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May 31, 2012

Chair and Members  
Strategic Priorities and Policy Committee

**Re: Business Plan Development and Multi-Year Budget Program**

Further to Municipal Council's Strategic Priorities and Policy Committee direction to work toward a 0% increase, reporting back on the impact of the implications of a 3.8%, 2% and 0% increase in the mil rate, the Commission, at its meeting of May 30, 2012:

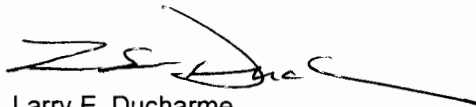
- i. directed the Administration develop, at a high level, the impact associated with a 3.8%, 2%, and 0% mil rate increase in the level of City of London investment in public transit services for 2013 and to work with the Civic Administration on a standard presentation of the impact to Municipal Council, consistent with the format being presented by other boards, commissions and departments of the city;
- ii. supported establishing a multi-year budget program (investment strategy) for the municipality, urging Municipal Council to adopt, as part of the strategy, a five year operating budget philosophy which would serve to guide the effectiveness and efficiency of service decisions/directions over the five year period; and
- iii. supported establishing a clear congruent linkage to the business plan development and review process associated with the work of the Service Review Committee including, as part of that linkage, establishing a multi-year budget development process for the purpose of defining municipal priorities and setting multi-year budget (investment) targets.

Specific to the 2013 budget process, London Transit Administration will continue to work with Civic Administration on the options associated with working towards a 3.8%, 2% and 0% overall property tax levy impact for 2013.

A major issue with the city's budget development process is that it has become a year over year approach versus multi-year and is disjointed from the business planning and reporting process that is considered by the Service Level Review Committee. The Commission supports and encourages Municipal Council to establish a multi-year budget program (investment strategy) for the municipality and to adopt a five year operating budget philosophy which would serve to guide the effectiveness and efficiency of service standards over the five year period. This approach would allow departments, boards and commissions to plan and set a course for business development and/or contraction over a multi-year period versus being in a position of reacting to budget decisions each year, in many cases after initiatives are already underway.

Further, long term financial planning should be linked to respective Master Plans (e.g. Transportation Master Plan) and the related development and implementation of the approved business plan (as assessed and reviewed by the Service Review Committee of Municipal Council). The five year operating plan and linkage to master plans and business plans support defining priorities and directions as well as assists in ensuring such priorities and direction are effectively and efficiently carried out and consistent with the City's adopted strategic direction.

Yours truly,

A handwritten signature in black ink, appearing to read 'L. Ducharme', with a long horizontal stroke extending to the right.

Larry E. Ducharme  
General Manager