

# 16 MULTI-YEAR BUDGET FOR THE CITY OF LONDON

## 19 2018 ANNUAL UPDATE

INVESTING IN OUR FUTURE

Strategic Priorities & Policy Committee  
October 30, 2017



## Distribution of Budget Packages



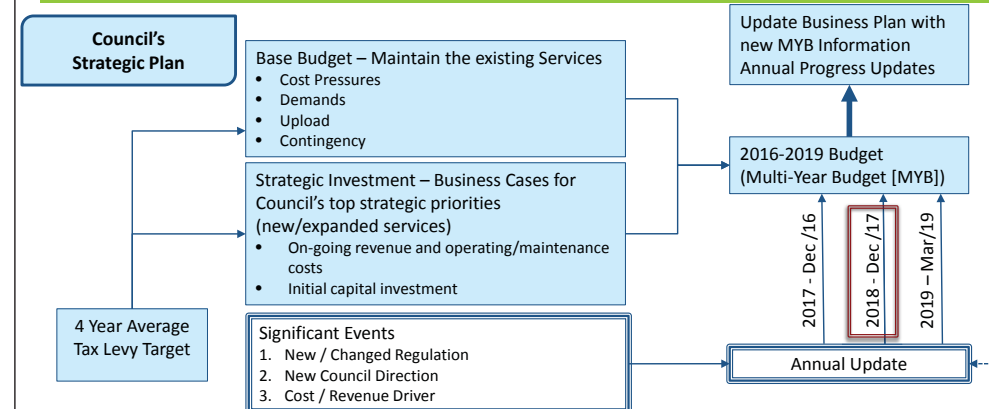
1. **Property Tax Supported Budget**
  - a) 2018 Annual Budget Update Document
  - b) 2018 Budget Amendment Cases
2. **Water and Wastewater & Treatment Rate Supported 2018 Annual Budget Update Document**  
(Includes 2018 Budget Amendment Cases)

## Agenda



- Multi-Year Budget Process Refresher
- 2016-2019 Multi-Year Budget Recap
- 2018 Budget Amendment Requests
  - Operating
  - Capital
  - Other Budget Related Items
- 2018 Water and Wastewater & Treatment Annual Budget Update
- Budget Timetable
- How We Will Inform The Public

## 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.

# 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 or Revenue Driver

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

# 2018 Budget Amendment Requests



There are a total of **19** budget amendment cases

## Operating Amendments

- There are 8 operating budget amendments
  - 1 does not have an impact on the tax levy
  - 2 result in budget reductions
  - 5 result in budget increases

## Capital Amendments

- All of the capital budget amendments can be accommodated within the capital plan
  - No impact to the tax levy

# 2016-2019 Multi-Year Budget Recap

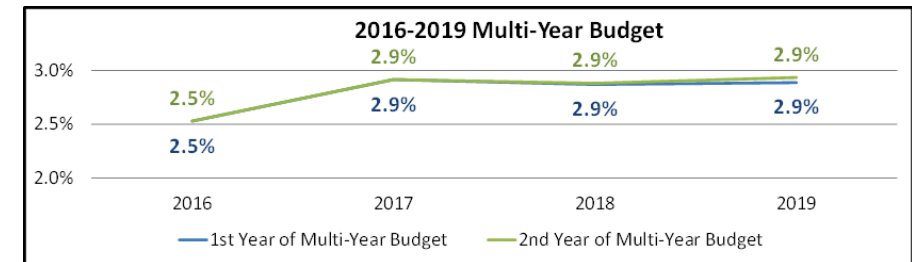


## Year 1 Highlights (2016)

- The City's first ever multi-year budget approved (2016-2019 period)
- Average annual increase from rates of 2.8% for the 2016-2019 multi-year budget period
  - 2.4% to maintain existing service levels
  - 0.4% to fund strategic investments (25 strategic investments with gross expenditure of \$47.8 million)

## Year 2 Highlights (2017)

- 20 budget amendments were approved resulting in marginal tax levy increase
- Average annual increase from rates for 2016-2019 maintained at 2.8%



