

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON NOVEMBER 27, 2017
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	STRATEGIC INVESTMENT UPDATE AND OTHER OPTIONS TO REDUCE BUDGET PRESSURES

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken:

- a) The status of the Municipal Council approved strategic investments **BE RECEIVED** for information, it being noted that Civic Administration is not recommending the deferral of any strategic investment.
- b) Notwithstanding the Assessment Growth Policy, \$1,538,429 which represents the estimated assessment growth revenue in excess of costs to service growth **BE ALLOCATED** to reduce the tax levy in 2018, it being noted that the tax levy from rates in 2018 would be reduced from 3.3% to 3.0% and the 2016-2019 average annual tax levy from rates would be reduced from 3.0% to 2.9%.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Corporate Services Committee, November 21, 2017, Agenda Item 4, Vacant Unit Rebate and Vacant/Excess Land Subclass Tax Reduction

Corporate Services Committee, September 26, 2017, Agenda Item 3, 2017 Operating Budget Mid-Year Monitoring Report – Property Tax, Water, Wastewater & Treatment Budgets

BACKGROUND

On October 30, 2017, Civic Administration tabled the 2018 Annual Budget Update. Included in the tabled budget were 19 budget amendments that were recommended by Civic Administration. Should Municipal Council approve all of the recommended budget amendments, excluding the budget amendments related to proposed Provincial legislation related to minimum wage and an “in-camera” corporate budget matter (budget amendments 7 and 8) the average annual 2016-2019 tax levy increase from rates would be maintained at 2.8% with the increase in 2018 dropping from 2.9% to 2.7% and rising in 2019 from 2.9% to 3.1%.

If all of the recommended budget amendments are approved by Municipal Council, the average annual 2016-2019 tax levy from rates would increase from 2.8% to 3.0% with the annual increases rising from 2.9% to 3.3% in 2018 and 2019. These budgetary challenges are primarily due to the proposed Provincial legislation related to minimum wage and an “in-camera” corporate budget matter, both of which are beyond the control of Civic Administration and were not known when the multi-year budget was initially approved.

In light of these budget pressures, it is also important to note that included in the 2016-2019 multi-year budget is a service review target of \$4 million. Civic Administration has been successful in achieving the targets in 2016 and 2017, however targets of \$1.5 million and \$1.0 million in 2018 and 2019 respectively must still be achieved. To achieve these targets it will be necessary to employ extensive and thorough review techniques of programs and services. As a result of the budget pressures contained in the tabled 2018 Annual Budget Update, on

October 30, 2017, Municipal Council resolved the following:

the City Manager BE REQUESTED to report back with potential adjustments to the City of London's Strategic Initiatives, as well as any other potential adjustments, that might offset the 2018 Budget.

The purpose of this report is to provide Municipal Council with a status update on the 25 approved strategic investments and associated impacts of potential deferrals, as well as other options to reduce budget pressures.

KEY FINANCIAL MANAGEMENT PRACTICES

As Council considers potential options to reduce the impact of the proposed budget amendments, it is important to ensure that fundamental financial management practices are followed to continue to position the municipality for financial success and to avoid future financial issues that could result in large spikes in the tax levy in the future. Understanding the nature and duration of an expenditure requirement is important so that the appropriate funding source is applied.

Permanent expenditures are costs that support the on-going operational needs of the municipality. **Permanent expenditures should be funded with a permanent funding source.** Options that should be considered to fund permanent expenditures include:

- Increasing Property Taxes – Property taxes can be increased either by increasing rates or by assessment growth. An increase to the property tax from rates has a direct impact on the amount of tax levy collected from existing taxpayers, while additional property tax raised from assessment growth is attributable to a growing and expanding City.
- Increasing User Fees – While user fees are intended to cover all or a part of the cost of delivering a particular service, it is important to note that user fees have a direct impact on participation and ultimately user fee revenue.

One-time expenditures are costs that are generally short-term in nature with a fixed timeline. **One-time expenditures should be funded with a one-time funding source.** Options that should be considered to fund one-time expenditures include:

- Annual Surplus – Notwithstanding the Municipal Council approved Surplus/Deficit Policy, any year-end surplus may be used to fund one-time expenditures.
- Reserve and Reserve Funds – Reserve and reserve funds can be used to mitigate temporary budget pressures, as long as the fund is being used consistent with the purpose and mandate and the fund has adequate balances to support future requirements.

In certain circumstances, it may be appropriate to phase-in permanent expenditures with the use of one-time funding sources. However, this approach should be limited.

STRATEGIC INVESTMENT UPDATE AND IMPACT OF DEFERRAL

On March 10, 2016, Municipal Council approved the City's first ever multi-year budget covering the period from 2016-2019. Included in the approved budget were 25 strategic investments with a total gross expenditure of \$47.8 million. These strategic investments included operating and capital expenditures that were funded from a variety of funding sources such as capital levy, debt, reserve and reserve funds and user fees. To-date most strategic investments have been initiated with actual spending or commitments made against the initiative. As a result of the funding mix and the spending and commitments made to-date, the tax levy impact in 2018 and 2019, which represents the remaining years of the multi-year budget, will vary for each strategic investment. Should Municipal Council choose to defer any of the strategic investments, the tax levy pressures in 2018 and 2019, which represent increases of 3.3% per year, may be reduced. A status update for each strategic investment, including potential tax levy impacts in 2018 and 2019 if deferred, is detailed in **Appendix A**.

