

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 20, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2016 OPERATING BUDGET MID-YEAR MONITORING REPORT – PROPERTY TAX, WATER, WASTEWATER & TREATMENT BUDGETS

RECOMMENDATION

On the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer:

1. That the 2016 Operating Budget Mid-Year Monitoring Report for the Property Tax Supported (refer to **Appendix A**), Water, and Wastewater and Treatment Budgets **BE RECEIVED** for information, it being noted that Civic Administration is projecting:
 - a. Property Tax Supported Budget surplus of \$4.5m as identified by Civic Administration and Boards and Commissions. The year-end position could fluctuate significantly based on factors beyond the control of Civic Administration such as Ontario Works caseload pressures, winter maintenance conditions and mandatory community improvement plan program incentives.
 - b. Water Rate Supported Budget surplus of \$301k.
 - c. Wastewater and Treatment Rate Supported Budget surplus of \$64k.
2. That with respect to the Housing Development Corporation operational savings at year-end, if any, Civic Administration **BE AUTHORIZED** to contribute to the Housing Development Corporation Reserve Fund which will be used to support housing initiatives and future work with the Housing Development Corporation.
3. That with respect to the Information Technology Services operational savings, if any, Civic Administration **BE AUTHORIZED** to contribute to the Technology Services Reserve Fund to be used to support investments in corporate systems.
4. That Civic Administration **BE AUTHORIZED** to contribute to/draw down from the Water Capital Reserve Fund to balance year-end operations of the Water Budget should the budget be in a surplus/deficit position.
5. That Civic Administration **BE AUTHORIZED** to contribute to the Wastewater Rate Stabilization Reserve to balance year-end operations should there be a surplus position or draw down from the Sewage Works Reserve Fund to balance year-end operations should there be a deficit position in the Wastewater & Treatment Budget.
6. That Civic Administration's contribution of \$1,019,652 (\$916,482 – Property Tax Supported; \$15,660 – Water; and \$87,510 – Wastewater) to the Efficiency, Effectiveness and Economy reserves in 2016 **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Surplus/Deficit Policy (December 7, 2015 meeting of the Strategic Priorities and Policy Committee, Agenda Item 3)

BACKGROUND

Budget monitoring is a key component for the governance and accountability process of the 2016-2019 multi-year budget. As part of the move to a multi-year budget for the Corporation of the City of London (the “City”), the budget monitoring process and reporting elements were evaluated to ensure that Council and the community are provided with the appropriate amount of information to understand actual and projected spending against the budget.

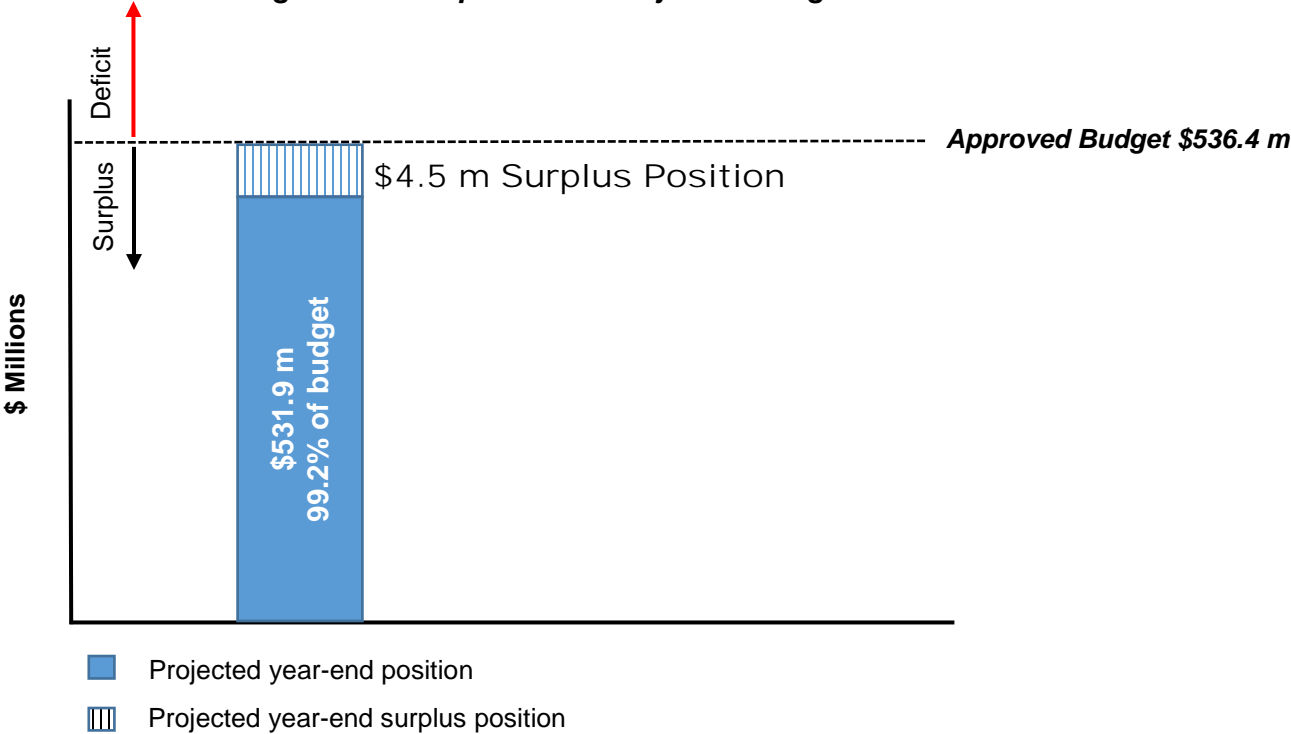
Based on this evaluation, Civic Administration will submit two monitoring reports to Council which will be known as the Operating Budget Mid-Year Monitoring Report and Operating Budget Year-End Monitoring Report. In addition to these two reporting cycles, once per year the multi-year budget is updated through a process known as the Annual Budget Update (refer to **Appendix D** for the budget cycle). The monitoring reports and annual budget updates inform Council and the community of the City’s progress towards achieving the approved multi-year budget targets. Information included within the monitoring reports will include sections that address budget monitoring by service grouping, progress update on 2016-2019 strategic investments, and emerging issues. In addition, Civic Administration is in the process of identifying key financial indicators that will be included in future budget monitoring reports. These indicators will provide a snapshot of performance that will have a financial impact on the budget.

