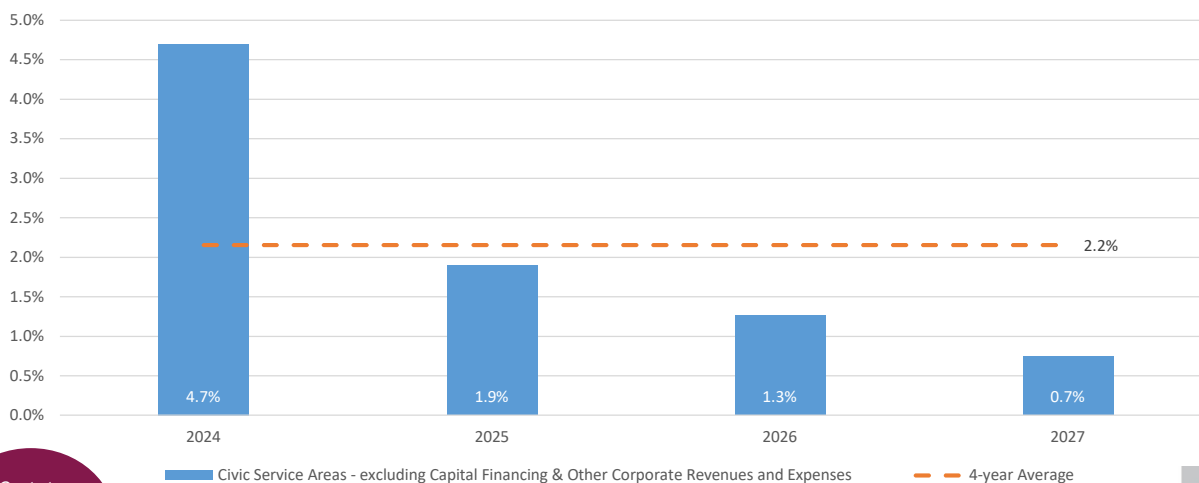
# Base Budget Overview



Costs to Maintain Existing Service Levels (MESL)