The status of the strategic investments and potential tax levy impacts should Municipal Council choose to defer an initiative are being disclosed for information purposes. Civic Administration is not recommending the deferral of any strategic investment. However, the deferral of a strategic investment to the next multi-year budget cycle (2020-2023) would require the deferred initiative to be evaluated against other Municipal Council priorities. As a result, deferred initiatives would only be reinstated upon Municipal Council approval during the next multi-year budget cycle. It is also important to note that the deferral of any strategic investment will negatively impact the progress made toward the specific strategies in the strategic plan identified by Municipal Council.

OTHER OPTIONS TO MITIGATE BUDGET PRESSURES

Assessment Growth

Assessment growth generally refers to the net increase in assessment attributable to new construction of homes and businesses. Each year, weighted assessment growth is calculated as it generates incremental tax revenue. The incremental tax revenue generated by assessment growth is used to fund the additional volume of City services associated with the assessment increase.

For 2018, based on current estimates the weighted assessment growth is estimated at 1.27%, or \$7,063,000. There is also prior year carry forward of \$1,189,400 for total available assessment growth revenue of \$8,252,400. This is the amount of assessment growth revenue available to fund costs associated with an expanding and growing city. It should be noted that assessment growth for 2018 will not be finalized until December 2017 once the Municipal Property Assessment Corporation (MPAC) finalizes the assessment roll.

The total amount of 2018 assessment growth business cases to cover costs associated with an expanding city totals \$6,713,971. As such, available assessment growth funding exceeds growth costs by \$1,538,429, therefore remaining funding according to the Assessment Growth Policy (policy reference No. CPOL.-47-243) would be allocated as follows:

- 1) 50% (\$769,215) to reduce authorized debt; and
- 2) 50% (\$769,214) to the Capital Infrastructure Gap Reserve Fund.

However, given the current budget pressures, notwithstanding policy, Civic Administration is recommending that estimated assessment growth revenue in excess of costs required to service growth in the amount of \$1,538,429 be allocated to reduce the tax levy in 2018. This would result in the tax levy from rates in 2018 being reduced from 3.3% to 3.0% with the average annual 2016-2019 tax levy from rates dropping from 3.0% to 2.9%.

Vacancy Rebate Program

On November 21, 2017, a report was presented to the Corporate Services Committee that provided options with respect to the vacancy rebate program and the vacant/excess land subclass tax reductions on commercial and industrial land. Should Municipal Council choose to eliminate or limit this program, savings may be utilized to reduce budget pressures in 2018 and/or 2019 depending on the option selected.

CONCLUSION

In order to reduce budget pressures contained in the tabled 2018 Annual Budget Update, Civic Administration is recommending that, notwithstanding the Assessment Growth Policy, estimated assessment growth revenue in excess of costs to service growth in the amount of \$1,538,429 be used to reduce the tax levy in 2018. This will result in the tax levy from rates in 2018 being reduced from 3.3% to 3.0% with the average annual 2016-2019 tax levy from rates dropping from 3.0% to 2.9%. In addition, budget pressures in 2018 and 2019 may be further mitigated should Municipal Council choose to eliminate or limit the vacancy rebate program.

Also included in the report is a status update on the 25 Municipal Council approved strategic investments. Civic Administration is not recommending the strategic investments be adjusted in order to mitigate budget pressures. The deferral of any strategic investment will negatively impact the progress made toward the specific strategies in Council's Strategic Plan.

This report was prepared with the assistance of Kyle Murray and John Millson from Business Administration.

SUBMITTED BY:	CONCURRED BY:
JASON SENESE MANAGER, FINANCIAL PLANNING AND POLICY	MARTIN HAYWARD CITY MANAGER
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Cc: John Millson – Senior Financial Business Administrator
Kyle Murray – Senior Financial Business Administrator

