

2016–2019 Multi-Year Budget

2017 Annual Budget Update

***Strategic Priorities & Policy Committee
November 7, 2016***

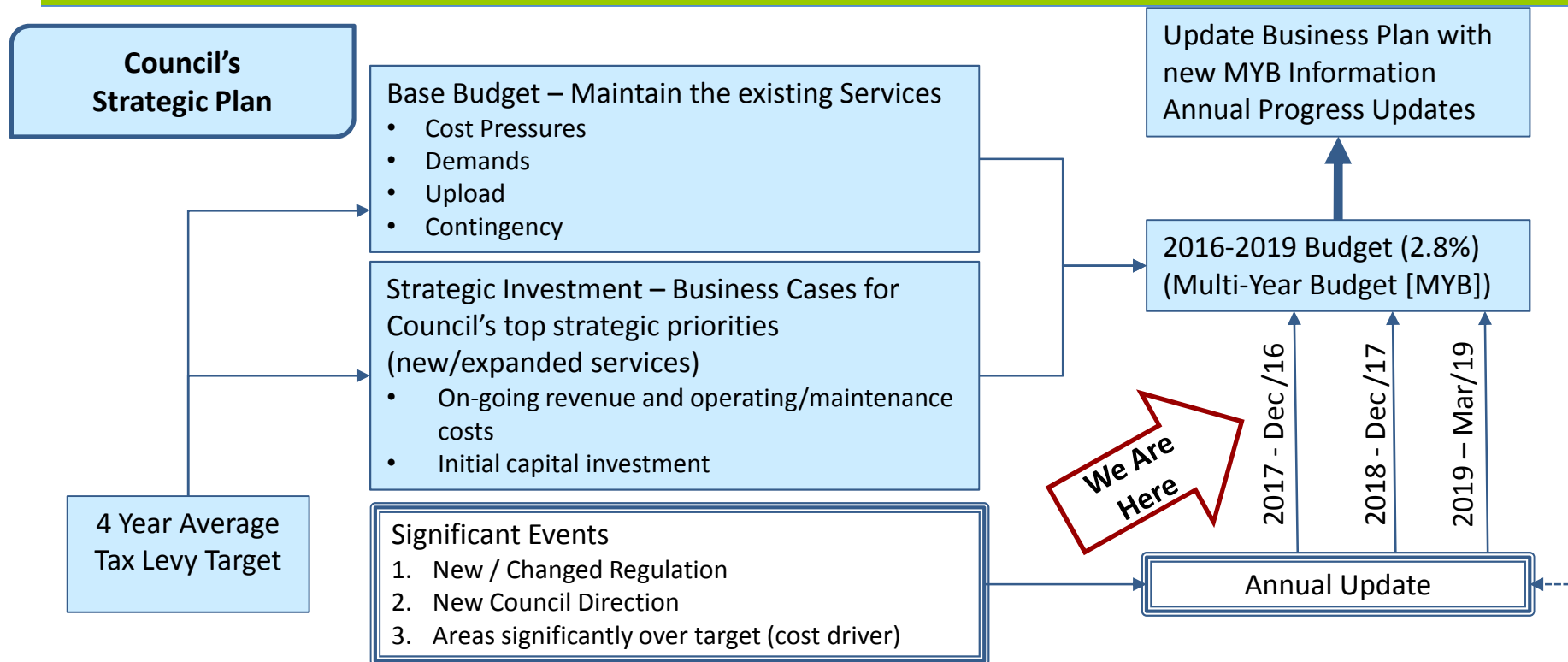


Agenda



- Multi-Year Budget Process Refresher
- The Approved 2016-2019 Multi-Year Budget
- What Qualifies For A Budget Amendment?
- Requests For 2017 Budget Amendments
 - Operating
 - Capital
- 2017 Water and Wastewater & Treatment Annual Budget Update
- Budget Timetable

Multi-Year Budget Process Refresher



Service Review – Target included in budget. Reported on separately by City Manager in September of each year. Will form part of the annual budget update if targets cannot be met.

