

26TH REPORT OF THE
STRATEGIC PRIORITIES AND POLICY COMMITTEE
(2017 BUDGET)

Meeting held on November 24, 2016, commencing at 1:02 PM, in the Council Chambers, Second Floor, London City Hall.

PRESENT: Mayor M. Brown and Councillors M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner and T. Park and L. Rowe (Secretary).

ABSENT: Councillors A. Hopkins, V. Ridley, H.L. Usher and J. Zaifman.

ALSO PRESENT: A. Zuidema, L. Bruni, I. Collins, B. Coxhead, S. Datars Bere, A. Dunbar, J.M. Fleming, M. Hayward, G. Kotsifas, L. Livingstone, D. Munteer, K. Murray, L. Palarchio, C. Parsons, A. Patis, M. Ribera, C. Saunders, K. Scherr, J. Senese, B. Westlake-Power and P. Yeoman.

I. CALL TO ORDER

1. Disclosures of Pecuniary Interest

That it BE NOTED that the following pecuniary interests were disclosed:

- a) Councillor P. Hubert disclosed a pecuniary interest in all matters pertaining to Ontario Works by indicating that he is the Executive Director of a social services agency with a service contract with Ontario Works.
- b) Councillor S. Turner disclosed a pecuniary interest in:
 - i) all matters pertaining to Childreach by indicating that his spouse is an employee of Childreach; and
 - ii) all matters pertaining to the Middlesex-London Health Unit (MLHU) by indicating that he is an employee of the MLHU.

II. CONSENT ITEMS

None.

III. SCHEDULED ITEMS

None.

IV. ITEMS FOR DIRECTION

2. CORPORATE OPERATING AND CAPITAL BUDGETS
(rounded to the closest \$1,000)

a) Financial Planning and Policy - Introduction

That the attached presentation from the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the Director, Financial Planning & Policy BE RECEIVED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, P. Hubert, S. Turner, T. Park (10)

b) Review of Operating Budget Amendments

That the following actions be taken in accordance with section 291(4)(a) and 291(4)(b) of the Municipal Act, 2001, as amended, with respect to the Operating Budget Amendments:

- a) the following “permanent” expenditure and revenue changes to the 2017-2019 Operating Budget BE APPROVED:

Energy Prices – New Cap and Trade Program (Case #1):

\$0 Net (2017)
\$0 Net (2018)
\$100,000 Net (2019);

- b) the following “permanent” expenditure and revenue changes to the 2017-2019 Operating Budget BE APPROVED:

Carrying/Holding Costs on City-Owned Properties (Case #2):

\$300,000 Net (2017)
\$300,000 Net (2018)
\$400,000 Net (2019);

- c) the following “permanent” expenditure and revenue changes to the 2017-2019 Operating Budget BE APPROVED:

Updated Debt Servicing Budget (Case #3):

(\$300,000) Net (2017)
(\$300,000) Net (2018)
(\$300,000) Net (2019);

- d) the following “permanent” expenditure and revenue changes to the 2017-2019 Operating Budget BE APPROVED:

Upper Thames River Conservation Authority – Environmental Targets Strategic Plan (Case #4):

\$179,000 Net (2017)
\$179,000 Net (2018)
\$179,000 Net (2019);

it being noted that notwithstanding the City of London’s Assessment Growth Policy, \$179,000 would be financed from 2017 assessment growth on a permanent basis;

it being noted that the Strategic Priorities and Policy Committee received the attached presentation from I. Wilcox, General Manager/Secretary-Treasurer, UTRCA, with respect to this matter;

- e) the following “permanent” expenditure and revenue changes to the 2017-2019 Operating Budget BE APPROVED:

London & Middlesex Housing Corporation (LMHC) – Building Maintenance and Tenant Services (Case #5):

