

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 11, 2017
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER & ACTING CITY MANAGER
SUBJECT:	2016 OPERATING BUDGET YEAR-END MONITORING REPORT – PROPERTY TAX, WATER, WASTEWATER & TREATMENT BUDGETS

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer & Acting City Manager, the following actions be taken with respect to the 2016 year-end monitoring:

1. The 2016 Operating Budget Year-End Monitoring Report for the Property Tax Supported Budget (refer to **Appendix A**), Water, and Wastewater and Treatment Budgets **BE RECEIVED** for information. An overview of the net corporate positions are outlined below:
 - a. Property Tax Supported Budget surplus is \$4.6 million as identified by Civic Administration, Boards and Commissions, noting that clause 2 is included in the \$4.6 million surplus. The year-end surplus is \$0.1 million more than projected in the 2016 Operating Budget Mid-Year Monitoring Report. The \$4.6 million operating surplus was contributed to the Operating Budget Contingency Reserve.
 - b. Water Rate Supported Budget surplus is \$2.1 million. The year-end surplus is \$1.8 million more than projected in the 2016 Operating Budget Mid-Year Monitoring Report. The \$2.1 million surplus was contributed to the Water Capital Reserve Fund.
 - c. Wastewater and Treatment Rate Supported Budget surplus is \$3.3 million. The year-end surplus is \$3.2 million more than projected in the 2016 Operating Budget Mid-Year Monitoring Report. The \$3.3 million surplus was contributed as follows: \$2.2 million to the Wastewater Rate Stabilization Reserve and \$1.1 million to the Sewage Works Reserve Fund.
2. The request to fund the 2016 London & Middlesex Housing Corporation operational deficit of \$50,565, which has been included in the above noted surplus of \$4.6 million, **BE APPROVED**, noting that historically surpluses have been returned to the City while deficits have been funded by the City (see **Appendix F** for Letter of Request).
3. Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration **BE AUTHORIZED** to allocate \$3.0 million of the \$4.6 million surplus from the Property Tax Supported Budget to the Lorne Avenue Public School Project for estimated demolition, hazardous materials abatement, and site restoration costs.
4. The one-time funding request of \$2.0 million by the Housing Development Corporation (HDC) for additional investment in affordable housing development received during the 2017 Annual Budget Update and referred by Council to the 2016 year-end monitoring report, **BE CONSIDERED**; noting that the remaining surplus after allocating \$3.0 million to the Lorne Avenue Public School Project is \$1.6 million.
5. Civic Administration **BE AUTHORIZED** to allocate the remaining balance, if any, of surplus from the Property Tax Supported Budget in accordance with the Council approved Surplus/Deficit Policy as follows:
 - a. 50% to reduce authorized but unissued debt;
 - b. 25% to the Community Investment Reserve Fund; and
 - c. 25% to the Capital Infrastructure Gap Reserve Fund.

6. Civic Administration's contribution of \$3,507,019 (\$3,099,699 – property tax supported; \$146,774 – water; and \$260,546 – wastewater) to the Efficiency, Effectiveness and Economy reserves in 2016 **BE RECEIVED** for information.

Note: The reported year-end surplus is subject to the financial statement audit and adjustments related to the accounting for Tangible Capital Assets (PSAB 3150).

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Lorne Avenue Public School Request for Proposals Update and Next Steps (February 21, 2017, Corporate Services Committee, Agenda Item 8)
<http://sire.london.ca/mtgviewer.aspx?meetid=1430&doctype=agenda&itemid=50440>
- 2016 Operating Budget Mid-Year Monitoring Report (September 20, 2016 meeting of Corporate Service Committee, Agenda Item 4)
<http://sire.london.ca/mtgviewer.aspx?meetid=1292&doctype=agenda&itemid=4621>
- Surplus/Deficit Policy (December 7, 2015 meeting of the Strategic Priorities and Policy Committee, Agenda Item 3)
<http://sire.london.ca/mtgviewer.aspx?meetid=1066&doctype=agenda&itemid=38262>

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.

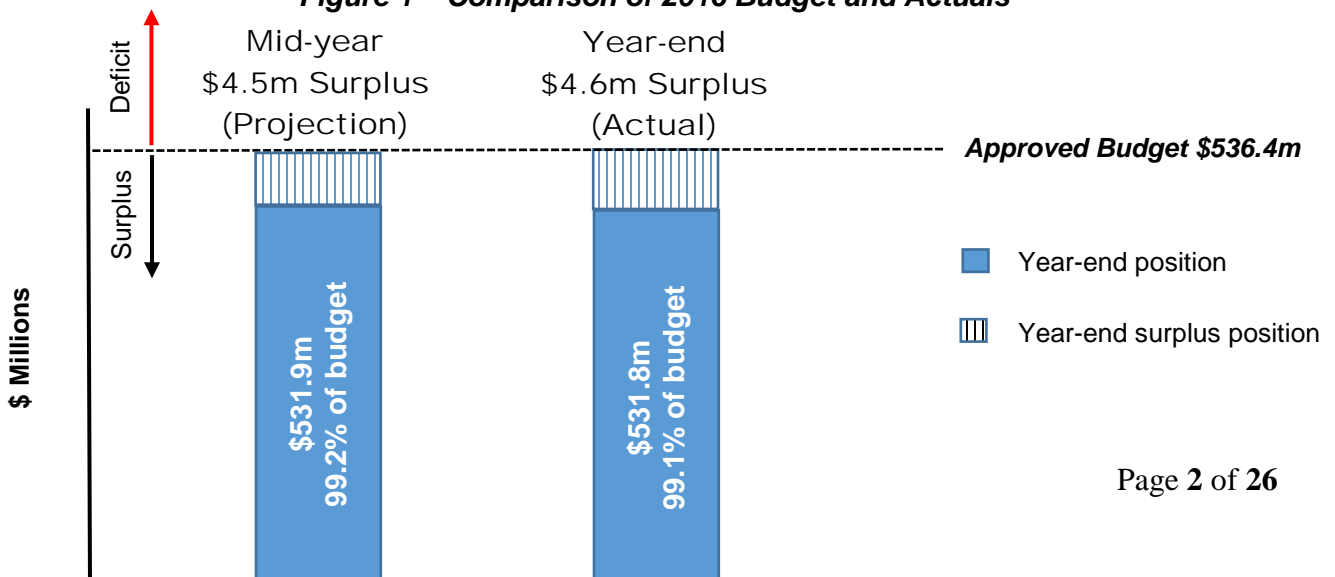
Based on this evaluation, Civic Administration will submit two monitoring reports to Council which will be known as the Operating Budget Mid-Year Monitoring Report and Operating Budget Year-End Monitoring Report. In addition to these two reporting cycles, once per year the multi-year budget is updated 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.

PROPERTY TAX SUPPORTED BUDGET

2016 PROPERTY TAX SUPPORTED OPERATING BUDGET MONITORING

The 2016 Property Tax Supported Net Budget was approved at \$536.4 million. The 2016 year-end surplus is \$4.6 million. Figure 1 below provides a graphical view of the surplus position at year-end and a comparison to the mid-year projection.

