

# Budget >>> 2014



London  
CANADA

Draft – December 3, 2013

**SPPC**  
**February 25, 2014**

# What You Have Asked From Civic Administration



1. That the Civic Administration BE REQUESTED to report back at the in camera session of the Strategic Priorities and Policy Committee meeting, to be held on February 25, 2014, with respect to the implications of achieving **corporate-wide permanent savings in staffing costs in the amount of \$1.5 Million.**
2. That the Civic Administration BE REQUESTED to report back at the in camera session of the Strategic Priorities and Policy Committee meeting, to be held on February 25, 2014, with respect to **the implications of contracting out Information Technology Services.**
3. That the **2014 Capital Budget** BE APPROVED subject to the Civic Administration reporting back to the Municipal Council, prior to its meeting on February 27, 2014, **with respect to the identification of \$1.5 Million in “housekeeping” savings.**

# Recommended Surplus Allocation



Millions	Recommendation	
<b>\$7.3</b>	<b><i>Projected Surplus Of \$7.3 Million</i></b>	
\$2.3	City Facilities Reserve Fund (Ontario Works)	✓ Highly Recommended
\$1.0	Economic Development Reserve Fund	✓ Highly Recommended
\$0.5	VMP Noise Wall	✓ Approved By SPPC
\$0.4	Animal Welfare Contract (capital component)	✓ Approved By SPPC
\$0.1	Grand Theatre	✓ Approved By SPPC
\$0.2	St. Joseph's Hospice	✓ Approved By SPPC
<b>\$2.8</b>	<b>Unallocated 2013 Surplus</b>	

$\$1.0 + \$2.8 = \mathbf{\$3.8\ M}$   
 could be contributed to the Economic Development  
 Reserve Fund (one-time)

# Budget Update – Levy From Rates



Tax Levy From Rates	\$ Millions	%
Starting Point (Budget As Submitted – December 3, 2013)	\$15.1	3.1%
Adjustments (To Date):		
BC #4 - UTCRA Contract	0.07	0.0
BC# 6, 8-13 - Capital Cuts – <b>\$3.1 Million Capital Levy Added Back to the Budget</b> (BC #7 – Bus Purchase Renewal – funding not required)	3.10	0.7
Fire Operating Budget – <b>Reduced From 4% To 2%</b>	(1.09)	-0.2
London Police (Placeholder at 2.8% - From 3.3% - <b>Decision Pending</b> )	(0.48)	-0.1
BC#57 (Cultural Prosperity Plan)	0.10	0.0
Animal Welfare Contract (ongoing operating)	0.38	0.1
BC#54 (Traffic Calming)	0.03	0.0
BC#56 (Emerald Ash Borer)	0.20	0.0
Million Tree Challenge	0.05	0.0
Current Position	\$17.4	3.6%

# Increased Costs of Municipal Services At 3.6%



## \*\* AS ADJUSTED \*\*

Avg. Residential Homeowner      Increase From Rates



### Protective Services.....

- Police (Placeholder at 2.8% - From 3.3% - **Decision Pending**)..... \$13
- Fire (SPPC Approval at 2% - From 4%)..... \$5

\$87

\$17.4 M

\$18

\$3.6 M

\$2.5 M ?

\$1.1 M

### Capital Financing.....

- Pay As You Go (From \$2.8M to \$6.2M – Increase of \$3.4M)..... \$30
- Debt Servicing..... \$10

\$40

\$8.1 M

\$6.2 M

\$1.9 M

### Corp. Contingencies (Tax Write-Offs, Legal, Pers.) - **Decision Pending**

\$18

\$3.7 M ?

### Land Ambulance (SPPC Approval at 8%).....

\$4

\$0.9 M



### London Transit Commission (SPPC Approval at 2.4%).....

\$3

\$0.6 M



### London Public Library (SPPC Approval at 1.8%).....

\$2

\$0.3 M



### London Middlesex Housing Corporation (SPPC Approval At 2.7%)

\$1

\$0.2 M

### Conservation Authorities.....

\$1

\$0.1 M

### Net Ontario Works.....

\$(4)

\$(0.9) M

- Ontario Works (-10.9% due to Provincial Uploading)..... \$(13)
- Reduced Reliance On Stabilization Reserve..... \$9

\$(2.6) M

\$1.7 M

### Remaining Service Areas (\$0.3M to \$0.8M - Animal Welfare)

\$4

\$0.8 M



Subject To Rounding

\*Average rate payer owning a home with an assessed value of \$208,000. Municipal Property Tax Amount is subject to 2014 tax policy. Excludes the Education tax portion which is set by the Province.