\$258,000 (Net) 2017
\$323,000 (Net) 2018
\$389,000 (Net) 2019;

it being noted that \$258,000 in each year would be drawn down from the Social Housing Major Repairs Reserve Fund for each of the three years; with the balance of the 2018 and 2019 amounts being funded from the tax levy;

it being further noted that the Strategic Priorities and Policy Committee received the attached presentation from J. Browne, Chief Executive Officer, LMHC, S. Campbell, Board of Directors, LMHC, and S. Quigley, Board of Directors, LMHC, with respect to this matter;

- f) funding BE ALLOCATED in the amount of \$100,000, in each of 2017, 2018 and 2019, from the Economic Development Reserve Fund, for the Community Economic Roadmap Implementation (Case #6); it being noted that this will have no tax levy impact; and
- g) consideration of Business Case #7 - Housing Development Corporation – Additional Investment In Affordable Housing Development BE REFERRED for consideration at such time as the 2016 Surplus report is brought forward from the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer.

Voting record:

Motion to Approve hearing a delegation from I. Wilcox, UTRCA.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Receive the presentation from I. Wilcox, UTRCA.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

Motion to Approve hearing a delegation from J. Browne, S. Campbell and S. Quigley, LMHC.

Motion Passed

YEAS: M. Brown, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, P. Hubert, S. Turner, T. Park (9)

Motion to Receive the presentation from J. Browne, S. Campbell and S. Quigley, LMHC.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Approve part a).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Approve parts b) and c).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Approve funding for part d) as follows:

Upper Thames River Conservation Authority (UTRCA) – Environmental Targets Strategic Plan (Case #4):
 \$179,000 Net (2017)
 \$372,000 Net (2018)
 \$580,000 Net (2019);

Motion Failed

YEAS: B. Armstrong, M. Salih, S. Turner, T. Park (4)

NAYS: M. Brown, M. van Holst, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert (7)

Motion to Approve funding for part d) as follows:

Upper Thames River Conservation Authority – Environmental Targets Strategic Plan (Case #4):

\$179,000 Net (2017); it being noted that notwithstanding the City of London's Assessment Growth Policy, \$179,000 would be financed from assessment growth in 2017;
 \$179,000 Net (2018)
 \$179,000 Net (2019)

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, T. Park (10)

NAYS: S. Turner (1)

Motion to Approve funding for part e) as follows:

\$258,000 (Net) 2017
 \$323,000 (Net) 2018
 \$389,000 (Net) 2019;

it being noted that \$258,000 in each year would be drawn down from the Social Housing Major Repairs Reserve Fund for each of the three years; with the balance of the 2018 and 2019 amounts being funded from the tax base.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, T. Park (10)

NAYS: S. Turner (1)

Motion to Approve funding for part f) as follows:

\$100,000 Net (2017)
 \$100,000 Net (2018)
 \$100,000 Net (2019);

it being noted that the source of financing for the above-noted years will be the Economic Development Reserve Fund and will, therefore, have no tax levy impact.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, P. Hubert, S. Turner, T. Park (6)

NAYS: M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan (5)

Motion to Refer part g) for consideration at such time as the 2016 Surplus report is brought forward from the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

c) Review of Capital Budget Amendments

i) Capital Budget Amendments – 2017 - 2019

That, in accordance with section 291(4)(a) and 291(4)(b) of the Municipal Act, 2001, as amended, the following Capital Budget changes for 2017-2019, representing a \$4.6 million decrease in the Capital Budget, BE APPROVED; it being noted that these changes have no tax levy impact:

LIFECYCLE RENEWAL:

a) Public Art Restoration (Case #8):

\$95,000 (2017)
\$145,000 (2018)
\$169,000 (2019);

b) Municipal Waste Study (Case #9):

\$1,000,000 (2017)
\$200,000 (2018)
\$500,000 (2019);

c) Vehicle & Equipment Replacement (Case #10):

\$393,000 (2017)
\$36,000 (2018)
\$601,000 (2019);

d) Other Lifecycle Renewal Amendments (2016-2019)*
(Case #11):

i) Library Capital Plan (e.g. Facility Renewal):
(\$419,000) (2017)
\$225,000 (2018)
\$126,000 (2019)

ii) Covent Garden Roof Replacement:
(\$350,000) Net (2019)