Assessment Growth – Set by policy and delegated to City Treasurer or delegate for distribution based on assessment growth business cases. Staff report for transparency in February of each year.

Annual Surplus – Set by policy. Reported in April of each year following financial year-end confirmation.

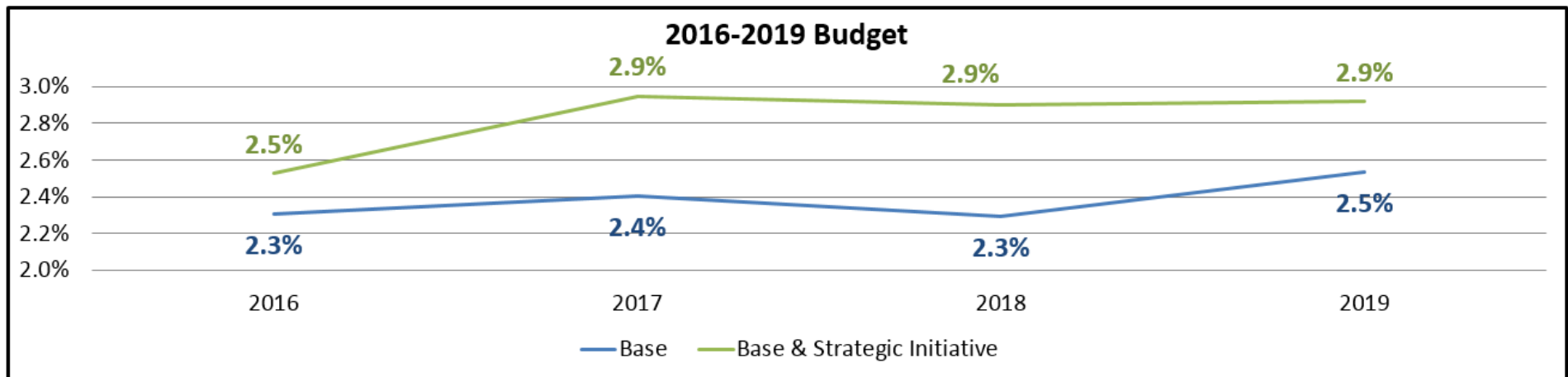
The Approved 2016-2019 Multi-Year Budget



	\$000's		
	2016-2019 AVERAGE ANNUAL \$	2016-2019 AVERAGE ANNUAL %	2016-2019 TOTAL
Base Budget As Tabled (January 2016)	14,031	2.6%	56,122
Committee / Council Base Budget Adjustments	(1,253)	-0.2%	(5,012)
Revised Base Budget	12,777	2.4%	51,110
Strategic Investments (Impact On Levy)	2,462	0.4%	9,846
Ending Position	15,239	2.8%	60,956

	\$000's	
Strategic Area Of Focus	2016-2019 Average Annual Gross Strategic Investment	2016-2019 Total Gross Strategic Investment
Building a Sustainable City	3,585	14,340
Growing Our Economy	4,401	17,604
Leading in Public Service	1,824	7,297
Strengthening Our Community	2,132	8,529
Total	11,942	47,770

Subject to rounding



What Qualifies For A Budget Amendment?



There Are Three Types Of Budget Amendments:

1. New or Changed Regulation

A new or changed legislation or regulation with a financial impact to the municipality

2. New Council Direction

A new Council direction that has transpired after the approval of the multi-year budget

3. Cost Driver

A corporate or service area budget shortfall as a result of changes in economic conditions

Requests For 2017 Budget Amendments



There are a total of **20** budget amendment requests (property tax supported budget):

Multi-Year Operating Budget Amendment Requests (7):

- 3 permanent budget amendments **recommended** by Civic Administration
 - The 2016-2019 average annual tax levy increase would remain at 2.8%
- 2 permanent budget amendments for Council **consideration**
 - The 2016-2019 average annual tax levy increase would increase to 2.9%
- 2 one-time budget amendments for Council **consideration**
 - There would be no tax levy impact

