

**"B" CUTS AS PREPARED BY
CIVIC ADMINISTRATION FOR 2012 BUDGET DELIBERATIONS**

On February 2, 2012, Civic Administration advised the Strategic Priorities and Policy committee that the 2012 property tax levy increase was at 1.46% representing a \$6.7m increase over the 2011 tax levy from rates. Outlined below are proposed adjustments to that tax levy increase broken down as follows: Required Corporate Adjustments and "B" cuts to get to 0%. The "B" cuts have been categorized as follows:

- (a) Community Services adjustments to fund London System Re-engineering: Neighbourhood Child and Family Centres (NCFC) and London Strengthening Neighbourhoods Strategy (LSNS)
- (b) "B" cuts that do not have service implications,
- (c) "B" cuts that have service implications that are recommended by Civic Administration, and
- (d) "B" cuts that have service implications and are NOT RECOMMENDED.

As several items within each of these categories have personnel/ legal/ contractual implications, additional detail will be provided at an "in-camera" session at the Strategic Priorities and Policy Committee.

	\$ 000's	%
TAX LEVY INCREASE FROM RATES (February 2, 2012)	\$6,754	1.46%
REQUIRED CORPORATE ADJUSTMENTS	896	0.19%
TAX LEVY INCREASE FROM RATES AFTER REQUIRED ADJUSTMENTS	\$7,650	1.65%
"B" CUTS TO GET TO 0%		
	\$ 000's	%
(a) COMMUNITY SERVICES - departmental review and other opportunities to accommodate London System Re-engineering: Neighbourhood Child and Family Centres (NCFC) and London Strengthening Neighbourhoods Strategy (LSNS)	(649)	(0.14%)
(b) "B" CUTS that DO NOT have service implications		
1) Operating Efficiencies	(1,375)	(0.30%)
2) Provincial Regulations/ Legislation	(500)	(0.11%)
3) Revenue/ rate rationalization (Reserve Funds, User Fees)	(1,003)	(0.22%)
Total "B" CUTS that DO NOT have a service implication in the near term	(2,878)	(0.62%)
(c) "B" CUTS that have service implications and "ARE RECOMMENDED" to get to 0%.		
4) Parks and Recreation service reductions	(447)	(0.10%)
5) Transportation service reductions	(432)	(0.09%)
6) Environmental Services service reductions	(705)	(0.15%)
7) Protective Services	(80)	(0.02%)
8) Culture and Community Grants	(250)	(0.05%)
9) Corporate Operational and Council Services	(1,140)	(0.25%)
Total "B" CUTS that have a service implications	(3,054)	(0.66%)
(d) "B" CUTS that DO have service implications and "ARE NOT RECOMMENDED" to get to 0%		
10) Reduced Reserve Fund Contribution - Affordable Housing Reserve Fund. A reduced contribution will impact the housing strategy.	(1,000)	(0.22%)
11) Transportation Service Implications	(100)	(0.02%)
Total "B" CUTS that have service implications and are NOT RECOMMENDED	(1,100)	(0.24%)
TOTAL "B" CUTS PREPARED BY CIVIC ADMINISTRATION	(7,681)	(1.66%)
TAX LEVY INCREASE FROM RATES IF ALL "B" CUTS ARE ENDORSED	(31)	(0.01%)

**"B" CUTS AS PREPARED BY
CIVIC ADMINISTRATION DETAIL FOR 2012 BUDGET DELIBERATIONS**

DESCRIPTION OF BUDGET ADJUSTMENT		\$ 000's	%
TAX LEVY INCREASE FROM RATES (February 2, 2012)		\$6,754	1.46%
REQUIRED CORPORATE ADJUSTMENTS	A matter pertaining to litigation or potential litigation with respect to funding related to local boards or commissions and advice that is subject to solicitor-client privilege, including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	896	0.19%
TAX LEVY INCREASE FROM RATES AFTER REQUIRED ADJUSTMENTS		\$7,650	1.65%

