

Bill No. 315
2024

By-law No. CPOL.-45-()

A by-law to amend By-law No. CPOL.-45-241,
as amended, being "Multi-Year Budget Policy",
by deleting and replacing Schedule "A".

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

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

AND WHEREAS the Municipal Council of The Corporation of the City of
London wishes to amend By-law No. CPOL.-45-241, as amended, being "Multi-Year
Budget Policy", by deleting and replacing Schedule "A" to reflect the Mayor's powers
under section 284.16 of the *Municipal Act, 2001* with respect to powers and duties
relating to the budget;

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

1. Schedule "A" to the by-law is hereby deleted and replaced with the
attached new Schedule "A".
2. This by-law comes into force and effect on September 24, 2024 subject to
the provisions of PART VI.I of the *Municipal Act, 2001*.

PASSED in Open Council on September 24, 2024 subject to the
provisions of PART VI.I of the *Municipal Act, 2001*.

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First reading – September 24, 2024
Second reading – September 24, 2024
Third reading – September 24, 2024

Schedule “A”



London
CANADA

Multi-Year Budget Policy

Policy Name: Multi-Year Budget Policy

Legislative History: Enacted June 13, 2017 (By-law No. CPOL.-45-241); Amended July 24, 2018 (By-law No. CPOL.-45(a)-374); Amended August 10, 2021 (By-law No. CPOL.-45(b)-239); Amended July 25, 2023 (By-law No. CPOL.-45(c)-209)

Last Review Date: July 25, 2023

Service Area Lead: Director, Financial Planning & Business Support

1. Policy Statement

Purpose

The purpose of the Multi-Year Budget policy is to define the approach to be used for multi-year budgeting at the City of London.

Authority

The *Municipal Act, 2001*, Section 291(1) authorizes a municipality to prepare and adopt a budget covering a period of two to five years in the first year to which the budget applies or in the year immediately preceding the first year to which the budget applies. The process for preparing and adopting a multi-year budget and the requirements for a municipality's budget are prescribed in the *Municipal Act, 2001* and associated regulations.

If a municipality chooses to adopt a multi-year budget, establishing an annual review process is mandatory as outlined in section 291(4) of the *Municipal Act, 2001*. The annual review process requires the municipality to readopt the budget for that year and subsequent years that the budget applies in order to ensure the municipality has sufficient funds to pay all debts, amounts required for sinking funds or retirement funds, and amounts required for boards, commissions or other bodies. Also, pursuant to section 291(6) of the *Municipal Act, 2001* the passing of a multi-year budget does not limit the power of a municipality to amend or revoke a budget adopted under section 291 nor does it remove the obligation of a municipality to levy taxes/rates in each year.

2. Definitions

- 2.1. **Capital Budget** – A budget that funds new infrastructure projects as well as expands and maintains existing infrastructure. Some of the expenses could include: A new arena, widening roads, and roof replacement on an existing community centre.
- 2.2. **City of London** – The Corporation of the City of London
- 2.3. **City Treasurer** – The individual appointed by the municipality as treasurer.
- 2.4. **Civic Service Areas** – Service Areas that operate within the Corporation.
- 2.5. **Boards and Commissions** – Groups outside the Corporation, typically (although not always) funded by the municipal tax base, that provide specific and/or specialized services to the London community.
- 2.6. **Budget** – An estimated financial plan of revenue and expenditure for a set period of time.

- 2.7. **Multi-Year Budget** – A four year operating and capital budget.
- 2.8. **Multi-Year Budget Policy** – Refers to this policy.
- 2.9. **Municipal Act** – Refers to legislation that governs municipalities in Ontario.
- 2.10. **Net Budget** – The net budget is the cost to deliver the City of London's programs and services, after accounting for all non-tax/non-rate revenues and subsidies received. This is the portion of the budget that is paid for through property taxes or utility rates. This may be referred to as Tax Levy Revenue/Rate Revenue where applicable.
- 2.11. **Operating Budget** – A budget that funds the day to day operations of the municipality. Some of the expenses could include personnel, utilities, and reserve fund contributions.

3. **Applicability**

The scope of multi-year budgeting, including both operating and capital, extends to all City of London Service Areas, boards, and commissions and applies to both the property tax supported as well as water and wastewater & treatment rate supported budgets.

4. **The Policy**

4.1. **Approvals / Adjustments to Multi-Year Budget:**

- 4.1.1. A Multi-Year Budget is developed covering a four year time period beginning in the second year of a new Council term. Annual updates for years two and three will be brought forward for consideration during the remaining Council term. The first year of a new Council term will coincide with reconfirmation of the fourth year of the Multi-Year Budget.
- 4.1.2. Early in a new Council term, Council will develop its Strategic Plan. Following that, a Multi-Year Budget will be adopted that includes a four year average annual tax levy adjustment from rates and four year water and wastewater rates that address municipal inflationary pressures and funding for additional investments that are aligned with Council's Strategic Plan.
- 4.1.3. After completion of the Strategic Plan and the Multi-Year Budget, Civic Administration will prepare corporate business plans that clearly outline the current state and future direction of each service. The business plans will identify the strategies and priorities that are driving the strategic direction of the service. All strategies and priorities must be aligned with the Council's Strategic Plan and the funding approved through the Multi-Year Budget. Throughout the Multi-Year Budget process, business plans will be modified for material changes that result from any material amendments through annual updates.
- 4.1.4. Civic Administration will prepare a budget for the Mayor that is in compliance with the *Municipal Act, 2001*. The budget will contain adjustments to reflect inflationary pressures and additional investments or disinvestments that would further adjust the budget requirement. Each additional investment or disinvestment submitted for consideration shall be supported with a comprehensive business case.
- 4.1.5. In the first year of a budget cycle, the Civic Administration will be seeking adoption of a Multi-Year Budget for a four year period. Commencing in the second year and in each subsequent year of the multi-year budget, the municipality is required by the *Municipal Act, 2001* to review and readopt the budget for that year. As part of the review process, the municipality is required to make changes that are required for the purpose of making the budget compliant with the provisions of the *Act* which include ensuring that

the municipality has sufficient funds to pay all debts, amounts required for sinking funds or retirement funds and amounts required for boards, commissions or other bodies. As such, there is the opportunity to make other amendments to the budget annually. In addition to the matters required to be addressed by the *Municipal Act, 2001*, the scope of annual budget changes may include, but are not limited to, the following:

- a) **New or Changed Regulation** – A new or changed legislation or regulation with a financial impact to the municipality.
- b) **New Council Direction** – A new Council direction that has transpired after the approval of the Multi-Year Budget.
- c) **Cost or Revenue Driver** – A corporate or service area budget adjustment as a result of changes in economic conditions.

Proposed changes to future years' operating budgets should only be brought forward and approved once per year. Adjustments are limited to once per year, during the annual update period, to ensure that all requests are considered together.

- 4.1.6. The City Treasurer or designate is authorized to make adjustments considered "housekeeping" in nature including operating and capital budget transfers made by a service that do not change the net budget.
- 4.1.7. The City Treasurer or designate would be authorized to release budget funds prior to a new Multi-Year Budget or Annual Budget Update adoption up to a prorated amount based on the previous fiscal year's budget. Such authorization will continue for a reasonable period of time until adoption of a new Multi-Year Budget or Annual Budget Update.