

16 MULTI-YEAR BUDGET FOR THE 19 CITY OF LONDON 2018 ANNUAL UPDATE

INVESTING IN OUR FUTURE

*Strategic Priorities & Policy Committee
November 27, 2017*



LondonCanada



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Agenda



- 2018 Annual Budget Update Recap
- Options for Consideration
- Strategic Investment Update
- Other Budget Matters
- How Do We Compare?
- Recommended Budget Review Approach

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2018 Budget Amendment Requests



There are a total of **19** budget amendment cases as tabled on October 30, 2017

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

2018 Budget Amendment Requests

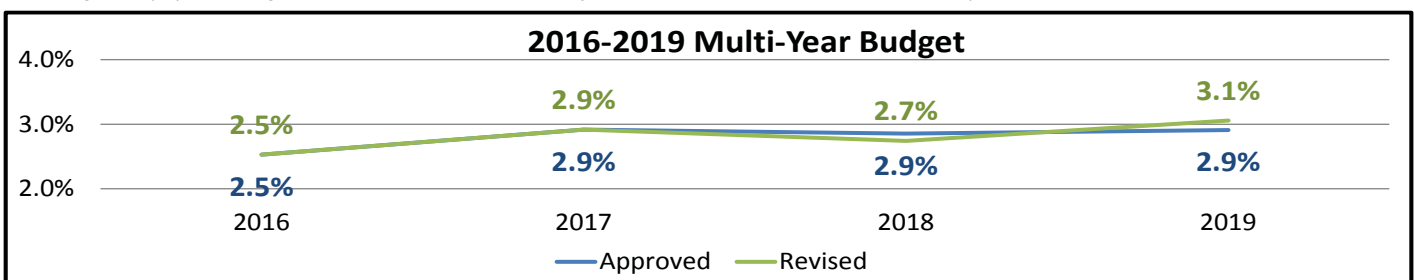


If all recommended budget amendments are approved, excluding minimum wage and an “in-camera” corporate budget matter, the 2016-2019 average annual tax levy increase would **remain at 2.8%**.

2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	556,980	572,887	589,551	NO CHANGE	
Budget Amendments (Total Net Request)			(632)	191		
Revised Net Budget (Tax Levy)	536,434	556,980	572,255	589,743		
Incremental Net Increase / (Decrease)		-	(632)	823		
Revised % Increase From Rates	2.5%	2.9%	2.7%	3.1%	2.8%	76

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

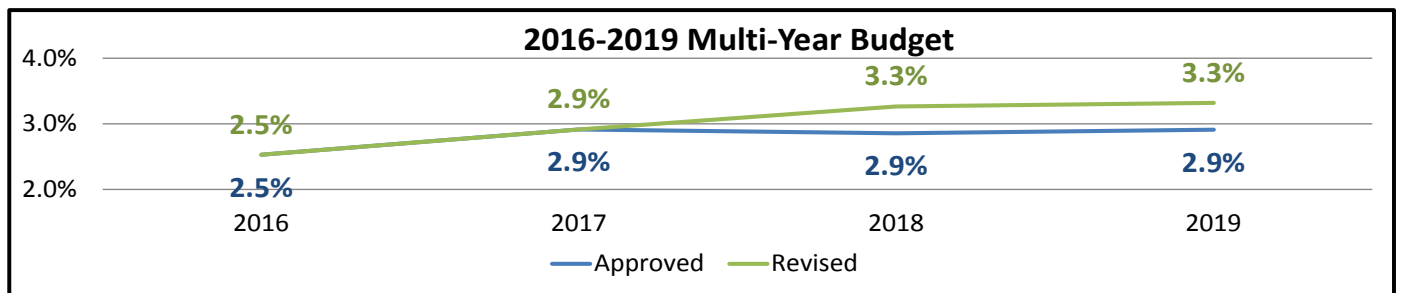


If all recommended budget amendments are approved the 2016-2019 average annual tax levy would **increase from 2.8% to 3.0%.**

2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	556,980	572,887	589,551	0.2% INCREASE	
Budget Amendments (Total Net Request)			2,275	4,700		
Revised Net Budget (Tax Levy)	536,434	556,980	575,162	594,252		
Incremental Net Increase / (Decrease)		-	2,275	2,425		
Revised % Increase From Rates	2.5%	2.9%	3.3%	3.3%	3.0%	82

Subject to rounding

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



Council Direction



During budget tabling, Council provided Administration with the following direction:

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.