"B" CUTS TO GET TO 0%

DESCRIPTION OF BUDGET REDUCTION	SERVICE IMPACT	\$ 000's	%
(a) COMMUNITY SERVICES - departmental review and other opportunities to accommodate London System Re-engineering: Neighbourhood Child and Family Centres (\$500k - Adds & Cuts Business Case # 2) and London Strengthening Neighbourhoods Strategy (\$100k - Adds & Cuts Business Case # 3)		(649)	(0.14%)
i) IN CAMERA	A matter pertaining to personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(98)	
ii) Fire - operating efficiencies - auto repairs, natural gas, build maintenance	An aging fleet requires significant automotive repair expenditures. The Department has replaced 13 vehicles since 2007 and has over the past few years reduced the repair budget to reflect this. In 2012 the department will take delivery of 4 more vehicles (1 in the spring and 3 in the fall). Accordingly, it will again reduce this budget; however, the caution is that as the fleet once again ages the repair expenditures will increase and cause pressure in that regard. History has shown that the cost of repair significantly increases in the 8th year of the life of the vehicle. The first 5 of the 13 vehicles purchased recently are 5 years old and consequently the budget is predicted to spike in 3 years. The Department has looked at historical expenditures and feels confident it can reduce its costs in the noted areas.	(73)	
iii) IN CAMERA	A matter pertaining to labour relations and personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(81)	
iv) Social Housing Act - private non profit housing - flexibility with local rules	Housing Provider subsidies include legislated benchmarks and rent-g geared-to-income subsidy estimations. The New Housing Services Act repeals Social Housing Reform Act on January 1, 2012 and gives the City of London as Service Manager more flexibility and discretion within local rules. It is anticipated that within the new legislation and new local rules to be created, discretion in the treatment of RGI & market unit targets will affect the allocation of subsidy.	(150)	
v) 2012 Long Term Care Case Mix Index - funding from Province	Additional revenue from Province	(150)	
vi) IN CAMERA	A matter pertaining to labour relations and employee negotiations, personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(97)	
(b) "B" CUTS that DO NOT have service implications			
1) Operating Efficiencies		(1,375)	(0.30%)
a. IN CAMERA	A matter pertaining to reports, advice and recommendations of officers and employees of the Corporation concerning labour relations or employee negotiations regarding employment-related matters with municipal employees and union groups; and financial information supplied in confidence pertaining to contract negotiations the disclosure of which could reasonably be expected to prejudice the contractual or other negotiations of the Corporation, and whose disclosure could reasonably be expected to prejudice the economic interest or competitive position of the Corporation.	(1,200)	
b. Energy cost reduction - revised forecast - deficit to be offset by reserve fund	No impact assuming any over expenditure will be covered corporately and if not will be covered by the energy reserve fund	(100)	