Figure 1 – Comparison of 2016 Budget and Actuals



Outlined in Table 1 are some of the key items that contributed to the year-end surplus of \$4.6 million as compared to the mid-year projections. A year-end surplus of \$4.6 million represents approximately 0.9% of the 2016 Property Tax Supported Net Budget. For a breakdown of the surplus/deficit by service program refer to **Appendix B**.

Table 1 – Key Factors Impacting the Year-End Position

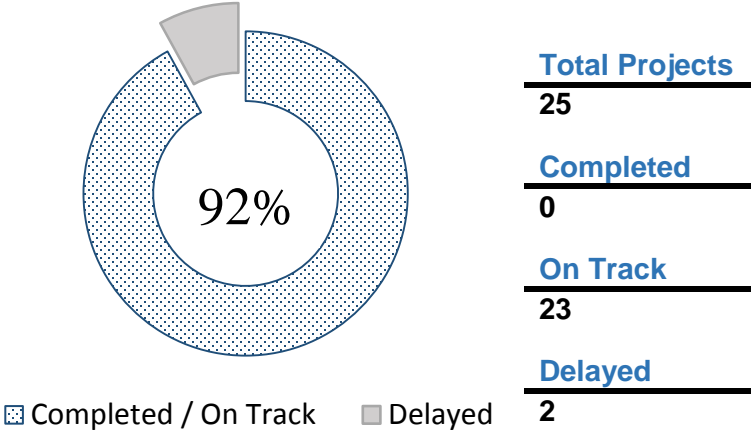
Contributing Factor	Year-End Surplus/ (Deficit)	Mid-Year Surplus/ (Deficit)
Personnel savings partially offset by higher energy costs due to higher than anticipated commodity prices and a higher volume of utility locates.	\$3.8m	\$2.2m
Fuel cost savings primarily due to continued low pricing for all fuel types and from biodiesel being unavailable (Jan-Mar).	\$1.1m	\$0.6m
A surplus in the London Transit Commission as a result of annualized assessment growth funding received in 2016 while only the in-year expenditure was 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	\$0.7m
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) partially offset by a contribution to the Self-Insurance Reserve Fund.	\$0.1m	\$1.1m
London & Middlesex Housing Corporation deficit is a result of an increased need for building repairs, utility and insurance rate increases and some additional costs associated with the relocation of the main office. These increased costs were mitigated by higher than anticipated rent revenues along with property tax refunds related to a successful property valuation appeal process.	\$(0.1)m	\$(0.1)m
Winter maintenance deficit mainly a result of higher than anticipated costs in operating supplies to replenish salt domes and liquids and external vehicle rental due to standby hours related to winter conditions.	\$(1.0)m	\$ - m
Total Year-End Position	\$4.6m	\$4.5m

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 \$47.8 million 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

% Completed Or On Track



Of the 25 strategic investments, all are on track to be completed on time except for 2 projects that have been delayed as follows;

1. The Thames Valley Corridor Plan, Business Case #4, has been delayed pending the results of an EA bump request (i.e. request for escalation of the environmental assessment).
2. The London Community Foundation's "Back to the River Project", Business Case #18, has been delayed because the One River Environmental Assessment must be completed before work can start on this project. The One River Environmental Assessment 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 November 2016 available at <https://www.london.ca/city-hall/Civic-Administration/City-Management/Pages/Strategic-Planning.aspx>.

Table 2 - Strategic Investments Financial Summary (\$000's)

Strategic Area of Focus	2016 - 2019 Total Investment	2016 Budget	Actuals as of Dec. 31, 2016	% Spent of 2016 Budget	% Spent of 2016 - 2019 Total Investment
Building A Sustainable City	14,340	4,410	1,792	41%	12.5%
Leading in Public Service	7,297	1,512	799	53%	10.9%
Strengthening Our Community	8,529	1,188	823	69%	9.6%
Growing Our Economy	17,604	720	592	82%	3.4%
Total	47,770	7,830	4,006	51%	8.4%

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). The table describes the issue and the measures taken to mitigate or address the issue. The likelihood of the issue impacting the Multi-year Budget, high, medium or low, is also presented. The definitions of the likelihood measures are as follows:

- 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% and 60%
- Low – the likelihood of the issue occurring over the 2017-2019 period is predicted to be less than 30%

Table 3 – Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2017-2019 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 new revenue for the City.</p> <p>What we are doing to mitigate/address 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 Costs – Increases are eclipsing the inflation rate plus the new Cap and Trade legislation is placing further pressure on utility budgets.</p> <p>What we are doing to mitigate/address the issue: Additional funding was approved as part of the 2017 Budget Update to help offset rising energy prices. Utility costs are being closely monitored by Civic Administration. 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.</p>	High
<p>3. Fire Services – The provincial government 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 certain types of cancer, it will be presumed to be work related unless the municipality can rebut the presumption. This could result in significant WSIB costs going forward. Budgeted financial resources are considered adequate to manage presently known obligations.</p> <p>What we are doing to mitigate/address the issue: Civic Administration and London Fire Department staff will continue to actively monitor trends related to WSIB claims and will make adjustments to future budget submissions if warranted.</p>	High
<p>4. Fire Services – The provincial government 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/address the issue: Civic Administration and London Fire Department staff will continue to actively monitor trends related to WSIB claims and will make adjustments to future budget submissions if warranted.</p>	High
<p>5. Building Approvals – Potential additional costs related to changed processes as a result of the Elliott Lake Algo Mall Parking garage collapse and the subsequent Elliot Lake Inquiry.</p> <p>What we are doing to mitigate/address the issue: Administration is continuing to monitor the situation; awaiting a formal recommendation from the province.</p>	Medium

