

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 17, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2017 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, the following actions be taken with respect to 2017 year-end monitoring:

- a) The 2017 Operating Budget Year-End Monitoring Report for the Property Tax Supported Budget (refer to **Appendix A**), Water and Wastewater & Treatment Budgets **BE RECEIVED** for information. An overview of the net corporate positions are outlined below:
 - i) Property Tax Supported Budget surplus is \$6.9 million as identified by Civic Administration, Boards and Commissions. The year-end surplus is \$2.7 million greater than projected in the 2017 Operating Budget Mid-Year Monitoring Report. The \$6.9 million operating surplus was contributed to the Operating Budget Contingency Reserve.
 - ii) Water Rate Supported Budget surplus is \$2.2 million. The year-end surplus is \$1.6 million more than projected in the 2017 Operating Budget Mid-Year Monitoring Report. The \$2.2 million surplus was contributed to the Water Capital Reserve Fund.
 - iii) Wastewater & Treatment Rate Supported Budget surplus is \$3.3 million. The year-end surplus is \$1.3 million more than projected in the 2017 Operating Budget Mid-Year Monitoring Report. The \$3.3 million surplus was contributed to the Wastewater Rate Stabilization Reserve
- b) Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration **BE AUTHORIZED** to allocate \$5 million of the \$6.9 million surplus from the Property Tax Supported Budget to fund costs related to the subsidized transit programs which include free transit for children 5-12, a reduced rate transit pass for youth 13-17 pilot program, and an income-related subsidized transit pilot program for adults 18 and over, noting that costs in excess of available budgets for the pilot programs in 2018 and 2019 are approved to come from Operating Budget Surplus, and if required, Contingency Reserves.
- c) Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration **BE AUTHORIZED** to allocate the London & Middlesex Housing Corporation (LMHC) operational savings, currently estimated to be \$37 thousand (subject to LMHC's financial statement audit), included in the above noted \$6.9 million surplus to the LMHC Employee Entitlement Reserve Fund to support its obligation for future employee entitlement costs.
- d) Civic Administration **BE AUTHORIZED** to allocate the remaining balance of surplus from the Property Tax Supported Budget in accordance with the Council approved Surplus/Deficit Policy as follows:
 - i) 50% to reduce authorized but unissued debt;
 - ii) 25% to the Community Investment Reserve Fund; and
 - iii) 25% to the Capital Infrastructure Gap Reserve Fund.
- e) Civic Administration **BE AUTHORIZED** to allocate \$3.2 million of the \$3.3 million Wastewater & Treatment Rate Supported Budget surplus to the Sewage Works Reserve Fund, noting that the Wastewater Rate Stabilization Reserve has achieved its targeted balance of 2.5% of the Wastewater & Treatment Revenue Budget, and that in previous years this Reserve Fund has been drawn from to offset operational deficits.

- f) Civic Administration's contribution of \$3,578,214 (\$2,905,476 – Property Tax Supported; \$242,714 – Water; and \$430,024 – Wastewater) to the Efficiency, Effectiveness and Economy reserves in 2017 **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

Strategic Priorities and Policy Committee, meeting on December 7, 2015, Agenda Item 3, Surplus/Deficit Policy

<https://pub-london.escribemeetings.com/Meeting.aspx?Id=05955325-4a2e-430e-a3c8-8154cb15cb32&Agenda=Agenda&lang=English#38262>

Corporate Services Committee, meeting on September 26, 2017, Agenda Item 3, 2017 Operating Budget Mid-Year Monitoring Report

<https://pub-london.escribemeetings.com/Meeting.aspx?Id=a99fd843-9a40-4538-978c-5cd7bfbb4b60&Agenda=Agenda&lang=English>

LINK TO 2015-2019 STRATEGIC PLAN

Council's 2015-2019 Strategic Plan for the City of London identifies "Leading in Public Service" as one of four strategic areas of focus. The Operating Budget Monitoring Report supports this strategic area of focus by contributing towards the strategic priority "Proactive financial management". The "Proactive financial management" strategic priority involves, among other things, making sure that the City's finances are well planned and that they support intergenerational equity. On a semi-annual basis, through the Operating Budget Monitoring Report process, Civic Administration measures the results achieved against approved budgets, and recommends appropriate adjustments in line with City policies and practices. This exercise ensures the operating budget is continuously updated and reflective of the City's strategic financial plan.

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.

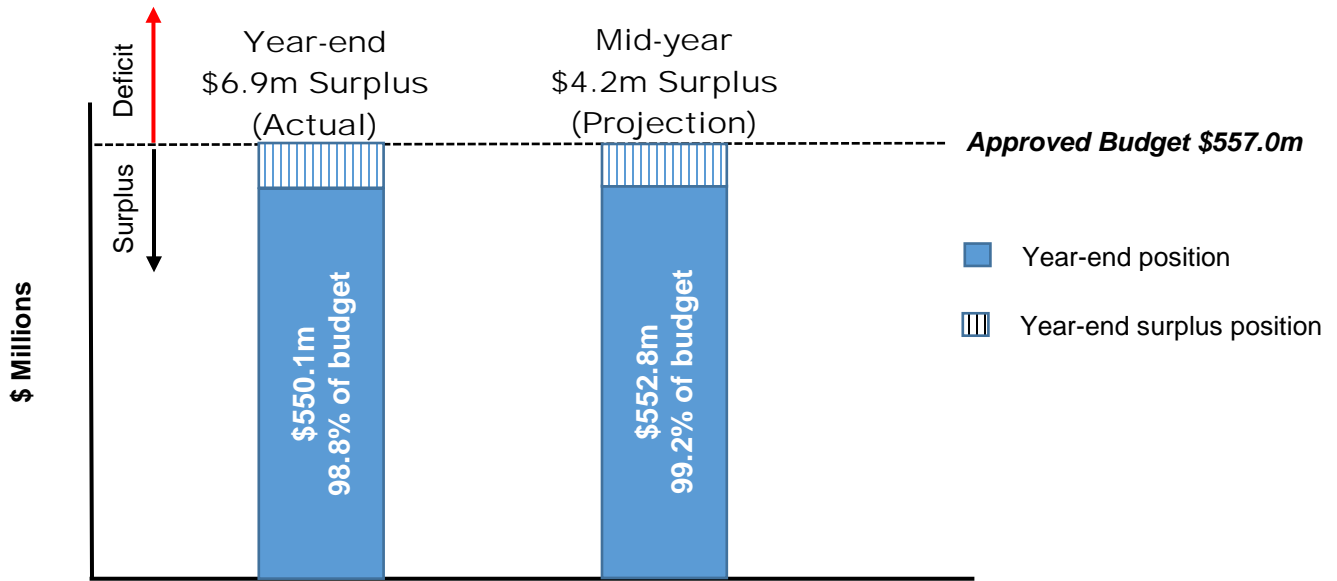
Based on this evaluation, each year Civic Administration will submit two monitoring reports to Council, the Operating Budget Mid-Year Monitoring Report and Operating Budget Year-End Monitoring Report. In addition to these two reporting cycles, once per year the multi-year budget is updated through the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