# Telling The Story - 2014 Budget



%	Millions	Description
3.6%	\$17.4	Current Position
(0.3)%	\$(1.5)	Assessment Growth
(0.3)%	\$(1.2)	Capital Cut To LCR Projects
<u>(0.3)%</u>	<u>\$(1.5)</u>	Global Reduction To Capital (LCR)
<b>2.7%</b>	<b>\$13.2</b>	<b>Subtotal</b>
(0.5)%	\$(2.9)	In-Camera Discussion
<b>2.2%</b>	<b>\$10.3</b>	<b>Subtotal</b>

Capital Projects Cut:  
 \$(0.2) – Landfill Site Prop. Acq.  
 \$(0.1) – Glen Cairn Major Upgrades  
 \$(0.2) – Floodplain Acq.  
 \$(0.2) – Downtown Pay & Disp. Parking  
\$(0.5) – Facility Energy Management  
 \$(1.2) \* **Infrastructure Gap Widening** \*

Proportionate Allocation:  
 \$(0.04) – Culture  
 \$(0.03) – Economic Prosperity  
 \$(0.07) – Environmental Services  
 \$(0.20) – Parks, Rec. & Neigh. Serv.  
 \$(0.00) – Planning & Development  
 \$(0.08) – Protective Services  
 \$(0.07) – Social & Health Serv.  
 \$(0.76) – Transportation Serv.  
\$(0.25) – Corp., Oper. & Council Serv.  
 \$(1.50) \* **Infrastructure Gap Widening** \*

# Telling The Story - 2014 Budget Continued...



%	Millions	Description
2.2%	\$10.3	<b>Subtotal</b>
<u>0.9%</u>	<u>\$4.2</u>	Investment In Economic Development (Assumes that \$3.8 million will be contributed to the Economic Development Reserve Fund on a one-time basis.)
3.1%	\$14.5	<b>Total Tax Levy Increase From Rates (After Investment In Ec. Dev.)</b>

# Telling The Story - 2014 Budget



3.6% or \$17.4 million – Current Position



Assessment Growth  
0.3% or \$1.5 million



Capital Cut To LCR Projects  
0.3% or \$1.2 million



Global Reduction To Capital (LCR)  
0.3% or \$1.5 million

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2.7% or \$13.2 million



In-Camera Discussion  
0.5% or \$2.9 million

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2.2% or \$10.3 million

3.1% or \$14.5 million



\$4.2 Million Or 0.9% Redirected To  
The Economic Dev.  
Reserve Fund



Assumes that \$3.8 million will be  
contributed to the Ec. Dev. Reserve  
Fund on a one-time basis.



# Outstanding Budget Items & How Civic Admin. Recommends To Proceed



## In-Camera Items

1. Item 2o) i) – Operating Budget – Corporate Services
2. Item 2o) iv) – Operating Budget – Financial Management
3. Emerging Issue Item #5 – Urban Infill (to be considered in the overall context of personnel costs)

## 2013 Surplus Recommendation

Key Civic Administration recommendations pertaining to 2013 projected \$7.3 m surplus:

4. City Facilities Reserve Fund – Ontario Works of \$2,300k (**highly recommended by Civic Administration**)
5. Economic Development Reserve Fund of \$1,000k (**highly recommended by Civic Administration**)
6. Economic Development RF - \$2,800k (unallocated surplus) (**highly recommended by Civic Administration**)

## Other related clauses

7. Item 2c)viii) – BC #13 – Facility Energy Management - deferred to surplus discussions \$500k (**Not recommended by Civic Administration**)
8. Item 2b)ii) – BC #2 – Elimination of planned increased \$1,000K contribution to the Ec. Dev. Reserve Fund - included in submitted budget (**Recommendation to be funded through surplus one-time – see above**)
9. Item 2h)i) – Operating Budget – Business Attraction and Retention (approved, BUT subject to a decision related to 2b)ii), which could result in an adjustment to this item)

# Outstanding Budget Items & How Civic Admin. Recommends To Proceed



## **2014 Operating Budget Review:**

10. Item 2o) ii) – Operating Budget – Corporate Planning & Corporate Administration

## **2014 London Police Budget Review**

11. Item 2f)ix) – BC #39 – assessment growth funding of \$900k to Police Services (included in submitted budget)
12. Item 2l)v) – Operating Budget – London Police Service (tax levy increase from rates range of 2.7% to 2.9%)

## **Capital Budget Review:**

13. Approval of the \$1,500k global reduction to 2014 Life Cycle Renewal capital program
14. Item 3e) – 2015-2023 Capital Plan Forecast – Life Cycle Renewal
15. Item 3f) – 2015-2023 Capital Plan Forecast – Growth
16. Item 3g) – 2015-2023 Capital Plan Forecast – Service Improvements
17. Item 3h) – 2014 Corporate Cash Flow
18. Item 3i) – Reserves/Reserve Fund Overview and Analysis Schedules



## In-Camera Discussion