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2017-2019 Budget
<p>6. Police Services – The province is introducing a new grant program effective April 1, 2018 to replace the Community Policing Partnerships, Safer Communities One Thousand Officer Program and the Anti-Violence Intervention Strategy Grants. Final criteria to qualify for the new program is under development and it is unknown whether current funding levels will be maintained under the new configuration.</p> <p>What we are doing to mitigate/address the issue: London Police Service continues to monitor the latest information regarding these new funding programs and will endeavor to maximize the funding received under these programs.</p>	Medium
MUNICIPAL COUNCIL DIRECTED	
<p>7. Social & Community Support Services – A new model for Subsidized Transit for low income Londoners will come into effect in 2018 (no change to 2017).</p> <p>What we are doing to mitigate/address the issue: A report will be submitted to SPCC in September 2017 outlining the details of the new program. Civic Administration was directed to bring forward a 2019 budget amendment for the permanent funding of this initiative.</p>	High
<p>8. Social & Community Support 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/address the issue: Staff are participating in Provincial meetings and work groups to understand potential new directions and impacts. Civic Administration will pursue enhanced subsidy from the Province for these initiatives where possible to help mitigate City budget impact.</p>	High
<p>9. Social & Community Support Services – It is anticipated that there will be increased costs associated with the implementation of the Immigration Strategy. Supports for Syrian newcomers (such as cultural awareness training currently planned for staff) and to assist with new issues and requests from Council such as the Sanctuary City initiative will increase the need for City funding in this area. It is expected that there could be additional influxes of refugees who may require the support of the City.</p> <p>What we are doing to mitigate/address the issue: Civic Administration is monitoring new developments in this area. Should additional financial resources be required beyond what is currently included in approved budgets, this will be reflected in future budget submissions.</p>	High
<p>10. Arts, Culture & Heritage Advisory & Funding – The London Music Initiative pilot began in November 2015 (2 year pilot project).</p> <p>What we are doing to mitigate/address the issue: Civic Administration will be bringing forward a report in May/June 2017 with the results of the Music Initiative pilot and seeking direction for the program to become permanent beyond 2017.</p>	Medium
COST DRIVER	
<p>11. Fire Services – The arbitration for the renewal Collective Agreement is scheduled to continue into 2017 and beginning of 2018. 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/address 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>12. Planning Services – The London Plan has now been approved by both Municipal Council and the Province. However, following this approval, 42 appeals have been lodged against the Plan; many of which are broad in scope. It is expected that these hearings will span over the next two years. As a result, more work is required than was anticipated to prepare for and provide expert testimony at these hearings.</p> <p>What we are doing to mitigate/address the issue: Civic Administration is exploring cost-effective options to deal with the hearings and the related preparation and provision of expert planning testimony at these hearings. Further</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2017-2019 Budget
<i>information with respect to managing the resources required to support the hearings will be forthcoming in a separate report.</i>	
<p>13. 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 2017 funding request of \$179k was approved on a permanent basis with the funding source being assessment growth. The potential additional cumulative budget request over the remaining years of the multi-year budget (2018-2019) may be up to \$553k.</p> <p>What we are doing to mitigate/address the issue: Any additional funding required for Year 2 & 3 of UTRCA's Environmental Targets Strategic Plan will be brought forward as an amendment during future budget updates.</p>	High
<p>14. Urban Forestry – Potential future threat to London's urban forest from the Asian long-horned beetle (ALB), an invasive species that could result in the death and/or removal of up to 40% of all trees in the City of London</p> <p>What we are doing to mitigate/address the issue: City staff are participating in training to be able to rapidly assess trees for signs of infestation. If ALB is discovered in the City, control and cost recovery will be managed through agreement with, and regulations enforced by, the Canadian Food Inspection Agency. Any additional funding required to combat ALB will be brought forward during future budget updates.</p>	Low

The emerging issues listed below appeared on the mid-year report and have since been resolved or mitigated.

Emerging Issue Included in Mid-Year Report	Resolution
1. Housing Development Corporation (HDC) - Increased affordable housing development opportunities anticipated as a result of the Social Infrastructure Funding program announced by the Ministry of Housing.	<i>Funding to invest in additional units of new affordable housing to be considered during 2016 year-end monitoring report, see recommendation 4</i>
2. London & Middlesex Housing Corporation - Additional needs for building repairs and maintenance.	<i>Funding approved as part of the 2017 Budget Update</i>
3. Transportation - Implementation Office for Rapid Transit	<i>Council approved a dedicated implementation office for Rapid Transit</i>
4. Tourism London - Grant of \$500k would be required for 2019 IIHF World Junior Ice Hockey Championship if London and Windsor were successfully awarded the event.	<i>Funding not required; event awarded to Vancouver/Victoria</i>
5. Corporate Services – Identified the need to establish a budget to accommodate holding/carrying costs for buildings purchased with the intent to sell/repurpose when appropriate.	<i>Funding approved as part of the 2017 Budget Update</i>
6. Garbage, Recycling & Composting - Recycling revenues had dropped and remained flat for first half of 2016.	<i>Recycling revenues rebounded significantly during the second half of 2016</i>

WATER AND WASTEWATER & TREATMENT RATE SUPPORTED BUDGETS

2016 WATER RATE SUPPORTED OPERATING BUDGET MONITORING

The 2016 year-end surplus for the Water rate supported budget is \$2.1 million (Table 4). To balance year-end operations, Civic Administration contributed the \$2.1 million surplus to the Water Capital Reserve Fund, as authorized by Council during the 2016 mid-year monitoring report.

Water consumption increased due to a dry summer and a busy growth year within the city. This resulted in higher than anticipated water consumption revenues and water service application revenues. Water consumption for 2016 was 1.8 million m³ higher than anticipated (budgeted consumption of 39.8 million m³ vs actual consumption of 41.6 million m³).

Operating expenditures ended the year in a deficit position. This is primarily due to higher than anticipated water consumption as noted above, which results in higher purchase of water costs from our regional water supply boards. Partially offsetting this cost pressure was savings in personnel costs.

Table 4 – Comparison of Budget and Year-End Position (\$000's)

Water Budget	2016 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	73,686	76,071	2,385
Expenditures	73,686	74,016	(330)
Net Balance Surplus/(Deficit)	-	2,055	2,055

2016 WASTEWATER & TREATMENT RATE SUPPORTED OPERATING BUDGET MONITORING

The 2016 year-end surplus for the Wastewater & Treatment budget is \$3.3 million (Table 5). To balance year-end operations, Civic Administration contributed \$2.2 million to the Wastewater Rate Stabilization Reserve and \$1.1 million to the Sewage Works Reserve Fund.

Civic Administration contributed surplus to the Wastewater Rate Stabilization Reserve, as authorized by Council during the 2016 mid-year monitoring report. A contribution of \$2.2 million achieves the Reserve's target balance of 2.5% of the 2016 Wastewater Revenue Budget, as per the Wastewater & Treatment financial principles approved by Council. The remaining surplus of \$1.1 million was contributed to the Sewage Works Reserve Fund, noting that in previous years the Sewage Works Reserve Fund has been drawn from to balance year-end operations in a deficit position.

Similar to the Water budget, Wastewater & Treatment was impacted by increased water consumption due to a dry summer and a busy growth year within the city. Wastewater usage charges are generally billed on the same basis as water consumption, which created higher than anticipated revenue in Wastewater. Also contributing to the revenue surplus was higher than anticipated fixed revenue charges, including the Wastewater Infrastructure Charge, Storm Drainage Charge and Miscellaneous Rates and Charges.

Operating expenditures ended the year in a surplus position. This is primarily due to equipment and supplies savings from less severe winter weather conditions and personnel savings. Partially offsetting these savings are pressures in energy costs and sewer maintenance work.