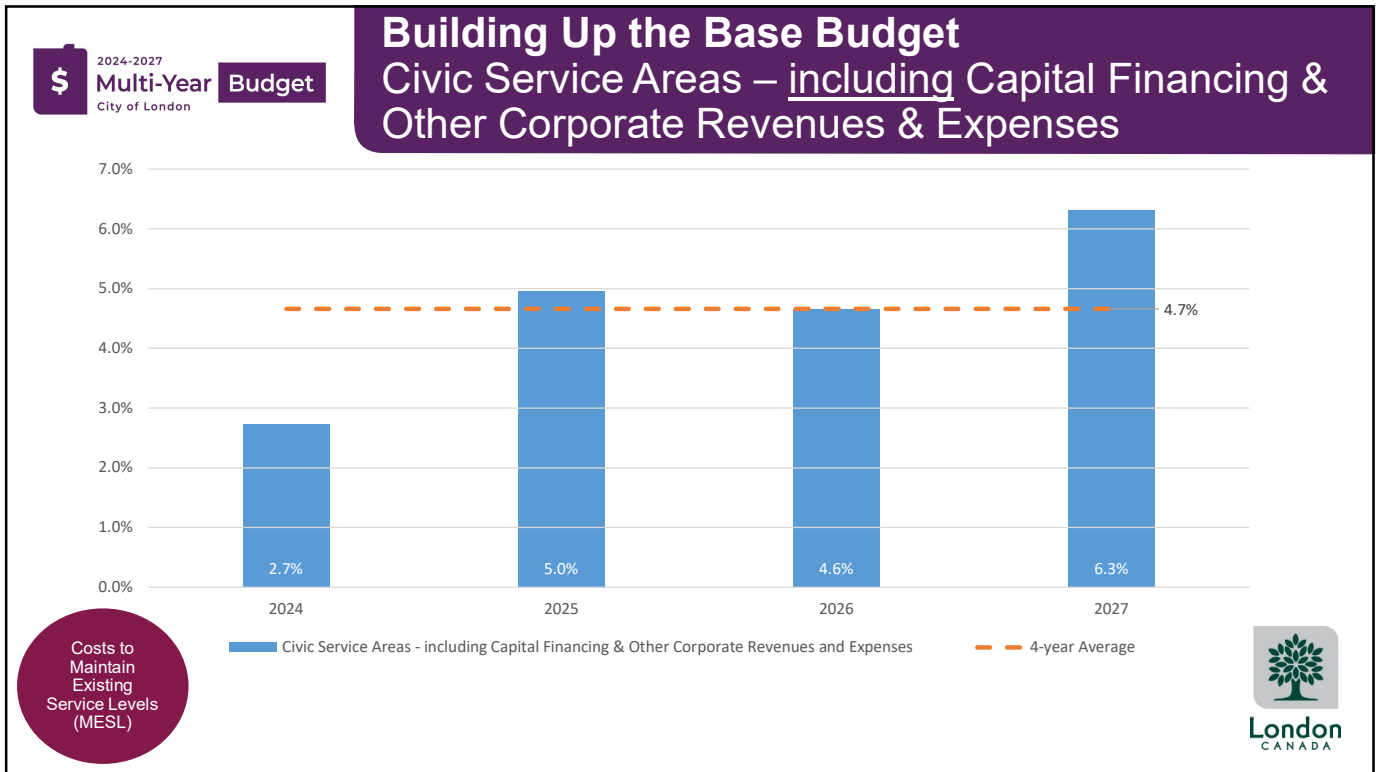


# Building Up the Base Budget Civic Service Areas – excluding Capital Financing & Other Corporate Revenues & Expenses

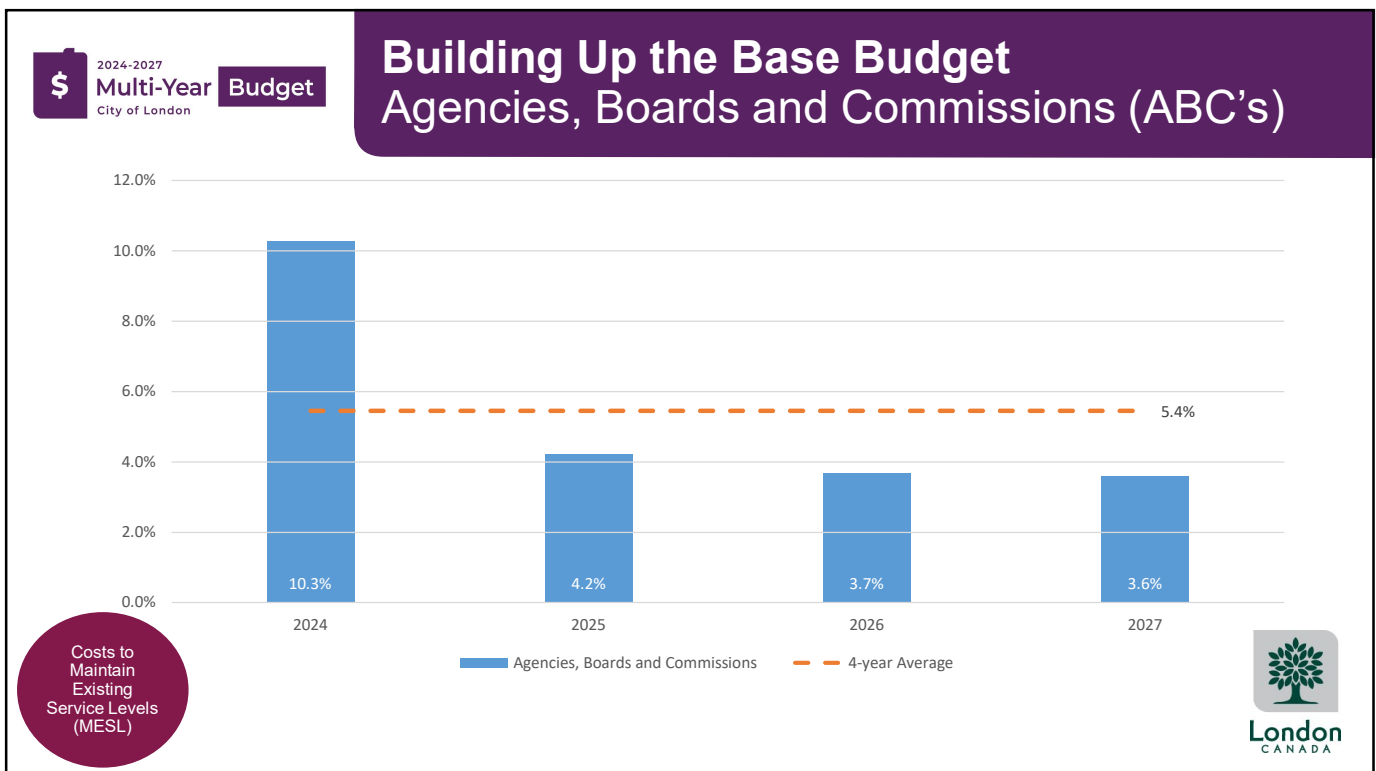


Costs to Maintain Existing Service Levels (MESL)

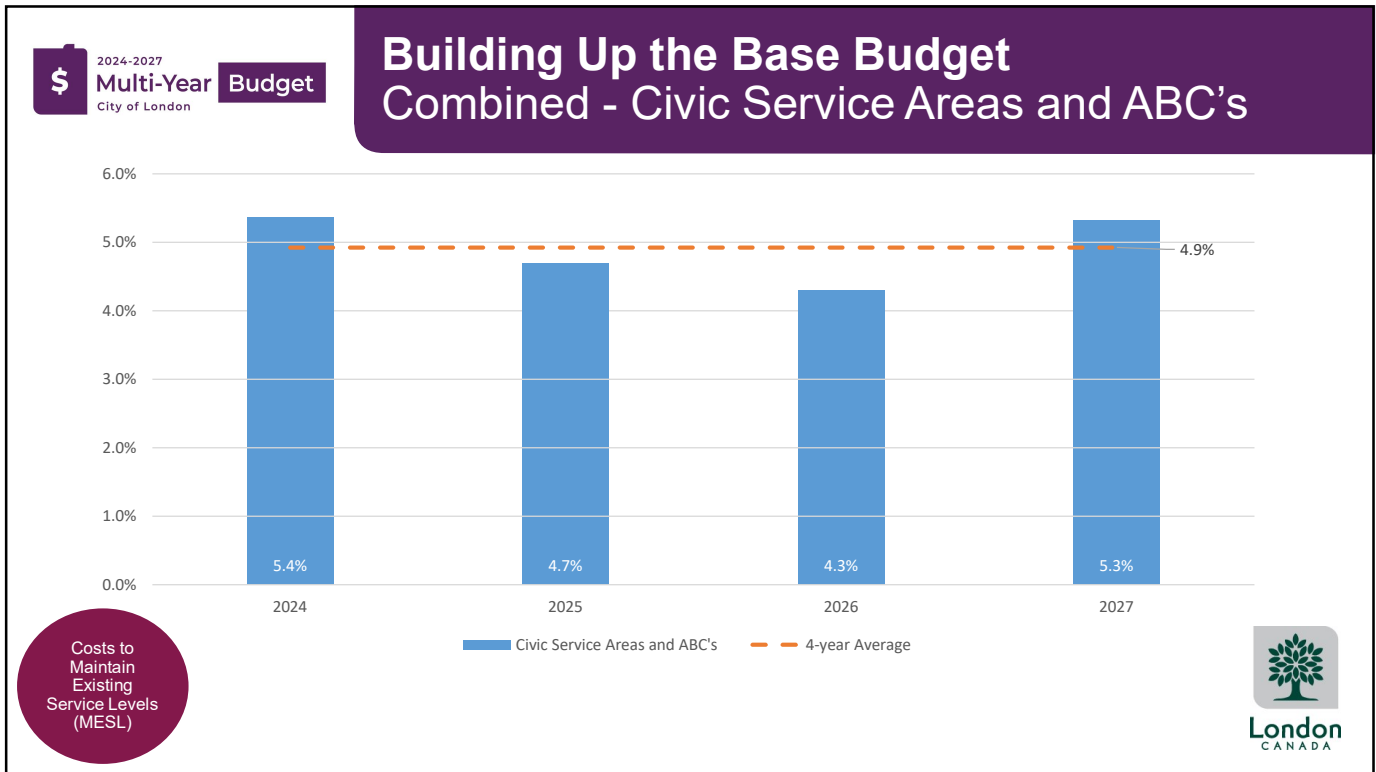




13



14



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## Base Budget – Operating Overview