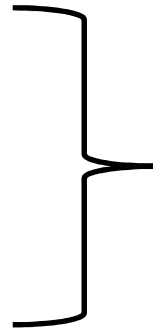
Requests For 2017 Budget Amendments



Multi-Year Capital Budget Amendment Requests (13):

2016-2019

- 4 Lifecycle Renewal
- 4 Growth
- 3 Service Improvement ¹



11 Amendment Requests

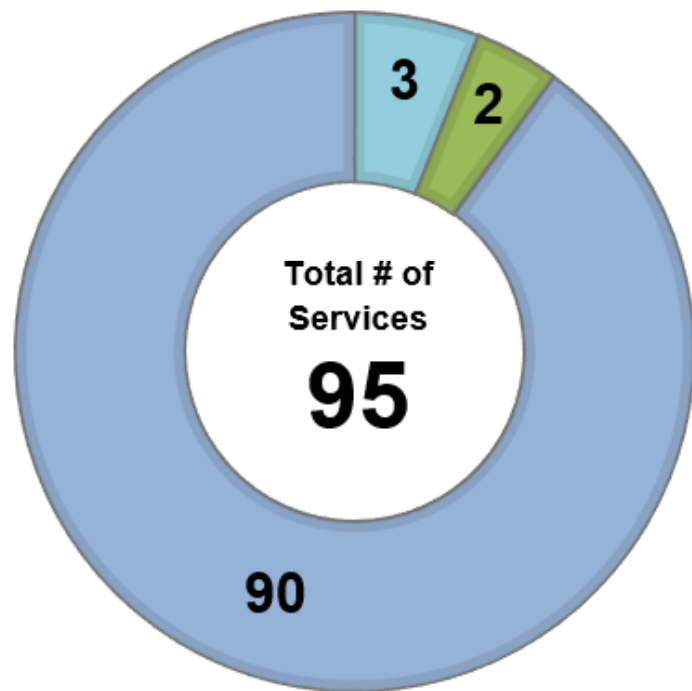
2020-2025

- 2 Lifecycle Renewal

**** Capital budget amendments as recommended are financed by reserve fund draws, debt and non-tax supported funding sources ****

NOTE 1: Excludes the capital budget component of Budget Amendment #2 (included within the recommended operating budget amendments)

2017 Budget Amendment Requests - Operating



- Number of services without an operating budget amendment request
- Number of services with an As Recommended - Permanent operating budget amendment request
- Number of services with a For Consideration - Permanent operating budget amendment request

Note: Excludes one-time budget amendment requests that do not impact the tax levy.

2017 Budget Amendment Requests - Operating



	Average Annual %	Avg. Annual Rate Payer Impact	
2016-2019 Multi-Year Budget AS APPROVED <i>(March 10, 2016)</i>	2.8%	\$76	
2016-2019 Multi-Year Budget – 2017 Annual Budget Update AS RECOMMENDED <i>(permanent amendment requests 1-3)</i>	2.8%	\$76	NO CHANGE
2016-2019 Multi-Year Budget – 2017 Annual Budget Update FOR CONSIDERATION – If Approved <i>(amendment requests 1-3 and 4-7)</i>	2.9%	\$77	\$1 INCREASE

**** Budget amendments 6-7 are one-time with an identified source of funding that do not impact the net operating budget ****