Table 5 - Comparison of Budget and Year-End Position (\$000's)

Wastewater & Treatment Budget	2016 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	89,721	92,724	3,003
Expenditures	89,721	89,400	321
Net Balance Surplus/(Deficit)	-	3,324	3,324

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). The table describes the issue and the measures taken to mitigate or address the issue. The likelihood of the issue impacting the Multi-year Budget, high, medium or low, is also presented. The definitions of the likelihood measures are as follows:

- 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% and 60%
- Low – the likelihood of the issue occurring over the 2017-2019 period is predicted to be less than 30%

Table 6 - Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2017-2019 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 will be detailed in a plan currently being developed called the Canada-Ontario Domestic Action Plan, which will be finalized by 2018. <i>What we are doing to mitigate/address 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.</i>	High
MUNICIPAL COUNCIL DIRECTED	
2. Operational costs increases (staffing, space, etc.) for the 40% increase to capital works under the Clean Water and Wastewater Fund (CWWF). Over 10 years the total capital program for Water & Wastewater is forecast to increase from approximately \$1B to \$1.4B to accommodate the CWWF. <i>What we are doing to mitigate/address the issue: A report outlining these needs and recommended actions will be coming forward at a future date. The actual number of new staff will be dependent on the final scope of the infrastructure program.</i>	High
COST DRIVER	
3. Results of the water and wastewater revenue forecasting model update (in progress) may determine that lower revenues should be expected. <i>What we are doing to mitigate/address the issue: A review of consumption forecasting is underway. Once all phases of the review are complete a budget amendment for future years may be required.</i>	Medium

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2017-2019 Budget
<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 (i.e. reduction in damage) of problems.</p> <p><i>What we are doing to mitigate/address 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.</i></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><i>What we are doing to mitigate/address 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.</i></p>	Low
<p>6. An above average number of surface restorations of watermain breaks which occur on arterial roads during the winter season, requiring importing of asphalt.</p> <p><i>What we are doing to mitigate/address 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.</i></p>	Low

OTHER YEAR-END MONITORING INFORMATION

LORNE AVENUE PUBLIC SCHOOL

The City acquired the Lorne Avenue Public School property located at 723 Lorne Avenue on October 15, 2014, and took possession of the property on October 28, 2016. Council directed Civic Administration to proceed with a demolition plan and to identify a source of funding for the plan. The estimated cost of demolition, hazardous materials abatement and site restoration is \$3 million. Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration is recommending that \$3 million be allocated from the reported \$4.6 million surplus from the Property Tax Supported Budget to fund these costs.

HOUSING DEVELOPMENT CORPORATION (HDC)

During the 2017 Annual Budget Update, the one-time funding request of \$2 million by the HDC for additional investment in affordable housing development was referred to the 2016 year-end monitoring report for consideration. The available surplus amount for consideration of the HDC request, after allocation to Lorne Ave Public School, is \$1.6 million.

Refer to **Appendix E** for the Budget Amendment Case submitted by HDC during the 2017 Annual Budget Update.

VACANCY MANAGEMENT

All positions that become vacant, with some exceptions, are subject to 90 days savings corporately. The savings from these positions are contributed to Efficiency, Effectiveness and Economy Reserves to be used as a one-time funding source for initiatives recommended by the Senior Leadership Team. Any savings due to vacancies longer than 90 days remain in the service area and are included in the year-end positions.

In 2016, the contribution to the Efficiency, Effectiveness and Economy reserves was \$3,507,019 (\$3,099,699 – Property Tax Supported; \$146,774 – Water; and \$260,546 – Wastewater). In 2015, the contribution was \$3,884,674 (\$3,053,067 — Property Tax Supported; \$444,826 — Water; and \$386,781 —Wastewater).

***2016 OPERATING BUDGET YEAR-END
MONITORING REPORT SUMMARY***

Civic Administration realized a \$4.6 million year-end surplus in the 2016 Property Tax Supported Budget. The major factors contributing to this position are personnel savings, fuel costs savings, and savings in the London Transit Commission budget. Partially offsetting these savings are higher energy costs, winter maintenance costs and a deficit in the London & Middlesex Housing Corporation budget.

The Water Rate Supported Budget surplus of \$2.1 million was contributed to the Water Capital Reserve Fund. The Wastewater & Treatment Rate Supported Budget surplus of \$3.3 million was contributed to the Wastewater Rate Stabilization Reserve (\$2.2 million) and to the Sewage Works Reserve Fund (\$1.1 million). Both budgets experienced increased water consumption revenue due to a dry summer and a busy growth year within the city.

PREPARED BY:	REVIEWED BY:
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CONCURRED BY:	RECOMMENDED BY:
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APPENDIX A – 2016 YEAR-END FINANCIAL SUMMARY

	\$ thousands		
	REVISED NET BUDGET ⁽²⁾	YEAR-END POSITIONS	YEAR-END SURPLUS/ (DEFICIT)
Culture:			
Centennial Hall	138	154	(16)
Arts, Culture & Heritage Advisory & Funding	2,171	2,162	9
Museum London	1,635	1,635	0
Eldon House	271	271	0
Heritage	185	190	(5)
Libraries	19,518	19,518	0
Total Culture	23,918	23,930	(12)
Economic Prosperity:			
Business Attraction & Retention	9,068	8,937	131
Community Improvement/BIA	227	231	(4)
London Convention Centre	589	589	0
Tourism London	1,961	1,961	0
Covent Garden Market	0	0	0
Total Economic Prosperity	11,845	11,718	127
Environmental Services:			
Kettle Creek Conservation Authority	436	436	0
Lower Thames Valley Conservation Authority	154	154	0
Upper Thames River Conservation Authority	2,926	2,926	0
Environmental Action Programs & Reporting	765	740	25
Garbage Recycling & Composting	16,412	15,659	753
Total Environmental Services	20,693	19,915	778
Parks, Recreation & Neighbourhood Services:			
Neighbourhood & Recreation Services	19,445	19,107	338
Parks & Urban Forestry	12,535	12,567	(32)
Total Parks, Recreation & Neighbourhood Services	31,980	31,674	306
Planning & Development Services:			
Building Approvals	(725)	(910)	185
Planning Services	3,422	3,255	167
Development Services	4,189	3,656	533
Total Planning & Development Services	6,886	6,001	885
Protective Services:			
Animal Services	1,708	1,805	(97)
By-Law Enforcement	1,239	1,083	156
Corporate Security & Emergency Management	2,228	1,962	266
Fire Services	56,047	56,004	43
Police Services	97,966	97,966	0
Total Protective Services	159,188	158,820	368
Social & Health Services:			
Housing Services	11,837	11,722	115
Housing Development Corporation	2,551	2,551	0
London & Middlesex Housing Corporation	8,992	9,043	(51)
Long Term Care	5,030	4,293	737
Land Ambulance	13,219	13,219	0
Middlesex London Health Unit ⁽³⁾	6,095	6,095	0
Social & Community Support Services	20,105	19,447	658
Total Social & Health Services	67,829	66,370	1,459
Transportation Services:			
Parking	(3,314)	(3,376)	62
Public Transit	28,962	28,290	672
Roadways	38,408	39,295	(887)
Total Transportation Services	64,056	64,209	(153)
Corporate, Operational & Council Services:			
Corporate Services	50,781	48,039	2,742
Corporate Planning & Administration	2,195	2,008	187
Council Services	3,410	3,024	386
Public Support Services	276	234	42
Total Corporate, Operational & Council Services	56,662	53,305	3,357
Financial Management:			
Corporate Financing	93,377	95,890	(2,513)
Total Financial Management	93,377	95,890	(2,513)
Total Property Tax Requirements	536,434	531,832	4,602

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) MLHU 2016 year-end position includes 2015 deficit adjustment of \$82k, resulting in a net nil position.