Options for Consideration



Final Assessment Growth at 1.27%

	\$ Millions
Final Assessment Growth (AG) Revenue (1.27%)	\$7.0
Prior Year Carry Forward	\$1.2
Total Available AG Revenue	\$8.2
Assessment Growth Business Cases	\$6.7
Available Funding Exceeds Growth Costs	\$1.5
Per policy: 50% to reduce authorized debt 50% to Capital Infrastructure Gap Reserve Fund	

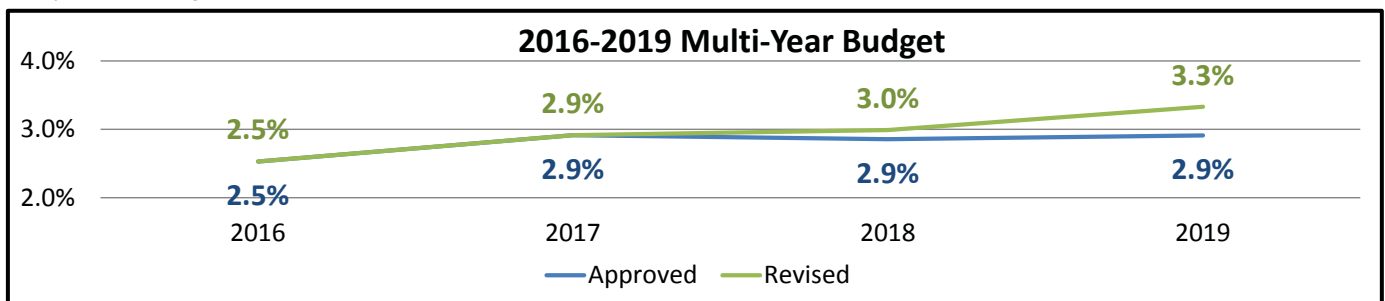
Recommendation: Notwithstanding Policy, Civic Administration recommends allocating available funding in excess of growth needs to reduce the tax levy from rates in 2018.

Options for Consideration



2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	556,980	572,887	589,551		
Budget Amendments (Total Net Request)			737	3,162		
Revised Net Budget (Tax Levy)	536,434	556,980	573,623	592,713		
Incremental Net Increase / (Decrease)		-	737	2,425		
Revised % Increase From Rates	2.5%	2.9%	3.0%	3.3%	2.9%	80

Subject to rounding



- Submitted 2018 increase of 3.3% reduced to 3.0%
- Average annual 2016-2019 increase reduced from 3.0% to 2.9%

Options for Consideration



- Budget amendment 3 related to the UTRCA request **BE REDUCED**
 - Budget adjustment primarily due to changes in the provincial levy allocation formula - agenda item 6.a)i)C)

	2018	2019
Submitted Budget Request	191,351	399,623
Adjustment	(9,197)	(9,813)
Revised Budget Request	182,154	389,810

- Budget amendment 7 related to minimum wage **BE REDUCED**
 - The UTRCA has informed Civic Administration that amounts included in case 7 for minimum wage for the conservation authority are not required - agenda item 6.a)ii)A)

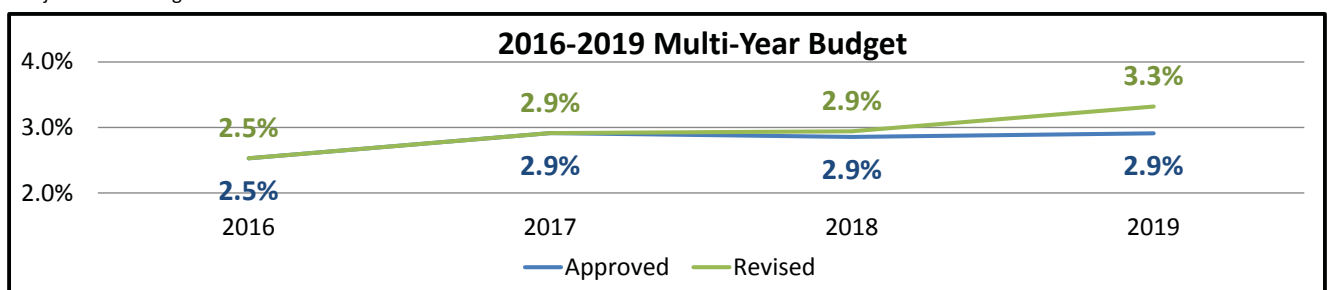
	2018	2019
Submitted Budget Request	1,452,758	2,024,286
Adjustment	(250,037)	(300,001)
Revised Budget Request	1,202,721	1,724,285