PROPERTY TAX SUPPORTED BUDGET

2016 PROPERTY TAX SUPPORTED OPERATING BUDGET MONITORING

The 2016 Property Tax Supported Net Budget was approved at \$536.4m. As of June 30th, the 2016 Property Tax Supported Budget is projecting a surplus position of \$4.5m. Figure 1 below provides a graphical view of the surplus position.

Figure 1 – Comparison of Projected Budget and Actuals



Outlined in table 1 are some of the key items that are contributing to the projected year-end surplus of \$4.5m. For a breakdown of the surplus/deficit by service program refer to **Appendix B**.

Table 1 – Key Factors Impacting the Projected Year-End Position

Contributing Factor	Mid-Year Surplus/ (Deficit)
Personnel savings partially offset by higher energy costs due to higher than anticipated commodity prices and a higher volume of utility locates.	\$2.2m
Higher than anticipated revenue from short-term and long-term investments and savings in insurance premiums due to the move to a different insurance provider (from OMEX to Frank Cowan Company effective January 2016).	\$1.1m
A surplus in the London Transit Commission a result of annualized assessment growth funding received in 2016 while only the in-year expenditure will be required (i.e. assessment growth funding received part way through the year and therefore the costs did not start until part way through the year).	\$0.7m
Fleet Services anticipated fuel cost savings primarily due to continued low pricing for all fuel types and from biodiesel being unavailable (Jan-Mar).	\$0.6m
London & Middlesex Housing Corporation (LMHC) is projecting a deficit position due to additional building maintenance costs resulting from aging facilities, higher than anticipated property taxes and insurance and net operational cost overruns, partially offset by higher than anticipated revenues. LMHC will be formally requesting that any deficit positions realized, if any, at year-end be funded by the municipality.	\$(0.1)m
Total Projected Year-End Position	\$4.5m

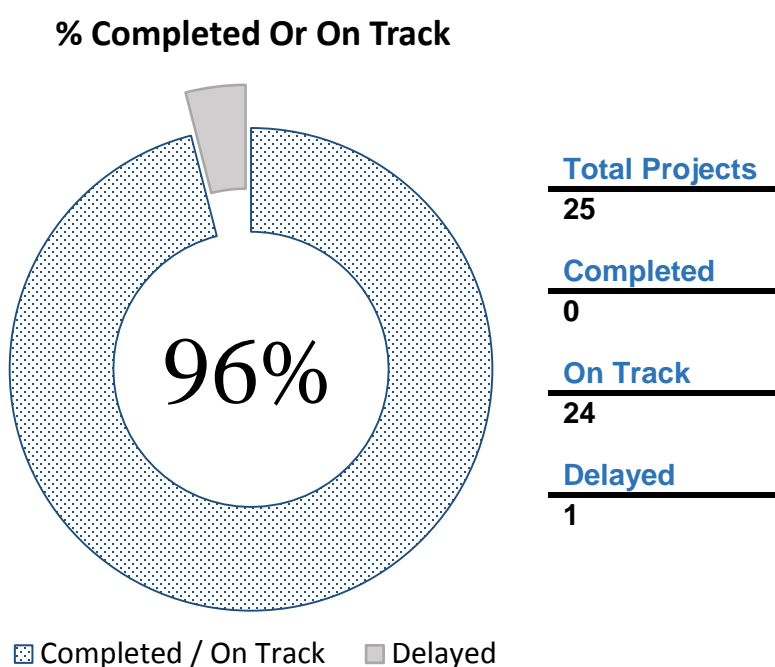
If realized, the projected surplus of \$4.5m will be allocated as per the Council approved Surplus/Deficit Policy as follows:

- \$2.2m to debt substitution,
- \$1.15m to the Community Investment Reserve Fund, and
- \$1.15m to the Capital Infrastructure Gap Reserve Fund.

2016-2019 STRATEGIC INVESTMENT PROGRESS UPDATE

As part of the multi-year budget, 25 strategic investments linked to Council's 2015-2019 Strategic Plan were approved. These 25 strategic investments will result in investment of \$47.8m in the City of London's programs and services for the 2016-2019 period. Figure 2 provides a status update and table 2 provides a financial update for the approved strategic investments. For a more detailed update regarding each strategic investment refer to **Appendix C**.

Figure 2 – Current Status of Strategic Investments



Of the 25 strategic investments, all are on track to be completed on time with the exception of 1 delayed project. The London Community Foundation’s “Back to the River Project” will be delayed because the One River Master Plan must be completed first before work can start on this project. The One River Master Plan is not anticipated to be completed until the end of 2018.

To review progress towards implementing all of the strategies outlined in Council’s 2015-19 Strategic Plan for the City of London, please refer to the latest Semi-Annual Progress Report, released in May 2016.

**Table 2
Strategic Investments Financial Summary (\$000’s)**

Strategic Area of Focus	2016-2019 Total Investment	Actuals as of June 30, 2016	% Spent
Building A Sustainable City	\$14,340	\$613	4.3%
Leading in Public Service	\$7,297	\$380	5.2%
Strengthening Our Community	\$8,529	\$307	3.6%
Growing Our Economy	\$17,604	\$574	3.3%
Total	\$47,770	\$1,874	3.9%

2017-2019 EMERGING ISSUES – PROPERTY TAX SUPPORTED BUDGET

Several service areas have identified potential service delivery pressures that may impact expenditures/revenues in 2017-2019 (table 3).

