

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 25, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2018 OPERATING BUDGET MID-YEAR 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 2018 Mid-Year Monitoring:

- a) The 2018 Operating Budget Mid-Year 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 projections are outlined below, noting that the year-end positions could fluctuate significantly based on factors beyond the control of Civic Administration:
 - i) Property Tax Supported Budget surplus of \$2.1 million as identified by Civic Administration, Boards and Commissions. The projected year-end position includes the contributions to Reserve Funds listed in items b) and c).
 - ii) Water Rate Supported Budget surplus of \$2.7 million.
 - iii) Wastewater & Treatment Rate Supported Budget surplus of \$4.7 million.
- b) Civic Administration **BE AUTHORIZED** to contribute the Housing Development Corporation's year-end operational surplus, if any, to the Housing Development Corporation Reserve Fund which will be used to support housing initiatives and future work of the Housing Development Corporation.
- c) Civic Administration **BE AUTHORIZED** to contribute Information Technology Services year-end operational surplus, if any, to the Technology Services Reserve Fund to be used to support investments in corporate systems.
- d) Civic Administration **BE AUTHORIZED** to contribute to or drawdown from the Water Capital Reserve Fund to balance year-end operations of the Water Budget should the budget be in a surplus/deficit position.
- e) Civic Administration **BE AUTHORIZED** to contribute to or drawdown from the Wastewater Rate Stabilization Reserve to balance year-end operations of the Wastewater & Treatment Budget should the budget be in a surplus/deficit position.
- f) Civic Administration **BE AUTHORIZED** to allocate Wastewater & Treatment Budget year-end surplus from the Wastewater Rate Stabilization Reserve to the Sewage Works Reserve Fund should the Wastewater Rate Stabilization Reserve achieve its target balance of 2.5% of the Wastewater & Treatment Revenue Budget, noting that in previous years this Reserve Fund has been drawn from to offset operational deficits.
- g) Civic Administration's contribution of \$1,989,623 (\$1,760,121 – Property Tax Supported; \$76,925 – Water; and \$152,577 – Wastewater & Treatment) to the Efficiency, Effectiveness and Economy Reserve in 2018 **BE RECEIVED** for information.

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

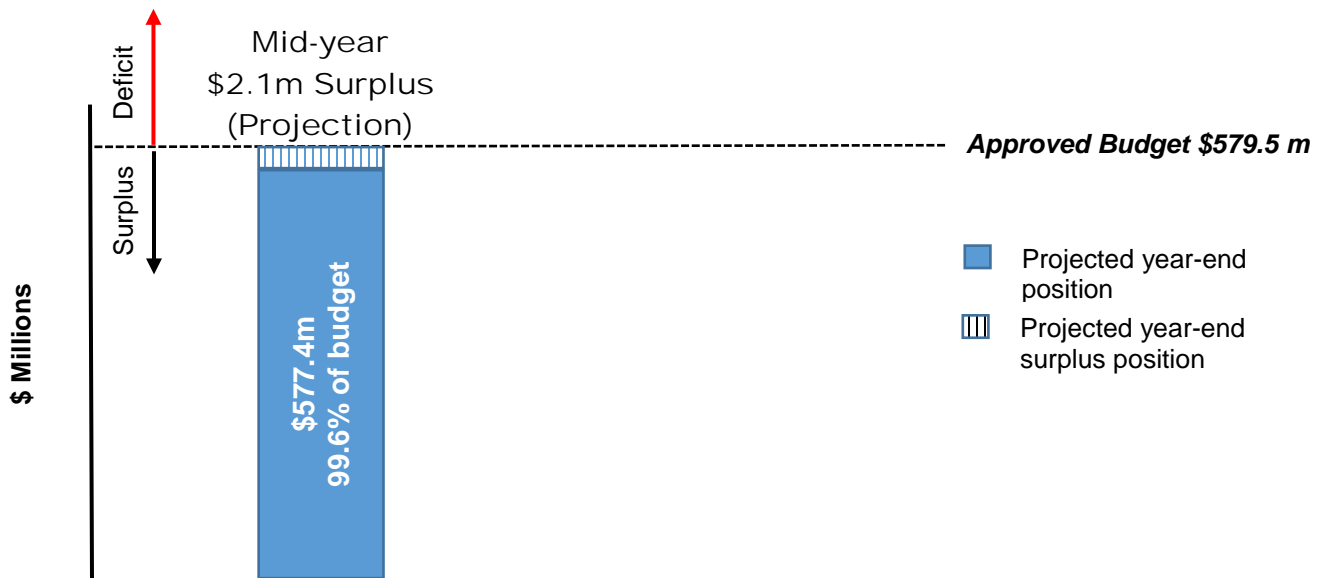
Budget monitoring is a key component for the governance and accountability process of the 2016-2019 multi-year budget. As part of the move to a multi-year budget for the Corporation of the City of London (the "City"), the budget monitoring process and reporting elements were evaluated to ensure that 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.