Attachment: Appendix A - Strategic Investment Status Update

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Building A Sustainable City							
Case 1: Library's Ten Year Capital Plan	O	L, RF	1,900,000	1,900,000	-	0.00%	0.00%
	C				-		
	Total		1,900,000	1,900,000	-	0.00%	0.00%
Status Update:							
<ul style="list-style-type: none"> • 2017 to date: Cherryhill and Landon Library Revitalization; CBC tenant improvements; Jalna Library rooftop HVAC replacement; Central Library fire system back flow preventer replacement; Central Library elevator piston replacement. Remainder of scheduled for 2017: Beacock HVAC replacement, boiler replacement, and roof repairs. 							
<i>Project Status: On Track</i>							
<i>Project Start Date: March 2016</i>							
Impact If Deferred:							
• The balance is fully committed through signed contractual agreements, so no projects can be deferred.							
Case 2: Road Map 2.0 Road to Increased Resource Recovery and Zero Waste	O	L	400,000	120,000	280,000	(0.03%)	0.00%
	C				-		
	Total		400,000	120,000	280,000	(0.03%)	0.00%
Status Update:							
<ul style="list-style-type: none"> • Current Action - Existing (2017) base budget / resources are being utilized to complete initiatives related to this business case. Some of the initiatives that are nearly complete or completed/implemented are as follows: 1) Effective January 2018 Council approved an additional green week collection for Christmas trees and other yard waste collection and opening the EnviroDepots an additional three days to provide access to drop off Christmas trees and other items accumulated during longer collection cycles over the holidays. \$60,000 of the Strategic Investment funding has been allocated to this initiative; 2) Blue Boxes are now being sold at the EnviroDepots; 3) Reduced container limits for garbage are now being enforced and garbage tags are being sold for bags above the limit set out for collection; 4) Community composting projects have been initiated at six multi-residential locations; 5) Staff members are actively engaged in several local and provincial working groups exploring the benefits of food waste awareness key learnings will be reported in late 2017 or early 2018. 							
<i>Project Status: On Track</i>							
<i>Project Start Date: 2018 & 2019</i>							
Impact If Deferred:							
<ul style="list-style-type: none"> • Municipal Council has already committed \$60,000 per year to Christmas Tree Collection beginning in 2018. The remaining \$140,000 per year is earmarked primarily for a) the development of the organics management program including preparing details on equipment, vehicles, RFP development, program implementation needs, etc. and b) the transition process for the Blue Box Program. If funding is deferred, Solid Waste Management would identify a number of services that would be either adjusted (reduced service) or not provided in 2018 and 2019 as the above noted work must occur to meet future provincial waste diversion targets. 							
Case 3: Urban Forest Strategy	O	L	1,055,000	485,000	570,000	(0.05%)	0.00%
	C	L, RF	2,400,000	1,412,399	987,601	(0.05%)	0.02%
	Total		3,455,000	1,897,399	1,557,601	(0.10%)	0.02%
Status Update:							
<ul style="list-style-type: none"> • Operating funding for tree maintenance - Program started spring of 2016. 2016 allocation of \$200,000 for additional urban forest maintenance was fully spent. 2017 allocation expected to be fully spent by the end of 2017. • Capital funding for planting - The City recently completed a Planting Strategy to ensure that the funds invested generate the most trees/future tree canopy and leverage partnerships with the community. Increased planting in the amount of almost \$400k was completed in 2017 using this funding. A planting contract was awarded covering 2017-2019, of which \$400k per year is required to be funded from this project. This timing is in line with the original timing in the strategic investment business case. While Council approved accelerated funding for 2016 (\$1.8M), it was too late to tender for planting in the 2016 season. 							
<i>Project Status: On Track</i>							
<i>Project Start Date: Spring 2016</i>							
Impact If Deferred:							
<ul style="list-style-type: none"> • If funding to support fertilizing, watering and pruning of recently planted trees is deferred, it would be detrimental to the increased investment in tree infrastructure as recently planted trees may be lost. • If planting is deferred the City will not meet its target of 34% tree canopy coverage by 2065 and may lose its long-standing identity as "The Forest City". If deferral occurs, we will not be able to deliver on the recently approved Tree Planting Strategy. • TreeMe program will not be delivered as currently planned and communicated to the community, if funding is deferred. • In general terms, the loss of tree cover will continue and official plan policies will not be fully supported and developed. 							

Notes:

- 1) Represents funding that is required after taking into consideration actual spending and outstanding contractual obligations.
- 2) Represents potential funding that could be deferred after taking into consideration actual spending and outstanding contractual obligations.

Source of Financing Legend: Levy (L), Reserve Fund (RF), Reserve (R), Debt (D), User Fee (UF), Other (O)

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 4: Thames Valley Corridor Plan	O				-		
	C	D ³	1,200,000	163,312	1,036,688	0.00%	0.00%
	Total		1,200,000	163,312	1,036,688	0.00%	0.00%

Status Update:

• The environmental assessment for this key Thames Valley Parkway pathway project was approved by Council on July 26, 2016 but progress on this project was delayed pending a Part II Order EA bump up request (i.e. request for escalation of the environment assessment), which has since been resolved. Based on the completed EA, Environmental Impact Study and regulatory agency expectations, the total estimated cost of this project is \$5.9M, of which \$2.3M is currently funded (inclusive of the \$1.2M strategic investment funding). Senior government funding is currently being pursued to close the funding gap. Detailed design has started to ensure project is "shovel-ready" once the required funding is secured.

Project Status: Delayed

Project Start Date: Detailed Design in 2017

Impact If Deferred:

- Deferral would increase the funding shortfall for the TVP North Branch (Richmond-Adelaide) project.
- Not completing gaps in the TVP would detract from Council's strategic goals of providing connected, convenient and safe walking and cycling infrastructure to support those modes of transportation.
- Deferral would also contribute to not meeting community supported goals associated with the Bicycle Master Plan and the Thames Valley Corridor Plan.

Case 5: Road Safety Strategy	O				-		
	C	L	500,000	250,000	250,000	(0.02%)	0.00%
	Total		500,000	250,000	250,000	(0.02%)	0.00%

Status Update:

• Implementation of Road Safety Strategy Initiatives including pedestrian crossovers, road safety audits and capital improvements are underway. Federal funding via the Public Transit Infrastructure Fund has enabled leveraging and acceleration of scope. The cost sharing portion of the project is not reflected in the above investment.

Project Status: On Track

Project Start Date: March 2016

Impact If Deferred:

- Council approved the London Road Safety Strategy that was created with the partners on the London Middlesex Road Safety Committee. A charter was signed committing to delivering identified action items on schedule. Deferral of these funds would delay the delivery of the City's action items.
- Road Safety items include implementation of pedestrian crossovers, targeted pavement marking and signage improvements and items identified in the Active and Safe Routes to School program.
- Increased risk of not being compliant to the new Grade Crossing Regulations by November 2021. This is estimated to be a \$1 million program by 2021. Current Railway Safety Improvement Program applications require \$73,000 of matching funds.
- 22 pedestrian crossovers in 2018, and 83 additional school crossings in 2019 would be deferred.
- Any deferral will jeopardize the receipt of senior level funding from the Public Transit Infrastructure Fund and may increase the cost in future years.