APPENDIX B – 2016 YEAR-END EXPLANATION BY SERVICE PROGRAM

SERVICE PROGRAM	\$ millions
CULTURE	0.0
<ul style="list-style-type: none"> • Centennial Hall deficit of \$16k a result of a revenue shortfall due to the loss of Orchestra London as tenant and performer partially offset by energy savings and other net operational savings due to a fewer number of performances/events. • Arts, Culture and Heritage Advisory & Funding surplus of \$9k a result of net operational savings after a contribution of \$137K to reserve funds for surplus in Public Art Program and Creative City Program consistent with policy. • Museum London balanced budget after a \$7k contribution to their Operating Fund as a result of operational savings. • Eldon House balanced budget after a \$12k drawdown from their Operating Fund. The deficit drawn from their Operating Fund relates to 2015 website costs incurred in 2016 and higher than anticipated operational costs. • Heritage deficit of \$5k a result of personnel costs. • London Public Library balanced budget after a drawdown of \$47k from their Stabilization Reserve Fund. The deficit drawn from their Stabilization Reserve Fund results primarily from the catastrophic power outage and replacement of power supply for Central Library and unanticipated legal expenses. These costs were partially offset by planned operational savings, personnel and utility costs savings. 	
ECONOMIC PROSPERITY	0.1
<ul style="list-style-type: none"> • Business Attraction and Retention surplus of \$131k a result of personnel and operational cost savings. • Community Improvement/Business Improvement Area deficit of \$4k a result of personnel costs. • London Convention Centre balanced budget after a \$76k draw from their Operating Reserves. The deficit drawn from their Operating Reserves relate to higher than anticipated personnel costs. • Tourism London balanced budget after a \$48k contribution to their trust fund, in accordance with Board direction. The savings contributed to their trust fund are the result of personnel and operational savings along with additional program revenues offset by marketing costs overruns for the 2016 Canada Music Awards along with the in-house production of Tourism’s Visitor Guide. • Covent Garden Market balanced budget after a \$160k contribution to reserve as a result of net operational savings. 	
ENVIRONMENTAL SERVICES	0.8
<ul style="list-style-type: none"> • Kettle Creek Conservation Authority balanced budget after a \$153k contribution to their reserves. Higher than anticipated campground revenue over the summer led to the increased contribution to their reserve. • Lower Thames Valley Conservation Authority balanced budget after a \$31k draw from their reserves. The deficit was largely a result of amortization costs of equipment and buildings. • Upper Thames River Conservation Authority balanced budget with no major factors to report. • Environmental Action Programs and Reporting surplus of \$25k a result of operational costs savings and Ministry of Energy grant funding partially offset by personnel cost overruns. • Garbage, Recycling & Composting surplus of \$753k a result of the following: <ul style="list-style-type: none"> ○ \$495K surplus a result of higher than anticipated net revenue from a large W12A commercial customer, sewage recovery, Enviro Depot, Material Recovery Facility customer processing fees, collection and container charges, partially offset by contributions to the Material Recovery Facility and the Sanitary Landfill Site Reserve Funds. 	

SERVICE PROGRAM	\$ millions
<ul style="list-style-type: none"> ○ \$258k surplus related to fuel rebate and other net operational savings partially offset by personnel cost overruns. 	
PARKS, RECREATION, & NEIGHBOURHOOD SERVICES	0.3
<ul style="list-style-type: none"> • Neighbourhood & Recreation Services surplus of \$338k a result of higher than anticipated revenue from program activity in Community Centres and Recreation Programs, Storybook Gardens, Aquatics and Special Events along with net operational savings. • Parks and Urban Forestry deficit of \$32k a result of additional contracted services and the use of external vehicle rentals due to additional resources needed to address enhanced urban forestry watering programs as part of the “Maintain Better” initiatives. This is partially offset by savings in personnel and other net operational savings. 	
PLANNING & DEVELOPMENT SERVICES	0.9
<ul style="list-style-type: none"> • Building Approvals surplus of \$185k a result of increase in building permit revenues, personnel savings and other net operational savings; noting a year-end contribution to building permit revenue stabilization reserve. • Planning Services surplus of \$167k a result of higher than expected user fee based revenue, personnel savings and other net operational savings. • Development Services surplus of \$533k a result of personnel savings, higher than anticipated user fee based revenues and other net operational savings. 	
PROTECTIVE SERVICES	0.4
<ul style="list-style-type: none"> • Animal Services deficit of \$97k a result of additional costs for private veterinarian medical services for the Cat Adoption Centre that was not operational in 2016, partially offset by other net operational savings. • By-Law Enforcement surplus of \$156k a result of increased volume in net user fee based revenues, personnel and net operational savings partially offset by cost overruns related to increased demolitions and clean-ups. • Corporate Security & Emergency Management surplus of \$266k a result of One Voice contract savings, personnel and other net operational savings. • Fire Services surplus of \$43k a result of increased out-of-town accident and recall inspection fee revenues, savings in materials and repair costs partially offset by equipment costs and other net operational costs. • The London Police Service (LPS) balanced budget after a \$54k contribution to their reserves. The savings contributed to the reserves are the result of personnel savings and recoveries from the North American Leaders Summit partially offset by cost overruns in equipment, legal matters, information technology maintenance and other net operational cost overruns. 	
SOCIAL & HEALTH SERVICES	1.5
<ul style="list-style-type: none"> • Housing Services surplus of \$115k a result of lower than expected rent supplements from a delay in filling all available units and net operational savings. This is partially offset by Housing Provider subsidies as a result of a retroactive payment to a housing provider as determined by the Ministry of Housing and a contribution to the Housing Consortium Initiative (HCI) capital project to fund implementation of the HCI system. • Housing Development Corporation balanced budget after a \$281k contribution to the Housing Development Corporation Reserve Fund which will be used to support housing initiatives and future work of the Housing Development Corporation. The savings contributed to the reserve fund are a result of one-time savings from the transition to a new corporate structure and delays in hiring staff. • London & Middlesex Housing Corporation deficit of \$51k is a result of additional costs associated with the relocation of the main office, ERP software implementation, building maintenance, utilities and insurance partially offset by higher than anticipated rent revenues, utility and property tax rebates and other net operational savings. 	