Options for Consideration



2018 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Rate Payer Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.9%	2.9%	2.8%	76
Approved Net Budget (Tax Levy)	536,434	556,980	572,887	589,551		
Budget Amendments (Total Net Request)			477	2,852		
Revised Net Budget (Tax Levy)	536,434	556,980	573,364	592,404		
Incremental Net Increase / (Decrease)		-	477	2,375		
Revised % Increase From Rates	2.5%	2.9%	2.9%	3.3%	2.9%	79

Subject to rounding



- *Recommended 2018 increase further reduced to 2.9%*
- *Average annual 2016-2019 increase remains 2.9%*

Strategic Investment Update



- A status update for each of the 25 strategic investments has been provided for information purposes, including the tax levy impact of deferrals.
- A deferral of a strategic investment would negatively impact the progress made toward the strategies in Council's Strategic Plan.
- A deferral to the next multi-year budget cycle (2020-2023) would require the initiative to be evaluated against other Council priorities prior to reinstatement.

Recommendation: Civic Administration recommends that the Council approved strategic investments continue to be funded and implemented as planned.

Other Budget Matters



- As directed by Council on October 17, 2017, a budget amendment for Reduced Rate Transit Pass for Youth (ages 13-17) has been submitted for consideration.
- Options include:
 - 1A.** \$52 bus pass for all youth
 - 1B.** \$52 bus pass for youth under the LICO-AT threshold
 - 2.** Expand current free program for children under 12 to include youth up to and including age 17
 - 3A.** Bulk purchase and re-sale of bus passes at \$52/month
 - 3B.** Bulk purchase and re-sale of bus passes at \$250/year

* Recommended funding source is operating surplus and, if required, from contingency reserves *

Other Budget Matters



Potential Impact of Council Decisions on Year-End Surplus/Deficit Position

	2018 \$millions
Income-Related Subsidized Transit for Adults 18 and Over <ul style="list-style-type: none"> Council approved on October 17, 2017 (pilot program) 2019 budget amendment will be brought forward for permanent funding 	\$1.7 - \$10.1
Reduced Rate Transit Pass for Youth (ages 13-17) <ul style="list-style-type: none"> Added budget amendment (Case # 20) – For Consideration Business case will be submitted for the 2020-2023 multi-year budget for permanent funding 	\$0.1 - \$2.4
Subtotal - Potential Unbudgeted Costs Pressures	\$1.8 - \$12.5
Projected Year-End Surplus / (Deficit) Position (Excluding items noted above)	\$4.1 ¹



Potential For Year-End Deficit

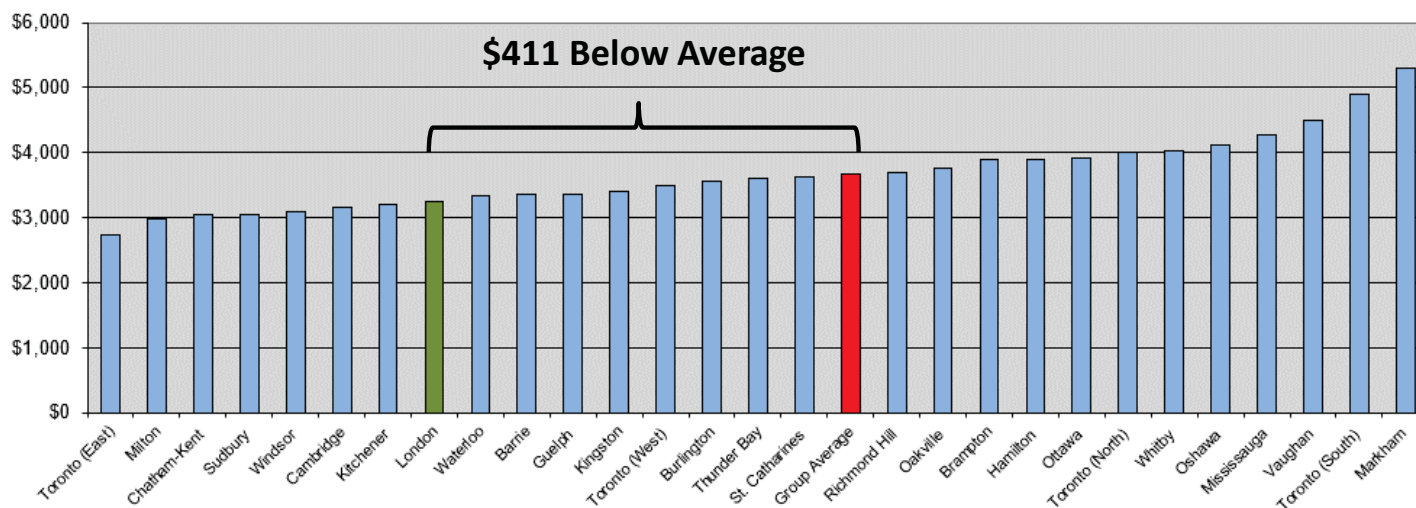
Note 1: Projected 2018 and 2019 surplus based on historical 5 year average.