Table 3 – Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2016-2019 Budget
LEGISLATIVE	
<p>1. Garbage, Recycling & Composting - The Waste Free Ontario Act (Bill 151) including the Waste Diversion Transition Act, the recently passed legislation, and the subsequent regulations developed under these acts has the potential to significantly impact funding for Stewardship Programs possibly as early as 2019. This would be a new revenue for the City.</p> <p>What We Are Doing To Mitigate The Issue: City staff are closely monitoring and contributing to technical analyses and development of regulations. The Provincial Government will be required to post draft regulations on the Environmental Bill of Rights Registry.</p>	High
<p>2. Utility cost - increases are eclipsing the inflation rate plus the new Cap and Trade legislation may impact utility budgets.</p> <p>What We Are Doing To Mitigate The Issue: Utility costs and the impact of the recent Cap and Trade Legislation is closely being monitored by Civic Administration throughout 2016. To mitigate rising costs, Civic Administration has been investing in new technologies such as LED street lights and upgrading facility equipment to reduce energy consumption. Despite this, a Budget Amendment Form is expected to be submitted as part of the 2017 Budget Update to request additional funding.</p>	High
<p>3. Fire Services – The provincial government has recently amended the presumptive legislation related to cancers in Fire Services to include additional cancers. This legislation presumes that if a Fire Services employee covered by the presumption is diagnosed with cancer, it will be presumed to be work related unless the municipality can rebut the presumption. This could result in significant WSIB costs.</p> <p>What We Are Doing To Mitigate The Issue: Civic Administration is currently monitoring and will be making adjustments to future budget submissions if warranted.</p>	High
<p>4. Fire Services – The provincial government has recently passed presumptive legislation related to Post Traumatic Stress Disorder (PTSD) in Fire Services. This legislation presumes that if a Fire Service employee covered by the presumption is diagnosed, it would be presumed to be work related unless the municipality can rebut the presumption. This could result in significant WSIB costs. Since the legislation has only recently passed it is difficult to predict the ongoing financial impact.</p> <p>What We Are Doing To Mitigate The Issue: Civic Administration is currently monitoring and will be making adjustments to future budget submissions if warranted.</p>	High
<p>5. Building Approvals - As a result of the Elliot Lake Algo Mall Parking garage collapse, two additional Inspectors may need to be hired in Building Approvals to review maintenance reports and inspect existing buildings.</p> <p>What We Are Doing To Mitigate The Issue: Administration is monitoring the situation; awaiting a formal recommendation from the province.</p>	Medium
MUNICIPAL COUNCIL DIRECTED	
<p>6. Housing Development Corporation (HDC) - Increased affordable housing development opportunities are anticipated as a result of the Social Infrastructure Funding (SIF) program announced by the Ministry of Housing in June, 2016, of which London will have an additional allocation of \$9.23 million for new rental affordable housing for 2016 and 2017. To leverage this federal/provincial funding, Municipal Council may wish to make a contribution of municipal funds to maximize the impact of this funding program.</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2016-2019 Budget
<p>What We Are Doing To Mitigate The Issue: A Budget Amendment Form will be brought forward by the HDC as part of the 2017 Budget Update process to request additional municipal funding to leverage these opportunities.</p>	
<p>7. London & Middlesex Housing Corporation - Due to an aging portfolio of properties, additional building repairs and maintenance are needed to maintain existing service levels at the London & Middlesex Housing Corporation facilities.</p> <p>What We Are Doing To Mitigate The Issue: A Budget Amendment Form is expected to be submitted as part of the 2017 Budget Update to request additional funding to address this challenge.</p>	High
<p>8. Social Services - Increased focus on poverty initiatives at the local and provincial levels could potentially impact this service. In particular, new provincial direction arising from the Province's Income Security Reform Work Group and decisions on which communities will participate in the Basic Income Guarantee Pilot could have an impact.</p> <p>What We Are Doing To Mitigate The Issue: Participating in Provincial meetings and work groups to understand potential new directions and impacts.</p>	High
<p>9. Transportation - In May 2016, Council supported the move to a Full Bus Rapid Transit System in London, contingent on securing senior government funding. In order to implement this initiative, a Rapid Transit Office with resources will need to be established.</p> <p>What We Are Doing To Mitigate The Issue: Civic Administration was directed to provide a report detailing the needs and approach to establish a Rapid Transit Implementation Office. Resource requirements for the Rapid Transit Office may be accommodated through a combination of assessment growth funding, and may be accommodated within existing budgets where feasible.</p>	High
<p>10. Arts, Culture & Heritage Advisory & Funding - The London Music Initiative pilot began in November 2015 (2 year pilot project). Civic Administration will be bringing forward a report in June of 2017 with the results from the London Music Initiative pilot.</p> <p>What We Are Doing To Mitigate The Issue: Pending the results of the pilot project, Civic Administration may be seeking Council's support to make the initiative permanent.</p>	Medium
<p>11. Tourism London - An operational grant of \$500k will be required for the 2019 IIHF World Junior Ice Hockey Championship Joint Bid London/Windsor if London and Windsor are successfully awarded the event.</p> <p>What We Are Doing To Mitigate The Issue: The Economic Reserve Fund has been identified as the source of financing if London and Windsor are successfully awarded the event.</p>	Medium
COST DRIVER	
<p>12. Fire Services - The arbitration for the renewal Collective Agreement is scheduled to continue into 2017 and a date for an award is uncertain at this time. It is unknown when a decision will be issued. The outcome of the arbitration may have a significant impact on the London Fire Department's budget.</p> <p>What We Are Doing To Mitigate The Issue: Civic Administration will continue to advocate for a fair and balanced outcome that is respectful of the valued contributions of London Fire Department employees and the financial obligations of London taxpayers.</p>	High
<p>13. Corporate Services - There has been an identified need to establish a budget to accommodate holding/carrying costs for buildings purchased with the intent to sell/repurpose when appropriate. Budget for energy costs, security, maintenance, heritage protection, mothballing, etc. needs to be established.</p> <p>What We Are Doing To Mitigate The Issue: A Budget Amendment Form is expected to be submitted as part of the 2017 Budget Update to request additional funding to support this initiative. For the past two years, Civic Administration has been able to offset these costs with one-time sources, but at this time, a more stable funding source is required.</p>	High
<p>14. Garbage, Recycling & Composting - Recycling revenues have dropped and remained flat for the first half of 2016 and are expected to remain so for the remainder of the year. It is unclear if they will rebound back to originally</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2016-2019 Budget
<p>predicted levels. End markets in Ontario are influenced by the global economy and more recently the passing of the Waste Free Ontario Act.</p> <p>What We Are Doing To Mitigate The Issue: Recycling revenues have traditionally gone up and down, within a year, and between years. City staff also closely track revenues at the W12A Landfill Site as they adjust during the year and between years. On average, all revenues combined are on schedule as tipping fee revenue is currently ahead of plan. Should changes occur, operations are examined for short-term reductions with limited to no impact on customers. More significant reductions would be presented to Civic Works Committee and Council for direction.</p>	
<p>15. Upper Thames River Conservation Authority (UTRCA) - In June 2016, the UTRCA Board of Directors approved a new 20 year Strategic Plan addressing environmental targets to be phased in over four years. The potential additional cumulative budget request over the remaining years of the multi-year budget (2017-2019) may be up to \$1.1m.</p> <p>What We Are Doing To Mitigate The Issue: A Budget Amendment Form is expected to be submitted as part of the 2017 Budget Update to request additional funding.</p>	High

Definition of Likelihood:

High – the likelihood of the issue occurring over the 2017-2019 period is predicted to be greater than 60%.