SERVICE PROGRAM	\$ millions
<p>SOCIAL & HEALTH SERVICES - continued</p> <ul style="list-style-type: none"> • Long Term Care surplus of \$737k a result of personnel savings, increased revenues primarily attributable to higher than budgeted government funding and resident room fees, as well as other net operational savings partially offset by equipment costs and client recreation overruns. • Land Ambulance balanced budget with no major factors to report. • Middlesex-London Health Unit surplus of \$82k a result of program and personnel savings partially offset by cost overruns related to Family Planning Physicians, Dental Treatment Clinic and other operational costs. A 2015 deficit adjustment of \$82k is included in 2016, resulting in a net nil position. • Social and Community Support Services surplus of \$658k a result of net personnel savings, savings related to Employment Programs, Ontario Works caseload costs, higher than anticipated Ontario Works administration subsidy and other net operational savings. This is partially offset by additional costs in connection with the transition to desk side service delivery at the core and east locations as well as the move of the Ontario Works offices into the community. It should be noted that higher than budgeted caseload is offsetting lower than budgeted average cost per case. 	
<p>TRANSPORTATION SERVICES</p>	(0.2)
<ul style="list-style-type: none"> • Parking Services surplus of \$62k a result of higher than anticipated bagging fees, meter fees and court fees, winter maintenance cost savings and personnel savings partially offset by delay in parking fine increase and other net operational costs. • London Transit Commission surplus of \$672k due to the approval of annualized assessment growth funding received in 2016 while only the actual in-year expenditure was required. • Roadway Services deficit of \$887k: <ul style="list-style-type: none"> ○ Deficit in Roadway Maintenance due to increased external vehicle rentals for improved maintenance, lower than anticipated sale of scrap and recovery partially offset by savings in purchased services and other net operational savings. ○ Surplus in Roadway Planning & Design due to savings in personnel, capital recoveries due to more in-house consulting work and other operational savings. ○ Deficit in Winter Maintenance a result of overruns in operating supplies related to replenishing salt dome and liquids, external vehicle rental due to standby hours related to winter conditions partially offset by personnel and other net operational savings. ○ Deficit in Street Lighting & Traffic Signal due to higher energy costs, additional traffic signal-loop damage and personnel costs along with reduced revenue from traffic accident recoveries partially offset by savings in maintenance costs, street light re-lamping and other operational savings. 	
<p>CORPORATE, OPERATIONAL, & COUNCIL SERVICES</p>	3.3
<ul style="list-style-type: none"> • Corporate Services surplus of \$2.7m a result of personnel savings, favourable fuel costs in Fleet and other net operational savings. • Corporate Planning and Administration Services surplus of \$187k a result of personnel savings partially offset by other net operational savings. • Council Services surplus of \$386k a result of personnel savings and other net operational savings. • Public Support Services surplus of \$42k a result of higher than anticipated user fee revenue and other net operational savings partially offset by postage and courier cost overruns due to increased usage. 	

FINANCIAL MANAGEMENT	(2.5)
<ul style="list-style-type: none"> • Corporate Financing deficit of \$2.5m a result of: <ul style="list-style-type: none"> ○ \$1.5 million deficit due to increased tax write-offs/allowances partially offset by higher than anticipated revenue received from Interest & Penalty on taxes and increased supplementary tax and GIL revenues ○ \$3.1 million deficit due to draw from the Operating Budget Contingency Reserve that was not required; ○ \$0.7 million surplus due to contingency and personnel savings partially offset by contribution to unfunded liability reserve; and ○ \$1.4 million surplus due to higher than anticipated revenues from property rental and GST recoveries as well as other operational savings. 	
TOTAL YEAR-END POSITION	\$ 4.6

*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 Dec. 31, 2016 (\$000's)	2016 Budget (\$000's)
Building A Sustainable City					
1	Library's Ten Year Capital Plan	Susanna Hubbard Krimmer	1,900	663	1,300
	<ul style="list-style-type: none"> Projects completed in 2016 include Beacock Library revitalization, Central Library power supply and backup generator replacement, major repair/upgrade to one Central Library elevator, East London roof replacement, and Lambeth and Larson Library rooftop HVAC replacement. Scheduled projects for 2017 include repairs to second Central Library elevator, boiler and HVAC replacements at Beacock Library, rooftop HVAC replacement at Byron Library and upgrades to Cherryhill and Landon libraries. <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	Kelly Scherr	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	223	2,000
	<ul style="list-style-type: none"> Capital funding for planting - 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. While Council approved accelerated funding for 2016 (\$1.8m), it was too late to tender for planting in the 2016 season. Operating funding for maintenance – 2016 allocation of \$200k for additional urban forest maintenance was fully spent. Program started in spring of 2016. Additional crews were hired for small tree 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	-	200
	<ul style="list-style-type: none"> The environmental assessment (EA) for this key Thames Valley Parkway pathway project was supported by Council on July 26, 2016 but is currently delayed pending the results of an EA bump up request (i.e. request for escalation of the environment assessment). The 2016 funding will be combined with existing funding to support detailed design in 2017 and construction of the pathway in 2017/2018. <p><i>Project Status: Delayed</i> <i>Project Start Date: Design in 2017 and construction in 2017/2018</i></p>				
5	Road Safety Strategy	Kelly Scherr	500	120	125
	<ul style="list-style-type: none"> Progress being made on Road Safety Strategy initiatives including the implementation of 22 pedestrian crossovers, completion of half of the required rail crossing safety assessments and creation of a traffic signal pedestrian awareness video. <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>				
6	Rapid Transit Implementation Strategy	Kelly Scherr/ Edward Soldo	-	-	-
	<ul style="list-style-type: none"> As of December 31, 2016, progress continues on Rapid Transit despite the finalization of the Rapid Transit Master Plan and the Business Case requiring additional consultation and technical review coupled with no formal commitment being received from other levels of government. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2014</i></p>				
7	State of Infrastructure Report	Martin Hayward	6,750	750	750
	<ul style="list-style-type: none"> Corporate Asset Management processes have identified areas of need. Life cycle renewal work created improvements for local streets, traffic signal and streetlighting conditions. Funds have been allocated to Facility projects in Parks and Recreation, Fire and Corporate Services through 2019. No actuals were incurred in 2016 for facility projects as technicians are actively working on the design specs. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				