2017 Budget Amendment Requests - Operating



Recommended Amendments – Permanent

Description	Budget Category	2017	2018	2019
1. Energy Prices – New Cap and Trade Program Provincial regulation beginning on January 1, 2017 related to the implementation of a greenhouse gas emissions Cap and Trade Program will result in higher energy costs. Gross expenditures in 2017-2019 are budgeted at \$800 thousand, \$800 thousand, and \$900 thousand respectively, with a strategic use of the Operating Budget Contingency Reserve to phase-in the net impact to the tax levy.	Expenditure Inc/(Dec)	800	800	900
	Revenue (Inc)/Dec	(800)	(800)	(700)
	Net	-	-	200
2. Carrying/Holding Costs On City Owned Properties An increased contribution to the Land Acquisition Reserve Fund is being recommended to be used as a funding source for the operational needs of strategically purchased buildings by the City, it being noted that the reserve fund by-law will need to be changed to allow for the funds to be used for this purpose. Gross expenditures of \$400 thousand per year beginning in 2017 are required and would be partially offset with a strategic use of the Operating Budget Contingency Reserve to phase-in the net impact to the tax levy.	Expenditure Inc/(Dec)	400	400	400
	Revenue (Inc)/Dec	(100)	(100)	-
	Net	300	300	400

2017 Budget Amendment Requests - Operating



Recommended Amendments – Permanent

Description	Budget Category	2017	2018	2019
3. Updated Debt Servicing Budget An annual budget reduction to debt servicing expenditures of \$300 thousand beginning in 2017 primarily due to lower interest rates attributed to issued debt in 2016 and future forecasted debt issuances.	Expenditure Inc/(Dec)	(300)	(300)	(300)
	Revenue (Inc)/Dec	-	-	-
	Net	(300)	(300)	(300)
Total Net Budget Amendments		-	-	300
Incremental Net Increase / (Decrease)		-	-	300

2017 Budget Amendment Requests - Operating

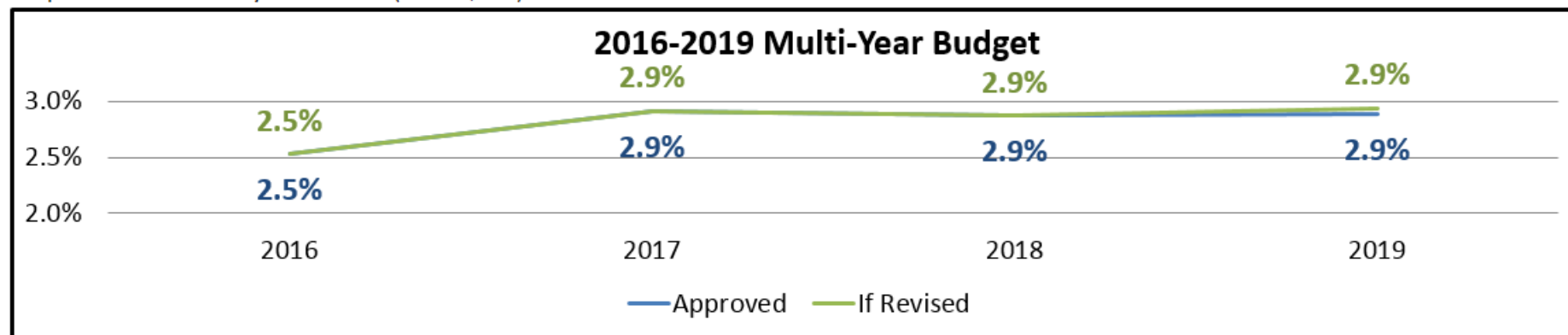


If budget amendments 1-3 are approved, the 2016-2019 average annual tax levy increase would remain at 2.8%

2017 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	2016-2019 Avg. Annual Residential Homeowner Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	552,073	567,915	584,313	NO CHANGE	
Budget Amendments (Total Net Request)		-	-	300		
Revised Net Budget (Tax Levy)	536,434	552,073	567,915	584,613		
Incremental Net Increase / (Decrease)		-	-	300	2.8%	76
Revised % Increase From Rates	2.5%	2.9%	2.9%	2.9%		

Subject to rounding

1) Average rate payer owning a home with an assessed value of \$221,000 in 2015. Municipal property tax amount is subject to tax policy. Excludes the Education tax portion which is set by the Province (2015 - \$431).