Medium – the likelihood of the issue occurring over the 2017-2019 period is predicted to be between 30% to 60%.

Low – the likelihood of the issue occurring over the 2017-2019 period is predicted to be less than 30%.

WATER AND WASTEWATER & TREATMENT RATE SUPPORTED BUDGETS

2016 WATER RATE SUPPORTED OPERATING BUDGET MONITORING

As of June 30, 2016, the Water rate supported budget anticipates a \$301k surplus by year-end (table 4).

Revenues are projected to surplus \$337k by year-end. Driving the revenue surplus are favourable trends in the fixed revenue charges, such as the Water Infrastructure Charge, Fire Protection Charge, Customer Assistance Charge, and the Water Service Application Charge. However, partially offsetting the projected surplus in fixed revenue charges is a projected deficit in consumption based revenues.

Operational costs are projected to deficit \$36k by year-end. Purchase of water costs are projected to exceed budget due to non-revenue water trends experienced in the first half of 2016. Partially offsetting this cost pressure are projected savings in personnel costs, external rental vehicles, and net savings due to the delay in commissioning the Southeast Reservoir and Pumping Station. Civic Administration continues to monitor water consumption trends and review further cost containment measures to balance the year-end position.

Table 4 – Comparison of Budget, Actuals and Projected Year-End Position

Water Budget (\$000's)	2016 Revised Budget	Actual as at June 30, 2016	Actual % Spent/ Realized	Projected Year-End Position	Projected Year-End Savings/ (Deficit)
Revenues	73,686	31,071	42.2%	74,023	337
Expenditures	73,686	37,065	50.3%	73,722	(36)

Net Balance Surplus/(Deficit)	-	(5,994)	N/A	301	301
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2016 WASTEWATER & TREATMENT RATE SUPPORTED OPERATING BUDGET MONITORING

The Wastewater & Treatment budget anticipates a \$64k surplus by year-end (table 5).

Revenues are projected to surplus \$14k by year-end. Driving the revenue surplus are favourable trends in the fixed revenue charges, such as the Water Infrastructure Charge and Private Drain Connection Charge. Similar to the Water budget, partially offsetting the projected surplus in fixed revenue charges is a projected deficit in consumption based revenues.

Operational costs are projected to surplus \$50k by year-end. Projected surpluses are anticipated in utility expenses and operational supplies, such as chemical costs and external vehicle rentals. Partially offsetting these projected savings are pressures in personnel costs and restoration charges based on operational demands. Civic Administration continues to review further cost containment measures to balance the year-end position.

Table 5 - Comparison of Budget, Actuals and Projected Year-End Position

Wastewater & Treatment Budget (\$000's)	2016 Revised Budget	Actual as at June 30, 2016	Actual % Spent/ Realized	Projected Year-End Position	Projected Year-End Savings/ (Deficit)
Revenues	89,721	37,684	42.0%	89,735	14
Expenditures	89,721	37,431	41.7%	89,671	50
Net Balance Surplus/(Deficit)	-	253	N/A	64	64

2017-2019 EMERGING ISSUES – WATER AND WASTEWATER & TREATMENT RATE SUPPORTED BUDGETS

Water and Wastewater & Treatment have identified several potential service delivery pressures that may impact expenditures/revenues in 2017-2019 (table 6).

Table 6 - Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2016-2019 Budget
LEGISLATIVE	
1. The Great Lakes Water Quality Agreement requires the United States and Canada to reduce phosphorus levels that contribute to algal blooms in Lake Erie by 40% based on levels measured in 2008. The Thames River Watershed has been identified as a watershed that needs to meet that target. The specific actions required by municipalities and other watershed sectors to comply with will be detailed in a plan currently being developed called the Canada-Ontario Domestic Action Plan, which will be finalized by 2018. What We Are Doing To Mitigate The Issue: Staff are monitoring the development of legislation and regulations and will report back to Council once specific actions and costs have been identified.	High
MUNICIPAL COUNCIL DIRECTED	

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2016-2019 Budget
<p>2. An increased investment in the Industrial Land Development Strategy external servicing may be required to ensure appropriate water and sewer capacity.</p> <p>What We Are Doing To Mitigate The Issue: Staff will be working with prospective clients to confirm and evaluate their servicing capacity needs.</p>	Medium
COST DRIVER	
<p>3. Results of the revenue forecasting model update (in progress) may determine that lower revenues should be expected.</p> <p>What We Are Doing To Mitigate The Issue: A review of consumption forecasting is underway during 2016. Once all phases of the review are complete a budget amendment for future years may be required.</p>	Medium
<p>4. Operational efforts to maintain water supply to customers should a colder-than-expected winter create frozen water services. Includes allowances for flowing services for an extended period of time and physical mitigation of problems.</p> <p>What We Are Doing To Mitigate The Issue: An aggressive rehabilitation program commenced in Spring 2016, by replacing, lowering, and/or insulating affected services thereby eliminating reoccurrences. Revised design standards have been implemented to provide enhanced protection from potential frost effects.</p>	Low
<p>5. Operational effort to repair watermain breaks beyond normally expected quantities and/or rate of breakage. The uncertainty and volatility of watermain breaks are primarily weather dependent.</p> <p>What We Are Doing To Mitigate The Issue: Deployment of equipment and staff to be cognizant of limiting overtime charges to the extent possible, while minimizing disruption to customers. A proactive valve exercising program has been developed to ensure that valves operate reliably during emergency responses, to quickly control flows and potentially lessen damage. A proactive leak detection strategy is being developed and phased implementation is underway. Continuation of annual watermain rehabilitation and replacement programs are eliminating problematic watermains.</p>	Low
<p>6. An above average number of surface restoration of watermain breaks which occur on arterial roads during the winter season, requiring importing of asphalt.</p> <p>What We Are Doing To Mitigate The Issue: A proactive valve exercising program has been developed to ensure that valves operate reliably during emergency responses, to quickly control flows and potentially lessen damage. Since many transmission mains co-exist along arterial roads, proactive condition assessment technologies have been utilized to better understand the structural integrity of pipe materials. Continual monitoring technologies are being implemented as a means to detect leaks and/or impending catastrophic failures.</p>	Low