DESCRIPTION OF BUDGET REDUCTION	SERVICE IMPACT	\$ 000's	%
c. Reduced recycling costs at Material Recovery Facility	No impact. Since 2012 Draft budget was submitted several small municipalities will start using the MRF in 2012 at different start times	(60)	
d. IN CAMERA	A matter pertaining to reports, advice and recommendations of officers and employees of the Corporation concerning labour relations or employee negotiations regarding employment-related matters with municipal employees and union groups; and financial information supplied in confidence pertaining to contract negotiations the disclosure of which could reasonably be expected to prejudice the contractual or other negotiations of the Corporation or of its local boards and commissions, and whose disclosure could reasonably be expected to prejudice the economic interest or competitive position of the Corporation or of its local boards or commissions.	(15)	
2) Provincial Regulations/ Legislation		(500)	(0.11%)
a. AODA - reduction in annual budget contribution from \$1,060,000 to \$560,000.	This will reduce the permanent budget of \$1,060,000 to \$560,000. The newly released requirements from the province reflect the ongoing input of municipalities over the past several years. This has resulted in a change to the Built Environment Standard in that the Province will not require retrofitting present infrastructure as originally predicted and will be required for new infrastructure therefore lowering the original cost predictions.	(500)	
3) Revenue/ rate rationalization (Reserve Funds, User Fees)		(1,003)	(0.22%)
a. Vehicle & Equipment Reserve Fund contribution	Reduction in internal equipment rental rates resulting in a reduced contribution to the Vehicle & Equipment Reserve Fund (Fleet). This is reviewed annually and could change in future years.	(500)	
b. Energy Management Reserve Fund contribution	Elimination of contribution to Energy Management Reserve Fund recognizing that there are no planned draws against the reserve fund and \$0.5 million has been allocated to the Facility Energy Management Capital Program from Federal Gas Tax.	(100)	
c. Recycling revenue - based on 2011 experience	2012 revenue projections for recyclable materials are becoming clearer. More up-to-date numbers suggest an improvement of between \$2 and \$4 per tonne for 2012. In addition, Waste Diversion Ontario funding has increased for one year as funding reflects the low market revenue experienced in 2009 and 2010.	(170)	
d. Building - subdivision revenue - based on 2011 experience	No impact. Since 2012 Draft Budget was submitted, the 2011 actual experience was higher than anticipated.	(45)	
e. Parking Equipment - one time - utilize Parking Reserve Fund funding	One time parking equipment expenditures to be funded from Parking Reserve Fund.	(150)	
f. Parking revenue - new convenience fee - paying tickets on line	Assumes 25,000 transactions/year @\$1.50/transaction = \$37,500 new revenue. Help offset cost of online service.	(38)	
Total "B" CUTS that DO NOT have a service implication in the near term		(2,878)	(0.62%)
(c) "B" CUTS that have service implications and "ARE RECOMMENDED" to get to 0%.			
4) Parks and Recreation service reductions		(447)	(0.10%)
a. Roadside Grass Cutting and Weed removal	Reduced grass cutting along roadsides will lead to reduced aesthetics. The City will not look and feel as attractive to existing and future business and residents which may impact economic prosperity initiatives for a strong economy. This cut rolls back 20% of the \$450,000 added in 2011 to support improvements roadside maintenance resulting in increasing the time between service cycles and the reduced aesthetic of our city.	(90)	
b. Horticulture Feature Maintenance	Horticultural features in parks and new communities will get less support and increase time between visits for service. This will result in reduced aesthetics of various features. Service levels for horticultural features in the city will decline incrementally to pre 2010 levels.	(75)	
c. Winter collection of garbage at parks - excluding Springbank, Gibbons, and Victoria Park	Currently Parks Operations manages a reduced number of garbage can in parks over the late fall and winter. The service is directed to historic areas where year round service was provided. Most parks don't have winter collection. Survey of park garbage in the offseason finds that the predominant waste is dog feces and in many locations nearby resident household waste is placed in and by parks cans between regular street pick ups. The service level in winter is low with pick up once every three to four weeks. This service level at present is inadequate leading to overflowing cans, cans that are very heavy and unsightly. Garbage will continue to be collected at Springbank, Gibbons and Victoria Park. Some parks may see an increase in litter that will need to be picked up in the spring. Residents enjoying this service will likely voice their concerns over this loss which may lead to some of the litter concerns and requests to reinstate the service.	(75)	