# 2018 Operating Budget Amendment Requests



Budget Amendment	Net Cumulative (\$000's)		Page
	2018	2019	
<b>New Council Direction</b>			
1. London Music Industry Development Office	-	-	15
2. Councillors' Annual Compensation	-	245	15
<b>Cost/Revenue Driver</b>			
3. UTRCA 10 Year Environmental Targets Strategic Plan	191	400	16
4. Dundas Place - Ongoing Place Management	-	375	17
<b>Phased-In Strategy</b>			
5. Elimination of the Annual Payment to the Stillier Centre	(224)	(228)	17
6. Increased Ontario Works Administration Subsidy	(600)	(600)	18
<b>Tax Levy Reduction</b>			
<b>New Regulation</b>			
7. Proposed Minimum Wage Increases	1,453	2,024	18
<b>"In-Camera"</b>			
8. Confidential Matter - "In-Camera"	1,455	2,485	19

# 2018 Budget Amendment Requests

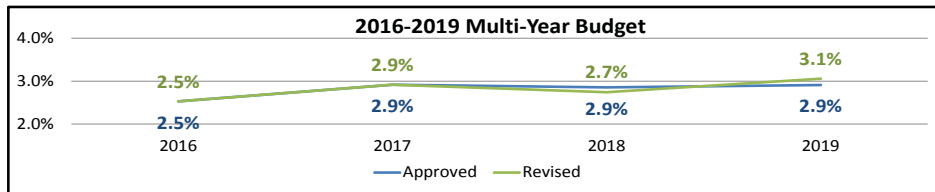


If all recommended budget amendments are approved, excluding minimum wage and an "in-camera" corporate budget matter, the 2016-2019 average annual tax levy increase would **remain at 2.8%**

2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact <sup>1</sup>
	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	556,980	572,887	589,551		
Budget Amendments (Total Net Request)			(632)	191		
<b>Revised Net Budget (Tax Levy)</b>	<b>536,434</b>	<b>556,980</b>	<b>572,255</b>	<b>589,743</b>		
Incremental Net Increase / (Decrease)		-	(632)	823		
<b>Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>76</b>

Subject to rounding

1) Average rate payer owning a home with an assessed value of \$221,000 in 2015 (excludes Education tax portion).



# 2018 Budget Amendment Requests

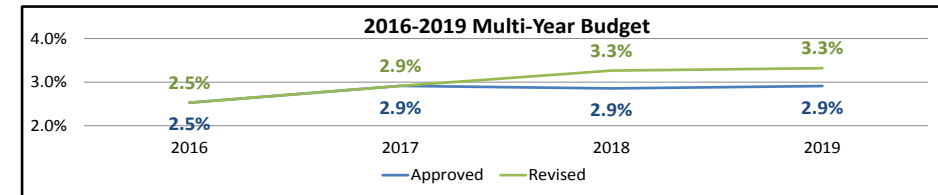


If all recommended budget amendments are approved the 2016-2019 average annual tax levy would **increase from 2.8% to 3.0%**

2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact <sup>1</sup>
	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	556,980	572,887	589,551		
Budget Amendments (Total Net Request)			2,275	4,700		
<b>Revised Net Budget (Tax Levy)</b>	<b>536,434</b>	<b>556,980</b>	<b>575,162</b>	<b>594,252</b>		
Incremental Net Increase / (Decrease)		-	2,275	2,425		
<b>Revised % Increase From Rates</b>	<b>2.5%</b>	<b>2.9%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>82</b>