| Operating Budget (\$ Thousands) | 2023 Approved Budget | 2024 Budget | 2025 Budget | 2026 Budget | 2027 Budget | Avg. \$ Increase/Decrease | Avg. % Increase/Decrease |
|---------------------------------|----------------------|-------------|-------------|-------------|-------------|---------------------------|--------------------------|
| Expenditure                     | 1,138,250            | 1,278,783   | 1,319,643   | 1,351,768   | 1,395,470   | 64,305                    |                          |
| Non-Tax Levy Revenue            | 401,793              | 502,757     | 507,221     | 504,440     | 503,003     | 25,303                    |                          |
| Tax Levy Revenue                | 736,458              | 776,026     | 812,422     | 847,328     | 892,467     | 39,002                    |                          |
| Tax Levy % Increase from Rates  |                      | 5.4%        | 4.7%        | 4.3%        | 5.3%        | N/A                       | 4.9%                     |

| Impact to Taxpayer         | 2023 Approved Budget | 2024 Budget | 2025 Budget | 2026 Budget | 2027 Budget | 2024 2027 Average |
|----------------------------|----------------------|-------------|-------------|-------------|-------------|-------------------|
| Cost of Municipal Services | 3,297                | 3,474       | 3,637       | 3,793       | 3,995       | 3,725             |
| Taxpayer Impact            |                      | 177         | 163         | 156         | 202         | 175               |
| % Increase from Rates      |                      | 5.4%        | 4.7%        | 4.3%        | 5.3%        | 4.9%              |

Subject to rounding.  
Note: Calculated based on the average assessed value of \$252 thousand for a residential property (excludes education tax portion and impacts of tax policy)

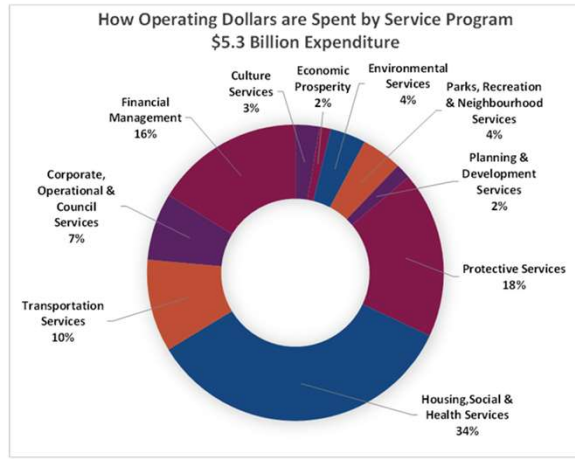
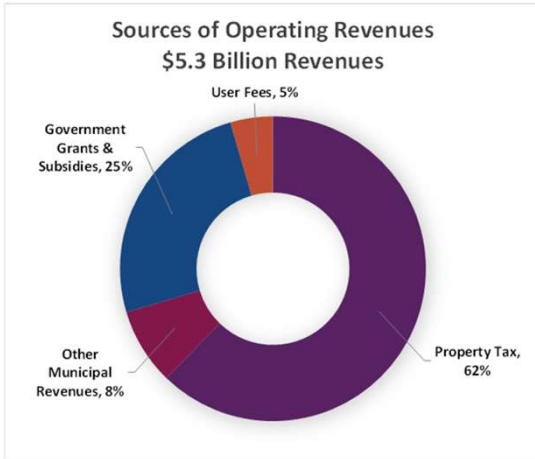
Costs to Maintain Existing Service Levels (MESL)

London CANADA

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# Base Budget – Operating Overview



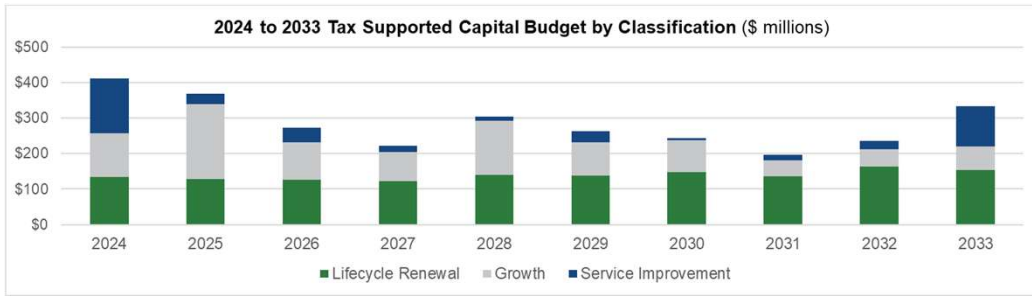
Costs to Maintain Existing Service Levels (MESL)



# Base Budget – Capital Overview

| Capital Budget Classification (\$ Millions)  | 2024 to 2027 Proposed Multi-Year Budget | 2024 to 2033 Proposed Capital Plan |
|--|---|------------------------------------|
| <b>Lifecycle Renewal</b> projects maintain infrastructure that is in place today (e.g. road resurfacing and replacing equipment).                          | \$511                                   | \$1,388                            |
| <b>Growth</b> projects extend services into newly developed areas of the City (e.g. a road widening to handle additional traffic from new subdivisions).   | \$521                                   | \$1,017                            |
| <b>Service Improvement</b> projects provide a new or improved level of service or address an emerging need (e.g. purchasing property for industrial land). | \$242                                   | \$447                              |
| <b>Total</b>   | <b>\$1,274</b>                          | <b>\$2,851</b>                     |

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



## Budget Reductions Measures Incorporated in the 2024-2027 Multi-Year Budget

- 2024-2027 Multi-Year Budget represents an opportunity to ‘right-size’ budgets where required – evaluate past budget against actual trends, aided by refreshing of estimates and assumptions for expenditures and revenues
- Opportunities for right-sizing generally fall into 3 categories:
  - Additional revenue opportunities
  - Expenditure reduction opportunities
  - Identification of budget capacity available to address other specific pressures/challenges to avoid additional funding asks

Costs to Maintain Existing Service Levels (MESL)