2017 Budget Amendment Requests - Operating



Amendments For Consideration – Permanent

Description	Budget Category	2017	2018	2019
4. UTRCA – Environmental Targets Strategic Plan An operating budget increase to support the Environmental Targets Strategic Plan recently approved by the Upper Thames River Conservation Authority Board.	Expenditure Inc/(Dec)	179	372	580
	Revenue (Inc)/Dec	-	-	-
	Net	179	372	580
5. LMHC – Building Maintenance and Tenant Services The London & Middlesex Housing Corporation has submitted an operating budget increase resulting from an increased demand for emergency building repairs including electrical repairs, pest control, plumbing repairs and general maintenance.	Expenditure Inc/(Dec)	258	323	389
	Revenue (Inc)/Dec	-	-	-
	Net	258	323	389
Total Net Budget Amendments		437	695	969
Incremental Net Increase / (Decrease)		437	258	274

2017 Budget Amendment Requests - Operating



Amendments For Consideration – One-Time

Description	Budget Category	2017	2018	2019
6. Community Economic Roadmap Implementation A gross expenditure request of \$150 thousand per year from 2017-2019 to assist with the implementation of “London’s Community Economic Road Map” consistent with Council’s Strategic Plan. The recommended source of financing for this one-time initiative is the Economic Development Reserve Fund resulting in no impact to the 2016-2019 tax levy.	Expenditure Inc/(Dec)	150	150	150
	Revenue (Inc)/Dec	(150)	(150)	(150)
	Net	-	-	-
7. HDC – Additional Investment In Affordable Housing Development A one-time additional investment in affordable housing development in 2017 of \$2 million is being requested by the Housing Development Corporation. The recommended source of funding for this budget amendment is 2016 surplus, if available.	Expenditure Inc/(Dec)	2,000	-	-
	Revenue (Inc)/Dec	(2,000)	-	-
	Net	-	-	-
Total Net Budget Amendments		-	-	-
Incremental Net Increase / (Decrease)		-	-	-

2017 Budget Amendment Requests - Operating

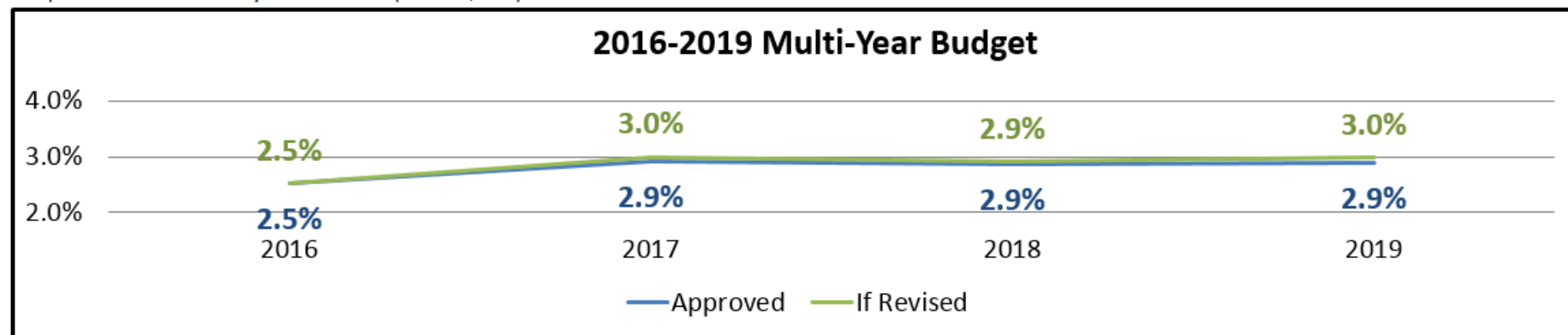


If budget amendments 1-3 & 4-7 were approved, the 2016-2019 average annual tax levy increase would increase to 2.9%

2017 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	2016-2019 Avg. Annual Residential Homeowner Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	552,073	567,915	584,313	0.1% INCREASE	
Budget Amendments (Total Net Request)		437	695	1,269		
Revised Net Budget (Tax Levy)	536,434	552,510	568,610	585,582		
Incremental Net Increase / (Decrease)		437	258	574	2.9%	77
Revised % Increase From Rates	2.5%	3.0%	2.9%	3.0%		

Subject to rounding

1) Average rate payer owning a home with an assessed value of \$221,000 in 2015. Municipal property tax amount is subject to tax policy. Excludes the Education tax portion which is set by the Province (2015 - \$431).