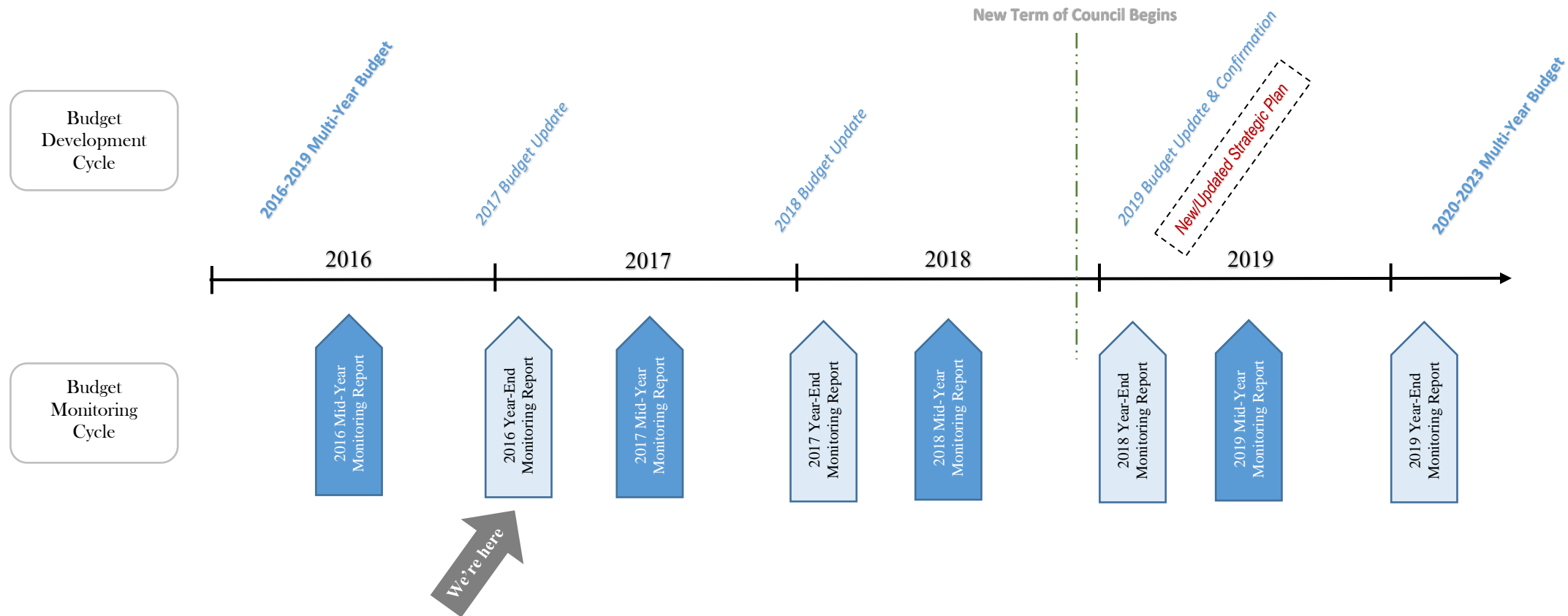
Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals as of Dec. 31, 2016 (\$000's)	2016 Budget (\$000's)
	Green Bin	Kelly Scherr	135	36	35
Council Added Initiative	<ul style="list-style-type: none"> A new staff position (18 month contract) 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 and assist with the Council directed development of the Resource Recovery Strategy. <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	Kelly Scherr	150	-	-
	<ul style="list-style-type: none"> On-board weighing technologies and radio frequency identification (RFID) tag tracking technology spending is scheduled to begin in 2018 and 2019. <i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i>				
9	Technology - Amanda	George Kotsifas	1,000	177	250
	<ul style="list-style-type: none"> Project manager hired in April. Platform upgrade completed. 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	-	25
	<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: 2017</i>				
11	Service London Implementation Plan	Lynne Livingstone	3,947	567	1,137
	<ul style="list-style-type: none"> Operating spending for 2016 was below budget due to project timing and reflects the pace of roll-out of capital projects. It is expected that operating expenses will ramp up in 2017 as capital projects are completed and operationalized. The 2016 capital investment was divided into 3 projects (Customer Relationship Management (CRM) Phase 2, Self Service Portal, and Business Hub Renovations). <ul style="list-style-type: none"> CRM Phase 2 was completed at the end of May 2016 and was under budget due to the use of surplus funds from Phase 1; CRM Phase 3 is currently underway with full capital expenses anticipated in 2017. The Self Service Portal is on track with a target completion date of March/April, 2017. The timing of renovations to the Business Hub has been adjusted to reflect the Assessment Growth request, which was approved, and will provide the resources to staff the Business Hub. Capital expenditures related to the Business Hub have been initiated in Q1 2017 and are anticipated to be completed in 2017. Despite the lower than anticipated spending in 2016, implementation of the multiple components of Service London generally remains on track for completion in accordance with originally anticipated timelines. <i>Project Status: On Track</i> <i>Project Start Date: March 2016</i>				
12	Computerized Maintenance Management System	Kelly Scherr/ Martin Hayward	2,100	55	100
	<ul style="list-style-type: none"> Further to previous reports, the CMMS project continues on track with the completion of all the workshops planned for the Discovery phase. The software provider is finalizing the investigative report and the first draft is expected shortly. Costs include the hiring of an ITS Manager to support this initiative. <i>Project Status: On Track</i> <i>Project Start Date: July 2016</i>				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals as of Dec. 31, 2016 (\$000's)	2016 Budget (\$000's)
Strengthening Our Community					
13	London Strengthening Neighbourhoods Strategy (LSNS) 2015-2020	Lynne Livingstone	780	15	30
	<ul style="list-style-type: none"> Funds for 2016 (\$30k) have been committed to neighbourhood projects, although the balance of the expenditures will not occur until the spring of 2017 due to the seasonality of the projects. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>				
14	Ontario Works Service Plan – Low Income Supports Enhancement	Sandra Datars Bere	2,080	445	520
	<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 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. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>				
15	Mental Health and Addictions Strategy	Sandra Datars Bere	200	-	100
	<ul style="list-style-type: none"> An update on this strategic investment was provided to Council on January 24, 2017. The work done to date on this initiative has been managed within existing resources. In light of concurrent activities and to avoid duplication of existing planning and development efforts within the community and provincially, none of the Council approved funding has yet been expended, pending development of a comprehensive plan moving forward. Civic Administration continues to target the completion of this strategy by December 2017. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>				
16	1. London Homeless Prevention and Housing Plan 2010-2024 2. London Homeless Prevention System Implementation Plan	Lynne Livingstone	3,800	177	200
	<ul style="list-style-type: none"> London Homeless Prevention and Housing Plan 2010-2024 <ul style="list-style-type: none"> The Housing Supplements program was implemented in 2016 and \$177k of the \$200k approved budget was spent. Initiative will continue as planned in 2017. London Homeless Prevention System Implementation Plan <ul style="list-style-type: none"> Funding for this initiative is not scheduled to start until 2017. CPSC received a report on January 24, 2017 which recommended (subsequently endorsed by Council) awarding Youth Opportunities Unlimited \$1.2m in one time capital funding and annual operating funding to build and operate London's Housing First Emergency Shelter for youth. <i>Project Status: On Track</i> <i>Project Start Date: April 2016</i>				
17	Winter Maintenance Strategy	Bill Coxhead	574	68	143
	<ul style="list-style-type: none"> This new program provides winter maintenance on approximately 50% of paths in parks and the Thames Valley Parkway, and has been successful to date. Due to the lack of severe winter weather in Q4 2016 less than half of the budget for 2016 was spent; it is anticipated the budget will be sufficient to meet the expected service levels during a normal winter. <i>Project Status: On Track</i> <i>Project Start Date: 2016</i>				
Council Added Initiative	Enhance By-law Enforcement	George Kotsifas/Orest Katolyk	1,095	118	195

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Year-to-Date Actuals as of Dec. 31, 2016 (\$000's)	2016 Budget (\$000's)
	<ul style="list-style-type: none"> Resources were in place in June 2016. To date, the volume of complaints created through enhanced services has been manageable. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>				
Growing Our Economy					
18	London Community Foundation's "Back to the River Project"	John Fleming	700	9	700
	<ul style="list-style-type: none"> The One River Environmental Assessment must be completed first before work starts on this project. It is expected that the Environmental Assessment will be completed by the end of 2018. <i>Project Status: Delayed</i> <i>Project Start Date: 2018/2019</i>				
20	London's Downtown Plan – Small Scale Projects	John Fleming	100	-	-
	<ul style="list-style-type: none"> The first small scale project under this initiative is not budgeted to begin until 2019. <i>Project Status: On Track</i> <i>Project Start Date: 2019</i>				
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. <i>Project Status: On Track</i> <i>Project Start Date: 2018</i>				
22	Dundas Place	Kelly Scherr/ John Fleming	15,614	583	-
	<ul style="list-style-type: none"> Environmental Assessment completed. Design can now begin. This initiative started in February 2015 and \$583k has been spent of the \$1.3m previously approved budget in 2015. <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	-	20
	<ul style="list-style-type: none"> Funding is used on as needed basis as applicants come forward. No funding has been required in 2016 however there are 3 applications in process for 2017 which would require up to \$30k. <i>Project Status: On Track</i> <i>Project Start Date: 2016</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.