Notes:

- 1) Represents funding that is required after taking into consideration actual spending and outstanding contractual obligations.
- 2) Represents potential funding that could be deferred after taking into consideration actual spending and outstanding contractual obligations.
- 3) Debt financing associated with the deferral of the strategic investment will not result in a reduction to debt servicing costs. However, should there be savings in the global debt servicing budget at year-end those savings would be used to reduce authorized but unissued debt consistent with the Council approved Debt Management Policy.

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Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 6: Rapid Transit Implementation Strategy ³	O				-		
	C				-		
	Total		-	-	-	0.00%	0.00%
Status Update: <ul style="list-style-type: none"> Progress continues on the Rapid Transit initiative. The Rapid Transit Master Plan and Business Case were approved by Council on July 25, 2017. The Master Plan underwent a 45 day public review period ending on September 18, 2017. The City has been working with the Ministry of Transportation to complete a technical review of the Business Case and has engaged Infrastructure Ontario to undertake a Procurement Options Analysis. The Business Case will be submitted to the federal government after the Province's technical review. Earlier this year, the Federal Government granted \$8.9 million through the Public Transit Infrastructure Fund Phase 1 to be allocated towards Rapid Transit. A request for funding will be submitted through Phase 2 of the Public Transit Infrastructure Program (PTIF) later in 2017. <i>Project Status: On Track</i> <i>Project Start Date: July 2014</i>							
Impact If Deferred: <ul style="list-style-type: none"> Potential loss of senior government funding (PTIF) if this investment is deferred. 							
Case 7: State of Infrastructure Report	O	L, RF	6,750,000	4,250,000	2,500,000	(0.18%)	(0.09%)
	C				-		
	Total		6,750,000	4,250,000	2,500,000	(0.18%)	(0.09%)
Status Update: <ul style="list-style-type: none"> Identified capital funds began in 2016. 2016 Asset Management Plan Review indicates targeted infrastructure investments have resulted in a 20% reduction in the Transportation Infrastructure Gap. \$4.25 million has been allocated to date on roadway & bridge rehabilitation and facilities and parks & recreation infrastructure. <i>Project Status: On Track</i> <i>Project Start Date: 2017</i>							
Impact If Deferred: <ul style="list-style-type: none"> Deferral of this capital investment will result in a reduction in the infrastructure condition of life cycle renewal projects. Specifically, the condition of pavements, bridges, streetlights and traffic signals will be reduced. The deterioration of the assets and inflation will increase the future capital and operating budget requirements. The 2018 planned road network improvement program includes the replacement of about 10 local streets that have been identified for immediate attention. The program ensures provision of a smooth driving surface and mitigates drainage problems for the selected streets. Deterioration of road surfaces and curbs and gutters leads to higher replacement and operating costs. This program/project is an example of infrastructure renewal that would be deferred by having 1 to 2 streets removed for replacement in 2018 and deferred to future years with a ripple effect to future priority streets. 							

Notes:

- 1) Represents funding that is required after taking into consideration actual spending and outstanding contractual obligations.
- 2) Represents potential funding that could be deferred after taking into consideration actual spending and outstanding contractual obligations.
- 3) No additional funding was allocated for Strategic investment #6 during the approval of the multi-year budget, however the capital project was disclosed since it was a major capital project contained in the capital plan.

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Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Leading in Public Service							
Case 8: Garbage Collection - On-board Weighing	O	L	90,000	-	90,000	(0.01%)	0.00%
	C	L ³	60,000	-	60,000	0.00%	0.00%
	Total		150,000	-	150,000	(0.01%)	0.00%
Status Update:							
<ul style="list-style-type: none"> The strategic investment funding is slated to be added to the capital and operating budget in 2018 & 2019. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>							
Impact If Deferred:							
<ul style="list-style-type: none"> These amounts have been identified as being needed to help optimize, through technology, the collection systems (garbage, leaf & yard waste) to create additional capacity to do more work and/or contain costs. If these expenditures were deferred, the work would take much longer to undertake without technology. Therefore future efficiencies and cost avoidance would not be 							
Case 9: Technology - Amanda	O	L, UF	1,000,000	900,000	100,000	(0.01%)	0.00%
	C				-		
	Total		1,000,000	900,000	100,000	(0.01%)	0.00%
Status Update:							
<ul style="list-style-type: none"> Projects are moving along smoothly and milestones continue to be met. New Building Portal is live and provides customers with an easy to use interface and secure access to submit permit applications or book inspections. Plan is to enhance the number of services available on line (ex. business licensing). We are also exploring an AMANDA mobile app in collaboration with other municipalities. <p><i>Project Status: On Track</i> <i>Project Start Date: April 2016</i></p>							
Impact If Deferred:							
<ul style="list-style-type: none"> Amanda is used extensively by a variety of corporate service areas to meet their business and community needs. There is increasing reliance on this corporate system from the service areas and significant demand (given the recent development activity) for service delivery. Through the strategic investment in this area, we have been able to address a significant gap that had previously existed in simply maintaining and operating Amanda as well as the introduction of enhancements for service delivery. There is significant pressure to maintain and enhance important and essential services given recent regulatory changes through new and amended by-laws and significant development activity. Financial reduction in this initiative would negatively impact service delivery on many fronts, of particular concern is meeting legislative timeframes in building (plan review, inspections), development (site plans, subdivisions), and implantation of new by-laws (licensing, taxis, DC's, etc.). Any reduction would significantly impede the ability to maintain or upgrade Amanda system modules, with respect to; additional user licenses, purchase/installation/maintenance of modules, and minor consulting services for system alterations to address immediate needs (e.g. building inspection application, online services, development processing, by-law revisions, etc.). 							
Case 10: Establish Public Engagement as an Area of Focus	O	L	100,000	50,000	50,000	(0.004%)	0.00%
	C				-		
	Total		100,000	50,000	50,000	(0.004%)	0.00%
Status Update:							
<ul style="list-style-type: none"> The tender for new signage has been completed and the successful sign contractor has been selected. Finalization of the sign template and sign ordering procedures are being completed and the execution of the contract is imminent. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>							
Impact If Deferred:							
<ul style="list-style-type: none"> If current public notification methods are not improved, the City risks excluding Londoners from receiving information about potential land use changes in their community as their reliance on other means for information gathering, such as the internet and social media, grows and the traditional ways, such as print media and basic signage, declines. This would be contrary to Council's Strategic Plan priorities relating to open government, transparency and authentic engagement. If the funding were to be deferred, current signage practices would continue and the enhanced signage would not be purchased. 							