Definition of Likelihood:

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2016 OPERATING BUDGET MID-YEAR MONITORING REPORT SUMMARY

Civic Administration is projecting a \$4.5m year-end surplus in the 2016 Property Tax Supported Budget if trends experienced to date continue, it being noted that the projected year-end position includes the full draw that was budgeted from the Operating Budget Contingency Reserve. This budgeted draw is intended to mitigate tax increases which may not be required at year-end to balance the overall budget.

The major factors contributing to this projected year-end position include higher than anticipated short-term and long-term investment revenue, savings in insurance premiums and corporate wide personnel costs as well as savings in the London Transit Commission budget and fuel costs in fleet. Offsetting these projected savings are budget pressures related to higher than

anticipated energy commodity pricing, increased volume of locates, and a projected deficit in the London & Middlesex Housing Corporation budget.

The Water Rate Supported Budget is projecting a \$301k surplus and the Wastewater & Treatment Rate Supported Budget is projecting a \$64k surplus. Both budgets are experiencing favourable trends in the fixed revenue charges, while consumption based revenues continue to fall short of budget.

Civic Administration will continue to monitor and review corporate financial projections and trends for the remainder of 2016.

Prepared By:	Reviewed By:
David Bordin Manager of Accounting & Reporting	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 – 2016 MID-YEAR FINANCIAL SUMMARY

	\$ thousands				
	REVISED NET BUDGET (2)	ACTUALS AS AT JUNE 30, 2016	ACTUAL % SPENT	PROJECTED YEAR-END POSITIONS	PROJECTED YEAR-END SURPLUS/ (DEFICIT)
Culture:					
Centennial Hall	138	30	21.7%	138	0
Arts, Culture & Heritage Advisory & Funding	2,171	1,685	77.6%	2,171	0
Museum London	1,635	1,148	70.2%	1,635	0
Eldon House	271	135	49.8%	271	0
Heritage	185	92	49.7%	182	3
Libraries	19,518	9,749	49.9%	19,518	0
Total Culture	23,918	12,839	53.7%	23,915	3
Economic Prosperity:					
Business Attraction & Retention	9,064	1,550	17.1%	9,024	40
Community Improvement/BIA	227	115	50.7%	227	0
London Convention Centre	589	294	49.9%	589	0
Tourism London	1,956	560	28.6%	1,956	0
Covent Garden Market	0	0	0.0%	0	0
Total Economic Prosperity	11,836	2,519	21.3%	11,796	40
Environmental Services:					
Kettle Creek Conservation Authority (3)	436	436	100.0%	436	0
Lower Thames Valley Conservation Authority (3)	154	154	100.0%	154	0
Upper Thames River Conservation Authority	2,927	1,413	48.3%	2,927	0
Environmental Action Programs & Reporting	749	325	43.4%	743	6
Garbage Recycling & Composting	16,457	6,901	41.9%	16,352	105
Total Environmental Services	20,723	9,229	44.5%	20,612	111
Parks, Recreation & Neighbourhood Services:					
Neighbourhood & Recreation Services(4)	19,434	24,822	127.7%	19,363	71
Parks & Urban Forestry	12,544	5,350	42.6%	12,544	0
Total Parks, Recreation & Neighbourhood Services	31,978	30,172	94.4%	31,907	71
Planning & Development Services:					
Building Approvals(5)	(754)	(2,779)	368.6%	(1,027)	273
Planning Services	3,404	1,562	45.9%	3,381	23
Development Services	4,151	1,718	41.4%	3,919	232
Total Planning & Development Services	6,801	501	7.4%	6,273	528
Protective Services:					
Animal Services	1,811	346	19.1%	1,716	95
By-Law Enforcement	1,228	546	44.5%	1,244	(16)
Corporate Security & Emergency Management	1,847	763	41.3%	1,840	7
Fire Services	56,040	24,732	44.1%	56,040	0
Police Services	97,273	48,959	50.3%	97,273	0
Total Protective Services	158,199	75,346	47.6%	158,113	86
Social & Health Services:					
Housing Services	11,828	6,564	55.5%	11,312	516
Housing Development Corporation (6)	554	0	0.0%	554	0
London & Middlesex Housing Corporation	8,992	5,432	60.4%	9,109	(117)
Long Term Care(4)	5,047	3,987	79.0%	4,750	297
Land Ambulance	13,219	5,256	39.8%	13,219	0
Middlesex London Health Unit	6,095	3,174	52.1%	6,095	0
Social & Community Support Services (4)	19,957	157,149	787.4%	19,957	0
Total Social & Health Services	65,692	181,562	276.4%	64,996	696
Transportation Services:					
Parking	(3,321)	(1,927)	58.0%	(3,195)	(126)
Public Transit	28,962	14,473	50.0%	28,290	672
Roadways	38,366	18,576	48.4%	38,614	(248)
Total Transportation Services	64,007	31,122	48.6%	63,709	298
Corporate, Operational & Council Services:					
Corporate Services (7)	43,669	17,382	39.8%	42,525	1,144
Corporate Planning & Administration	1,665	888	53.3%	1,498	167
Council Services	3,367	1,454	43.2%	3,286	81
Public Support Services	359	222	61.8%	331	28
Total Corporate, Operational & Council Services	49,060	19,946	40.7%	47,640	1,420
Financial Management:					
Corporate Financing	104,220	43,716	41.9%	102,999	1,221
Total Financial Management	104,220	43,716	41.9%	102,999	1,221
Total Property Tax Requirements	536,434	406,952	75.9%	531,960	4,474

1) All figures are subject to rounding.

2) Includes housekeeping budget transfers. As authorized by Council's resolution at the time of the adoption of the 2016 budget, Civic Administration can approve transfers between accounts that are considered 'housekeeping' in nature. These adjustments primarily include items that are budgeted centrally, and during the year are distributed to various services.

