

2012 Budget Update

Strategic Priorities and Policy Committee
Tuesday December 20, 2011

2012 Budget Recap

Budget Target – set in May 1.4%
Outlines:
• Tax levy increase for next few years
• Includes current services and service levels
• Estimate of some inflationary impacts
• Uses estimate of well justified future needs, flow-through costs, and limited growth
*Goal of minimizing increases in tax levy

Business Plans Reviewed June to December by Service Review Committee
Outlines:
• Services
• Where we are
• Where we are going
• Measures of performance
*New Initiatives – well planned increases, or decreases in services/ service levels

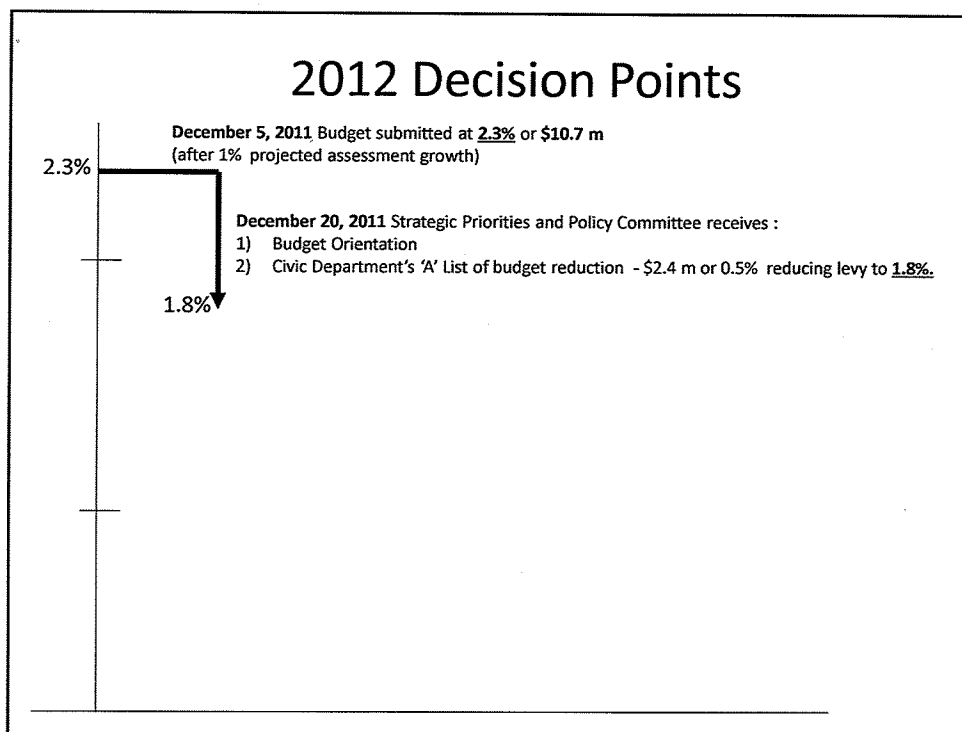
Special Economic Levy November
Outlines:
• City of London funding cap of \$100 million on \$700 + million worth of City investment opportunities

2012 BUDGET DECISION POINTS

Service Base Budget 2.3% (\$10.7m)
Outlines:
• Increase/(decrease) in service requirements
• Linkage to achievement of business plan
• Measure of performance

Adds & Cuts 2.4% (\$ 11.2 m)
Outlines:
• Increase/(decrease) in services or service levels based on prioritized list from service review
• Attach detailed business case including:
 • Economic Analysis
 • Linkage to business plan
 • Measures of Success
 • Reporting

Special Economic Levy 1.0% (\$4.6 m)



2012 Civic Administration Budget Reductions 'A' List

- \$ 2.4 million or 0.5% of tax levy reductions have been identified by Civic Administration.

Budget Reduction	Initiative
\$ 1.0 million	Ontario Works (caseload estimate revisited)
\$ 0.2 million	Capital Grant Program Reduction
\$0.11 million	Revenue Opportunities <ul style="list-style-type: none"> • Parking Fine increase accelerated • South London Community Centre rental revenue
\$ 1.1 million	Corporate Position Management

2012 Budget Reductions 'A' List Details

Ontario Works Caseload and Case cost **\$ 1.0 million**

- Reduction in caseload budget of 500 cases and average cost per case to reflect experience in 2011

Risks:

- Should the demand or cost for caseload exceed the approved 2012 budget, the deficit would need to be covered through the operating budget contingency reserve.
- In the past, Community Services has budgeted for Ontario Works to have a "buffer" to back stop caseload spikes.
- This reduction removes any buffer.
- 1,000 increase in caseload is equivalent to \$1.4 million in tax levy.

