

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MARCH 21, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	REPEAL FINANCIAL SERVICES POLICIES

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of March 1, 2016 to repeal the following Council Policies as they are no longer required because they are outdated and no longer necessary to form part of the financial framework:

- 8(3) Appropriation Transfer Policy
- 8(7) Capital Budget Guidelines
- 8(14) Grants to UWO and Fanshawe College
- 8(15) London Medical, Health Services and Advanced Technology Reserve Fund, including Appendix 8(15A)
- 8(19) Current and Capital Budget Binders
- 8(26) Acceleration of Capital Works Projects.

BACKGROUND

The purpose of this report is to seek Municipal Council approval to repeal identified policies from Chapter 8 of the City Council Policy Manual. A brief description of the policies to be repealed is provided below. Complete policies are attached in **Appendix B**.

The City Council Policy Manual is a consolidation of policies that have been adopted by the Municipal Council of the City of London over a number of years. Included under Chapter 8 of this manual are policies related to financial services. The Financial Planning and Policy (FP&P) service area is currently conducting a comprehensive review of Municipal Council's financial services policies. As a first step to having the policy manual for financial services updated to reflect current practices, certain policies will be repealed. These policies are listed below. Throughout the year updated policies will be developed and brought forward for Municipal Council's consideration.

8(3) Appropriation Transfer Policy

The Appropriation Transfer Policy was adopted May 6, 1975 to provide guidelines on reporting revenue and expenditure budget variances; to establish and give recommendations for the budget revenue account designated "Operating Performance"; to outline limitations in regards to budget transfers associated with unfavourable expenditure variances; and, to give guidelines for budget transfers specific to Environmental Services programs.

Current Practice:

1. Surplus/Deficit Policy (December 8, 2015) – Governs the use of surplus or disposition of deficit.
2. Quarterly Operating Budget Status Reports – Through these reports, Municipal Council authorizes the City Treasurer or designate to contribute to/draw down from contingency reserve funds as necessary.
3. Budget Approval - Through the budget approval process, Municipal Council authorizes the City Treasurer or designate to make budget transfers considered "housekeeping" in nature.

8(7) Capital Budget Guidelines

This policy was adopted September 5, 1978 to address guidelines for capital budget financial plans. Namely, how capital financing (except debt formation) is identified; the ratio policy for capital financing; recommendations for particular funded reserves; and the maintenance of specific and general reserve funds. This policy is no longer relevant.

Current Practice - It is currently an administrative practice to provide capital budget guidelines on an annual basis in the Budget Guidelines document. This document is provided to service areas well in advance of budget deliberations. The guidelines are reflective of the City's Strategic Financial Plan which was implemented in 2003 which set out the ten year average debt cap for capital funding, the move to pay-as-you-go funding for lifecycle renewal capital projects, and principles of reserve fund monitoring.

8(14) Grants to UWO and Fanshawe College

Adopted February 2, 1987, this policy outlines the criteria for grants to the University of Western Ontario and Fanshawe College. This grant program no longer exists, as such a policy is not required.

Current Practice – New grants are covered under specific agreements rather than policy.

8(15) London Medical, Health Services and Advanced Technology Reserve Fund, including Appendix 8(15A)

This policy and corresponding appendix were adopted June 1, 1987 to establish the London Medical, Health Services and Advanced Technology Research Reserve Fund and its terms of reference. This reserve fund no longer exists therefore a policy is not required.

Current Practice – New grants are covered under specific agreements rather than policy.

8(19) Current and Capital Budget Binders

The Current and Capital Budget Binders policy was adopted April 8, 1992 to establish a timeline for providing members of Municipal Council with the Current Budget and Capital Budget binders. It also requests that the Board of Control review the processes within the binders in regards to timelines. The distribution of budget documents and budget timelines is addressed through administrative processes, as such a policy is not required.

Current Practice – It is current administrative practice to provide the Operating and Capital Budget package at least five working days prior to budget deliberations and the budget timeline is provided to Municipal Council prior to the release of the package.

8(26) Acceleration of Capital Works Projects

This policy was adopted on June 16, 2003 to defer any acceleration of Capital Works Projects until the Strategic Financial Plan and the Development Charges By-law were in place. This was a temporary policy. The end date of the deferral, stated within the policy, was September 30, 2003. The Strategic Financial Plan has been implemented since 2003 and formal policies continue to come forward for Municipal Council approval in regards to this plan, therefore this policy is no longer necessary.

Current Practice – Follow guidelines in the Strategic Financial Plan (2003) and the Development Charges By-law (June 24, 2014).

SUMMARY

The attached proposed by-law (Appendix "A") will repeal the above-noted Municipal Council policies that are no longer required. Appendix "B" outlines the affected policies, for reference purposes. The next phase of the policy review process will address policies that need to be updated.

The report was prepared with the assistance of Cindy Williamson in FP&P.