3) Kettle Creek Conservation Authority and Lower Thames Valley Conservation Authority have already received their 2016 appropriation.

4) Neighbourhood & Recreation Services, Long Term Care and Social & Community Support Services actual expenditures appear high as the Provincial Subsidies are not recognized until later in the year.

5) Building Approvals revenue appears high due to a timing issue; not all expenditures have been realized.

6) Housing Development Corporation actual expenditures appear low as actuals are temporarily under Housing Services; HDC projected year-end position accounts for a projected \$339k surplus to be contributed to the Housing Development Corporation Reserve Fund.

7) Accounts for a projected \$355k surplus for Information Technology Services to be contributed to the Technology Services Reserve Fund.

APPENDIX B – 2016 MID-YEAR EXPLANATION BY SERVICE PROGRAM

SERVICE PROGRAM	\$ millions
CULTURE	0.0
<ul style="list-style-type: none"> • Centennial Hall balanced budget with no major factors to report. • Arts, Culture and Heritage Advisory & Funding balanced budget with no major factors to report. • Museum London balanced budget with no major factors to report. • Eldon House balanced budget with no major factors to report. • Heritage surplus of \$3k a result of personnel savings. • London Public Library is projecting a balanced budget at year-end. Cost overruns resulting from a catastrophic power outage and replacement of the power supply at the Central Library will be offset by other operational savings within the Library’s budget such as personnel. 	
ECONOMIC PROSPERITY	0.1
<ul style="list-style-type: none"> • Business Attraction and Retention surplus of \$40k a result of personnel savings. • Community Improvement/Business Improvement Area balanced budget with no major factors to report. • London Convention Centre balanced budget with no major factors to report. • Tourism London is projecting a balanced budget at year-end. Savings in personnel costs and additional revenues are anticipated from the in-house production of Tourism’s Visitor Guide are to be offset by cost overruns in direct sales and promotional expenses. Should a surplus position arise, the funding will be directed to Tourism reserves, subject to Tourism London Board approval. • Covent Garden Market balanced budget with no major factors to report. 	
ENVIRONMENTAL SERVICES	0.1
<ul style="list-style-type: none"> • Kettle Creek Conservation Authority balanced budget with no major factors to report. • Lower Thames Valley Conservation Authority balanced budget with no major factors to report. • Upper Thames River Conservation Authority balanced budget with no major factors to report. • Environmental Action Programs and Reporting surplus of \$6k a result of savings in personnel costs and other net cost savings. • Garbage, Recycling & Composting surplus of \$105k a result of savings in personnel costs and higher than budgeted sewage recovery related to bioset and contaminated soils being processed at the landfill while the Greenway Pollution Control Plant was down. Partially offsetting these savings are deficits in recycling revenues and other operational costs. 	
PARKS, RECREATION, & NEIGHBOURHOOD SERVICES	0.1
<ul style="list-style-type: none"> • Neighbourhood & Recreation Services surplus of \$71k a result of savings in Community Centres, which includes savings from energy efficiency initiatives at the South London facility and cost containment across various services, partially offset by a net personnel deficit. It should also be noted that the warm and dry weather has led to an early start to the season for both Golf and Storybook Gardens which has benefited these services. The summer months will be a key determining factor in the year-end position. • Parks and Urban Forestry is projecting a balanced budget at year-end. Contracted services is projected to be over budget due to additional resources needed to address enhanced watering programs and “Maintain Better” initiatives. This will be offset by savings in personnel and other net operational savings. 	
PLANNING & DEVELOPMENT SERVICES	0.5
<ul style="list-style-type: none"> • Building Approvals surplus of \$273k a result of personnel savings and higher than expected fee based revenues primarily in apartment and residential building permits. • Planning Services surplus of \$23k a result of personnel savings and other net operational cost savings. 	

SERVICE PROGRAM	\$ millions
<ul style="list-style-type: none"> Development Services surplus of \$232k a result of personnel savings, higher than anticipated net fee based revenues and other net operational savings. 	
PROTECTIVE SERVICES	0.1
<ul style="list-style-type: none"> Animal Services surplus of \$95k a result of savings in the budget related to the Cat Adoption Centre (implementation not until 2017), partially offset by additional costs for medical services. By-Law Enforcement deficit of \$16k a result of a reduction in net user fee based revenues, partially offset by personnel costs and other net operational costs. Corporate Security & Emergency Management surplus of \$7k a result of personnel savings partially offset by other net operational cost overruns. Fire Services is projecting a balanced budget at year-end. Savings in computer, equipment and vehicle repairs and materials and supplies is offset by higher than anticipated costs related to personnel and purchased services attributable to building maintenance and dispatch system customization costs. The London Police Service (LPS) surplus of \$649k to be contributed to their reserve; the savings contributed to the reserve are the result of personnel savings, partially offset by cost overruns in equipment, legal matters, and website design to comply with Accessibility for Ontarians with Disabilities Act (AODA) requirements. In addition, a budgeted draw from reserves to support operations is not projected to be taken. 	
SOCIAL & HEALTH SERVICES	0.7
<ul style="list-style-type: none"> Housing Services surplus of \$516k a result of savings in personnel, rent supplement from a delay in filling all available units, and Housing Provider subsidies from increased efforts to ensure compliance and recover subsidies when needed. Housing Development Corporation surplus of \$339k a result of one-time savings from the transition to a new corporate structure and delays in hiring staff. It is recommended that any operational savings at year-end be contributed to the Housing Development Corporation Reserve Fund which will be used to support housing initiatives and future work of the Housing Development Corporation. London & Middlesex Housing Corporation deficit of \$117k a result of additional building maintenance costs due to the aging facilities, higher than anticipated property taxes and insurance and net operational cost overruns, partially offset by higher than anticipated revenues. Long Term Care surplus of \$297k a result of increased revenues primarily attributable to government funding and resident room fees, and savings in personnel partially offset by repairs and maintenance cost pressures, and other net operational cost overruns. Land Ambulance balanced budget with no major factors to report. Middlesex-London Health Unit is projecting a balanced budget at year-end. Savings in the Healthy Start Division, Environmental Health & Infectious Disease Division, Healthy Living Division, Foundational Standard Division, and Corporate Services Division are offset by budget pressures related to personnel and other net operational costs. Social and Community Support Services is projecting a balanced budget at year-end. Savings in personnel is partially offset by lower Ontario Works subsidies due to these savings, reduced revenue related to a reduction in the draw from reserves to support operations, and other net operational cost overruns. It should be noted that higher than budgeted caseload is offsetting lower than budgeted case costs. 	
TRANSPORTATION SERVICES	0.3
<ul style="list-style-type: none"> Parking Services deficit of \$126k a result of lower than anticipated parking fine and parking lot revenues, partially offset by savings in the parking enforcement contract, personnel and other net operational savings. London Transit Commission surplus of \$672k due to the approval of annualized assessment growth funding received in 2016 while only the in-year expenditure will be required (i.e. assessment growth funding 	