*Source of Financing: Library Facilities & Equipment Reserve Fund,
Covent Garden Market Reserve Fund;

GROWTH:

e) Northwest and Southeast Libraries (Case #14):

i) Defer Northwest from 2019 to 2020
(\$3,330,000)(2019)

ii) Defer Southeast from 2018 to 2019
(\$3,330,000) (2018)
\$3,330,000 (2019);

iii) Increase funding to Southeast Library to reflect recent higher tender results for facility projects
\$1,038,000 (2019);

f) Multi-Purpose Recreation Centre Southeast (Case #15):

\$240,000 (2017)
 \$261,000 (2018)
 \$244,000 (2019);

g) Transportation (Case #16):

\$11,167,000 (2017)
 (\$14,057,000) (2018)
 (\$588,000) (2019);

h) Other Growth-Related Amendments (2016-2019) (Case #17):

(\$1,065,000) (2018)
 (\$1,863,000) (2019);

SERVICE IMPROVEMENT:

i) Carrying/Holding Costs on City-Owned Properties (Case #2):
\$1,000,000 (2017);j) Revision to Capital Project for Ontario Works Desk-Side Service Delivery Model (Case #18):
\$250,000 (2017);l) Facility Energy Management (Case #19):
\$400,000 (2017)
\$400,000 (2018)
\$200,000 (2019); and

m) Other Service Improvement Amendments (2016-2019) (Case #20):

i) Glen Cairn and Silverwoods Arena
\$80,000 (2018)ii) Relocate resources for Fire Station #16 (deferred from 2019 to 2020)
(\$200,000) (2018)
(\$1,535,000) (2019)iii) Western Road and Philip Aziz (deferred from 2017 to 2018)
(\$6,000,000) (2017)
\$6,000,000 (2018).

Voting Record:

Motion to Approve parts a) to c), f) to j) and m).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Approve parts d) and e).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, S. Turner, T. Park (9)

NAYS: J. Morgan, P. Hubert (2)

Motion to approve part l), with the exception of the Solar Photovoltaic portion of Case #19.

Motion Passed

YEAS: M. van Holst, B. Armstrong, P. Hubert, S. Turner, T. Park (5)

NAYS: M. Brown, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan (6)

Motion to Approve reconsideration of part I), with the exception of the Solar Photovoltaic portion of Case #19.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

Motion to Approve the portion of part I) pertaining to lighting.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

Motion to Approve the balance of part I), which pertains to the Solar Photovoltaic project.

Motion Passed

YEAS: M. Brown, B. Armstrong, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (8)

NAYS: M. van Holst, M. Salih, P. Hubert (3)

ii) Capital Budget Amendments 2020 – 2025

That, in accordance with section 291(4)(a) and 291(4)(b) of the Municipal Act, 2001, as amended, the following forecasted Capital Budget changes for the 2020-2025 period, representing a \$19.6 million increase in the Capital Budget, BE APPROVED in principle (subject to annual review):

LIFECYCLE RENEWAL:

- a) Public Art Restoration \$1,014,000
(Case #8)
- b) Vehicle & Equipment Replacement (\$1,038,000)
(Case #10)
- c) Library Capital Plan (\$820,000)
(Case #11)
- d) Covent Garden Roof Replacement \$350,000
(Case #11)
- e) Replace Firefighter Equipment (\$110,000)
(Case #11)
- f) Police Equipment \$1,308,000
(Case #12)
- g) Replace Police Vehicles \$540,000
(Case #12)
- h) London Transit Highbury Facility
Demolition and Rebuild \$15,000,000
(\$15M 2022-2025; \$30.6 M beyond
(Case #13)

GROWTH:

- i) Northwest Library
(deferred from 2019 to 2020) \$4,704,000
(Case #14)
- j) Transportation Growth Projects
(2020-2025 impact of changes) \$1,188,000
(Case #16)
- k) New Fire Station #15
(deferred from 2019 to 2020) \$3,886,000
(Case #17)
- l) New Spray Pads—increased funding \$52,000
(Case #17)
- m) Transportation Growth Projects
(advanced/deferred projects) (\$8,266,000)
(Case #17)

SERVICE IMPROVEMENT:

- n) Glen Cairn and Farquharson Arenas (\$1,290,000)
(Case #20)
- o) Relocate Resources for
Fire Station #16
(deferred from 2019 to 2020) \$3,102,000
(Case #20)

Voting Record:

Motion to Approve parts a) to o), excluding part i).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Turner, T. Park (10)

Motion to Approve part i).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, S. Turner, T. Park (9)

NAYS: J. Morgan, P. Hubert (2)

- d) Other Budget Recommendations
 - a) That, in accordance with section 291(4)(c) of the Municipal Act, 2001, as amended, the following actions be taken with respect to the Operating Budget (Appendix A, Page 26):
 - i) the revised 2017 tax levy BE ADOPTED in the gross amount of \$873,700,535 and in the net amount of \$556,043,210 after recognizing an estimated \$3,970,000 of increased taxation from assessment growth; and
 - ii) the revised 2018-2019 forecasted tax levy BE ADOPTED in the gross amount of \$1,811,322,994 and in the net amount of \$1,160,564,386.
 - b) That, in accordance with section 291(4)(c) of the Municipal Act, 2001, as amended, the following actions be taken with respect to the Capital Budget (Appendix C, Page 36):

- i) the revised 2017 Capital Budget BE ADOPTED in the amount of \$215,835,000;
 - ii) the revised 2018 Capital Budget BE ADOPTED in the amount of \$249,909,000;
 - iii) the revised 2019 Capital Budget BE ADOPTED in the amount of \$216,883,000; and
 - iv) the revised 2020-2025 Capital Forecast BE APPROVED in principle, in the gross amount of \$1,066,188,000 (subject to annual review).
- c) That the 2017 Corporate Capital Cash Flow (Page 40) that identifies the accounting recognition of capital expenditures for 2017, consistent with Public Sector Accounting Board standards, BE APPROVED.
 - d) That the Reserves and Reserve Fund Overview BE APPROVED; it being noted projections are subject to annual review and adjustment (Appendix D, page 41).
 - e) That the Civic Administration BE DIRECTED to bring forward any necessary by-laws regarding the Operating and Capital Budgets for introduction at the Municipal Council meeting on December 6, 2016.
 - f) That the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the City Clerk BE INSTRUCTED to prepare the 2017 Tax Levy By-law for introduction and enactment by the Municipal Council at the appropriate time.

Voting Record:

Motion to approve parts a) to f).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

3. WATER AND WASTEWATER & TREATMENT BUDGETS (rounded to the closest \$1,000)

- a) That, in accordance with section 291(4)(c) of the Municipal Act, 2001, as amended, the Water Operating Budget reflecting annual rate increases of 3% for the 2017-2019 period BE READOPTED with no change; it being noted that the Civic Administration will be reporting back on any adjustments that may be required as a result of the Clean Water and Wastewater Fund application.
- b) That, in accordance with section 291(4)9c) of the Municipal Act, 2001, as amended, the Water Capital Budget for the 2017-2019 period BE READOPTED with no change; it being noted that the Civic Administration will be reporting back on any adjustments that may be required as a result of the Clean Water and Wastewater Fund application.
- c) That Capital Budget Amendment #1 for the 2020-2025 period (EW3624 Burbrook Main Upgrade Phase II), in the amount of \$2,250,000 (Page 18) BE APPROVED in principle (subject to annual review).
- d) That the Water Reserves and Reserve Fund Overviews BE APPROVED; it being noted that projections are subject to annual review and adjustment.