PREPARED BY:	PREPARED BY:
ALAN DUNBAR Manager of Financial Planning & Policy	JASON SENESE Manager of Financial Planning & Policy
REVIEWED BY:	RECOMMENDED BY:
LARRY PALARCHIO Director of Financial Planning & Policy	MARTIN HAYWARD Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

APPENDIX "A"

Bill No.
2016

By-law No. A.- _____

A by-law to repeal Council Policies 8(3) Appropriation Transfer Policy, 8(7) Capital Budget Guidelines, 8(14) Grants to UWO and Fanshawe College, 8(15) London Medical, Health Services and Advanced Technology Reserve Fund, including Appendix 8(15A), 8(19) Current and Capital Budget Binders, and 8(26) Acceleration of Capital Works Projects.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS the Municipal Council deems it advisable to repeal the City of London's Appropriation Transfer Policy 8(3), Capital Budget Guidelines 8(7), Grants to UWO and Fanshawe College 8(14), London Medical, Health Services and Advanced Technology Reserve Fund 8(15), including Appendix 8(15A), Current and Capital Budget Binders 8(19), and Acceleration of Capital Works Projects 8(26);

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

1. Council Policy 8(3) adopted May 6, 1975, is hereby repealed.
2. Council Policy 8(7) adopted September 5, 1978, and all its amendments are hereby repealed.
3. Council Policy 8(14) adopted February 2, 1987, and all its amendments are hereby repealed.
4. Council Policy 8(15) adopted June 1, 1987, and its Appendix 8(15A) are hereby repealed.
5. Council Policy 8(19) adopted April 8, 1992, is hereby repealed.
6. Council Policy 8(26) adopted June 16, 2003, is hereby repealed.

This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on April 5, 2016

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – April 5, 2016
Second reading – April 5, 2016
Third reading – April 5, 2016

APPENDIX "B"

8(3) Appropriation Transfer Policy

That the following policy be established namely:

- (a) That Department Heads provide on an ongoing basis during the year, information in relation to any unanticipated revenue or reduced requirements in expenditure appropriations arising within their budget jurisdiction; and that the Department Heads, in addition, provide information on the same basis in relation to any unfavourable revenue or expenditure forecasts indicating in their reports reasons for the projected unfavourable variance from budget.
- (b) That a budget revenue account designated "Operating Performance" be established and that the City Treasurer be authorized to effect the following transactions through this account:
 - (i) any portion of a budgeted expenditure appropriation approved by Council which is no longer required for the purpose for which it was originally intended;
 - (ii) revenue budget adjustments arising from increases in revenue in excess of the budget as adopted by City Council; and
 - (iii) revenue budget adjustments arising from the revenue projections below budget.
- (c) That the City Treasurer review the reports received with respect to unfavourable expenditure variances and be authorized to make budget appropriation transfers as requested by the respective Department Heads, subject to the following limitations:
 - (i) where an appropriation is not greater than \$2,500.00 funds be transferred from the Operating Performance Account up to a maximum amount of \$250.00;
 - (ii) where an appropriation is greater than \$2,500.00 funds be transferred from the Operating Performance Account up to a maximum of \$1,000.00.
- (d) That the City Treasurer report to the Board of Control through the office of the City Manager, together with an appropriate recommendation, requests for appropriation transfers as follows:
 - (i) Requests related to new programmes;
 - (ii) requests in excess of the limits specified in Recommendation (c);
 - (iii) requests within the limits specified in Recommendation (c) which cannot be accommodated within the balance in the Operating Performance Account;
 - (iv) exceptions within the limits of Recommendation (c), which the City Treasurer considers should be referred to the City Manager.
- (e) That notwithstanding the above recommendations, in accounts designated for Municipal Management Maintenance System, the Finance Division be authorized to make appropriation transfers within a program at the request of the General Manager of Environmental Services & City Engineer, provided that the total program expenditure is within the authorized budget.

8(7) Capital Budget Guidelines

That the following policies with regard to a financial plan for Capital Budget Guidelines be established, namely:

- (a) That municipal capital financing (except debt formation) be identified as "Contributions from revenue for capital outlays" comprising two elements, namely:
 - (i) A capital levy for funding either in whole or in part, on a pay-as-you-go basis, capital works projects as approved in the annual capital works budget, and
 - (ii) Annual current budget contributions to certain funded reserves for the purpose of providing funds on a pre-financed basis for selected capital works projects.
- (b) That the ratio policy for capital financing from debenture sources and "Contributions from revenue for capital outlays" be established at 2:1 for the period 1979 through 1983.
- (c) That for the purpose of the Capital Financing Plan, the following funded reserves be identified as those to which the above recommendations shall apply, namely:

Group 1

- (i) Replacement of Vehicles and Equipment - Environmental Services Department;
- (ii) Replacement of Vehicles and Equipment - Fire Department Vehicles;

Group 2

- (i) Major Repairs and Maintenance Items - City Properties;
- (ii) Major Repairs and Maintenance Items - Recreation Projects;

Group 3

- (i) New Major Capital Works - City Projects;
- (ii) New Major Capital Works - Recreation Projects;
- (iii) New Major Capital Works - Library Board Facilities.