Notes:

- 1) Represents funding that is required after taking into consideration actual spending and outstanding contractual obligations.
- 2) Represents potential funding that could be deferred after taking into consideration actual spending and outstanding contractual obligations.
- 3) Strategic investment #8 is funded by capital levy, however funding for the strategic investment is only required for two years. In order to not impact the ten year capital plan it is recommended that Administration adjust the financing mix so that capital levy is assigned to another project while freeing up another rate supported funding source (such as reserve fund financing).

Source of Financing Legend: Levy (L), Reserve Fund (RF), Reserve (R), Debt (D), User Fee (UF), Other (O)

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 11: Service London Implementation Plan	O	L, R	2,311,000	2,311,000	-	0.00%	0.00%
	C	D ³ , R	1,636,000	1,400,000	236,000	0.00%	0.00%
	Total		3,947,000	3,711,000	236,000	0.00%	0.00%

Status Update:

- 2016 operating spending was lower than expected due to project timing and the pace of roll-out of capital projects; 2017 has since ramped up as capital projects are completed and operationalized. This trend is expected to continue for the remainder of 2017 and beyond.
- The capital investment to date has been divided into 4 projects (Customer Relationship Management (CRM) Phase 2, CRM Phase 3, Self Service Portal, and Business Hub Renovations).
 - 1) 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 (approx. \$150,000).
 - 2) CRM Phase 3 is currently underway with completion anticipated in 2017 (expected to be on budget).
 - 3) The Self Service Portal was completed in April 2017 (approx. \$40,000 under budget).
 - 4) The timing of renovations to the Business Hub was adjusted to reflect an Assessment Growth request that approved resources to staff the Business Hub. Capital expenditures related to the Business Hub were initiated in Q1 2017 and are anticipated to be completed in Q4 2017 (expected to be on budget).

Project Status: On Track
Project Start Date: March 2016

Impact If Deferred:

- Future phases of CRM (phase 4 & phase 5) will be implemented as per contract with the implementation partner, requiring an estimated \$750,000 of capital funding. However no further enhancements to the customer experience will be implemented. Service London's focus will shift to maintaining the current level of service. Note: Operating funding must be retained to fund permanent staffing obligations.

Case 12: Computerized Maintenance Management System	O	L	2,100,000	1,320,000	780,000	(0.07%)	0.00%
	C				-		
	Total		2,100,000	1,320,000	780,000	(0.07%)	0.00%

Status Update:

- Costs include the hiring of an ITS Manager in Q3 2016 to support this initiative. Service area staff are being hired in Q4 of 2017 / Q1 of 2018 in the area of GIS technology. Additional ITS staff will be recruited in Q1 2018. The complexities of the work delayed delivery of the discovery report by the provider.
- The implementation of the CMMS initiative has an extremely ambitious timeline with the goal of completion by Q3 2019. The contract award related to the professional services for the software provider (Esri Canada) for Phase 1 implementation for water, sanitary and stormwater infrastructure was awarded by Council in October 2017.

Project Status: On Track
Project Start Date: June 2016

Impact If Deferred:

- A CMMS system has been purchased, deferring the project funding will result in the required corporate resources not being available for the project roll-out. This would require the project to be placed on hold and the existing licensing agreement to be cancelled. The service agreement with the vendor would also be cancelled at a cost of \$60,000. In addition, this would defer future phase 2 (transportation and roadside operations, and forestry) and phase 3 (solid waste and parks operations) implementation. In total of \$310,000 per year for Project Manager and licensing is already committed. The hiring of 4.0 FTEs would be deferred. In addition, it is anticipated that roll-out of this CMMS corporately would increase operational efficiency by as much as 30% allowing the City's operational groups to do more work with the current number of staff and resources.

Notes:

- 1) Represents funding that is required after taking into consideration actual spending and outstanding contractual obligations.
- 2) Represents potential funding that could be deferred after taking into consideration actual spending and outstanding contractual obligations.
- 3) Debt financing associated with the deferral of the strategic investment will not result in a reduction to debt servicing costs. However, should there be savings in the global debt servicing budget at year-end those savings would be used to reduce authorized but unissued debt consistent with the Council approved Debt Management Policy.