## Budget Reductions Measures Incorporated in the 2024-2027 Multi-Year Budget

| Property Tax Budget Only (\$ Thousands)                | One time Savings | Annual Ongoing Savings | Cumulative Savings Over 2024 2027 Multi Year Budget Period |
|--|------------------|------------------------|--|
| Total Additional Revenues Included in Base Budgets     | \$81             | \$7,631                | \$30,599   |
| Total Expenditure Reductions Included in Base Budgets  | \$3,136          | \$624                  | \$5,632  |
| Total Cost Avoidance through Reallocation of Resources | -                | \$2,454                | \$9,816  |
| <b>TOTALS:</b>   | <b>\$3,217</b>   | <b>\$10,709</b>        | <b>\$46,047</b>  |

Represents an average annual reduction of 0.4%/year

Refer to pages 37-38 in the budget for more details

Costs to Maintain Existing Service Levels (MESL)



# Property Tax Supported 2024-2027 Multi-Year Budget Overview

## Business Cases

Multi-Year Budget

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## Business Cases Overview

- Business cases are prepared for budgetary changes that extend beyond normal costs to maintain existing services or service levels
- Business cases can include:
  - Increased service levels for existing programs or services
  - Introducing new programs or services
  - Making permanent a program or service introduced temporarily
  - Financial impacts related to changes in funding sources (e.g. changes to funding from other levels of government)
  - Capital project cost escalations requiring substantial additional funding
  - Reductions to programs, services, service levels and/or funding

Business Cases for Adjustments to Funding and/or Service Levels



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## Business Case Categorization – Property Tax Supported Budget

- 1) **Legislative change** – a case in response to new or changed legislation with a financial impact to maintain existing service levels. There is no discretion to avoid the financial impacts of the legislative change and no ability to adjust service levels in response.
- 2) **Administratively prioritized within 0.5%** - business cases prioritized by Civic Administration utilizing the following criteria for civic service areas business cases only given the relatively limited amount of funding that 0.5% represents:
  - Urgent corporate health and life safety needs
  - Imminent risks to mission-critical operational infrastructure and systems
  - Capital projects underway with significant, unavoidable cost pressures and contractual obligations requiring completion in this multi-year budget period
- 3) **All other cases** – all other business cases developed for the strategies of the 2023 to 2027 Strategic Plan requiring additional funding, recognizing that the Strategic Plan would require a level of investment well above the 0.5% target in aggregate. This section also contains cases for potential reductions.

Business Cases for Adjustments to Funding and/or Service Levels



## Business Cases – Property Tax Supported Budget

| Category                                 | # of Property Tax Budget Business Cases | Average Annual Property Tax Impact (%) |
|--|---|--|
| Administratively Prioritized within 0.5% | 7                                       |  |
| Council Decisions – All Other Cases      | 67                                      | TBD up to 3.4%                         |
| <b>TOTAL:</b>                            | <b>87</b>                               |  |

- Business case summaries can be found starting on page 63 of budget document; full business cases can be found starting on page 307
- The “administratively prioritized” category is aimed at maintaining the previous guidance of approx. 0.5% as per Apr. 2023 target-setting report
- **Notwithstanding Civic Administration’s categorization, Council can choose to approve any of the business cases**

Business Cases for Adjustments to Funding and/or Service Levels



# 2024-2027 Multi-Year Budget Impact & Comparisons

Multi-Year Budget

25

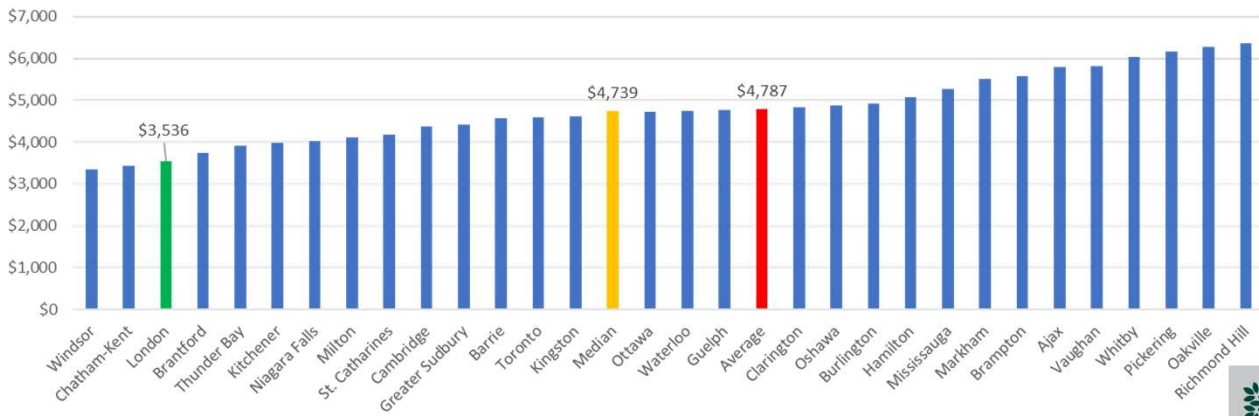
2024-2027  
**Multi-Year Budget**  
 City of London

## How Does London Compare – Residential Source: Draft 2023 BMA Municipal Study

### 2023 Property Taxes - Residential (average)

(Municipalities with Population over 100,000)

Total residential taxes divided by total number of residential properties; includes education taxes



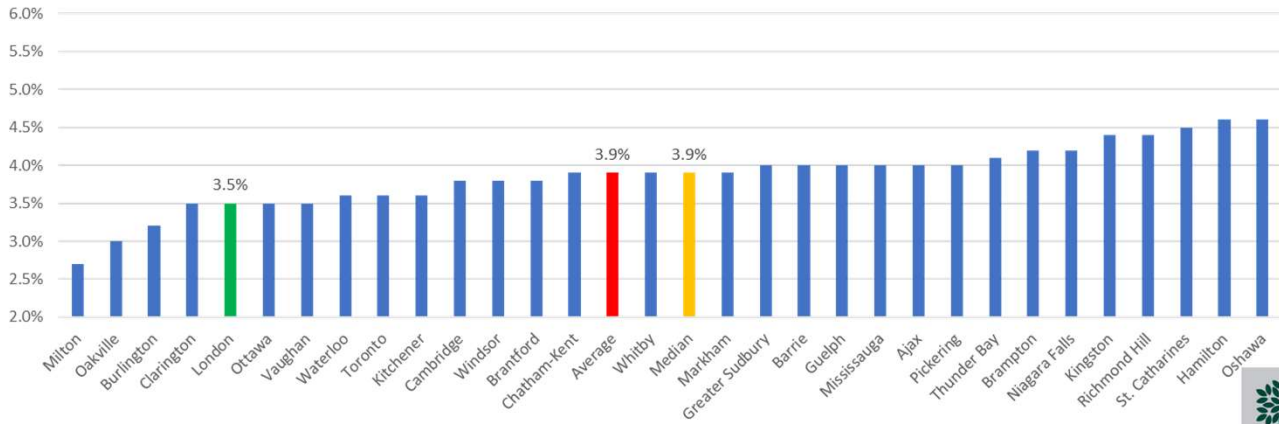
26

## How Does London Compare – Property Taxes as a Percentage of Household Income

Source: Draft 2023 BMA Municipal Study

### Property Taxes as a Percentage of Household Income

(Municipalities with Population over 100,000)  
 Average Residential Taxes as a % of Average Household Income