2017 PROPERTY TAX SUPPORTED OPERATING BUDGET MONITORING

The 2017 Property Tax Supported Net Budget was approved at \$557.0 million. The 2017 year-end surplus is \$6.9 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 2017 Budget and Actuals



Outlined in Table 1 are some of the key items that contributed to the year-end surplus of \$6.9 million. A year-end surplus of \$6.9 million represents approximately 1.2% of the 2017 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)
Net personnel savings resulting primarily from vacancies stemming from both staff turnover and the gap between approval of new positions and filling new positions across all service areas.	\$3.1m	\$3.4m
Fuel cost savings primarily due to continued low pricing for all fuel types and from biodiesel being unavailable early in the year.	\$1.4m	\$1.3m
Energy and utility savings a result of lower local distribution charges, commodity pricing and less usage because of the mild winter season.	\$0.8m	\$0.8m
Budgeted drawdown from Operating Budget Contingency Reserve (OBCR) not required offset by surplus in fee based revenues.	\$1.6m	\$(1.3)m
Total Year-End Position	\$6.9m	\$4.2m

Surplus/Deficit Policy

The Council approved Surplus/Deficit Policy implemented in 2015, provides for the allocation of the reported surplus as follows:

- a) 50% to reduce authorized debt;
- b) 25% to the Community Investment Reserve Fund to be allocated at the discretion of Council; and
- c) 25% to the Capital Infrastructure Gap Reserve Fund to mitigate growth in the infrastructure gap.

If recommendation b) \$5 million allocation for subsidized transit, and recommendation c) \$37 thousand transfer to LMHC Employee Entitlement Reserve Fund, are approved, the remaining balance of surplus will be \$1.8 million, allocated as per the Council approved Surplus/Deficit Policy as follows:

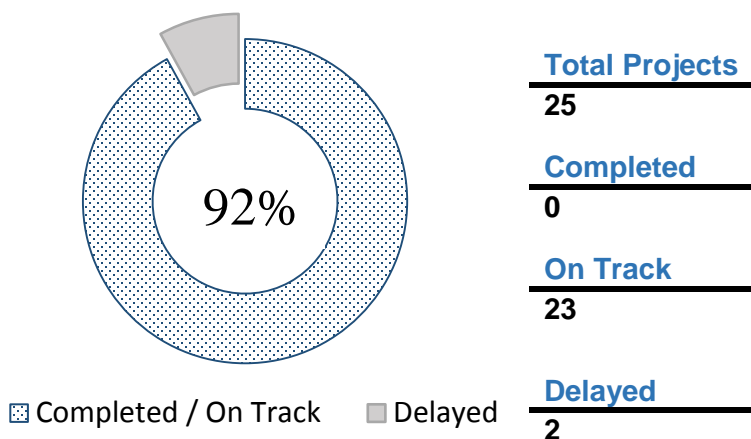
- a) \$0.9 million to reduce authorized debt;
- b) \$0.45 million to the Community Investment Reserve Fund, and;
- c) \$0.45 million to the Capital Infrastructure Gap Reserve Fund.

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, was delayed pending a Part II Order Environmental Assessment escalation request, which has since been resolved. Provincial funding through the Ontario Municipal Commuter Cycling Program was also recently approved, eliminating a potential funding gap. Detailed design is currently ongoing with construction anticipated to commence in fall 2018.
2. The London Community Foundation's "Back to the River Project", Business Case #18, has been delayed because the One River Master Plan must be completed first before work starts on the project. It is expected that the Master Plan will be completed by 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 2017 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 Budget	2016 - 2017 Budget	Life to date actuals as of Dec 31, 2017	% Spent of 2016 - 2017 Budget	% Spent of 2016 - 2019 Total Budget
Building a Sustainable City	14,340	7,020	4,257	61%	30%
Leading in Public Service	7,297	3,466	2,178	63%	30%
Strengthening Our Community	8,529	4,102	3,123	76%	37%
Growing Our Economy	17,604	3,160	3,423	108%	19%
Total	47,770	17,748	12,981	73%	27%

Life to date actuals are currently lower than total budget for the following reasons:

- A large portion of the strategic investment budget will be expended in 2018 and 2019;
- If the delayed projects remained on track, there would potentially be approximately \$1.5 million, or 8.5% of the 2016 – 2017 budget, in additional spending.

For a more detailed update regarding each strategic investment refer to **Appendix C**.

2018-2019 EMERGING ISSUES – PROPERTY TAX SUPPORTED BUDGET

Several services have identified potential service delivery pressures that may impact expenditures/revenues in 2018-2019 (Table 3). The table describes some of the more significant issues and the measures taken to mitigate or address these issues. The table does not include all of the potential service delivery pressures. Civic Administration is continuing to actively monitor all emerging issues, including items not listed below.

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 2018-2019 period is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring over the 2018-2019 period is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring over the 2018-2019 period is predicted to be less than 30%