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Strengthening Our Community							
Case 13: London Strengthening Neighbourhoods Strategy 2015 - 2020	O	L, RF	780,000	280,000	500,000	(0.04%)	0.00%
	C				-		
	Total		780,000	280,000	500,000	(0.04%)	0.00%
Status Update: <ul style="list-style-type: none"> Funds have been committed to neighbourhood projects for 2016 and 2017, although the majority of expenditures related to 2017 projects will not occur until late 2017 or early 2018. Based on the results of the 2016 pilot, 94% of residents indicated they would participate in the Neighbourhood Decision Making program again when it was conducted in their neighbourhood or ward. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>							
Impact If Deferred: <ul style="list-style-type: none"> \$50,000 annual allocation to each of the City's five geographic areas (Northeast, Northwest, Southeast, Southwest, Central) to support the recently implemented Neighbourhood Decision Making program would no longer be available. As well, there will be no matching fund program (e.g. SPARKS) as those funds were repurposed to support the small event fund. This eliminates a key program that supports neighbourhood engagement and development. Lack of momentum – community leadership is critical in developing vibrant, connected and engaged neighbourhoods. By deferring this initiative only one year after roll-out, the level of trust between residents and Civic Administration and Council may be damaged, and the engagement benefits realized through the implementation of this program may be lost. Neighbourhood engagement may gradually decline as residents are not engaged, lack support and connectedness amongst neighbours. This may lead to growing disparities in neighbourhoods across the city. 							
Case 14: Ontario Works Service Plan - Low Income Supports Enhancement	O	L, RF, O	2,080,000	1,546,602	533,398	(0.01%)	(0.003%)
	C				-		
	Total		2,080,000	1,546,602	533,398	(0.01%)	(0.003%)
Status Update: <ul style="list-style-type: none"> Council approved enhanced funding which supported the creation of 3 additional city staff supports as well as additional funding for Goodwill Industries, the co-lead for this initiative. All approved staff and contracts were in place in 2016 and all 2017 funding is forecasted to be fully expended. A March 2017 information report presented to Council related to Bridges Out of Poverty and Circles Baseline Evaluation identified positive impacts and successes of this initiative to date. <i>Project Status: On Track</i> <i>Project Start Date: 2016</i>							
Impact If Deferred: <ul style="list-style-type: none"> Supports to long-term Ontario Works clients through this initiative would end, which could have a negative impact on the potential for positive employment outcomes and reduced dependence on Ontario Works for individuals living in poverty. There will also be significant disappointment from community partners as this program is highly regarded as an effective and innovative approach to move people out of poverty. Client impact would be most felt by long-term Ontario Works recipients. Note: A portion of the funding must be retained to fund permanent staffing obligations and the wind-down of contractual purchase of service commitments. 							
Case 15: Mental Health Addictions Strategy	O	RF, O	200,000	88,000	112,000	0.00%	0.00%
	C				-		
	Total		200,000	88,000	112,000	0.00%	0.00%
Status Update: <ul style="list-style-type: none"> An update on this strategic plan initiative was provided to Council in January 2017, identifying that planning and work done prior to 2017 on this initiative was managed within existing resources, therefore \$100,000 of approved funding for 2016 was unspent. In 2017 a Request for Proposal for an external consultant to assist with the creation of the strategy was issued and a contract awarded in June 2017. A forecasted \$88,000 is projected to be spent by December 2017 related to the consultant cost. A report outlining the strategy and related recommendations will be presented to Council in December 2017. The intention is to request to utilize any remaining unspent approved funding for this strategic investment to assist with the implementation of the strategy. <i>Project Status: On Track</i> <i>Project Start Date: 2016</i>							
Impact If Deferred: <ul style="list-style-type: none"> Potential use of currently unexpended funds to support implementation of strategy recommendations will be of benefit. If funds are deferred/not approved for use, it could impact implementation of recommendations that have been developed through a community stakeholder-engaged process and for which there is community interest and support. 							

Notes:

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Source of Financing Legend: Levy (L), Reserve Fund (RF), Reserve (R), Debt (D), User Fee (UF), Other (O)

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 16A: London Homeless Prevention and Housing Plan 2010-2024	O	L	1,600,000	683,333	916,667	(0.07%)	(0.01%)
	C				-		
	Total		1,600,000	683,333	916,667	(0.07%)	(0.01%)
Status Update: • A total of \$176,640 of the \$200,000 approved budget for Housing Supplements was utilized in 2016 as the program was rolled out. Housing Supplements for 2017 are projected to be on budget. Contracts for 2018 and 2019 are in the process of being awarded to 5 organizations in late 2017 following a public request for proposal. The Housing Allowance is available to new participants and those already served by a Housing First program and moving to a new location. The Housing Allowances are dependent on the capacity of the organization to accept new clients. Project Status: On Track Project Start Date: 2016							
Impact If Deferred: • Deferring housing allowances will decrease access to the private sector housing market and could lead to an increase in emergency shelter use and an increase in chronic homelessness. Essentially, this eliminates a key tool in supporting individuals to be and remain housed.							
Case 16B: London Homeless Prevention System Implementation Plan	O	L	1,000,000	1,000,000	-	0.00%	0.00%
	C	R	1,200,000	1,200,000	-	0.00%	0.00%
	Total		2,200,000	2,200,000	-	0.00%	0.00%
Status Update: • Funding for this initiative did not start until 2017. A contract was awarded to Youth Opportunities Unlimited for \$1.2M in one time capital funding and annual operating funding of up to \$1M (\$500,000 funded from this strategic investment) to build and operate London's Housing First Emergency Shelter for youth. The first payment was issued in July 2017 and the remaining payment will be made in late 2017 subject to the acquisition of land. Project Status: On Track Project Start Date: 2017							
Impact If Deferred: • Deferring this initiative would lead to poor long term outcomes for one of the most vulnerable populations experiencing homelessness. Street entrenched youth will increase resulting in declining education levels and increased addictions along with increased pressure on police and emergency services. In addition, there would be increased demand for emergency shelters.							
Case 17: Winter Maintenance Strategy	O	L	573,920	358,700	215,220	(0.01%)	(0.01%)
	C				-		
	Total		573,920	358,700	215,220	(0.01%)	(0.01%)
Status Update: • New program to provide winter maintenance on approximately 50% of pathways in parks and the Thames Valley Parkway has been successful to date. While the first year of this program experienced a warmer than normal winter season resulting in a surplus, it is anticipated the budget will be sufficient to meet the expected service levels during a "normal" winter. Project Status: On Track Project Start Date: Fall 2016							
Impact If Deferred: • Recreational use of the TVP and affected park pathways in the winter will be limited due to heavy snow cover. The recreational opportunities and enjoyment associated with utilizing the park pathways and the Thames Valley Parkway during the winter months will be missed by the public. The recreational pathway trail in Springbank and Greenway Parks will continue to be maintained in the winter.							