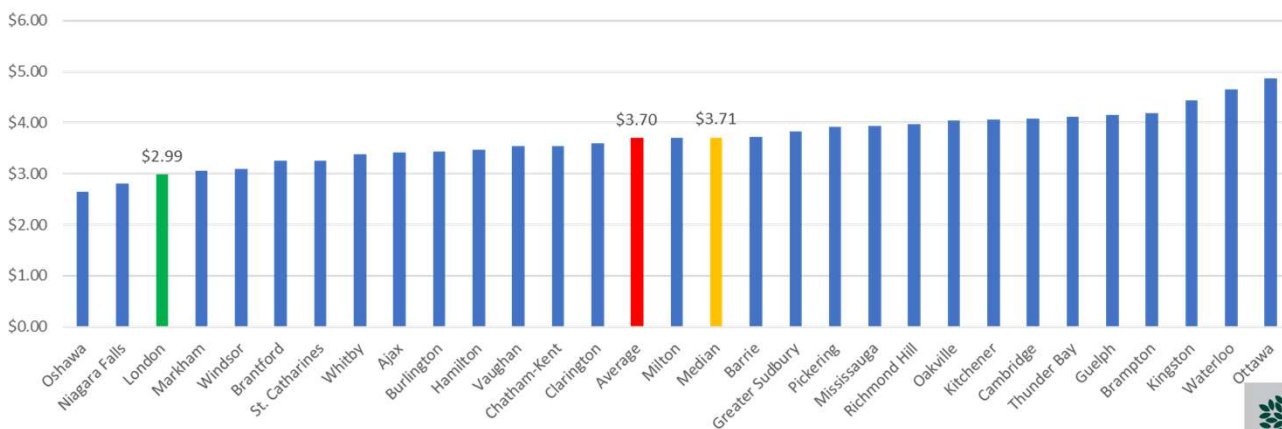


## How Does London Compare – Commercial

Source: Draft 2023 BMA Municipal Study

### 2023 Property Taxes - Commercial

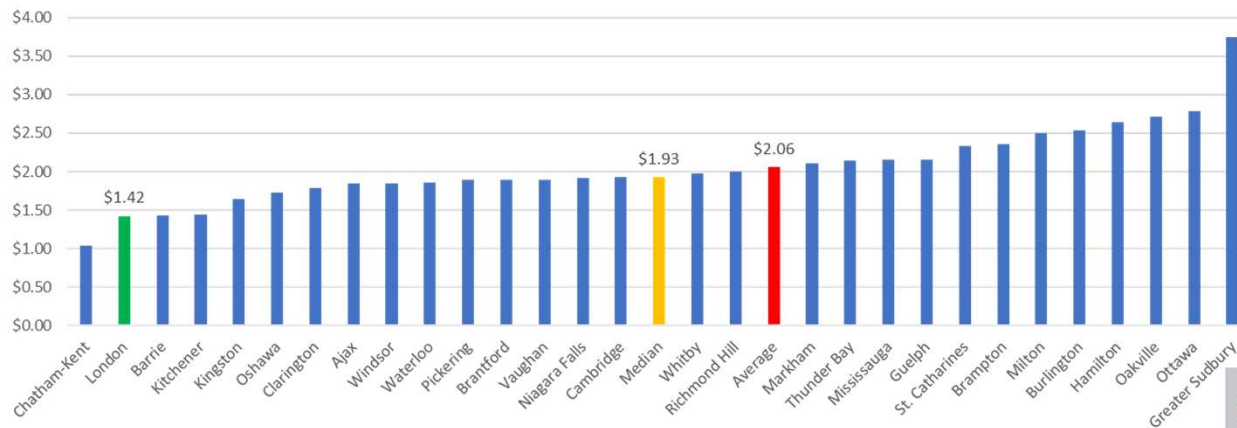
(Municipalities with Population over 100,000)  
 For commercial office space, property taxes per sq. ft. of gross leaseable area



## How Does London Compare – Industrial

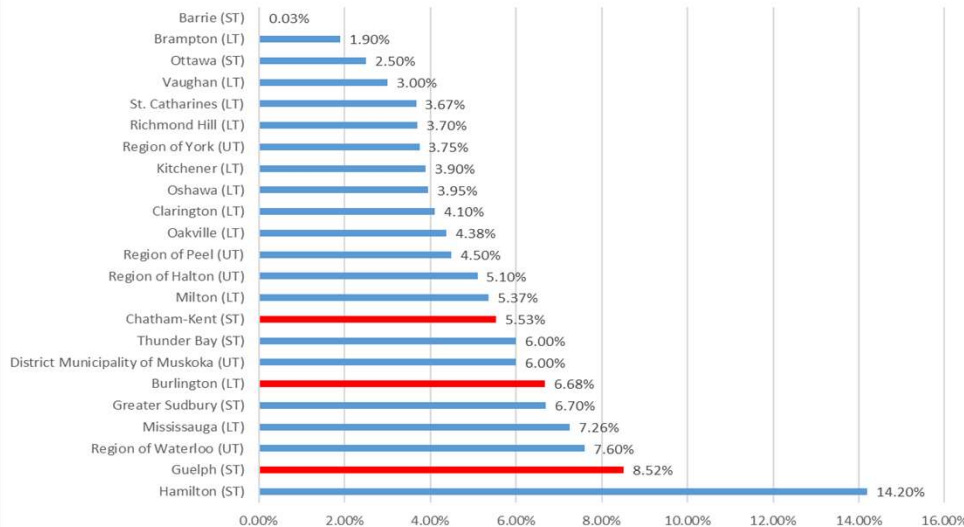
Source: Draft 2023 BMA Municipal Study

**2023 Property Taxes - Industrial**  
(Municipalities with Population over 100,000)  
For standard industrial property - property taxes per sq. ft. of floor area