Table 3 – Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
LEGISLATIVE	
<p>1. Bill 148, the <i>Fair Workplaces, Better Jobs Act, 2017</i> was enacted in November 2017. Among the many changes to employment and labour laws resulting from this legislation was an increase in the minimum wage to \$14.00/hour on Jan. 1, 2018 and to \$15.00/hour on Jan. 1, 2019.</p> <p><i>What we are doing to mitigate/address the issue: Funding was approved in the 2018 Annual Budget Update (Budget Amendment #7). However, the impacts of the increased minimum wage will need to be closely monitored to ensure sufficient financial resources are in place.</i></p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
<p>2. Garbage, Recycling & Composting – The Waste Free Ontario Act (Bill 151) including the Waste Diversion Transition Act, the recently passed legislation, the subsequent regulations developed under these acts and the Proposed Strategy for a Waste Free Ontario 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: Staff members sit on and/or participate in a number of Municipal and/or combined private sector and municipal working groups such as Regional Public Works Commissioners of Ontario, Association of Municipalities of Ontario, Municipal 3R's Collaborative and Ontario Waste Management Association which are actively engaged with the Province on this issue. Staff members prepare and submit recommendations for Council approval and submission for items that are posted on the Environmental Registry for public comment that relate to this issue.</p>	High
<p>3. Utility costs are increasing by more than the inflation rate plus the new Cap and Trade legislation is adding further cost pressure. Climate change is also creating new stresses on equipment and existing systems.</p> <p>What we are doing to mitigate/address the issue: Civic Administration is constantly monitoring utility usage in real time and through exception parameters to mitigate inefficiencies.</p>	High
<p>4. Long Term Care – A private member's bill has been introduced in the Ontario Legislature to include all Residential Care Facilities as Schedule 1 Employers for WSIB purposes. If passed, the transition of the Dearness Home from a Schedule 2 to a Schedule 1 employer could have adverse financial consequences.</p> <p>What we are doing to mitigate/address the issue: Advantage Ontario, the association for non-profit senior care of which the City of London is a member, is advocating on behalf of the membership to ensure the government is aware of the concerns of the sector and the financial impacts this bill will have on the sector if enacted.</p>	Medium
<p>5. Fire Services – The Ministry of Community Safety and Correctional Services (MCSCS) recently released proposed regulations under the Fire Protection and Prevention Act, 1997 related to new requirements for: Mandatory training and certification for firefighters; Mandatory risk assessments to inform the delivery of fire protection services; and Public reporting of fire responses.</p> <p>These proposed regulations, if enacted, could have wide-ranging operational and financial implications on the London Fire Department and other fire services across Ontario. The effective date of these regulations could be as early as January 1, 2019 based on the MCSCS's current proposal.</p> <p>The Ministry has requested input on the regulations by March 2018, with further details on the final regulations expected in April 2018.</p> <p>What we are doing to mitigate/address the issue: The London Fire Department (LFD) has submitted comments on the proposed regulations to the MCSCS outlining London's significant concerns regarding the clarity, timing and potential financial implications of the regulations as presently worded. The LFD will continue to actively monitor this emerging issue. The LFD is also exploring options to cost-effectively manage the proposed regulations should they be enacted.</p>	Medium
<p>6. Police Services – The province is introducing a new grant program effective April 1, 2019 to replace the Community Policing Partnerships, Safer Communities One Thousand Officer Program and the Provincial 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 Services have begun work on preparing a robust application for the new Police Effectiveness and Modernization Grant (PEM).</p>	Medium

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
MUNICIPAL COUNCIL DIRECTED	
<p>7. Social & Community Support Services – Council approved the implementation of the income-related subsidized transit 2 year pilot program commencing January 1, 2018 and the 22 month pilot for a reduced rate transit pass for youth ages 13 - 17 commencing September 1, 2018.</p> <p>What we are doing to mitigate/address the issue: Costs in excess of available 2018 and 2019 budgets approved to come from property tax supported operating budget surplus and, if necessary, contingency reserves. Program participation will be closely monitored and a business case prepared for consideration as part of the 2020-23 Multi-Year Budget.</p>	High
COST DRIVER	
<p>8. Parks and Recreation – Significant costs, in excess of those recoverable through insurance proceeds, are expected to be incurred to repair flooding damage that occurred in late February, 2018. Current costs not recoverable through insurance proceeds are estimated to be approximately \$200k, which includes costs to remediate various Parks and Recreation locations and facilities, including park infrastructure, sports field surfaces, and parking lots.</p> <p>What we are doing to mitigate/address the issue: Costs associated with flooding impacts will first be absorbed within existing operating budgets to the greatest extent possible. If required, the City may draw from contingency reserves.</p>	High
<p>9. Garbage, Recycling & Composting – China's implementation of a program called "National Sword" has resulted in significantly scaling back global access to the large Chinese recovered materials markets (i.e. materials recovered through Blue Box programs etc.). This has placed significant downward pressure on global recovered material end markets of items recovered through Blue Box recycling programs. The effects of the National Sword program were first observed in Q3 of 2017 and are expected to persist throughout 2018 and possibly into 2019.</p> <p>What we are doing to mitigate/address the issue: Staff members have been working with our Blue Box collection and Material Recovery Facility (MRF) operations service provider Miller Waste Systems to ensure that recovered materials produced from the MRF are of a quality required to continue to be marketed during these market conditions. It should be noted that Miller Waste Systems has developed long term relationships with stable end markets which greatly assists with material marketability during changing market conditions. However as the downward pricing pressure is global in nature, it is likely that revenues for recovered materials will be lower than anticipated/budgeted.</p>	High
<p>10. 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. Work is required to prepare for and provide expert testimony at these hearings, which will have an impact on Planning resources. Active negotiations are ongoing to resolve issues and reduce the potential cost exposure.</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 information with respect to managing the resources required to support the hearings will be forthcoming in a separate report.</p>	High
<p>11. Neighbourhood & Recreation Services – As reported to the Strategic Priorities & Policy Committee on November 27, 2017, the London Children's Museum has deferred their request for capital funding for a new facility to the 2019 Budget Update process.</p> <p>What we are doing to mitigate/address the issue: Civic Administration will work closely with the London Children's Museum to review their business plan to inform the development of a comprehensive Budget Amendment for Council's consideration as part of the 2019 Budget Update process.</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
<p>12. London & Middlesex Housing Corporation (LMHC) – As outlined in LMHC's presentation to the Strategic Priorities and Policy Committee on May 15, 2017, LMHC's assets are currently in good condition, but the asset base is aging and LMHC will face significant future challenges associated with maintaining the asset portfolio to acceptable levels based on current funding levels.</p> <p><i>What we are doing to mitigate/address the issue: A budget amendment was approved in the 2018 Annual Budget Update to address the short term needs of LMHC. The long term needs will be brought forward for funding consideration during the next multi-year budget.</i></p>	<p>Medium</p>