How Do We Compare?



2016 Property Tax - Residential - Single Family Detached Bungalow (for Municipalities with Populations over 100,000)

A detached three bedroom single storey home with 1.5 baths and a one car garage, total area of house approx. 1,200 sq ft, on a lot that is approx. 5,500 sq ft
(Source: BMA Municipal Study 2016)



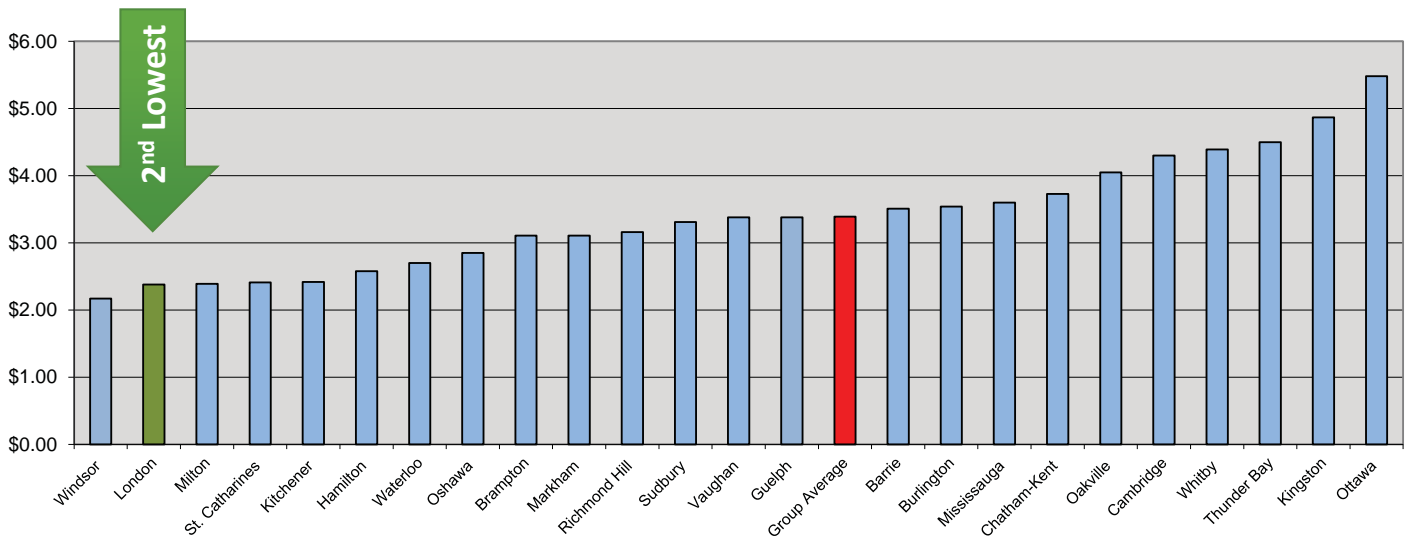
2016 Group Average: \$3,665 (2015 \$3,583)
2016 City of London: \$3,254 (2015 \$3,206)

How Do We Compare?