2018 PROPERTY TAX SUPPORTED OPERATING BUDGET MONITORING

The 2018 Property Tax Supported Net Budget was approved at \$579.5 million. The projected 2018 year-end surplus is \$2.1 million. Figure 1 below provides a graphical view of the projected surplus position at year-end.

Figure 1 – Comparison of 2018 Budget and Projected Actuals



Outlined in Table 1 are some of the key items that are contributing to the projected year-end surplus of \$2.1 million. A year-end surplus of \$2.1 million represents approximately 0.4% of the 2018 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 Projected Year-End Position

Contributing Factor	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 partially offset by higher contracted services funded from staff vacancies.	\$4.5m
Higher than anticipated fee based revenue and interest revenue.	\$3.6m
Higher than budgeted winter maintenance costs from January to April impacting operating supplies, purchased services and equipment costs.	\$(3.2)m
Portion of budgeted drawdown from Operating Budget Contingency Reserve (OBCR) not required.	\$(2.3)m
London & Middlesex Housing Corporation deficit mainly the result of higher than anticipated personnel and snow removal costs.	\$(0.3)m
Contribution to ITS Reserve Fund partially offset by other operational savings.	\$(0.2)m
Total Projected Year-End Position	\$2.1m

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.

As noted above, the projected surplus of \$2.1 million, if realized, will be allocated as per the Council approved Surplus/Deficit Policy approximately as follows:

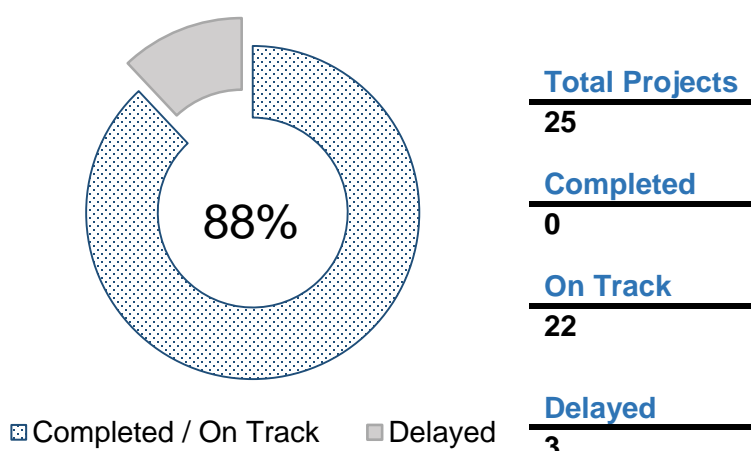
- a) \$1.05 million to reduce authorized debt;
- b) \$525 thousand to the Community Investment Reserve Fund, and;
- c) \$525 thousand to the Capital Infrastructure Gap Reserve Fund.

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 three 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 the fall of 2018.
2. The London Homeless Prevention System Implementation Plan, Business Case #16, Item #2, has been delayed. It was originally planned to be operational in 2018. The opening of the Housing First youth emergency shelter is anticipated to occur in the Third Quarter of 2019. The reason for this delay is due to the length of time it has taken to acquire land. There are no significant implications as youth will continue to be served at The Salvation Army Centre of Hope until the new shelter is open.
3. 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 this 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 May 2018 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 - 2018 Budget	Life to date actuals as of June 30, 2018	% Spent of 2016 - 2019 Total Budget	% Spent of 2016 - 2018 Budget
Building a Sustainable City	14,340	10,130	5,432	38%	54%
Leading in Public Service	7,297	5,383	2,699	37%	50%
Strengthening Our Community	8,529	6,315	4,416	52%	70%
Growing Our Economy	17,604	10,232	6,393	36%	62%
Total	47,770	32,060	18,940	40%	59%

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

- A large portion of the strategic investment budget will be expended in the second half of 2018 and throughout 2019;
- If the delayed projects remained on track, there would potentially be approximately \$2.2 million, or 7% of the 2016 – 2018 budget, in additional spending.