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. Council Services – The implementation of a ranked ballot process for the 2018 Municipal Election will have implications on the 2018 Municipal Elections budget.	<i>Funding approved from an increased draw from the Municipal Election Reserve.</i>
2. Social & Community Support Services – Increased focus on poverty initiatives at the local and provincial levels. Particularly, new provincial direction arising from the Province's Income Security Reform Work Group and the results of the Basic Income Pilot.	<i>Funding to come from enhanced subsidy from the Province for these initiatives to the greatest extent possible. Any additional municipal costs will not be known until direction on these initiatives is finalized.</i>
3. Parks & Urban Forestry – The implementation of the new tree protection by-law requires additional resources to support enforcement of the by-law.	<i>The Urban Forestry service area will continue to progress the area's work plan priorities to the greatest extent possible with the current resource complement. Adjustments to resources may be considered through the next Multi-Year Budget process.</i>
4. Parks & Urban Forestry – As part of the London Invasive Plant Management Strategy, an increase in funding is recommended to address the funding gap in invasive plant management.	<i>Funding approved in the 2018 Annual Budget Update (Budget Amendment #9).</i>
5. Arts, Culture & Heritage Advisory & Funding – Funding required for the continuation of the London Music Industry Development Officer position.	<i>Funding approved in the 2018 Annual Budget Update (Budget Amendment #1).</i>
6. 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.	<i>Funding approved in the 2018 Annual Budget Update (Budget Amendment #3).</i>
7. Planning Services – The construction of Dundas Place has been accelerated and it is expected that portions of Dundas Place will be constructed by late 2018. It will be necessary to establish the Dundas Place Management Office in order to plan and implement programming, maintenance and security of Dundas Place.	<i>Funding approved in the 2018 Annual Budget Update (Budget Amendment #4).</i>
8. Corporate Financing – Increased costs due to settlement of appeals to the Assessment Review Board of Municipal Property Assessment Corporation (MPAC) valuations for multiple years for properties in the commercial, industrial and multi-residential sectors.	<i>The cost pressures were mitigated or resolved through the increased receipt of supplementary taxes.</i>

**WATER AND WASTEWATER & TREATMENT
RATE SUPPORTED BUDGETS**

**2017 WATER
RATE SUPPORTED OPERATING BUDGET MONITORING**

The 2017 year-end surplus for the Water Rate Supported Budget is \$2.2 million (Table 4). To balance year-end operations, Civic Administration contributed the \$2.2 million surplus to the Water Capital Reserve Fund, as authorized by Council during the 2017 mid-year monitoring report.

Water consumption increased due to a busy growth year within the city. This resulted in higher than anticipated water consumption revenues and water service application revenues. Water consumption for 2017 was 1.4 million m³ higher than anticipated (budgeted consumption of 39.5 million m³ vs actual consumption of 40.9 million m³).

Operating expenditures ended the year in a surplus position. This is primarily due to savings in personnel costs and other operational savings, partially offset by higher than anticipated water consumption as noted above which resulted in higher purchase of water costs from our regional water supply boards.

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

Water Budget	2017 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	75,780	77,618	1,838
Expenditures	75,780	75,461	319
Net Balance Surplus/(Deficit)	-	2,157	2,157

**2017 WASTEWATER & TREATMENT
RATE SUPPORTED OPERATING BUDGET MONITORING**

The 2017 year-end surplus for the Wastewater & Treatment Rate Supported Budget is \$3.3 million (Table 5). To balance year-end operations, Civic Administration contributed the \$3.3 million surplus to the Wastewater Rate Stabilization Reserve as authorized by Council during the 2017 mid-year monitoring report. As per the Wastewater & Treatment financial principles approved by Council, the Reserve's target balance is 2.5% of the Wastewater Revenue Budget. A contribution of \$0.1 million achieves the Reserve's target balance, therefore it is recommended that the remaining \$3.2 million surplus be allocated to the Sewage Works Reserve Fund, noting that in previous years this Reserve Fund has been drawn from to balance year-end operations in a deficit position.

Wastewater & Treatment revenue surplus of \$3.0 million was driven by High Strength Waste Surcharges, which are primarily a result of existing customers producing higher volumes of wastewater that meet the criteria for high strength waste charges. The busy growth year within the City along with a significantly busy building year also contributed to higher than anticipated revenue charges, including the Wastewater Infrastructure Charge, Storm Drainage Charge and Private Drain Connection revenues.

Operating expenditures ended the year in a \$277k surplus position. This was primarily due to savings in personnel costs and savings in Natural Gas due to the installation of new energy

efficient equipment. Partially offsetting these savings were pressures in vehicle rentals and operating supplies due to emergency sewer repairs and increased costs for electricity and water.

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

Wastewater Budget	2017 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	92,525	95,507	2,982
Expenditures	92,525	92,248	277
Net Balance Surplus/(Deficit)	-	3,259	3,259

2018-2019 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 2018-2019 (Table 6). The table describes some of the more significant issues and the measures taken to mitigate or address these issues. The table does not include all of the potential service delivery pressures. Civic Administration is continuing to actively monitor all emerging issues, including items not listed below.

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 2018-2019 period is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring over the 2018-2019 period is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring over the 2018-2019 period is predicted to be less than 30%

Table 6 – Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
LEGISLATIVE	
<p>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 priority watershed. The specific actions required by municipalities and other watershed sectors to comply with will be detailed in a plan currently being developed called the Canada-Ontario Domestic Action Plan, which will be finalized by 2018.</p> <p><i>What we are doing to mitigate/address the issue: Staff are monitoring the development of legislation and working directly with the Ministry of the Environment and Climate Change to ensure that the City's interests are considered. Staff will report back to Council once specific actions and costs have been identified. Environmental Engineering Services and Intergovernmental Affairs are coordinating efforts in an attempt to capture additional funding from upper levels of government to support any required work.</i></p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2018-2019 Budget
COST DRIVER	
<p>2. 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 of problems.</p> <p>What we are doing to mitigate/address the issue: <i>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>3. 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>What we are doing to mitigate/address the issue: <i>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. The annual watermain rehabilitation, replacement, and leak detection programs systematically replace problematic watermains.</i></p>	Low
<p>4. Surface restorations of watermain breaks which occur on arterial roads during the winter season, requiring importing of asphalt.</p> <p>What we are doing to mitigate/address the issue: <i>The annual watermain rehabilitation, replacement, and leak detection programs systematically replace problematic watermains. These programs proactively identify compromised infrastructure which is then scheduled for replacement prior to the winter months.</i></p>	Low

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

Emerging Issue Included in Mid-Year Report	Resolution
<p>1. 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.</p>	<p><i>Funding approved for staff in the 2018 Annual Budget Update and positions are being brought on board as required to fulfill the requirements of the CWWF/Green Infrastructure program.</i></p>

OTHER YEAR-END MONITORING INFORMATION

SUBSIDIZED TRANSIT PILOT PROGRAMS

The Subsidized Transit programs include free transit for children 5-12, a reduced rate transit pass for youth 13-17 pilot program, and an income-related subsidized transit pilot program for adults 18 and over. The current total annual funding in the approved budget for these three programs is approximately \$600k. The total cost of these programs will vary greatly depending on a variety of factors including uptake/participation, but total combined costs for 2018 and 2019 could be up to \$23.9 million if all eligible individuals were to participate in these programs. Based on current participation in the free transit for children 5-12 program, and 20% estimated uptake/participation for the pilot programs, total combined costs for 2018 and 2019 would be approximately \$5 million above the total approved budget.