2016 | MULTI-YEAR 2019 | BUDGET

AMENDMENT FORM – CASE #7



STRATEGIC AREA OF FOCUS: GROWING OUR ECONOMY
INITIATIVE: ADDITIONAL INVESTMENT IN AFFORDABLE HOUSING DEVELOPMENT
SERVICE(S): HOUSING DEVELOPMENT CORPORATION (HDC)
SERVICE LEAD(S): STEPHEN GIUSTIZIA, CHIEF EXECUTIVE OFFICER, HDC
REQUESTOR: HDC BOARD

Budget Amendment Tax Levy Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure Inc/(Dec)	\$0	\$2,000	\$0	\$0	\$2,000
Revenue (Inc)/Dec ¹	\$0	(\$2,000)	\$0	\$0	(\$2,000)
Net Requested Tax Levy (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Tax Levy	\$0	\$0	\$0	\$0	\$0
Annual Tax Levy Impact % ²	0.0%	0.0%	0.0%	0.0%	

Note 1: The proposed Source of Financing for this amendment is 2016 surplus.

Note 2: The tax levy impact is calculated using the approved 2016-2019 budget.

AMENDMENT 1: ADDITIONAL INVESTMENT IN AFFORDABLE HOUSING DEVELOPMENT

Operating Budget Table (\$000's)

Land Acquisition & New Affordable Rental Housing	2016	2017		2018		2019		2020-2026	
	Net	Expense	Net	Expense	Net	Expense	Net	Expense	Net
Approved Budget ¹	2,550	2,480	2,480	2,276	2,276	2,282	2,282	16,962	16,962
Cumulative Amendment	2,550	2,000	0 ²	0	0	0	0	0	0
Revised Budget	2,550	4,480	2,480	2,276	2,276	2,282	2,282	16,962	16,962

Note 1: HDC's approved budget includes the annual contribution to the HDC Reserve Fund of \$2 million, it being noted that the actual contribution is contained within the Corporate Finance 2016-2019 budget.

Note 2: The proposed Source of Financing for this amendment is 2016 surplus.

Tax Levy Per Cent Impact Table

Tax Levy Impact (Incremental Changes)	2016	2017	2018	2019	2016-2019 Average
Operating Impact	0.0%	0.0%	0.0%	0.0%	0
Capital Impact	0.0%	0.0%	0.0%	0.0%	0.0%

Staffing Table

Staffing Summary (Cumulative Changes)	2017	2018	2019
# of Full-Time Employees Impacted	0	0	0
# of Full-Time Equivalents Impacted	0.0	0.0	0.0
Full-Time Equivalents Cost Inc./(Dec.) - \$000's	0	0	0

Key Performance Indicator(s) Table

Metrics (Cumulative Changes)	2016	2017	2018	2019
Land acquisition and servicing to leverage in developments		Target 3 strategic properties in 2017/18		
Direct contributions toward new affordable rental housing		50 additional affordable units		

What is the reason(s) for the budget amendment(s)?

Background: The local housing market is in great need of below market rental units driven by an ever-growing population. New affordable developments help respond to this need, noting that demand far exceeds planned developments and available affordable units. New affordable rental housing is part of a comprehensive system of homeless prevention and housing strategies supported by Council and the community to reduce poverty, provide housing stability, and support economic development.

New Information: On June 22, 2016, the provincial government announced the Social Infrastructure Fund 2016 (SIF 2016) which includes new one-time funding for the development of new affordable housing in 2016 and 2017 only (approximately \$5 million in 2016 and \$4 million in 2017 of combined federal and provincial investments).

These new federal and provincial investments in 2016 resulted in additional HDC expenditures diminishing available reserves. Municipal funds, committed as repayable loans, will not be available to invest in 2017 projects. In addition, further HDC commitments may still be needed in 2016 (as at October 1, 2016) to leverage new Innovation Funding through CMHC announced on September 29, 2016.

Without this funding, HDC will be limited in leveraging local funds to structure agreements that achieve longer affordability periods and additional units of rental housing within existing and new federal and provincial affordable housing programs and funds. HDC’s negotiation strategies in new developments rely on municipal allocations to increase private sector contributions (equity and mortgages) and maximize the impact of other government contributions. This would not otherwise be possible without municipal investment.

With this funding, HDC, in partnership with the City, will invest in additional units of new affordable housing. Uncommitted funding can also support land acquisition for affordable housing, advance future affordable housing opportunities, and fund new municipal programs to be considered by the new HDC Board.

Return on Investment: Municipal investments have a direct return in community improvements, housing stabilization, job creation, apprenticeship training, direct return on repayable loans, and the creation of new long-term infrastructure. Municipal funds, combined with federal and provincial funding, provide deeper levels of tenant affordability, greater mix of incomes and tenancies, longer affordability periods, and more affordable units.

HDC will continue to support municipal investments in affordable housing as repayable loans (revolving funding) where possible or as other long term funding and investment tools. Revolving loans provide private developers the option to either extend the duration of affordable housing or repay municipal funds at the conclusion of the municipal agreements.

APPENDIX F – London & Middlesex Housing Corporation Funding Request



February 24, 2017
Martin Hayward
Managing Director, Corporate Services and City Treasurer,
Chief Financial Officer & Acting City Manager
City of London, City Manager's Office
300 Dufferin Avenue
PO Box 5035
London, ON, N6A 4L9

Re: London & Middlesex Housing Corporation Funding Request

Dear Mr. Hayward,

As reported to the London & Middlesex Housing Corporation (LMHC) Board of Directors at the monthly Board meeting held on February 23, 2017, it is confirmed that London & Middlesex Housing Corporation has an unaudited 2016 operating deficit of \$50,565.

London & Middlesex Housing Corporation is requesting \$50,565 to balance the Corporation's 2016 budget.

Fiscal 2016 saw an increased need for building repairs, utility and insurance rate increases and some additional costs associated with the relocation of our main office. These increased costs were mitigated by higher than anticipated rent revenues along with property tax refunds related to a successful property valuation appeal process initiated by LMHC in 2014.

I would like to thank you for your consideration in this matter,

Sincerely,



Josh Browne
Chief Executive Officer
London & Middlesex Housing Corporation



Michael Buzzelli
Chair, Board of Directors
London & Middlesex Housing Corporation