## Proposed 2024 Tax Increases in Other Large Ontario Municipalities

**Proposed 2024 Tax Levy Increases**  
Large Ontario Municipalities - Publicly Available as of 12/5/2023



ST = Single Tier  
LT = Lower Tier  
UT = Upper Tier

Red = Final  
Blue = Draft/Proposed





# Water & Wastewater 2024-2027 Multi-Year Budget Overview

Multi-Year Budget

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2024-2027  
Multi-Year Budget  
City of London

## Water – Base Budget – Operating Overview

| Water (\$ Thousands)                 | 2023 Budget | 2024 Budget | 2025 Budget | 2026 Budget | 2027 Budget | 2024 to 2027 Average Annual % Increase/Decrease |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|---|
| Water Budget                         | 93,695      | 102,163     | 105,983     | 109,992     | 114,145     |   |
| Increase over Prior Year Budget (%)  | 3.5%        | 9.0%        | 3.7%        | 3.8%        | 3.8%        | 5.1%  |
| Increase over Prior Year Budget (\$) | 3,166       | 8,468       | 3,820       | 4,010       | 4,152       |   |
| <b>Water Rate Increase</b>           | <b>2.5%</b> | <b>2.5%</b> | <b>2.5%</b> | <b>2.5%</b> | <b>2.5%</b> | <b>2.5%</b>                                     |

| Total Annual Amount | 2023  | 2024  | 2025  | 2026  | 2027  | 2024 to 2027 Average |
|---------------------|-------|-------|-------|-------|-------|----------------------|
| Water               | \$537 | \$550 | \$563 | \$577 | \$592 | \$571                |
| Annual Change       | N/A   | \$13  | \$13  | \$14  | \$15  | \$14                 |

Costs to Maintain Existing Service Levels (MESL)

Subject to rounding.

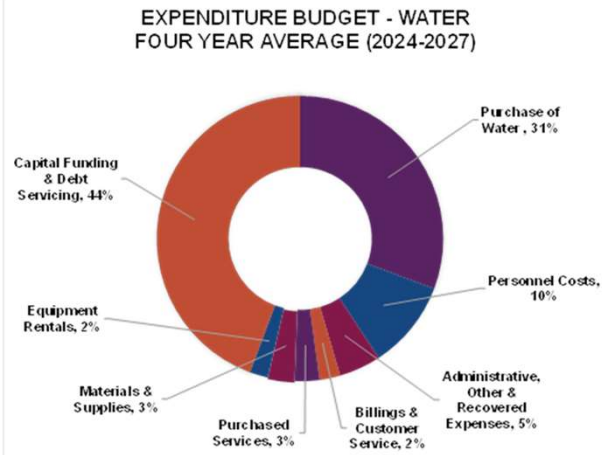
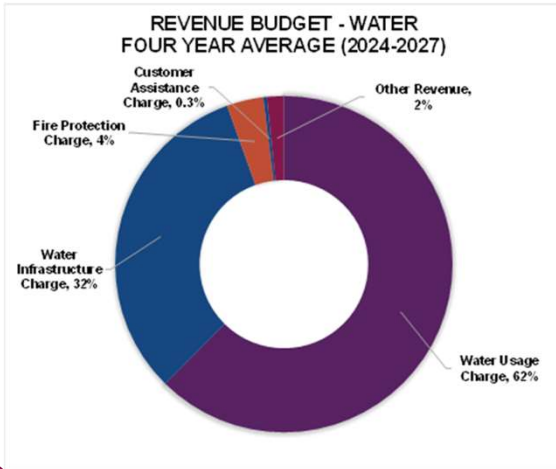
Note: The budgeted residential cost is based on an average residential consumption of 200 m<sup>3</sup> (2022 BMA Municipal Study).



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# Water – Base Budget – Operating Overview



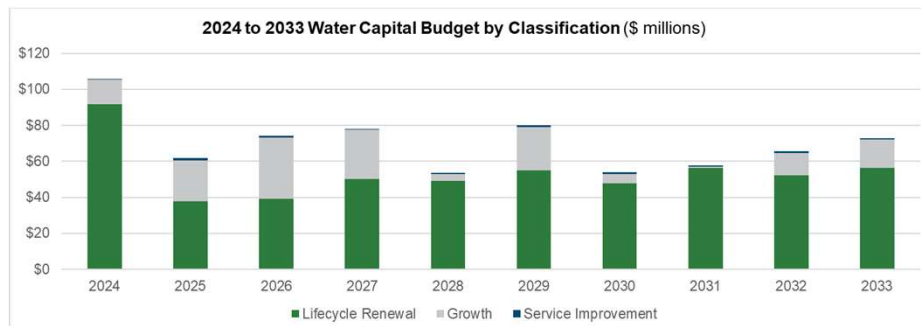
Costs to Maintain Existing Service Levels (MESL)



# Water – Base Budget – Capital Overview

| Capital Budget Classification (\$ Millions)   | 2024 to 2027 Multi-Year Budget | 2024 to 2033 Capital Plan |
|---|--------------------------------|---------------------------|
| <b>Lifecycle Renewal</b> projects maintain infrastructure that is in place today (e.g. reservoirs, watermains, valves, etc.).                                     | \$219                          | \$535                     |
| <b>Growth</b> projects extend services into newly developed areas of the City (e.g. a watermain to service new subdivisions).                                     | \$98                           | \$160                     |
| <b>Service Improvement</b> projects provide a new or improved level of service or address an emerging need (e.g. upgrading equipment in a water pumping station). | \$3                            | \$8                       |
| <b>Total</b>  | <b>\$320</b>                   | <b>\$704</b>              |