Costs in excess of available budgets for these 2 pilot programs are approved to come from Operating Budget Surplus, and if required, Contingency Reserves. Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration is recommending that \$5 million from the reported \$6.9 million surplus from the Property Tax Supported Budget be allocated to fund these costs.

LMHC EMPLOYEE ENTITLEMENT RESERVE FUND CONTRIBUTION

The LMHC Employee Entitlement Reserve Fund supports the cost of vacation, sick leave credits and other LMHC employee entitlements for former LMHA employees, based on each employee's entitlement. In order to reduce the projected gap between future entitlement payments and the current balance in the Reserve Fund, it is recommended that LMHC's operational savings of approximately \$37k included in the reported \$6.9 million surplus from the Property Tax Supported Budget be contributed to the LMHC Employee Entitlement Reserve Fund.

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 2017, the contribution to the Efficiency, Effectiveness and Economy Reserves was \$3,578,214 (\$2,905,476 – Property Tax Supported; \$242,714 – Water; and \$430,024 – Wastewater & Treatment).

2017 OPERATING BUDGET YEAR-END MONITORING REPORT SUMMARY

Civic Administration realized a \$6.9 million year-end surplus in the 2017 Property Tax Supported Budget. The major factors contributing to this position are personnel savings, fuel cost savings, energy and utility savings and a surplus in fee based revenues.

The Water Rate Supported Budget surplus of \$2.2 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. Both budgets experienced increased water consumption revenue due to a busy growth year within the city.

Acknowledgements

This report was prepared with significant contributions from the City's Business Administration teams, and Josh Weaver, Manager Financial Modelling, Forecasting & Systems Control and Cathy Milne, Current Budget and Process Officer, in Financial Planning & Policy.

PREPARED BY:	REVIEWED BY:
CINDY WILLIAMSON MANAGER, FINANCIAL MODELLING, FORECASTING & SYSTEMS CONTROL	RICK LAMON MANAGER, ACCOUNTING & REPORTING
RECOMMENDED BY:	
ANNA LISA BARBON, MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

Cc: Ian Collins – Director, Financial Services
 John Millson – Senior Financial Business Administrator
 Kyle Murray – Senior Financial Business Administrator

APPENDIX A – 2017 YEAR-END FINANCIAL SUMMARY

	\$ thousands		
	REVISED NET BUDGET ⁽²⁾	YEAR-END POSITIONS	YEAR-END SURPLUS/ (DEFICIT)
Culture:			
Centennial Hall	157	51	106
Arts, Culture & Heritage Advisory & Funding	2,212	2,201	11
Museum London	1,665	1,665	-
Eldon House	279	279	-
Heritage	177	194	(17)
Libraries	19,835	19,835	-
Total Culture	24,325	24,225	100
Economic Prosperity:			
Business Attraction & Retention	9,078	8,754	324
Community Improvement/BIA	232	230	2
London Convention Centre	612	612	-
Tourism London	1,998	1,998	-
Covent Garden Market	-	-	-
Total Economic Prosperity	11,920	11,594	326
Environmental Services:			
Kettle Creek Conservation Authority	467	467	-
Lower Thames Valley Conservation Authority	158	157	1
Upper Thames River Conservation Authority	3,240	3,238	2
Environmental Action Programs & Reporting	777	741	36
Garbage Recycling & Composting	16,942	15,517	1,425
Total Environmental Services	21,584	20,120	1,464
Parks, Recreation & Neighbourhood Services:			
Neighbourhood & Recreation Services	20,277	19,760	517
Parks & Urban Forestry	13,095	13,302	(207)
Total Parks, Recreation & Neighbourhood Services	33,372	33,062	310
Planning & Development Services:			
Building Approvals	(910)	(1,333)	423
Planning Services	3,517	3,481	36
Development Services	4,267	3,959	308
Total Planning & Development Services	6,874	6,107	767
Protective Services:			
Animal Services	1,740	1,867	(127)
By-Law Enforcement	1,313	913	400
Corporate Security & Emergency Management	2,377	2,164	213
Fire Services	59,667	59,649	18
Police Services	102,042	102,042	-
Total Protective Services	167,139	166,635	504
Social & Health Services:			
Housing Services	11,779	11,369	410
Housing Development Corporation	2,481	2,481	-
London & Middlesex Housing Corporation	9,501	9,464	37
Long Term Care	5,146	4,370	776
Land Ambulance	14,427	14,413	14
Middlesex London Health Unit	6,095	5,658	437
Social & Community Support Services	18,401	16,114	2,287
Total Social & Health Services	67,830	63,869	3,961
Transportation Services:			
Parking	(3,238)	(3,956)	718
Public Transit	29,972	29,800	172
Roadways	39,658	39,787	(129)
Rapid Transit	-	-	-
Total Transportation Services	66,392	65,631	761
Corporate, Operational & Council Services:			
Corporate Services	54,211	50,551	3,660
Corporate Planning & Administration	2,380	2,051	329
Council Services	3,440	3,124	316
Public Support Services	1,101	(324)	1,425
Total Corporate, Operational & Council Services	61,132	55,402	5,730
Financial Management:			
Corporate Financing	96,412	103,452	(7,040)
Total Financial Management	96,412	103,452	(7,040)
Total Property Tax Requirements	556,980	550,097	6,883

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 2017 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.