Subject to rounding

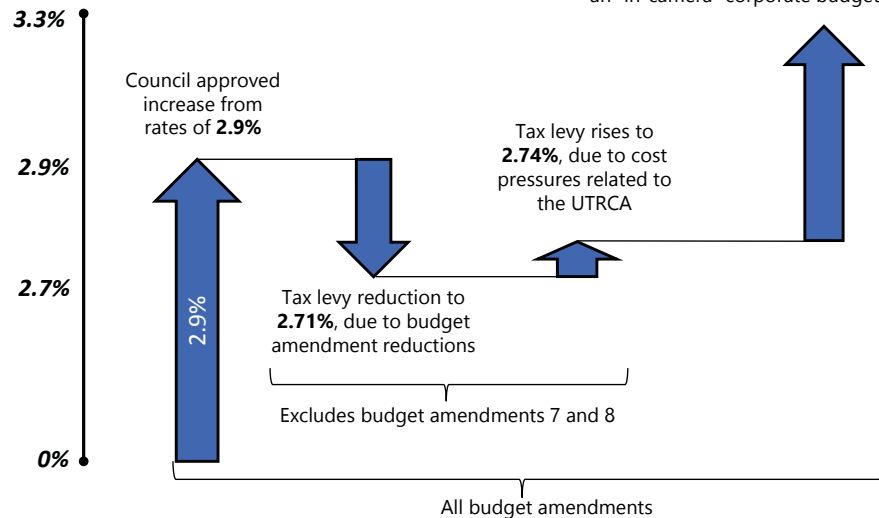
1) Average rate payer owning a home with an assessed value of \$221,000 in 2015 (excludes Education tax portion).



# 2018 Increases From Rates



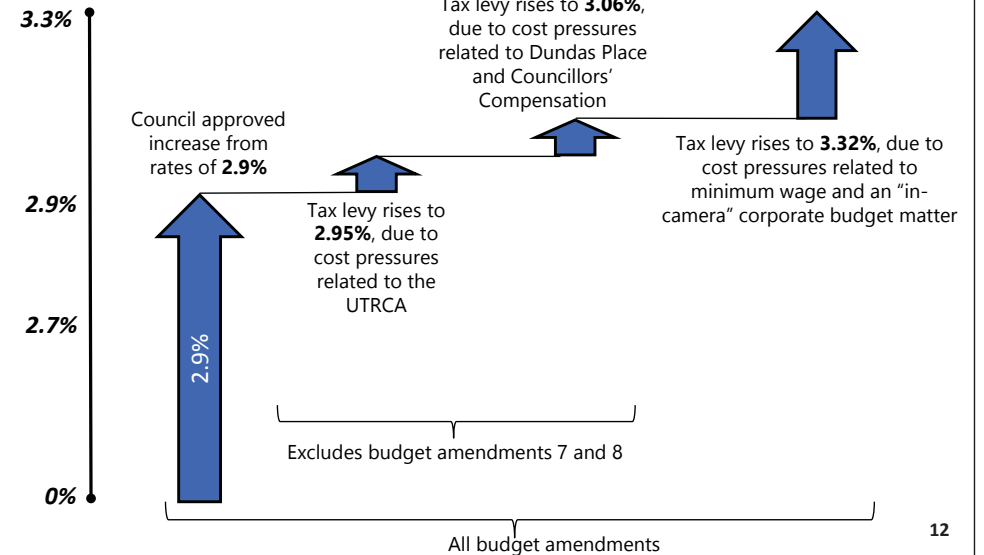
Tax levy rises to **3.26%**, due to cost pressures related to minimum wage and an "in-camera" corporate budget matter



# 2019 Increases From Rates



Tax levy rises to **3.06%**, due to cost pressures related to Dundas Place and Councillors' Compensation



## What's Included In the Multi-Year Budget?



- The recommended 2016-2019 average annual increase has accommodated the following:
  - The delivery of over 90 unique value added services to the community
  - Strategic investments totaling \$47.8 million
    - An overview of the strategic investments as well as a status update was provided in the operating budget mid-year monitoring report on September 26, 2017
  - Significant budget challenges, most of which are beyond the control of Civic Administration

13

## Other Budget Related Matters



The following items are not included in the budget submission, primarily due to timing, but will be brought forward for consideration:

- **Reduced Rate Transit Pass for Youth (ages 13-17)**  
*On October 17, Municipal Council directed administration to bring forward a budget amendment in the **2018** Annual Budget Update outlining the options, and the associated financial implications, for a reduced rate transit pass for youth.*
- **Income-Related Subsidized Transit for Adults 18 and Over**  
*On October 17, Municipal Council approved the income-related subsidized public transit program for adults 18 and over. For 2018, this program will be funded from any potential 2018 Property Tax Supported Operating Budget Surplus and then, if required, with a drawdown from contingency reserves. A **2019** Budget Amendment will be prepared to provide for permanent funding of the program.*