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APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Growing Our Economy							
Case 18: London Community Foundation's "Back to the River Project"	O				-		
	C	RF	700,000	700,000	-	0.00%	0.00%
	Total		700,000	700,000	-	0.00%	0.00%
Status Update: <ul style="list-style-type: none"> The One River Master Plan must be completed first before work starts on this project. It is expected that the Master Plan will be completed by the end of 2018. The Purchase Order for the One River Master Plan has been issued and work by the consultant has commenced. <i>Project Status: Delayed</i> <i>Project Start Date: 2018 & 2019</i>							
Impact If Deferred: <ul style="list-style-type: none"> N/A - funds have been committed and therefore cannot be deferred. 							
Case 20: London's Downtown Plan - Small Scale Projects	O				-		
	C	L	100,000	-	100,000	0.00%	(0.02%)
	Total		100,000	-	100,000	0.00%	(0.02%)
Status Update: <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>							
Impact If Deferred: <ul style="list-style-type: none"> Implementation of this milestone specified in the 2016-2019 Council Strategic Plan will not be able to be achieved if this funding is deferred. Stalling, slowing, or not proceeding with these projects risks backtracking on the progress made in raising the value that downtown London contributes to the City's economic health and reputation. May result in fewer private sector investments contributing to assessed property values, and reduced chances at attracting national & international caliber events and conventions to London. 							
Case 21: Regenerating Public Housing Plan	O				-		
	C	L	750,000	-	750,000	(0.04%)	(0.04%)
	Total		750,000	-	750,000	(0.04%)	(0.04%)
Status Update: <ul style="list-style-type: none"> City Housing Services, Housing Development Corporation and London Middlesex Housing Corporation have initiated partnership discussions related to this approved strategic plan initiative. A detailed strategic plan for regeneration/re-development of LMHC properties, inclusive of funding, partnership, tenant impact and engagement strategies will be developed and will be tabled in 2018. A lead resource for development planning has been recruited by HDC to initiate project plans. Social housing regeneration plans will reflect a set of ongoing, multi-year plans and actions to revitalize aging sites through a range of actions including revitalization, renovations, new developments, etc. The current budget commitments reflect a starting point related to initiating a strategic master plan, data and information collection, establishing priorities, and preparing for site specific plans with financial requirements and timelines. <i>Project Status: On Track</i> <i>Project Start Date: 2018 (Preparation work initiated in 2017)</i>							
Impact If Deferred: <ul style="list-style-type: none"> Delay in addressing the impacts of deteriorating stock, antiquated rules, and changing funding models impacting social housing providers, communities, and their neighbourhoods. Delay in increasing the number of affordable housing units for persons in need within mixed and healthy communities. Delay in accessing value in existing stock to advance new affordable development and regeneration of old social housing units. Delay in understanding strategies related to the end of social housing operating agreements and the corresponding impact on sustaining important social housing communities. 							

Notes:

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Source of Financing Legend: Levy (L), Reserve Fund (RF), Reserve (R), Debt (D), User Fee (UF), Other (O)