2017 Budget Update – Capital Highlights



(000's)	2016-2019 Total	2016-2025 Total
Total Approved Capital Budget	\$908,035	\$1,954,601
Revised Capital Budget – 2017 Annual Budget Update <i>(amendments 8-20) – If Approved</i>	\$903,398	\$1,969,584
Total Capital Expenditure Increase / (Decrease)	(\$4,637)	\$14,982

Increase in 10 year capital plan is primarily due to London Transit project to demolish and rebuild the Highbury facility (\$15 million from 2020-2025)

**** Capital budget amendments as recommended are financed by reserve fund draws, debt and non-tax supported funding sources****

2016-2019 Multi-Year Capital Budget



Capital Budget Summary (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	220,770	207,709	261,215	218,342	908,035	1,046,567	1,954,601
Total Revised Budget (submitted Nov 7, 2016)	220,770	215,835	249,910	216,884	903,398	1,066,186	1,969,584
Total Capital Expense Increase/(Decrease)	-	8,126	(11,305)	(1,458)	(4,637)	19,619	14,982
Sources of Financing							
Capital Levy (CL)					-		
Debenture (D)		(3,845)	2,566	(2,853)	(4,131)	9,839	5,708
Reserve Fund (RF)		2,719	1,006	1,246	4,971	11,666	16,637
Other (O)					-		-
Non-tax Supported (NTS)		9,252	(14,877)	148	(5,477)	(1,886)	(7,363)
Total Revenue Increase/(Decrease)		8,126	(11,305)	(1,458)	(4,637)	19,619	14,982
Net Tax Levy Impact		-	-	-	-	-	-

2017 Budget Amendments For Consideration- Capital



Lifecycle Renewal Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	85,874	73,228	73,240	78,860	311,201	513,732	824,933
Lifecycle Renewal Revised Budget	85,874	74,297	73,846	79,906	313,922	529,975	843,897
Increase/(Decrease)	-	1,069	606	1,046	2,721	16,243	18,964
8 - Public Art Restoration Rationale: New project for lifecycle maintenance on public art.		95	145	169	409	1,014	1,423
9 – Municipal Waste Study Rationale: Increase funding for environmental assessment on long term disposal.		1,000	200	500	1,700		1,700
10 – Vehicle & Equipment Replacement Rationale: Increase funding for vehicle and equipment replacement due to cost and program adjustments.		393	36	601	1,030	(1,038)	(8)
11- Other Lifecycle Renewal Amendments							
- Library Capital Plan		(419)	225	126	(68)	(820)	(888)
- Covent Garden Roof Replacement				(350)	(350)	350	-
- Replace Firefighter Equipment						(110)	(110)

2017 Budget Amendments For Consideration- Capital



Lifecycle Renewal Capital Budget (cont'd) (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
12 – Police Vehicles & Equipment (2020-2025) Rationale: Increase funding to replace Police vehicles and equipment.							
Police Equipment						1,308	1,308
Police Vehicles						540	540
13 – London Transit - Facility Demolition & Rebuild (2020-2025) Rationale: Funding to replace Highbury facility (estimated \$45.6 million project, \$15 million 2022-2025, \$30.6 million beyond).						15,000	15,000
Total Budget Amendments - Inc/(Dec)	-	1,069	606	1,046	2,721	16,243	18,964