2012 Budget Reductions 'A' List Details

Ontario Works Caseload			
2012 Operating Budget			
	2011 Estimate	2012 Draft Budget	2012 Revised
Average Monthly Caseload	10,903	11,500	11,000
Average Gross Cost per Case (NOTE 1)	\$683	\$704	\$692
Gross Expenditure (000's)	\$89,292	\$97,152	\$91,344
Net Expenditure (000's)	\$16,745	\$16,710	\$15,711
Municipal Cost Share (NOTE 2)	18.8%	17.2%	17.2%
Total 2012 Draft Budget Reduction (Net 000's) (NOTE 3)		(\$1,000)	

NOTES:
 1) 2012 budget must allow for 1% rate increase effective December, 2011
 2) Net expenditures may be slightly lower than the municipal cost share ratio above due to a small number of Ontario Works cases funded 100% by the Province
 3) When the caseload budget was increased to 11,500 in 2011, there were no corresponding increases to staffing levels. The current approved staffing reflect a caseload level of 11,000 cases per month; therefore no reductions to staffing will be made as a result of reducing the 2012 caseload budget to 11,000.

2012 Budget Reductions 'A' List Details

Reduce Capital Grant Program \$ 0.2 million

- ⇒ Total budget is \$250,000.
- ⇒ Reduce 2012 by \$200,000 as there is a commitment of \$50,000 in 2012 to Aeolian Hall.
- ⇒ No further capital grants will be accepted.
- ⇒ Organizations trying to leverage funds from other levels of government will be impacted.
- ⇒ No City contribution to new programs/services to non-profit agencies.
- ⇒ Capital grant requests for 2012 funding from the following organizations have been received: Jet Aircraft (\$500,000 over 3 years); The Arts Project (\$300,000 over 3 years); ; The Grand Theatre (\$50,000 over 1 year).

2012 Budget Reductions 'A' List Details

Revenue Opportunities \$0.11 million

- ⇒ **New Rental Revenue at South London Community Centre (SLCC)**
 - ⇒ Rental revenue for settlement services space. Source is South London Neighbourhood Resource Centre (SLNRC) and YMCA. This revenue was not identified in the original 2012 budget submission
 - ⇒ SLCC is regarded as a first choice location for Settlement Services given the synergies obtainable through co-location with library, recreation, Neighbourhood Resource, and community centre services at the site.
 - Risk:**
 - ⇒ The current rental revenue is based on limited space use within the current footprint of SLCC. Continued occupancy is based on the expectation of a building expansion at SLCC which has not yet been approved by Council (RC2751)
 - ⇒ If additional space is not approved at SLCC, federal funding may not remain available to pay the City resulting in a minor budget pressure
- ⇒ **Increase parking fine revenue budget reflecting an implementation date of February 29th, 2012 instead of July 1st, 2012.**
 - Risk:**
 - ⇒ Subject to approval by the Ontario Chief Justice before implementation