DESCRIPTION OF BUDGET REDUCTION	SERVICE IMPACT	\$ 000's	%
d. Day time arena closures until 3:30pm (Nichols & Stronach remain open)	In prior years arena daytime hour closures were implemented to reduce costs at single pad arenas. This cut expands these closures for Monday to Fridays during the day to the rest of the arenas with the exception of Nichols and Stronach Arena and Community Centres. Senior skate, moms & tots programs and school athletic classes will be affected. Will result in decreased daytime activity in family and seniors, reduce neighbourhood convenience of use by location, decreased school activities and decreased recreational opportunities for daycare providers. Closure will be daily Monday to Friday until 3:30.	(120)	
e. Reduced Community Centre Hours on weekdays (Friday evenings), Saturdays (afternoons and evenings), Sundays (afternoons and evenings).	Elimination of free community access support and cancellation of some drop-in programs.	(64)	
f. Overall service reduction in outdoor aquatics: Closure of park site wading pools; Evening closures at three outdoor pools.	Closure of Park Site Wading Pools (50% of pools, 16% of bather use) (University Heights, Murray, Byron, Smith, and Silverwoods. This will affect a small number of users (2733) across the 5 wading pools. These are low utilization pools that are nearing the end of their useful life and will need capital repairs. Elimination of wading pools is noted in the Master plan and aquatic reports in the past. New spray pad investment and limited number of days available all impact use the use of wading pools. Additional Board of Health requirements will increase future operational costs. Closure of these last wading pools will avoid capital and increased operating costs in future years. Evening closures at three unheated pools (Northridge, Byron, Southcrest) These three pools are not heated and have low evening use. Coverage can be provided by attending at the closest heated pool. This will result in the cancellation of recreational swims. Family pass purchases could be affected as families may not want to be limited to afternoon and weekend swims. While other heated pools are in close proximity users may not wish to drive to another facility outside their neighbourhood.	(23)	
5) Transportation service reductions		(432)	(0.09%)
a. Eliminate service improvement capital project PD 1142 - Veterans Memorial Parkway - funded by capital levy	Service Improvement project reduced thereby reducing capital levy.	(100)	
b. Snow control budget - reduce 2012 growth and maintain at 2011 budget - risk to be mitigated by severe weather reserve fund	Risk of using Severe Weather Reserve Fund to a greater extent in order to meet Minimum Maintenance Standards. A review of the service in 2012 will establish opportunities and risks for this service.	(162)	
c. Reduce street sweeping - aesthetic service reduction	Aesthetic service reduction. Depending upon severity of winter, some local streets may not be swept.	(70)	
d. Reduction in road patching - aesthetic service reduction	Aesthetic service reduction. This assumes no capital reduction in Road Rehabilitation.	(100)	
6) Environmental Services service reductions		(755)	(0.16%)
a. Waste management services - growth in 2012 budget	Some to medium impact on the public anticipated. Significant optimization and efficiency activities in waste management services will be required to make up for the remainder of the reduction in growth dollars. Will also rely on favourable weather conditions.	(180)	
b. Eliminate downtown clean up afternoon shift (May - August)	Aesthetic service reduction.	(40)	
c. Reduction in staff over time - landfill optimization	Planned optimization and efficiency activities at the W12A Landfill site will reduce some of the need for overtime. No impact on the public anticipated	(35)	
d. IN CAMERA	A matter pertaining to labour relations, personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(50)	
e. IN CAMERA	A matter pertaining to labour relations and employee negotiations, personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(400)	
f. IN CAMERA	A matter pertaining to labour relations with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(50)	

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7) Protective Services		(80)	(0.02%)
a. Downtown Camera Program eliminated	This reduction will eliminate the program.	(60)	
b. By-Law and licensing Service Review	Reduce customer service levels	(20)	
8) Culture and Community Grants		(250)	(0.05%)
a. Reduction in Culture/ Community Grants - budget reduced by a further \$250k.	Reduction in City of London Grant budget. Overall budget for grants will be \$ 3.5 million reduced from \$ 3.7 million.	(250)	
9) Corporate Operational and Council Services		(1,090)	(0.24%)
a. Reduction of Downtown DC exemption Reserve Fund contribution	Elimination of Downtown Development Charge (DC) residential exemption (Old East and SOHO)	(50)	
b. Increase in limousine/taxi licensing fees - July 12, 2012 implementation	Review of Taxi/Limousine Licence Fees effective. July 12, 2012.	(20)	
c. Increase in business licensing fees - July implementation	Increase in revenue for Business Licencing due to increase in rates as well as licensing additional categories effective July 2012.	(20)	
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Total "B" CUTS that have a service implications		(3,054)	(0.66%)
(d) "B" CUTS that DO have service implications and "ARE NOT RECOMMENDED" to get to 0%			
10) Annual contribution to New Affordable Housing Reserve Fund reduced from \$2m to \$1m	Reduction in annual contribution will reduce the City's contribution towards the creation of new affordable housing units.	(1,000)	(0.22%)
11) Transportation Service Implications			
IN CAMERA	A matter pertaining to labour relations and employee negotiations, personal information about identifiable individuals, including municipal employees, with respect to employment related-matters, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation.	(100)	(0.02%)
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TAX LEVY INCREASE FROM RATES IF ALL "B" CUTS ARE ENDORSED		(31)	(0.01%)