2017 Budget Amendments For Consideration- Capital



Growth Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget	118,973	115,948	171,007	122,342	528,270	356,583	884,853
Growth Revised Budget	118,973	127,355	152,816	121,173	520,317	358,147	878,464
Increase/(Decrease)	-	11,407	(18,191)	(1,169)	(7,953)	1,564	(6,389)
14 - Northwest and Southeast Libraries							
Rationale: Defer Northwest from 2019 to 2020.				(3,330)	(3,330)	4,704	1,374
Defer Southeast from 2018 to 2019.			(3,330)	3,330	-		-
Increase funding to Southeast Library to reflect recent higher tender results for facility projects.				1,038	1,038		1,038
15 - Multi-purpose Rec Centre Southeast							
Rationale: Increase funding to reflect recent higher tender results for facility projects.		240	261	244	745		745

2017 Budget Amendments For Consideration- Capital



Growth Capital Budget (cont'd) (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
16 - Transportation							
Rationale: Revise select Transportation Growth projects		11,167	(14,057)	(588)	(3,478)	1,188	(2,290)
Advance Projects:							
TS1489 Western Rd Widening - Platts Lane to Oxford		11,600	(11,600)		-		-
TS1134 Richmond St & Fanshawe Park Rd Intersection Improvements		2,000	(2,000)		-		-
TS1621-1 Veterans Memorial Parkway - Ph 1 - Huron to Clarke		1,000	(1,000)		-		-
TS1408 Wickerson Rd Upgrades - Ironwood to Southdale		200	(200)		-		-
TS1407-1 Southdale Rd Upgrade Ph 1 - Wickerson to Bramblewood		300	(300)		-		-
TS1496-2 Sunningdale Rd Widening - Ph 2 Intersection Upgrades			138	(138)	-		-
Defer Projects:					-		-
TS1406 Sunningdale Rd Updgrade - South Wenige to Highbury		(3,083)			(3,083)	3,083	-
TS1633 Veterans Memorial Parkway - Advanced Land Acquisition		(800)	800	(600)	(600)	(1,240)	(1,840)
Revise Funding:					-		-
TS1629-1 Southdale Rd Widening - Farnham to Pine Valley			155		155	(155)	-
TS1358 Pack Rd Upgrades- Colonel Talbot to Bostwick				200	200	(200)	-
TS1041 Transportation Impact Study		(50)	(50)	(50)	(150)	(300)	(450)
17 - Other Growth Amendments							
- New Fire Station #15 (deferred to 2020)			(1,065)	(1,863)	(2,928)	3,886	958
- Additional funding for new spray pads (2020-2025)					-	52	52
- Advanced/deferred transportation projects (2020-2025)					-	(8,265)	(8,265)
Total Budget Amendments - Inc/(Dec)	-	11,407	(18,191)	(1,169)	(7,953)	1,564	(6,389)

2017 Budget Amendments For Consideration- Capital



Service Improvement Capital Budget (\$000's)

	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	15,923	18,533	16,967	17,140	68,563	176,252	244,815
Service Improvement Revised Budget	15,923	14,183	23,247	15,805	69,158	178,064	247,222
Increase/(Decrease)	-	(4,350)	6,280	(1,335)	595	1,812	2,407
2 - Carrying/Holding Costs on City Owned Properties Rationale: Repairs to buildings on Old Victoria Hospital site (War Memorial and Old Medical School) after assumption from LHSC.		1,000			1,000		1,000
18 - Ontario Works Desk-Side Service Delivery Model Rationale: Funding for conversion to deskside service for Core and East Ontario Works offices.		250			250		250
19 - Facility Energy Management Rationale: Increase funding for energy savings projects.		400	400	200	1,000		1,000
20 - Other Service Improvement Amendments - Glen Cairn, Silverwoods and Farquharson Arenas - Resources for Fire Station #16 (2019 to 2020) - Western Road & Philip Aziz (2017 to 2018)			80 (200) 6,000		80 (1,735) -	(1,290) 3,102	(1,210) 1,367 -
Total Budget Amendments - Inc/(Dec)	-	(4,350)	6,280	(1,335)	595	1,812	2,407