14

## Other Budget Related Matters



- **London Children's Museum**  
*On September 18, Municipal Council directed administration to work with the London Children's Museum to prepare a 2018 Budget Amendment related to the Children's Museum's request for capital funding for the costs associated with relocating to another facility.*  
  
*Through further discussions with Children's Museum representatives, it was decided that this request would be deferred to the **2019** Annual Budget Update process. A further report on the rationale for this decision will be provided to SPPC on November 27, 2017.*

15

## What Has Been Done to Mitigate Budget Pressures?



- Strategic use of a City reserve fund to provide funding for temporary expenditure pressures
  - Case 1 – London Music Industry Development Office
  - Case 4 – Dundas Place (Ongoing Place Management)
- Civic Administration has submitted two budget amendments resulting in tax levy reductions
  - Case 5 – Elimination of Annual Payment to the Stiller Centre
  - Case 6 – Increased Ontario Works Administration Subsidy

16

# What Has Been Done to Mitigate Budget Pressures?



- User Fees
  - Modest increases to the minimum wage were anticipated and factored into the user fee rates for 2017 to 2019, however, proposed minimum wage increases are far greater than anticipated.
    - Case 7 – Proposed Minimum Wage Increases



*Further increases to user fees may result in reduced participation and have an adverse impact on total user fee revenue.*

# Other Options to Mitigate the Tax Levy

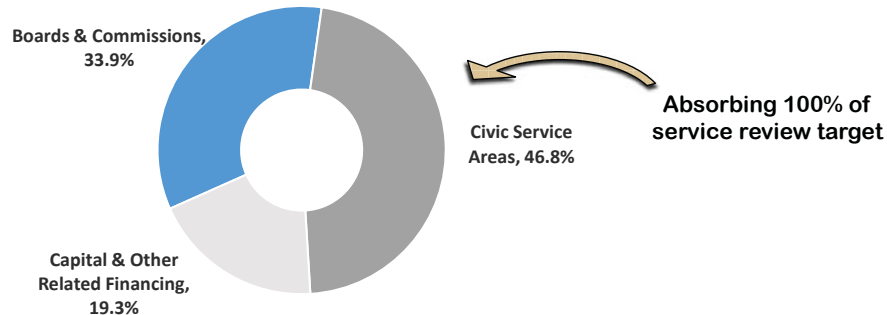


- Remaining net budget pressures from the recommended budget amendments have been funded from a tax levy increase.
- To further mitigate the tax levy, other options to consider include:
  - Service level reductions; and/or
  - Deferral of previously approved strategic investments

# Service Reviews



- 2016-2019 budget **has been reduced by \$4 million**
  - 2016 target of \$0.5m: Achieved ✓
  - 2017 target of \$1.0m: Achieved ✓
  - 2018 target of \$1.5m: Pending
  - 2019 target of \$1.0m: Pending
- Civic Administration has been directed to fill the “gap” through service review initiatives, noting that Civic Service Areas represents less than 50% of the net operating budget



# 2018 Capital Budget



	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	213,725	268,521	167,495	173,100	822,841	1,314,346	2,137,187
Total Revised Budget (submitted October 30, 2017)	213,725	268,521	159,336	192,232	833,814	1,373,619	2,207,433
<b>Total Capital Expense Increase/(Decrease)</b>	-	-	<b>(8,159)</b>	<b>19,132</b>	<b>10,973</b>	<b>59,273</b>	<b>70,246</b>
<b>Sources of Financing</b>							
Capital Levy (CL)	-	-	-	-	-	-	-
Debtenture (D)	-	-	(3,800)	8,387	4,587	27,237	31,824
Reserve Fund (RF)	-	-	852	855	1,707	6,234	7,941
Other (O)	-	-	-	-	-	-	-
Non-tax Supported (NTS)	-	-	(5,211)	9,890	4,679	25,802	30,481
<b>Total Revenue Increase/(Decrease)</b>	-	-	<b>(8,159)</b>	<b>19,132</b>	<b>10,973</b>	<b>59,273</b>	<b>70,246</b>
<b>Net Tax Levy Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