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

2019 EMERGING ISSUES – PROPERTY TAX SUPPORTED BUDGET

Several services have identified potential service delivery pressures that may impact expenditures/revenues in 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 2019 period is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring over the 2019 period is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring over the 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 2019 Budget
LEGISLATIVE	
<p>1. Multiple Services - New Provincial Government - A new government has been elected and has begun to make numerous program changes with an indication that more may come based on campaign promises and its review of the previous Provincial Government's spending. Some notable changes already announced with impacts to the City include elimination of the Cap and Trade program, cancellation of energy/environment projects and reductions in social assistance programs. The budgetary impacts to the City thus far have been relatively minimal; as an example, impacted projects where funding has been cancelled were in initial start-up stages with minimal spending to date. The budget continues to include impacts from the previous government's policies and will be evaluated as new announcements are made from the current government regarding changes. As an example, the 2019 budget includes the anticipated minimum wage increase to \$15/hour while the new government previously indicated intentions to halt the planned 2019 increase, although this direction has not yet been confirmed.</p> <p><i>What we are doing to mitigate/address the issue: Administration is continuing to monitor new announcements and developments from the Provincial Government and evaluating the impact to the budget as the information is received. As projects/initiatives are impacted, evaluations are being made to find alternative funding sources should they proceed.</i></p>	High
<p>2. Roadways - Bike Lane Maintenance and Snow Clearing - Ontario regulation 239/02, Minimum Maintenance Standards for Municipal Highways was amended and enacted on May 3, 2018. The amendments included adding a standard for cycling networks. Bicycle lanes are defined as a portion of the roadway that has been designated by pavement markings or signage for the preferential or exclusive use of cyclists, or a portion of a roadway that has been designated for the exclusive use of cyclists by signage and a physical or marked buffer. The increased winter maintenance activities associated with this legislation includes plowing and snow bank removal approximately five (5) times per season in areas where snow storage is limited. Summer maintenance will include asphalt patching, crack sealing, sweeping and line marking and signing.</p> <p><i>What we are doing to mitigate/address the issue: A Budget Amendment Case will be prepared for consideration in the 2019 Annual Budget Update. For further information, please refer to the August 13th report to the Civic Works Committee.</i></p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2019 Budget
<p>3. Multiple Services - Cannabis Legislation - The legalization of cannabis in Canada as of October 17, 2018 will require additional services from the City and associated entities, including police, fire, by-law and public health enforcement and administration/education from building, human resources and public health. Preliminary cost estimates to provide these services are in the range of \$3.7 million annually (estimated yearly costs by 2020). These costs assumed retail sales would be offered under a public model. Civic Administration is currently gathering cost estimates under the newly proposed private retail model. Details of this delivery model are still to be determined, but it appears costs could be considerably higher under a private model.</p> <p>What we are doing to mitigate/address the issue: Civic Administration has worked diligently to understand and anticipate the municipal implications of cannabis legalization, forming a staff working group which includes representatives from the London Police Service, Fire Services, By-Law Enforcement and the Middlesex London Health Unit. The majority of the incremental costs for By-law Enforcement will be covered by licensing fees. Civic Administration is looking to the federal and provincial governments to offset costs from the other areas. In December 2017, the federal government announced an agreement with Ontario and other provinces to share up to 75% of taxation revenues with provinces, with the implied understanding that each province would work with its cities and communities to cover the local costs of local enforcement. Although the change in provincial leadership created significant uncertainty, coordinated intergovernmental advocacy has resulted in positive indications from the new provincial government that the majority of these incremental municipal costs, notably training and resources for enforcement, as well as ongoing public health costs, will be covered by the province. Civic Administration continues to work with community partners and municipal associations to advocate for adequate support from the federal and provincial governments.</p>	High
<p>4. Corporate Services (Facilities) - Combined Utility Costs - Over the recent term (with the exception of 2017 due to regulatory changes for electricity) cost increases are eclipsing the inflation rate. There is volatility associated with the increasingly large Global Adjustment component of the electricity bills. Financing for the "Ontario Rebate for Electricity Consumers Act" and the "Ontario's Fair Hydro Plan" will begin in future years and it is unclear at this point if repayment will be in the form of rate increases or general tax. Climate change is also creating new stresses on equipment and existing systems.</p> <p>What we are doing to mitigate/address the issue: Constant monitoring of our utility usage in real time and through exception parameters to mitigate inefficiencies.</p>	High