2016 Property Tax - Commercial (for Municipalities with Populations over 100,000)

For prime location commercial office space, property taxes per sq ft of gross leaseable area
(Source: BMA Municipal Study 2016)



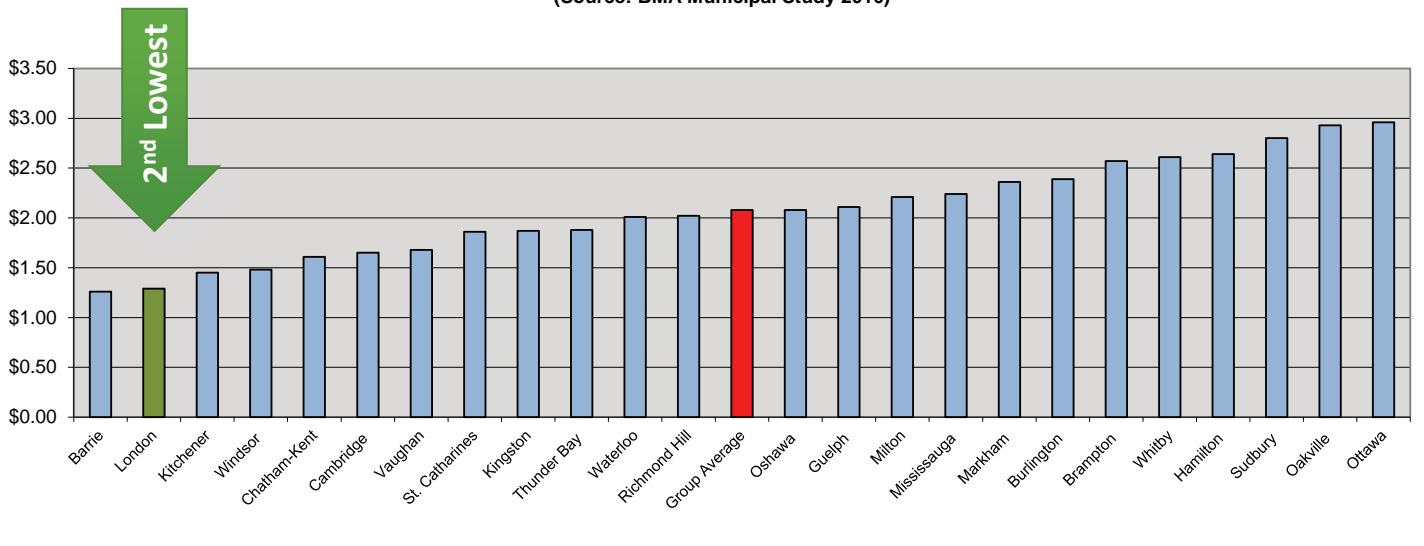
2016 Group Average: \$3.39 (2015 \$3.37)
2016 City of London: \$2.38 (2015 \$2.36)

How Do We Compare?



2016 Property Tax - Industrial (for Municipalities with Populations over 100,000)

For standard industrial property under 125,000 sq ft, newer construction, flexible design - taxes per sq ft of floor area basis
(Source: BMA Municipal Study 2016)



2016 Group Average: \$2.08 (2015 \$2.05)
2016 City of London: \$1.29 (2015 \$1.30)

Recommended Budget Review Approach



1. Receive London Children's Museum Capital Funding Request Report
 2. Receive 2018 Annual Budget Update - Public Engagement Report
 3. Receive Strategic Investment Update and Other Options to Reduce Budget Pressures Report
 - Civic Administration recommends approving \$1.5 million in assessment growth funding for tax mitigation
- Supplemental Information
- Civic Administration and the UTRCA recommend approving an adjustment to budget amendment case 3
 - Civic Administration and the UTRCA recommend approving an adjustment to budget amendment case 7 (Minimum Wage)
4. Review and approve budget amendments 1 – 7

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Recommended Budget Review Approach



5. In-camera session to discuss budget amendment 8
6. Review and approve budget amendment 8
7. Receive and review the added budget amendment (case 20)
 - Reduced Rate Transit Pass for Youth (Ages 13-17)
8. Review and approve capital budget amendments 9 – 19
9. Review and approve the other property tax budget recommendations
10. Review and approve the Water Budget, including budget amendments 1 – 5
11. Review and approve the Wastewater & Treatment Budget, including budget amendments 6 – 7

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