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



# Wastewater – Base Budget – Operating Overview

| Wastewater and Treatment (\$ Thousands)       | 2023 Budget | 2024 Budget | 2025 Budget | 2026 Budget | 2027 Budget | 2024 to 2027 Average Annual % Increase/Decrease |
|---|-------------|-------------|-------------|-------------|-------------|---|
| Wastewater and Treatment Budget               | 117,544     | 126,892     | 133,727     | 140,984     | 148,631     |   |
| Increase over Prior Year Budget (%)           | 3.4%        | 8.0%        | 5.4%        | 5.4%        | 5.4%        | 6.0%  |
| Increase over Prior Year Budget (\$)          | 3,876       | 9,348       | 6,835       | 7,258       | 7,646       |   |
| <b>Wastewater and Treatment Rate Increase</b> | <b>2.5%</b> | <b>4.0%</b> | <b>4.0%</b> | <b>4.0%</b> | <b>4.0%</b> | <b>4.0%</b>                                     |

| Total Annual Amount | 2023  | 2024  | 2025  | 2026  | 2027  | 2024 to 2027 Average |
|---------------------|-------|-------|-------|-------|-------|----------------------|
| Sanitary            | \$458 | \$476 | \$495 | \$515 | \$536 | \$506                |
| Storm               | \$221 | \$231 | \$240 | \$250 | \$259 | \$245                |
| Total               | \$679 | \$707 | \$735 | \$765 | \$795 | \$751                |
| Annual Change       | N/A   | \$28  | \$28  | \$30  | \$30  | \$29                 |

Costs to Maintain Existing Service Levels (MESL)

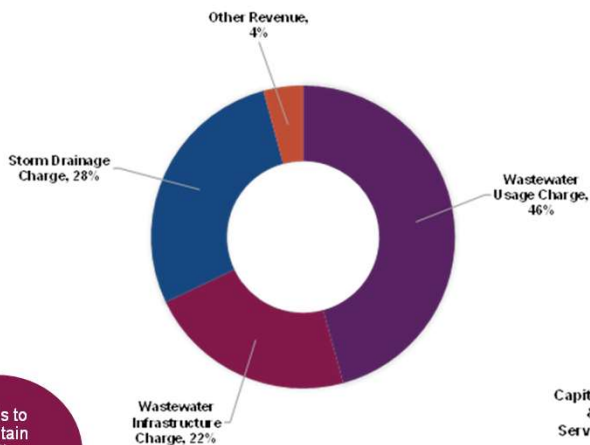
Subject to rounding.

Note: The budgeted residential cost is based on an average residential consumption of 200 m<sup>3</sup> (2022 BMA Municipal Study).

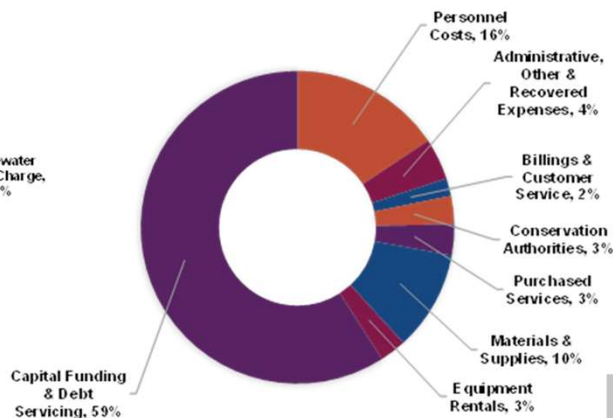


# Wastewater – Base Budget – Operating Overview

REVENUE BUDGET - WASTEWATER  
FOUR YEAR AVERAGE (2024-2027)



EXPENDITURE BUDGET - WASTEWATER  
FOUR YEAR AVERAGE (2024-2027)



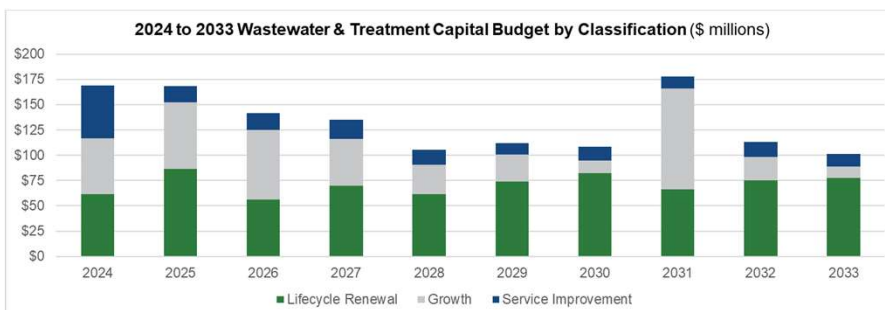
Costs to Maintain Existing Service Levels (MESL)



## Wastewater – Base Budget – Capital Overview

| Capital Budget Classification (\$ Millions)  | 2024 to 2027 Multi-Year Budget | 2024 to 2033 Capital Plan |
|--|--------------------------------|---------------------------|
| <b>Lifecycle Renewal</b> projects maintain infrastructure that is in place today (e.g. local and trunk sewers, wastewater treatment plants and equipment).             | \$275                          | \$712                     |
| <b>Growth</b> projects extend services into newly developed areas of the City (e.g. a trunk sewer to service new subdivisions).  | \$235                          | \$437                     |
| <b>Service Improvement</b> projects provide a new or improved level of service or address an emerging need (e.g. upgrading equipment in a wastewater treatment plant). | \$104                          | \$183                     |
| <b>Total</b>   | <b>\$614</b>                   | <b>\$1,332</b>            |

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



## Business Case Categorization – Water and Wastewater Budgets

- 1) Legislative change** – a case in response to new or changed legislation with a financial impact to maintain existing service levels. There is no discretion to avoid the financial impacts of the legislative change and no ability to adjust service levels in response.
- 2) All other cases** – all other business cases developed for the strategies of the 2023 to 2027 Strategic Plan requiring additional funding. This section also contains cases for potential reductions.