All of the capital budget amendments can be accommodated within the capital plan

**No Tax Levy Impact**

## 2018 Capital Budget Amendment Requests



Budget Amendment	2018	2019	Total	2020-2025 Forecast	2016-2025 Capital Plan	Page
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### Lifecycle Renewal

#9 Invasive Species Management Strategy	350	350	700	-	700	22
#10 London Police Service – Capital Plan Changes	77	80	157	574	731	22
#11 Exterior Light Redesign Replacement LMHC Sites	500	500	1,000	-	1,000	22

### Growth

#12 Realignment of Growth Parks Projects	(1,617)	807	(810)	810	-	24
#13 Deferral of New Fire Station 15	-	(200)	(200)	611	411	24
#14 Adelaide Street – CPR Grade Separation ★	7,100	12,800	19,900	40,000	59,900	25
#15 Western Road Widening – Platts Lane to Oxford Street	3,500	-	3,500	-	3,500	25
#16 Realignment of Growth Transportation Projects	(11,623)	4,215	(7,408)	7,408	-	25

21

## 2018 Capital Budget Amendment Requests



Budget Amendment	2018	2019	Total	2020-2025 Forecast	2016-2025 Capital Plan	Page
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### Service Improvement

#4 Dundas Place Field House	-	280	280	-	280	27
#17 Farquharson, Glen Cairn and Silverwoods Arenas Decommissioning	54	-	54	126	180	27
#18 Relocation of Existing Resources to New Fire Station 16	(500)	300	(200)	597	397	28
#19 Western Road and Philip Aziz Ave. Improvements Deferred	(6,000)	-	(6,000)	6,000	-	28

22

## 2018 Water Annual Budget Update



- **3%** rate increase for 2018 & 2019 **BE READOPTED**
  - Average ratepayer impact = \$11/year
- **No** operating budget amendments being recommended to the 2018-2019 Water budget.
- **5** capital budget amendments being recommended to defer project costs to align with transportation projects and the 2019 Development Charges Background Study.

23

## 2018 Wastewater & Treatment Annual Budget Update



- **3%** rate increase for 2018 & 2019 **BE READOPTED**
  - Average ratepayer impact = \$14/year
- **No** operating budget amendments being recommended to the 2018-2019 Wastewater & Treatment budget.
- **2** capital budget amendments being recommended to defer project costs to align with the completion of the Dingman Creek Environmental Assessment.

24

# Budget Timetable



What / Where	Date
<b>Tabling of the 2018 Annual Budget Update</b> <i>SPPC at 4pm (immediately preceding the Council meeting)</i>	October 30
<b>Budget Sessions</b> <i>Byron Library, Byron Meeting Room</i> <i>November 7, 6:00pm-8:00pm</i> <i>East London Library, East London Rotary Room</i> <i>November 9, 6:00pm-8:00pm</i>	November 7 & November 9
<b>Public Participation Meeting</b> <i>SPPC at 4pm</i>	November 22
<b>2018 Annual Budget Update Review</b> <i>SPPC at 1pm</i>	November 27
<b>2018 Annual Budget Update Review</b> <i>SPPC at 4pm *If Needed*</i>	November 30
<b>Final Approval of the 2018 Annual Budget Update</b> <i>Council at 4pm</i>	December 12

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

# How We Will Inform The Public



What	Date
<b>Budget Web Page (london.ca/budget)</b> – Provides Londoners an opportunity to view the 2018 Annual Budget Update, Amendment Cases, Budget Presentations and other budget information.	October 30
<b>Budget Sessions</b> – 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 7 & 9 (Evening)
<b>Public Participation Meeting</b> – Members of the public are invited to provide input into the 2018 Annual Budget Update at a scheduled meeting of the Strategic Priorities and Policy Committee.	November 22
<b>Time With Finance Staff</b> – Provides an opportunity for community groups to request a budget presentation and question and answer period with Finance staff.	As Requested
<b>Social Media, Email and Phone Calls</b> – Finance staff will be responding to questions or concerns from the public via social media, email or phone calls.	Throughout Budget Process



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