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 22: Dundas Place	O	L	614,000	-	614,000	(0.05%)	(0.01%)
	C	D ³	7,500,000	1,150,000	6,350,000	(0.14%)	0.00%
	C	O	7,500,000	1,150,000	6,350,000	0.00%	0.00%
	Total		15,614,000	2,300,000	13,314,000	(0.19%)	(0.01%)
Status Update: <ul style="list-style-type: none"> My Dundas Environmental Assessment is complete and Design is progressing on schedule. Construction is planned to commence in 2018. Capital purchase of 3 buses complete. Re-routing of buses off Dundas Street is expected in April 2018. Federal funding via the Public Transit Infrastructure Fund has enabled leveraging and acceleration of scope. <i>Project Status: On Track</i> <i>Project Start Date: February 2015</i>							
Impact If Deferred: <ul style="list-style-type: none"> Loss of Federal funding (PTIF) - the project is an approved Public Transit Infrastructure Fund (PTIF) project with 50% of project funding from the federal government. To be eligible for PTIF cost-sharing, Dundas Place expenditures must occur before March 31, 2019. Juno Awards - if deferred the space would not be available for us during the Juno Awards. Construction of the west half of the project (construction between Ridout Street and Richmond Street (adjacent to the Budweiser Gardens)) to be complete prior to the 2019 Juno Awards should London's bid be successful. Opening of Fanshawe College Downtown campus - the current construction schedule also aims to complete most construction work in the area of Fanshawe College prior to the opening of the second building. Deferral would prolong construction conflicts with Fanshawe College's new building operation. Over 70 individual meetings and several large public meetings have occurred throughout the planning phase with positive expectations for the project benefits. Utility companies including London Hydro have coordinated their budgets for parallel private investment in the planned timeframe. 2018 Budget Amendment Case #4 - "Ongoing Place Management" would not be required if the investment is deferred. 							
Case 23: City of London Internship Program	O	L	360,000	240,000	120,000	(0.01%)	0.00%
	C				-		
	Total		360,000	240,000	120,000	(0.01%)	0.00%
Status Update: <ul style="list-style-type: none"> This program allowed for the expansion of the 4 month intern program to include 12 month opportunities to assist foreign trained professionals to become accredited to practice in Ontario. <i>Project Status: On Track</i> <i>Project Start Date: 2017</i>							
Impact If Deferred: <ul style="list-style-type: none"> Elimination of funding of this part of the program would eliminate two opportunities annually. Noting flow through costs of two candidates will be required in 2018 and full costs avoided in 2019 if this portion of the program was deferred. 							
Case 24: Brownfield Incentives	O	L	80,000	40,000	40,000	(0.004%)	0.00%
	C				-		
	Total		80,000	40,000	40,000	(0.004%)	0.00%
Status Update: <ul style="list-style-type: none"> Funding is used on as needed basis as applicants come forward. No funding was required in 2016, however there has been 1 application approved and paid in 2017 and there are 3 applications in process which would require up to \$30k. <i>Project Status: On Track</i> <i>Project Start Date: 2016</i>							
Impact If Deferred: <ul style="list-style-type: none"> Without this funding in place, private sector property owners will be less likely to explore and identify the extent of brownfield conditions on their lands, which is the first step in the process to remediate them. The amount of private investment in the remediation of brownfield sites to prepare them for redevelopment may decrease in areas that have been targeted for redevelopment. The City will not have site-specific information on brownfield sites, as a requirement of the program is that the study is made available to the City for its use to provide to other potential investors. 							

Notes:

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- 3) The tax levy impact if the strategic investment is deferred represents the adjustment to debt servicing costs.

Source of Financing Legend: Levy (L), Reserve Fund (RF), Reserve (R), Debt (D), User Fee (UF), Other (O)

APPENDIX "A"
STRATEGIC INVESTMENT STATUS UPDATE

Strategic Investment	Operating / Capital	Source of Financing	2016-2019 Budget			Tax Levy Impact If Deferred	
			Approved	Funding Required ¹	Potential Deferral ²	2018	2019
Case 25: Green Bin Implementation Funding	O	RF	135,000	135,000	-	0.00%	0.00%
	C				-		
	Total		135,000	135,000	-	0.00%	0.00%
Status Update:							
<ul style="list-style-type: none"> New staff position (18 month contract) 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. This project is completed at the end of 2017. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2016</i></p>							
Impact If Deferred:							
• N/A							
Case 26: Additional Funding to Enhance By-law Enforcement	O	L, UF, RF	1,095,000	1,095,000	-	0.00%	0.00%
	C				-		
	Total		1,095,000	1,095,000	-	0.00%	0.00%
Status Update:							
<ul style="list-style-type: none"> The implementation of the plan went well. The volume of complaints created through this enhanced service have been manageable to date. Enhanced enforcement was to be cost shared by additional revenue from licensing private vehicles for hire, vacant building bylaw fees and administrative monetary penalties (AMPs). Due to the reasons below, revenues in 2017 will only be collected from licensing private vehicles for hire. In July 2016, Council passed the following policy: That, with regard to vacant buildings which due to their condition are causing demands for City services including but not limited to emergency and Municipal Law Enforcement Services, Civic Administration be given the discretion, to proactively undertake inspections on properties containing vacant buildings, for purposes of nuisance control, public safety and quality of life issues, on at least a quarterly basis to ensure compliance with City of London By-laws. The focus of this policy was to proactively address issues with vacant buildings and report out on specific buildings which should be demolished to address neighbourhood quality of life issues. This policy replaces the idea of implementing a vacant building registry. AMPs will be implemented in 2018 for parking and licensing. The review of the business licensing by-law is nearing completing with an omnibus public meeting in September/October 2017. Soon thereafter, work will begin on implementing an AMPS by-law and process. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>							
Impact If Deferred:							
<p>A) Weekend occupant noise that Council requested be transferred from London Police Services to Municipal Law Enforcement Services:</p> <ul style="list-style-type: none"> Funding for this enhanced after hours enforcement (formerly a duty of the London Police Services) comes from revised by-laws including Vehicle for Hire and Business Licensing (anticipated Dec 2017); This service was initiated by Council as LPS priority calls left little time for noise enforcement. The enforcement level when transferred went from very low to very high, now to defer the service of weekend noise enforcement to direct the funds elsewhere would result in over 1000 after hours noise complaints not receiving any response at all; and It would also result in the elimination of 1 FT and 3 PT union positions. <p>B) Enhanced enforcement around Residential Licensing/Property Standards in wards with a high concentration of investment properties, specifically Ward 3 & 6:</p> <ul style="list-style-type: none"> Funding for this enforcement partially comes from revenue generated from more recent vehicle for hire service fees (Uber), and partially from revenue generated through residential rental unit licence fees; This service was initiated by Council as to accelerate the compliance rate and increase the volume of active licenses in high density residential neighbourhoods, specifically Near Campus Neighborhood (NCN) in order to preserve the character of neighbourhoods; and Deferral of this service would also result in the elimination of 1 FT union position and a reduction of Residential Rentals Licencing Unit (RRLU) fees generated through proactive enforcement. 							

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