SERVICE PROGRAM	\$ millions
<p>received part way through the year and therefore the costs did not start until part way through the year).</p> <ul style="list-style-type: none"> • Roadway Services deficit of \$248k: <ul style="list-style-type: none"> ○ Deficit in Traffic Control & Street Lighting due to higher energy and locate costs partially offset by other net operational savings. ○ Deficit in Roadway Maintenance due to personnel budget pressures partially offset by savings in purchased services from more work performed in-house and savings in other net operational costs. ○ Surplus in Roadway Planning & Design due to savings in personnel, building renovations and capital recoveries. ○ Snow Control is projecting a balanced budget. 	
CORPORATE, OPERATIONAL, & COUNCIL SERVICES	1.4
<ul style="list-style-type: none"> • Corporate Services surplus of \$1.1m a result of personnel savings across all service areas, favourable fuel costs in Fleet, and other net operational savings. It is recommended that any Information Technology Services operational savings at year-end be contributed to the Technology Services Reserve Fund to be used to support investments in corporate systems (Information Technology Services year-end projected surplus is \$355k). • Corporate Planning and Administration Services surplus of \$167k a result of personnel savings and other net operational savings. • Council Services surplus of \$81k a result of personnel savings and other net operational savings. • Public Support Services surplus of \$28k a result of personnel savings and higher than anticipated revenue in Taxation partially offset by postage and courier costs due to the pending strike, lower than anticipated POA default fines and other net operational cost overruns. 	
FINANCIAL MANAGEMENT	1.2
<ul style="list-style-type: none"> • Corporate Financing surplus of \$1.2m a result of higher than anticipated short-term and long-term investment revenue, savings in insurance premiums and personnel savings. Included in the Corporate Financing projected year-end position is the full draw that was budgeted from the Operating Budget Contingency Reserve. This budgeted draw is intended to mitigate tax increases which may not be required to balance the overall budget. 	
TOTAL PROJECTED YEAR-END POSITION	\$ 4.5

*subject to rounding

APPENDIX C – STRATEGIC INVESTMENT STATUS UPDATE

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals As of June 30, 2016 (\$000's)
Building A Sustainable City				
1	Library's Ten Year Capital Plan	Susanna Hubbard Krimmer	1,900	425
	<ul style="list-style-type: none"> Projects in progress include the Beacock Library revitalization, Central Library generator replacement, Central Library power supply replacement, and East London & Lambeth Libraries roofs. Scheduled to begin in July/August 2016 are roof-top HVAC installations at four locations (Lambeth, Carson, Jalna, Byron) and the Central Library public elevators. In 2017-2019 other branch upgrade projects will be initiated. <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>			
2	Road Map 2.0 – Road to Increased Resource Recovery and Zero Waste	John Braam	400	-
	<ul style="list-style-type: none"> The strategic investment is projected to start in 2018 & 2019. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>			
3	Urban Forest Strategy	John Fleming	3,455	150
	<ul style="list-style-type: none"> Urban Forestry Planning - The City is completing a Planting Strategy to ensure that the funds invested generate the most trees/future tree canopy and leverage partnerships with the community. Increased planting will occur starting spring 2017. This timing is in line with the original timing in the business case, and thus this initiative is still considered "on track". While Council approved accelerated tree planting funding in 2016, it was too late to tender for planting in the 2016 season. Forestry Operations - \$1.055m allocated to Forestry Operations for tree maintenance, \$150k spent so far. Program started in spring of 2016. Additional crews have been hired for small tree corrective pruning and deep root feeding. <p><i>Project Status: On Track</i> <i>Project Start Date: Spring 2016</i></p>			
4	Thames Valley Corridor Plan	John Fleming	1,200	-
	<ul style="list-style-type: none"> The environmental assessment for this key Thames Valley Parkway pathway project was supported by Council on July 26, 2016. The 2016 funding will be combined with existing funding to support a detailed design in 2016/2017 and construction of the pathway in 2017/2018. <p><i>Project Status: On Track</i> <i>Project Start Date: Design in 2016/2017 and construction in 2017/2018</i></p>			
5	Road Safety Strategy	John Braam	500	38
	<ul style="list-style-type: none"> Implementation of the Road Safety Strategy initiative including pedestrian crossovers, road safety audits and design of capital improvements has begun. Pavement markings to 22 pedestrian crossovers is currently underway. <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>			
6	Rapid Transit Implementation Strategy	John Braam/Edward Soldo	-	-
	<ul style="list-style-type: none"> Shift Rapid Transit Environmental Assessment is progressing (began in July 2014). Full Bus Rapid Transit business case was approved by Council in May 2016 with a total cost of \$500m with the municipal portion capped at \$130m. A business case has been submitted to other levels of government requesting funding. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2014</i></p>			
7	State of Infrastructure Report	Martin Hayward	6,750	-
	<ul style="list-style-type: none"> Additional funding has been allocated to parking lots, bridge upgrades, major and local roads, sidewalks, traffic signals and street lights. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>			