2012 Budget Reductions 'A' List Details

Corporate Position Management

\$1.1 million

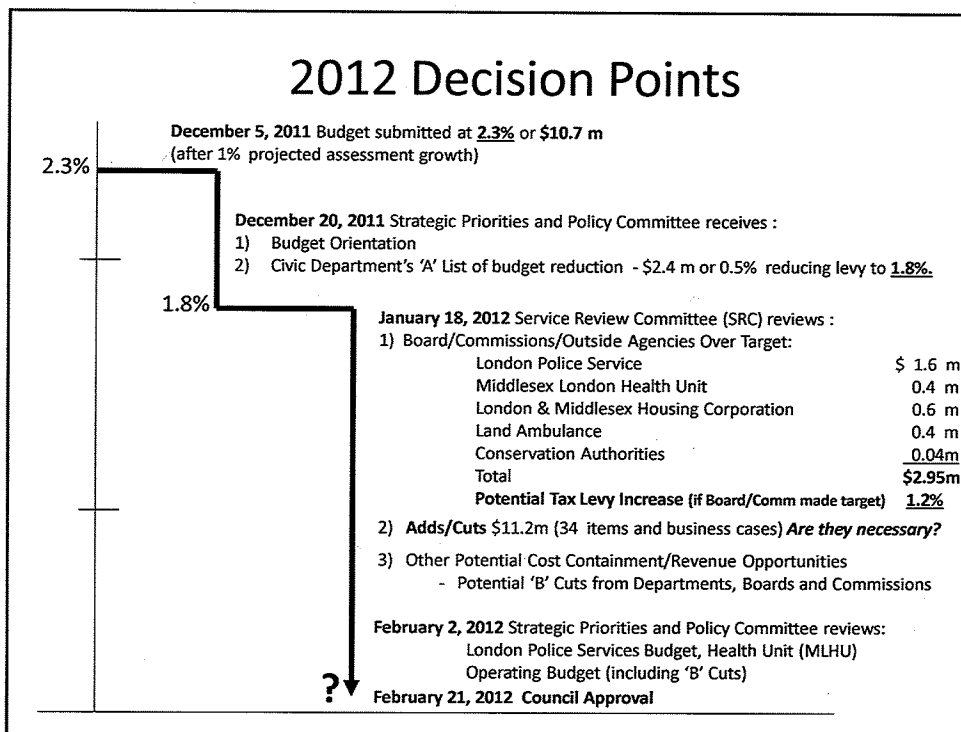
➔ In Camera item - City Manager and Chief Human Resources Officer

2012 Operating Budget Overview as at December 20, 2011

KEY AREA	TARGET May 31 2011	SUBMITTED December 5 2011	With 'A' List December 20 2011	Over/ (Under)
Civic Departments (excluding Community Services)	1.5%	1.5%	0.3%	\$(1.2m)
London Police Services	3.0%	4.8%	4.8%	\$1.6 m
London Fire Services	3.0%	3.0%	3.0%	\$-
Land Ambulance	1.5%	5.1%	5.1%	\$0.4m
London & Middlesex Housing Corporation	1.5%	9.0%	9.0%	\$0.6m
Community Services	(4.5%)	(3.5%)	(4.9%)	\$(0.3m)
Boards & Commissions (Library, Museum, Tourism, Convention)	1.5%	1.5%	1.5%	\$-
London Transit Commission	6.2%	6.1%	6.1%	\$-
Middlesex London Health Unit	(6.6%)	(0.1%)	(0.1%)	\$0.4m
Corporate Revenues & Expenses (capital financing, contingencies)	13.0%	11.0%	10.7%	\$(1.6m)
Additional Corporate Base Revenue – unallocated (Note: \$2 million of the \$4 million was allocated to Community Services)	(\$2.0m)	\$-	\$-	\$2.0m
Property Tax Levy <small>increase</small>	1.4%	2.3%	1.8%	\$1.8 m

*Subject to rounding

'A' List reductions totaled \$2.4 million or 0.5%.



Timetable

Date	What	Who
Monday, December 5, 2011 4:00 p.m.	Property Tax Budget Tabled (Operating and Capital Budgets)	Strategic Priorities and Policy Committee
Tuesday, December 20, 2011 4:00 p.m.	Budget Orientation and Strategic Planning	Strategic Priorities and Policy Committee
Saturday, January 14, 2012 10:00 a.m. to 1:00 p.m.	Public Engagement – Shopping Malls	Council Members
Tuesday, January 17, 2012 4:00 p.m.	Public Participation (Property Tax - Operating and Capital Budgets)	Strategic Priorities and Policy Committee
Wednesday, January 18, 2012 9:30 a.m.	Adds & Cuts List Report of feedback from public on 'Adds & Cuts' and prioritization for referral to budget by Committee	Services Review Committee
Thursday, January 26, 2012 9:00 a.m.	Property Tax - Capital Budget Review	Strategic Priorities and Policy Committee
Thursday, February 2, 2012 9:00 a.m.	Property Tax - Operating Budget Review (complete Capital Budget Review (if needed))	Strategic Priorities and Policy Committee
Thursday, February 9, 2012 4:00 p.m.	Property Tax - Operating Budget Review (if needed)	Strategic Priorities and Policy Committee
Tuesday, February 21, 2012 5:00 p.m.	Property Tax Budget Approved	Council