2017 Water Budget Update



- **3%** rate increases for 2017, 2018, 2019; still on plan
 - Average ratepayer impact = \$11/year
- **No** operating budget amendments to the 2017–2019 Water budget.
- **1** requested capital budget amendment:

(\$000's)	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	42,564	33,868	35,598	41,233	153,263	223,101	376,364
Total Revised Budget (submitted Nov 7, 2016)	42,564	33,868	35,598	41,233	153,263	225,351	378,614
Total Capital Expense Increase/(Decrease)	-	-	-	-	-	2,250	2,250

Budget Amendment #1							
EW3624 Burbrook Main Upgrade Phase II					-	2,250	2,250
Rationale: New estimate based on recent tender prices							
Source of Financing: Water Reserve Fund & Federal Gas Tax							

- 20 Year Plan to be updated once implications of Clean Water & Wastewater Fund, and Rapid Transit infrastructure programs are known.

2017 Wastewater & Treatment Budget Update



- **3%** rate increases for 2017, 2018, 2019; still on plan
 - Average ratepayer impact = \$14/year
- **No** operating budget amendments to the 2017–2019 Wastewater & Treatment budget.
- **2** requested capital budget amendments:

(\$000's)	2016-2019 Multi-Year Budget					2020-2025	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	69,511	70,693	76,648	56,067	272,919	389,465	662,384
Total Revised Budget (submitted Nov 7, 2016)	69,511	69,004	78,137	56,067	272,719	389,465	662,184
Total Capital Expense Increase/(Decrease)	-	(1,689)	1,489	-	(200)	-	(200)
Budget Amendment #2							
Growth Capital - ES5427 Pre-assumption Monitoring of SWM Facilities		(200)			(200)		(200)
Source of Financing: Development Charges							
Budget Amendment #3							
Growth Capital - Timing shifts among 3 growth related capital projects		(1,489)	1,489		-		-
Source of Financing: Sewage Works Reserve Fund & Development Charges							

- 20 Year Plan to be updated once implications of Clean Water & Wastewater Fund, Rapid Transit, and Domestic Action Plan are known.

Budget Timetable



What / Where	Date
Tabling of the 2017 Annual Budget Update <i>SPPC at 4pm</i>	November 7th
Budget Open House <i>City Hall Cafeteria from 6pm-8pm</i>	November 9th
Public Participation Meeting <i>SPPC at 4pm</i>	November 21st
2017 Annual Budget Update Review <i>SPPC at 1pm</i>	November 24th
2017 Annual Budget Update Review <i>SPPC at 9am *If Needed*</i>	November 25th
Final Approval of the 2017 Annual Budget Update <i>Council at 4pm</i>	December 6th

Note: Dates apply to Tax Supported, Water and Wastewater & Treatment Budgets

How We Will Inform The Public



What	Date
Web Tools – Civic Administration is actively working on providing a number of web tools to assist with public engagement for the 2017 Budget Update.	Launch On November 7th
Budget Open House – Provides an opportunity for Londoners to come out and speak face-to-face with staff. This can be to ask questions, provide input, and/or clarify any outstanding concerns.	November 9 th (Evening)
Public Participation Meeting – Members of the public are invited to provide input into the 2017 Budget Update at a scheduled meeting of the Strategic Priorities and Policy Committee.	November 21 st
Time With Finance Staff – Provides an opportunity for community groups to request a budget presentation and question and answer period with Finance staff.	As Requested
Social Media, Email and Phone Calls – Finance staff will be responding to questions or concerns from the public via social media, email or phone calls.	Throughout Budget Process

Distribution Of Budget Packages



2017 Annual Budget Update For:	Pages
1. Property Tax Supported Budget a) 2017 Annual Budget Update Document b) 2017 Budget Amendment Forms	49 83
2. Water and Wastewater & Treatment Rate Supported 2017 Annual Budget Update Document (Includes 2017 Budget Amendment Forms)	38



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