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals As of June 30, 2016 (\$000's)
Council Added Initiative	Green Bin	John Braam	135	-
	<ul style="list-style-type: none"> A new staff position (18 month contract) was filled in July 2016 to provide additional resources to examine programs (e.g. Green Bin, advanced processing and energy recovery systems) to reduce the organic content (e.g. food scraps) of garbage. <i>Project Status: On Track</i> <i>Project Start Date: July 2016</i>			
Leading in Public Service				
8	Garbage Collection – On-board Weighing and Tracking Technologies	John Braam	150	-
	<ul style="list-style-type: none"> On-board weighing technologies and radio frequency identification (RFID) tags are not scheduled to begin until 2018 and 2019. <i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i>			
9	Technology - Amanda	George Kotsifas	1,000	68
	<ul style="list-style-type: none"> Manager to oversee this initiative has been hired. AMANDA 6 upgrade is in progress. Phasing in of users to ensure smooth transition. Working through planned projects (Business Licensing, Backflow Prevention, etc.) Additional modules purchased to enhance system include: License-Vehicle, Enhanced Inspection Deficiency, Planning, Batch Scheduler, Conditions Management, E-Mail, Enterprise Authentication Adaptor and GIS Viewer. <i>Project Status: On Track</i> <i>Project Start Date: April 2016</i>			
10	Establish Public Engagement as an Area of Focus	John Fleming	100	-
	<ul style="list-style-type: none"> Request for quote for new signage is in process and currently progressing through the internal review process. <i>Project Status: On Track</i> <i>Project Start Date: July 2016</i>			
11	Service London Implementation Plan	Lynne Livingstone	3,947	312
	<ul style="list-style-type: none"> 2016 operating forecast expected to be on budget (\$567k). The capital investment was divided into 3 projects (Customer Relationship Management Phase 2, Self Service Portal, Business Hub Renovations). Customer Relationship Management Phase 2 is on track and will be completed by the end of the year. Self Service Portal is on track with the request for proposal for the implementation partner currently in process and associated costs expected to occur in Q3 & Q4 of 2016. Business Hub Renovations is on track despite a delay in phase 1 of the project as a result of design and ordering furniture, however this will not affect the project completion date. <i>Project Status: On Track</i> <i>Project Start Date: March 2016</i>			
12	Computerized Maintenance Management System	John Braam/Martin Hayward	2,100	-
	<ul style="list-style-type: none"> Further to the June 6, 2016 Civic Works Committee report, the discovery phase of this strategic initiative is on track and team recruitment is underway. <i>Project Status: On Track</i> <i>Project Start Date: July 2016</i>			
Strengthening Our Community				
13	Strengthening Neighbourhoods Strategy (LSNS) 2015-2020	Lynne Livingstone	780	-
	<ul style="list-style-type: none"> Neighbourhood decision making process was launched in June 2016. Community decision making will occur in September/October 2016 and funds will be allocated to successful projects by the end of the year. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>			

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals As of June 30, 2016 (\$000's)
14	Ontario Works Service Plan – Low Income Supports Enhancement	Sandra Datars Bere	2,080	233
	<ul style="list-style-type: none"> Council approved 3 additional City staff to co-facilitate programs with Goodwill and support Ontario Works clients who are participating in these programs. All staff were hired in June, 2016. Council has also approved a contract amendment with Goodwill, the lead community partner, to fund the program staff and fund client specific supports not covered under Ontario Works funding. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>			
15	Mental Health and Addictions Strategy	Sandra Datars Bere	200	-
	<ul style="list-style-type: none"> Approved 2016 gross budget of \$100k expected to be fully spent by the end of the year. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>			
16	1. London Homeless Prevention and Housing Plan 2010-2024 2. London Homeless Prevention System Implementation Plan	Lynne Livingstone	3,800	-
	<ul style="list-style-type: none"> London Homeless Prevention and Housing Plan 2010-2024 <ul style="list-style-type: none"> Housing Allowances program has recently started. Planned 2016 spending of \$200k is expected to be spent by the end of the year. London Homeless Prevention System Implementation Plan <ul style="list-style-type: none"> Initiative not scheduled to begin until 2017. <p><i>Project Status: On Track</i> <i>Project Start Date: April 2016</i></p>			
17	Winter Maintenance Strategy	John Braam	574	-
	<ul style="list-style-type: none"> Will commence in late 2016, pending the arrival of winter weather. <p><i>Project Status: On Track</i> <i>Project Start Date: October-December 2016</i></p>			
Council Added Initiative	Enhance By-law Enforcement	Orest Katolyk	1,095	74
	<ul style="list-style-type: none"> Resources are in place to implement enhanced enforcement. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>			
Growing Our Economy				
18	London Community Foundation's "Back to the River Project"	John Fleming	700	-
	<ul style="list-style-type: none"> One River Master Plan must be completed first before work starts on this project. Expected that the Master Plan will be completed by end of 2018. <p><i>Project Status: Delayed</i> <i>Project Start Date: 2018/2019</i></p>			
20	London's Downtown Plan – Small Scale Projects	John Fleming	100	-
	<ul style="list-style-type: none"> The first small project under this initiative is not budgeted to begin until 2019. <p><i>Project Status: On Track</i> <i>Project Start Date: 2019</i></p>			
21	Regenerating Public Housing Plan	Sandra Datars Bere	750	-
	<ul style="list-style-type: none"> Approved funding starts in 2018 to develop a detailed strategic plan for regeneration/re-development of LMHC properties, inclusive of funding, partnership, tenant impact and engagement strategies. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018</i></p>			

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals As of June 30, 2016 (\$000's)
22	Dundas Place	John Braam/John Fleming	15,614	574
	<ul style="list-style-type: none"> My Dundas environmental assessment is progressing on schedule. Construction is planned to commence in 2018. This initiative started in February 2015 and \$574k has been spent of the \$1.3m previously approved budget in 2015. Buses are scheduled to be removed from the affected section of Dundas Street consistent with the construction period. <i>Project Status: On Track</i> <i>Project Start Date: February 2015</i>			
23	City of London Internship Program	Veronica McAlea Major	360	-
	<ul style="list-style-type: none"> The expansion of the internship program will begin in 2017 as planned. <i>Project Status: On Track</i> <i>Project Start Date: 2017</i>			
Council Added Initiative	Brownfield Incentives	John Fleming	80	-
	<ul style="list-style-type: none"> Funding will be used on as needed basis as applicants come forward. Currently no funding has been required in 2016. <i>Project Status: On Track</i> <i>Project Start Date: 2016 (subject to applicant submission/approval)</i>			

APPENDIX D – MULTI-YEAR BUDGET CYCLE

The timeline below illustrates when Council will receive the various reports that form the 2016-2019 multi-year budget governance and accountability process.