APPENDIX B – 2017 YEAR-END EXPLANATION BY SERVICE PROGRAM

SERVICE PROGRAM	\$ millions
CULTURE SERVICES	0.1
<ul style="list-style-type: none"> • Centennial Hall surplus of \$106k a result of energy cost savings and an increase in hall rental revenues partially offset by net operational deficits. • Arts, Culture and Heritage Advisory & Funding surplus of \$11k a result of net operational savings after a contribution to reserves for surplus in the Public Art and Creative City Programs consistent with policy. • Museum London balanced budget with no major factors to report. • Eldon House balanced budget with no major factors to report. • Heritage deficit of \$17k a result of personnel costs. • London Public Library balanced budget after a contribution of \$238k to their Stabilization Reserve Fund. The savings contributed to their reserve fund are the result of personnel and utilities cost savings partially offset by operational cost overruns. 	
ECONOMIC PROSPERITY	0.3
<ul style="list-style-type: none"> • Business Attraction and Retention surplus of \$324k a result of termination of the Stiller contract earlier than expected, consultant fee savings and net operational savings. • Community Improvement/Business Improvement Area surplus of \$2k with no major factors to report. • London Convention Centre balanced budget after a contribution of \$50k to their reserve fund. The savings contributed to their reserve fund are the result of personnel savings partially offset by utilities cost overruns. • Tourism London balanced budget after a contribution of \$167k to the Tourism Trust, in accordance with Board direction. The savings contributed to their trust are the result of personnel savings, co-op promotion revenue increases and operational savings offset by costs related to the Juno Music Awards bid and Canadian Country Music Association work. • Covent Garden Market balanced budget after a \$138k contribution to their reserve as a result of an increase in user fee revenues and net operational savings. 	
ENVIRONMENTAL SERVICES	1.5
<ul style="list-style-type: none"> • Kettle Creek Conservation Authority balanced budget with no major factors to report. • Lower Thames Valley Conservation Authority surplus of \$1k with no major factors to report. • Upper Thames River Conservation Authority surplus of \$2k with no major factors to report. • Environmental Action Programs and Reporting surplus of \$36k a result of operational cost savings and Ministry of Energy grant funding, partially offset by personnel cost overruns. • Garbage, Recycling & Composting surplus of \$1.4m a result of the following: <ul style="list-style-type: none"> ○ \$1.3m surplus a result of higher than anticipated net revenue from tipping fees at W12A, new revenue from curbside tags and collection charges, partially offset by a contribution to the Sanitary Landfill Site Reserve Fund, lower than anticipated sewage recovery revenues and sale of scrap. ○ \$440k surplus related to increase in recycling revenues and processing fee revenues partially offset by a contribution to the Material Recovery Facility Reserve Fund. ○ \$322k deficit due to net operational costs overruns and personnel costs partially offset by other fee based revenues. 	
PARKS, RECREATION, & NEIGHBOURHOOD SERVICES	0.3
<ul style="list-style-type: none"> • Neighbourhood & Recreation Services surplus of \$517k a result of higher than anticipated revenues from strong program activity/participation and operational cost surpluses in Community Centres, Recreation Programs, Sport Services, Storybook Gardens, Aquatics and Rec. Admin., partially offset by operational cost deficits in Children's Services areas, Arenas and Community Development & Funding. • Parks and Urban Forestry deficit of \$207k a result of net operational cost overruns partially offset by personnel cost savings. 	

SERVICE PROGRAM	\$ millions
PLANNING & DEVELOPMENT SERVICES	0.8
<ul style="list-style-type: none"> • Building Approvals surplus of \$423k a result of personnel savings, an increase in building permit revenues and other net operational savings partially offset by a year-end contribution to the Building Permit Revenue Stabilization Reserve. • Planning Services surplus of \$36k a result of personnel savings and other net operational savings, partially offset by lower planning application revenue. • Development Services surplus of \$308k a result of higher than anticipated user fee based revenues, personnel savings and other net operational savings. 	
PROTECTIVE SERVICES	0.5
<ul style="list-style-type: none"> • Animal Services deficit of \$127k a result of additional costs related to veterinary contract not yet in place, lower than anticipated dog and cat licenses, and other net operational cost overruns, partially offset by savings from contracted services used until the mid-year opening of the Cat Adoption Centre. • By-Law Enforcement surplus of \$400k a result of an increase in net user fee based revenues and personnel cost savings, partially offset by net operational cost overruns. • Corporate Security & Emergency Management surplus of \$213k a result of lower than anticipated maintenance and Public Notification System costs and personnel savings. • Fire Services surplus of \$18k a result of increased out-of-town resident related revenues, savings in materials, supplies, equipment and furniture costs partially offset by personnel cost overruns and deficits from purchased services and administrative expenses. • The London Police Service balanced budget after a \$177k contribution to their reserves. The savings to be contributed to their reserves are the result of personnel savings, additional grant funding and insurance cost savings, partially offset by costs for capital purchases, equipment and maintenance costs and other net operational cost overruns. 	
SOCIAL & HEALTH SERVICES	4.0
<ul style="list-style-type: none"> • Housing Services surplus of \$410k a result of savings in housing provider subsidies and rent supplements from challenges in uptake and securing new private landlord units, personnel cost savings and other operational cost savings partially offset by higher than anticipated costs to fund the implementation of the housing information system. • Housing Development Corporation balanced budget after contributing \$32k of 2017 operational savings to reserves (as approved by Council in the 2017 Mid-Year Operating Budget Monitoring Report). The savings contributed to their reserve are the result of personnel savings partially offset by costs for office leasehold improvements. Note – City Council approved one-time funding of \$1.6m for additional investment in affordable housing development was contributed to the HDC Reserve Fund. • London & Middlesex Housing Corporation estimated surplus of \$37k a result of higher than anticipated rental revenue and lower than anticipated utilities costs. These savings were partially offset by higher maintenance, and one time personnel costs. LMHC’s final year end position is subject to completion of LMHC’s financial statement audit. • Long Term Care surplus of \$776k a result of higher than anticipated Provincial funding, resident room fee revenue, savings in utilities costs and other net operational savings partially offset by personnel deficits, and higher than anticipated furniture, equipment, recreation, and entertainment costs. • Land Ambulance surplus of \$14k with no major factors to report. • Middlesex-London Health Unit surplus of \$437k a result of personnel savings, lower than anticipated program and travel related expenses, I.T projects and professional services deferred and net operational savings partially offset by equipment purchases and budgeted expenditure savings/gapping. • Social and Community Support Services surplus of \$2.3m a result of net personnel savings, additional Provincial subsidy for Ontario Works due to the City’s increased proportion of the total Provincial Ontario Works caseload, savings in the discretionary benefits program, savings from 	

