



July 28, 2011

Mayor and Members of Council,
City of London,
300 Dufferin Avenue,
London, ON

RE: Capital Works Projects

We understand that the London Development Institute (LDI) has expressed a number of concerns to Council with capital works projects that are funded by Development Charges (City Services Reserve Fund) and by tax dollars where there is a non-growth component to the capital works.

The Urban League of London has been involved for nearly 20 years on committees dealing with growth-financing, including the Development Charges Monitoring Committee – the committee that set the development charge in 2004 – and, indeed, as far back as 1995 when the determination of what would be included in the Urban Works Reserve Fund was determined. We believe, now as we did then, that the “bus driver” for growth in this city is the Municipal Council.

There is some suggestion by LDI in their correspondence that additional projects should be delayed. Councillors should ask themselves a number of questions: *“How many projects would the LDI propose delaying?” “At what stage in the development process is each?” “What portion of the project is non-growth?” “Is it consistent with the Council-approved Growth Management Implementation Strategy (GMIS)?”*

There is some question raised by LDI about the cost of stormwater management (SWM) projects. The Urban League reminds Council that, regardless of who builds them, stormwater management projects are assumed by the City, including the long-term costs of maintaining them. Infrastructure is expensive and it is in the interest of the taxpayers of London that such projects are built properly and with an eye to the future.

Differences between cost estimates for capital works and actual completion costs are not new. Historically, when SWM projects were completed by the developer, actual costs commonly exceeded estimated costs as contained in the Urban Works Reserve Fund study. Which of these were wrong – the estimated cost or the actual cost? The Urban League would suggest that estimated costs were often kept on the low side to keep the rate charged low as well. This is one reason why we believe a large notional deficit was created in the Urban Works Reserve Fund and why the Blue Ribbon Panel recommended that they become city projects; a recommendation that went in a different direction from most Ontario municipalities where such projects are fully at the cost of the developer with no reimbursement from any fund at all.

Finally, having served on the previous iteration of the Development Charges Monitoring Committee (DCMC), the League sees no value in creating it again. Much time was wasted at

the DCMC by questions relating to projects in which individual committee members were involved, and little attention was paid to the rapidly growing notional deficit in the UWRF, despite concerns raised by city staff and League delegates. If Council does wish to re-create a DCMC, the League would ask that such a committee continue to report to a Standing Committee of Council, rather than an "internal committee" as suggested by the LDI, and that the League have a seat at this table (as we do in current discussions about Municipal Financing Servicing Agreements) so that the expertise we have developed in this area can be utilized to benefit the deliberations of Council.

With best regards,

Greg Thompson,
President of the League,

Sandy Levin
Member of the League