- e) That, in accordance with section 291(4)(c) of the Municipal Act, 2001, as amended, the Wastewater & Treatment Operating Budget reflecting annual rate increases of 3% for the 2017-2019 period BE READOPTED with no change; it being noted that the Civic Administration will be reporting back on any adjustments that may be required as a result of the Clean Water and Wastewater Fund application.
- f) That the following Wastewater & Treatment Capital Budget amendments for the 2017–2019 multi-year budget period, representing a \$0.2 million decrease in the Capital Budget, BE APPROVED; it being noted that there is no impact to wastewater rates from these amendments and the Civic Administration will be reporting back on any adjustments that may be required as a result of the Clean Water and Wastewater Fund application:

GROWTH:

- i) ES5427 – Pre-assumption Monitoring of SWM Facilities
(Amendment #2)
(\$200,000) (2017)
- ii) Timing changes to Wastewater Growth-Related Capital Projects
(Amendment #3)
 - A) ES2475 Dingman Creek Main Channel Remediation Works
(\$700,000) (2017)
\$700,000 (2018)
 - B) ES3021 – Land for SWM Facilities
(\$100,000) (2017)
\$100,000 (2018)
 - C) ES5428 – Infill & Intensification Nodes (Storm Sewer Servicing)
(\$689,000) (2017)
\$689,000 (2018)
- g) That, in accordance with section 291(4)(c) of the Municipal Act, 2001, as amended, the following actions be taken with respect to the Wastewater & Treatment Capital Budget:
 - i) the revised 2017 Capital Budget BE ADOPTED in the amount of \$69,004,000;
 - ii) the revised 2018 Capital Budget BE ADOPTED in the amount of \$78,137,000; and
 - iii) the revised 2019 Capital Budget BE ADOPTED in the amount of \$56,067,000.
- h) That the Wastewater & Treatment Capital Forecast for the 2020-2025 period BE APPROVED, in principle and with no change (subject to annual review).
- i) That the Wastewater & Treatment Reserves and Reserve Fund Overviews BE APPROVED; it being noted that projections are subject to annual review and adjustment.
- j) That the Civic Administration BE DIRECTED to update the 20-Year Operating and Capital Plan Forecast based on the cumulative impacts of the Clean Water and Wastewater Fund (Phases 1 and 2), Rapid Transit, Development Charge Update, regulatory changes, optimization programs and use of innovation; it being noted that these updated Plans will form the basis for the 2020-2023 multi-year budget and rate forecast.

Voting Record:

Motion to Approve parts a) to j).

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

V. DEFERRED MATTERS/ADDITIONAL BUSINESS

4. ADDED - STAFF REPORT - 2016-2019 Multi-Year Budget - 2017 Annual Budget Update - Financing Options to Mitigate Tax Rate Increases

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the options to mitigate tax levy pressures contained in the tabled 2017 Annual Budget Update BE RECEIVED for information.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

5. ADDED - STAFF REPORT - 2016-2019 Multi-Year Budget Amendment Form - Case #21

That free public transit ridership, for all children aged 12 and under (Case #21), BE APPROVED in the amount of \$150,000, with the source of financing to be a permanent budget transfer, in 2017, from Corporate Revenues and Expenses.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

6. ADDED - STAFF REPORT - 2017 Annual Budget Update - Public Input

That, on the recommendation of the Director, Financial Planning & Policy, the staff report dated November 24, 2016, regarding public input for the 2017 Multi-Year Budget, BE RECEIVED for information.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, P. Squire, P. Hubert, S. Turner, T. Park (9)

7. ADDED - COUNCIL MEMBER SUBMISSION - Absence from Meetings

That the communication dated November 20, 2016, from Councillor H.L. Usher, advising of his absence from the November 21, 24 and November 25 (if needed), 2016 meetings of the Strategic Priorities and Policy Committee BE RECEIVED.

Motion Passed

YEAS: M. Brown, M. van Holst, B. Armstrong, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, P. Hubert, S. Turner, T. Park (11)

VI. ADJOURNMENT

The meeting adjourned at 7:59 PM.