- (d) That the following guidelines be approved with respect to the maintenance of specific and general reserve funds:
 - (i) That a global approach be adopted for the maintenance of specific and general reserve funds of the City of London with the following guidelines being utilized for this purpose:
 - Maximum level for specific reserves - \$17,000,000.00
 - Maximum level for general reserves - \$9,000,000.00
 - (ii) That with respect to the general and unfunded reserves of the municipality, namely, the Working Fund and Contingency Reserve Funds, the following guidelines be adopted for the purpose of maintaining the viability of these funds within the guideline statement set out in part (a) above:
 - That utilization of the increased revenues arising from assessment growth will be determined by Council each year with the view to allocating a portion of these revenues as a contribution to the Working Fund Reserve.

- 3. That the foregoing guidelines be reviewed on a periodic basis at least every five years.

8(14) Grants to U.W.O. and Fanshawe College

That grants to the University of Western Ontario and Fanshawe College be subject to the following criteria:

- (a) the University of Western Ontario and Fanshawe College utilize the City of London grant to establish a City of London scholarship fund;
- (b) the City of London scholarship fund be applied to qualified applicants who have held permanent residency in the City of London for at least six months prior to entering the educational institution;
- (c) the provision for scholarships include the requirement that the educational institution advise all recipients that the sponsor of the scholarship fund is the Corporation of the City of London;
- (d) the scholarship be awarded to first year students entering the educational institution and who meet or exceed the institution's minimum requirement that has been established in that year for scholarships;
- (e) eligibility be restricted to students who do not qualify for other more valuable entrance awards;
- (f) the scholarship value be set on an annual basis by the educational institution;
- (g) a report be provided each year by both the University of Western Ontario and Fanshawe College to the City of London indicating the names of all City of London scholarship recipients and the value of such scholarships;
- (h) the City of London, in providing this annual grant, not obligate itself in any way to continuing with an annual grant for this purpose other than may be decided by the City Council each and every year.

ADOPTED FEBRUARY 2, 1987; AMENDED JUNE 28, 1988

8(15) London Medical, Health Services and Advanced Technology Reserve Fund

That a Reserve Fund known as the "London Medical, Health Services and Advanced Technology Research Reserve Fund" be established; and that the Terms of Reference set out in Appendix 8(15A) for the said Reserve Fund be adopted.

ADOPTED JUNE 1, 1987

8(19) Current and Capital Budgets Binders

That a policy be established whereby the Current Budget and Capital Budget binders be provided to the Members of Council at least five working days before they are to be considered by the Standing Committees; and that the Board of Control be requested to review the Capital Budget and Current Budget processes with regard to timing and time lines.

ADOPTED APRIL 8, 1992

8(26) Acceleration of Capital Works Projects

That a policy be adopted, to be in effect until September 30, 2003 whereby the City of London will not entertain until such time as both the City's pending Strategic Financial Plan and its new Development Charges By-law are in place the acceleration of Capital Works Projects on the basis that such acceleration would be funded by developers.

ADOPTED JUNE 16, 2003

8(15A) Appendix to London Medical, Health Services and Advanced Technology Research Reserve Fund Policy

Purpose

Assist the strengthening of London's growing role as a medical, health services and advanced technology research centre of world importance; and increase the benefits to the people of London in attendant service improvement and a strengthened economy.

- 1) This program is established to be funded on an annual basis and shall be the source of municipal help to the medical, health services and advanced technology sector. In this regard, grants of the type earlier committed on an individual basis (e.g. Robart's Institute, \$400,000; St. Joseph's, \$1,000,000; St. Mary's \$500,000; Victoria, \$3,000,000) will now be considered by application through the new reserve fund.
- 2) In addition to facility construction and expansion, grants to non-profit institutions may be made in support of the equipping, re-equipping and/or conversion of facilities in support of medical, health services and/or advanced technology research operations.
- 3) Grants to non-profit institutions may also be made in support of development in the medical health sciences, and/or advanced technology fields as part of any eligible matching requirement of senior government funding programs or as a supplement to senior government programs.
- 4) Grants are to be made to non-profit institutions located within the City only, by formal application by the Board of Directors of the institution to the City and must be filed with the City Manager by no later than November 30 for consideration during the ensuing fiscal year. The City Manager will file a report, together with recommendations, on the application to Board of Control.
- 5) The City Council will decide annually as part of its current budget deliberations on the contribution to be made to the fund.
- 6) The guideline for the allocation of funds is:

The extent of any City contribution will be influenced by the organization's efforts in raising money from both public and private sources, its proposed financial plan and its demonstrated efficient use of City funds for the project.
- 7) Monies will be disbursed in a manner solely determined by the City and may include: lump sum grants, staged grants, deferred grants and/or non-interest loans.
- 8) Audited statements on the use of the funds shall be provided within one year of each disbursement of funds by the City.
- 9) An annual report shall be provided on an ongoing basis to the City by the benefitting institution on the status of the program(s) enjoying the benefit of the City's support.
- 10) The program shall be reviewed by Council every three years.