SERVICE PROGRAM	\$ millions
Ontario Works administration costs, and net OW Caseload surplus as a result of an extensive reconciliation process of prior OW subsidy claims.	
TRANSPORTATION SERVICES	0.8
<ul style="list-style-type: none"> • Parking Services surplus of \$718k mainly a result of higher than anticipated administration fee, court fine, parking fine, meter bagging fee, parking meter fee, and parking lot revenues, winter maintenance cost savings, personnel savings other net operational savings partially offset by a contribution to the Parking Reserve Fund. • London Transit Commission surplus of \$172k due to the approval of annualized assessment growth funding received in 2017 while only the in-year expenditure is required, an increase in Provincial Gas Tax operating funding due to net unfunded variances, savings in diesel fuel costs, and other operational savings partially offset by the deferral of budgeted fare increases. • Roadway Services deficit of \$129k a result of the following: <ul style="list-style-type: none"> ○ \$96k deficit in Roadway Maintenance due to personnel deficits and net operational cost overruns partially offset by savings in purchased services, increases in road service/structure maintenance revenues and fuel rebates. ○ \$204k surplus in Roadway Planning & Design due to higher than anticipated capital recoveries and personnel savings partially offset by computer and office furniture costs and other net operational deficits. ○ \$315k deficit in Winter Maintenance a result of higher than anticipated operating supply costs related to replenishing salt domes and liquids and other net operational deficits partially offset by personnel savings, higher than anticipated winter maintenance revenues for subdivisions not yet assumed and fuel rebates. ○ \$78k surplus in Street Lighting & Traffic Signal due to street light maintenance savings realized from LED street light upgrades, repair cost savings, expense recoveries, lower than anticipated distribution charges for energy, personnel savings and other net operational savings partially offset by lower than anticipated red light camera revenues, traffic signal costs due to damage, and an increase in stock of pedestrian audible buttons for maintenance. • Rapid Transit balanced budget due to personnel and net operational savings offset by capital expenditure recoveries. 	
CORPORATE, OPERATIONAL, & COUNCIL SERVICES	5.7
<ul style="list-style-type: none"> • Corporate Services surplus of \$3.7m a result of personnel savings, favourable fuel costs in Fleet, lower than anticipated utilities costs in Facilities, increased revenue in Legal and other net operational savings partially offset by a contribution to the Information Technology Services Reserve Fund to be used to support investment in corporate systems. • Corporate Planning and Administration Services surplus of \$329k a result of personnel savings and consultant cost savings. • Council Services surplus of \$316k a result of internal audit, personnel and councillors' expense savings. • Public Support Services surplus of \$1.4m a result of higher than anticipated taxation and licensing revenues, personnel and other operational savings partially offset by postage cost overruns due to increased usage. 	
FINANCIAL MANAGEMENT	(7.0)
<ul style="list-style-type: none"> • Corporate Financing deficit of \$7.0m a result of: <ul style="list-style-type: none"> ○ \$4.0m contribution to the Unfunded Liability Reserve partially offset by personnel savings in Financial Management. ○ \$4.0m deficit due to drawdown from the Operating Budget Contingency Reserve that was not required. ○ \$2.3m surplus due to higher than anticipated revenue from interest and penalties on taxes and other operational savings. ○ \$1.3m deficit due to higher than anticipated assessment appeals partially offset by increased supplementary tax, lower uptake in tax rebate programs and grants in lieu of tax revenue. 	
TOTAL YEAR-END POSITION	\$ 6.9

All figures are subject to rounding.