Business Cases for Adjustments to Funding and/or Service Levels



# Business Cases – Water and Wastewater Budgets

| Category                            | # of Water Budget Business Cases | Average Annual Water Rate Impact (%) | # of Wastewater Budget Business Cases | Average Annual Wastewater Rate Impact (%) |
|-------------------------------------|----------------------------------|--------------------------------------|---------------------------------------|---|
| Council Decisions – All Other Cases | 1                                | 0.0%                                 | 9                                     |   |
| <b>TOTAL:</b>                       | <b>3</b>                         |                                      | <b>13</b>                             |   |

- Business case summaries can be found starting on page 140 (Water) and 165 (Wastewater) of budget document
- Full business cases can be found starting on page 793

Business Cases for Adjustments to Funding and/or Service Levels



## Key Dates & Upcoming Public Engagement

## Key Budget Dates

| Event/Milestone   | Date   |
|---|--|
| Formal Budget Release at SPPC                                   | December 12 – 4:00 p.m.  |
| Public Participation Meeting #1 at Budget Committee             | January 29 – 4:00 p.m.   |
| Budget Deliberations at Budget Committee                        | February 1, 2, 8, 9, 15, 16, 22, 23 – all at 9:30 a.m. as required |
| Public Participation Meeting #2 at Budget Committee             | February 27 – 4:00 p.m.  |
| Final Approval of 2024-2027 Multi-Year Budget By-law at Council | March 5 – 1:00 p.m.  |



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## Public Engagement – Upcoming Events

| Event  | Date   |
|--|--|
| Online Budget Information Session              | November 25 – 10:00 a.m.<br>(Recording Available Online) |
| Budget Open House – City Hall Committee Room 1 | January 10 – 4:00 p.m. to 8:00 p.m.                      |
| Pop Up Events:                                 |  |
| South London Community Centre                  | January 13 – 10:00 a.m. to 12:00 p.m.                    |
| East Lion's Community Centre                   | January 16 – 10:00 a.m. to 12:00 p.m.                    |
| Canada Games Aquatic Centre                    | January 17 – 5:30 p.m. to 7:30 p.m.                      |
| Kiwanis Senior's Centre                        | January 19 – 11:00 a.m. to 1:00 p.m.                     |
| Stoneycreek Community Centre                   | January 22 – 4:00 p.m. to 6:00 p.m.                      |
| Startech.com Community Centre                  | January 25 – 10:00 a.m. to 12:00 p.m.                    |



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## Other Public Engagement Activities

- Attendance at councillor ward meetings/townhalls – as requested
- Attendance at community group events – as requested
- Presentations to council advisory committees – as requested
- “Prioritize” online business case feedback application
- Online property tax breakdown calculator tool:  
<https://apps.london.ca/ColTaxCalculator>
- “Finance Flicks” available online: <https://getinvolved.london.ca/budget>
- Advertising through a variety of formats – newspaper, digital, bus, e-mail distributions, community facilities, social media, etc.
- All materials to be available online and at library branches



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## Budget Chair Requests

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## Budget Chair Requests

- Please reach out to the appropriate Deputy City Manager or Agency, Board or Commission representative with any questions you wish to ask regarding the 2024-2027 Multi-Year Budget
  - Ensures that an answer will be available
  - Also ensures that the right person will be in attendance to respond
- If you are planning to declare a conflict on particular parts of the budget, please advise the Budget Chair, City Clerk and City Treasurer **in advance** so that the budget recommendations can be separated accordingly
- If you are planning to propose any budget amendments, please work with Civic Administration and the Clerk's Office and circulate them **in advance**
- Info sessions will be scheduled in January to provide an opportunity for Councillors to ask questions of Finance staff – further details to come
- Finance staff, working with the Budget Chair, will canvass Council in January to understand business case priorities



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## “Strong Mayor” Legislation – Impact on the Budget Process

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## “Strong Mayor” Legislation – Impact to Budget Process

- “Strong Mayor” legislation has now been extended to 46 of Ontario’s larger municipalities, including London
- This new legislation dictates that:
  - The Mayor is to propose a budget by February 1<sup>st</sup>, or
  - Council prepares and adopts a budget if the Mayor fails to propose a budget on or before February 1<sup>st</sup>
- This new legislation does not provide for a mechanism for the Mayor to ‘opt out’ of this new process or for the Mayor to delegate these responsibilities
- The draft budget formally released today is the draft budget prepared by Civic Administration to facilitate public input, and is not the “Mayor’s budget”
- The legislation includes defined processes for council amendments to the Mayor’s budget, associated mayoral veto power and council overrides of mayoral vetoes



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## Mayoral Budget Direction/Decisions Issued to Date

Mayoral Direction #2023-001 (Oct. 5, 2023) directs the Deputy City Manager, Finance Supports to take the following actions:

- Proceed with the preparation of the 2024-2027 Multi-Year Budget in accordance with the direction previously provided by Council on April 25, 2023 and to support the implementation of strategies as part of Council’s approved 2023-2027 Strategic Plan
- Proceed with the release of staff’s draft budget on December 12, 2023 in order to facilitate the public engagement plan previously outlined by civic administration
- Collaborate with Budget Chair Pelosa to provide support for councillors’ engagement activities with their constituents; and,
- Periodically brief myself and Budget Chair Pelosa on the progress of the staff draft budget as requested.



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## Mayoral Budget Direction/Decisions Issued to Date

Mayoral Decision #2023-003 (Oct. 10, 2023) outlines:

- The establishment of the 2024-2027 Multi-Year Budget Committee (“Budget Committee”) for the purposes of overseeing the development of the 2024-2027 Multi-Year Budget, ensuring alignment with our city’s strategic goals
- Councillor Pelosa is appointed Chair of the Budget Committee
- The Budget Committee shall be comprised of all members of Council
- The Budget Committee shall report to Council and work closely with civic administration to facilitate a transparent and inclusive budgeting process
- The City Clerk or designate shall support the Budget Committee
- The Council Procedure By-law, being a by-law to provide for the Rules of Order and Procedure for the Council of The Corporation of the City of London, and any other applicable legislation shall govern the proceedings of the Budget Committee



## “Strong Mayor” Legislation – Impact to Budget Process

Mayor proposes a budget on or before Feb. 1<sup>st</sup>

- Otherwise Council shall prepare and adopt budget for the municipality

\* Council may pass resolution to shorten this time period

30 day\* period for Council amendments\*\* to the proposed budget

- If no amendments (or not within 30 days), budget is deemed adopted as proposed by Mayor

\*\* Council meeting is not required to approve Council amendments

10 day\*\*\* period for Mayor to provide written veto of Council amendments

- If no veto, budget deemed adopted with council amendments

\*\*\* Mayor may provide written document to shorten this time period

15 day\* period for Council to override Mayor’s veto with two thirds majority

- If no two thirds majority or not within 15 days, budget deemed adopted as proposed by Mayor

Budget deemed adopted with Council amendments





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