APPENDIX C – STRATEGIC INVESTMENT STATUS UPDATE

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of Dec 31, 2017 (\$000's)	2016/2017 Budget (\$000's)
Building A Sustainable City					
1	Library's Ten Year Capital Plan	Susanna Hubbard Krimmer	1,900	1,369	1,300
	<ul style="list-style-type: none"> 2017: Jalna Library rooftop HVAC replacement; Central Library elevator piston replacement; Central Library fire system back flow preventer replacement; CBC tenant improvements; Beacock Library roof repair and HVAC replacement. 2018 to 2019: Masonville Library Revitalization and hot water boiler replacement; Byron Library Revitalization and rooftop HVAC replacement; other branch upgrades. <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 funding is slated to be added to the operating budget in 2018 & 2019. Current Action - until then, existing base budget money is utilized to complete the identified initiatives. 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 and participating in pilot projects developed with Western University and PhD students. Allocation of \$140,000 will occur by Q2 2018. Key learnings will be reported in late 2018. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>				
3	Urban Forest Strategy	John Fleming	3,455	1,124	2,385
	<ul style="list-style-type: none"> Capital funding for planting - The City has completed a Planning Strategy to ensure that the funds invested generate the most trees/future canopy and leverage partnerships with the community. Increased planting occurred starting in 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. Approximately \$639K of the approved capital allocation for planting has been spent to date. Operating funding for maintenance - The program started in spring of 2016. Additional crews were hired for small tree pruning and deep root feeding. The 2016 allocation of \$200,000 and the 2017 allocation of \$285,000 for additional urban forest maintenance were both fully spent. <p><i>Project Status: On Track</i> <i>Project Start Date: Spring 2016</i></p>				
4	Thames Valley Corridor Plan	John Fleming	1,200	14	1,200
	<ul style="list-style-type: none"> The environmental assessment (EA) 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. Provincial funding through the Ontario Municipal Commuter Cycling program was also recently approved for this project, eliminating a potential funding gap. Detailed design is currently ongoing with construction anticipated to commence in fall 2018. <p><i>Project Status: Delayed</i> <i>Project Start Date: Design in 2017</i></p>				
5	Road Safety Strategy	Kelly Scherr	500	145	250
	<ul style="list-style-type: none"> Progress being made on Road Safety Strategy (RSS) initiatives including the implementation of over 80 pedestrian crossovers, completion of the required rail crossing safety assessments and creation of Vision Zero campaigns for Embrace the Red, Respect the Limit, Mind the Green and Share the Merge. Federal funding via Public Transit Infrastructure Fund has enabled leveraging and acceleration of scope. The cost sharing portion of the project is not reflected in the numbers being reported. <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of Dec 31, 2017 (\$000's)	2016/2017 Budget (\$000's)
6	Rapid Transit Implementation Strategy	Kelly Scherr/ Edward Soldo	-	-	-
	<ul style="list-style-type: none"> Shift RT Environment Assessment (EA) is progressing. Master Plan and Business Case update was approved in July 2017. The Environmental Project Report (EPR) will be submitted to Strategic Planning Committee in Q2 2018 for approval. Transit Projects Assessment Process (TPAP) to be initiated in 2018 following Provincial review of EPR. Earlier in 2017, the Federal Government announced \$14.9M through the Public Transit Infrastructure Fund Phase 1 to be allocated towards Rapid Transit. In January 2018, the Provincial Government announced a \$170M funding commitment towards Rapid Transit in London. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2014</i></p>				
7	State of Infrastructure Report	Anna Lisa Barbon	6,750	1,476	1,750
	<ul style="list-style-type: none"> Corporate Asset Management processes have identified areas of need. Allocations toward the Roads infrastructure gap has funded life cycle renewal work created improvements for local streets, traffic signals and streetlighting. Funds have been allocated to projects in Parks and Recreation, Fire and Corporate Services through 2019. Actuals represent projects that have started. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				
Council Added Initiative	Green Bin	Kelly Scherr	135	130	135
	<ul style="list-style-type: none"> A 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. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2016</i></p>				
Leading in Public Service					
8	Garbage Collection – On-board Weighing and Tracking Technologies	Kelly Scherr	150	-	-
	<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>				
9	Technology – Amanda	George Kotsifas	1,000	444	500
	<ul style="list-style-type: none"> Projects are moving along 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. The plan is to enhance the number of services available on line (ex. Business licensing). We are also in the process of finalizing the acquisition of an AMANDA mobile app in collaboration with other municipalities. <p><i>Project Status: On Track</i> <i>Project Start Date: April 2016</i></p>				
10	Establish Public Engagement as an Area of Focus	John Fleming	100	-	50
	<ul style="list-style-type: none"> Currently finalizing the implementation tools and procedures related to enhanced signage and materials for planning applications. It is anticipated the enhanced program will begin in 2018 upon receipt of the first application that consists of the revised application materials necessary to implement this initiative. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				
11	Service London Implementation Plan	Lynne Livingstone	3,947	1,550	2,216
	<ul style="list-style-type: none"> 2016 and 2017 operating spending 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 2018 as capital projects are operationalized and full staffing complement is achieved. The capital investment to date has focused on 4 projects (Customer Relationship Management (CRM) Phases 2 and 3, Self Service Portal, and Business Hub Renovations). 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, while CRM Phase 3 was completed at the end of 2017. The Self Service Portal was completed in April, 2017. Capital expenditures related to the Business Hub renovations were completed at the end of Q4 2017. The next phase of the CRM implementation (phase 4) will be kicking off in early 2018. 				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of Dec 31, 2017 (\$000's)	2016/2017 Budget (\$000's)
<i>Project Status: On Track</i> <i>Project Start Date: March 2016</i>					
12	Computerized Maintenance Management System	Kelly Scherr/ Anna Lisa Barbon	2,100	185	700
	<ul style="list-style-type: none"> Costs include the hiring of an ITS Manager in 2016 to support this initiative. Service area and ITS staff are being hired in 2018. The discovery phase was completed in July, 2017. Phase 1 of implementation will commence in January, 2018 with an 18 month implementation period. <i>Project Status: On Track</i> <i>Project Start Date: July 2016</i>				
Strengthening Our Community					
13	London Strengthening Neighbourhoods Strategy (LSNS) 2015-2020	Lynne Livingstone	780	265	280
	<ul style="list-style-type: none"> All of the 2017 funds (\$250k) have been committed to neighbourhood projects, however \$146k of the expenditures are linked to capital projects that will be completed by the City in spring 2018. <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	961	1,040
	<ul style="list-style-type: none"> Council approved 3 additional City staff as well as a contract amendment with Goodwill, the lead community partner for this initiative. All approved staff and contracts were put in place in 2016. Council received an information report on March 28, 2017 related to Bridges Out of Poverty and Circles Baseline Evaluation including impacts and successes of this initiative. All approved funding for 2017 for this initiative was spent. <i>Project Status: On Track</i> <i>Project Start Date: June 2016</i>				
15	Mental Health and Addictions Strategy	Sandra Datars Bere	200	88	200
	<ul style="list-style-type: none"> Work in 2016 on this initiative was managed within existing resources. In 2017 an RFP was issued for an external consultant to assist with the creation of the strategy. A contract was awarded in June, 2017 to Optimus SBR. On December 5, 2017 a report was provided on the Community Mental Health and Addiction Strategy - Moving Forward Together. Council also approved the utilization of the remaining funds of \$112k to fund the implementation activities of the Community Mental Health and Addictions Strategy. <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	1,227	1,800
	<ul style="list-style-type: none"> A total of \$176,640 of the \$200,000 approved budget for Housing Supplements was utilized in 2016 as the program was rolled out. The full budget of \$400,000 was spent in 2017. Funding for the Youth Shelter component of this initiative did not start until 2017. Project is underway and in the start- up phase, with the first payment of the capital component issued to the successful proponent. The operating portion of \$1,000,000 is not budgeted to start until 2018. <i>Project Status: On Track</i> <i>Project Start Date: April 2016</i>				
17	Winter Maintenance Strategy	Scott Stafford	574	200	287
	<ul style="list-style-type: none"> New program to provide winter maintenance on approximately 50% of paths in parks and the Thames Valley Parkway has been successful to date. While 2016 experienced a warmer than typical winter season, 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>				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of Dec 31, 2017 (\$000's)	2016/2017 Budget (\$000's)
	Enhance By-law Enforcement	George Kotsifas/Orest Katolyk	1,095	384	495
Council Added Initiative	<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 policy passed by Council in July 2016 to proactively address issues with vacant buildings and report out on specific buildings which should be demolished to address neighbourhood quality of life issues, revenues in 2017 were not collected from vacant building by-law fees and were only collected from licensing private vehicles for hire. AMPs will be implemented in 2018 for parking and licensing. The review of the business licensing by-law is nearing completion. 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>				
Growing Our Economy					
18	London Community Foundation's "Back to the River Project"	John Fleming	700	377	700
	<ul style="list-style-type: none"> 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. <p><i>Project Status: Delayed</i> <i>Project Start Date: 2018/2019</i></p>				
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. <p><i>Project Status: On Track</i> <i>Project Start Date: 2019</i></p>				
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. (\$250,000 in 2018 and \$500,000 in 2019 with a projection of \$5,750,000 in 2020-2025 subject to budget approval.) Resources have been identified to initiate work on this project and are expected to be secured in 2018. This project is a partnership between the City, HDC, and LMHC. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018</i></p>				
22	Dundas Place	Kelly Scherr/John Fleming	15,614	2,991	2,300
	<ul style="list-style-type: none"> Project Design Completed. Construction can now begin subject to Council approval. Capital purchase of 3 buses complete on July 17, 2017 (\$1,700,000). Re-routing of buses off Dundas Street has been delayed until April 2018. Federal funding via the Public Transit Infrastructure Fund has enabled leveraging and acceleration of scope; noting that the above investment does not include the impact of federal funding. <p><i>Project Status: On Track</i> <i>Project Start Date: February 2015</i></p>				
23	City of London Internship Program	Bill Coxhead	360	35	120
	<ul style="list-style-type: none"> Currently there are two foreign trained professionals employed for 12 month terms under the expanded internship program. The longer term placements provide candidates an opportunity to obtain accreditation in their chosen profession. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				
Council Added Initiative	Brownfield Incentives	John Fleming	80	20	40
	<ul style="list-style-type: none"> Funding is used on as needed basis as applicants come forward. The first two grants through this program were paid in the latter half of 2017. <p><i>Project Status: On Track</i> <i>Project Start Date: 2016</i></p>				

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.