MUNICIPAL COUNCIL DIRECTED	
<p>5. Social & Community Support Services - Subsidized Transit - Council approved the implementation of the income-related subsidized transit program for 2 years commencing January 1, 2018 and the reduced rate transit program for youth ages 13 to 17 commencing September 1, 2018 for 22 months. The costs of these programs in excess of available budgets are to be funded through property tax supported operating budget surplus and, if necessary, contingency reserves. Participation rates among eligible Londoners will determine the exact financial impact for this initiative.</p> <p>For the income-related subsidized transit program, during the first two years while the program is being developed, it is expected that the participation rate will not exceed 20% which will result in an additional budget requirement of \$1.74M/year. However, in the unlikely event that participation is 100% among eligible residents, the cost of the program could be up to \$10.1M/year. For the reduced-rate transit program for youth, in the unlikely event that participation is 100% among eligible residents, the cost of the program could be up to \$2.2M/year.</p> <p>What we are doing to mitigate/address the issue: Permanent funding will be requested through the 2020-2023 Multi-Year Budget. In the meantime, Council approval was obtained through the 2017 Year End Operating Budget Monitoring Report for a \$5 million contribution to the Operating Budget Contingency Reserve to fund the costs associated with these programs in excess of approved budgets for 2018 and 2019 (if necessary).</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2019 Budget
COST DRIVER	
<p>6. Multiple Services - The City is experiencing the growing impact of substance abuse and mental health concerns leading to a noted increase in the number of incidents of unpredictable behaviour, particularly in the core area of the City. This challenge has implications on a number of City services, including policing, By-Law Enforcement, Homeless Prevention, Roadside Operations and Parks & Recreation.</p> <p>What we are doing to mitigate/address the issue: <i>The City has convened a cross-functional team to identify and implement a coordinated Core Area Informed Response to address these challenges. This response will be implemented in Q3 2018 and may continue into 2019, pending the success of the initial pilot. The cost of the response will be monitored and managed through one-time funding sources in the short term, with the potential for a business case to be brought forward through the 2020-2023 Multi Year Budget process should permanent resources be required.</i></p>	High
<p>7. Garbage Recycling & Composting - Through the 2017 year end operating budget monitoring process City staff noted the "National Sword" program as an emerging issue with a high likelihood to impact the 2018 and 2019 operating budgets. As noted at the time, the program has resulted in significantly limiting global access to the large Chinese recovered materials markets and has placed significant downward pressure on global recovered material end markets for items recovered through Blue Box recycling programs across North America. The impacts of the National Sword program have deteriorated conditions in global markets further since the 2017 year end operating budget monitoring process was completed. North American access to the Chinese recovered materials markets has been significantly restricted unless additional measures to enhance and ensure recovered material quality are undertaken. This has resulted in other global markets for recovered materials tightening specifications and limiting orders as those markets have become saturated with recovered materials that previously would have been destined for China. At this time there is no indication or available timeline for the Chinese market to re-open to global recovered material commodities, to the extent it was previously engaged in large volume purchases. It is likely that the current global recovered materials market downturn will persist until additional global receiving/processing capacity is developed which will require an extended period of time.</p> <p>What we are doing to mitigate/address the issue: <i>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.</i></p>	High
<p>8. Neighbourhood & Recreation Services - Community Development & Funding - London Children's Museum submitted a \$2 million one-time request for funding through the London Community Grants program in 2017 to fund the costs associated with a new Children's Museum.</p> <p>What we are doing to mitigate/address the issue: <i>As reported to the Strategic Priorities and Policy Committee on Nov. 27, 2017, a Budget Amendment will be included in the 2019 Budget Update for Council's consideration</i></p>	High
<p>9. Land Ambulance - Call volumes continue to increase at a rate of 7%-10% per year, which is impacting Middlesex-London Paramedic Service's (MLPS) ability to ensure adequate service to the City of London and Middlesex County. This is having an impact on both direct, front-line costs as well as indirect support costs. Middlesex County Council approved a temporary increase of 2 vehicles in 2018 (funded through reserves) to help alleviate these pressures, however it is expected that demand will remain high in 2019 and beyond.</p> <p>What we are doing to mitigate/address the issue: <i>MLPS is considering options to address these challenges sustainably and cost-effectively. One option under consideration is a 2019 Budget Amendment to provide additional resources to alleviate service pressures.</i></p>	High

2018 WATER RATE SUPPORTED OPERATING BUDGET MONITORING

The 2018 projected year-end surplus for the Water Rate Supported Budget is \$2.7 million (Table 4).

Revenues are projected to be in surplus of \$4.1 million by year-end. Driving the revenue surplus are consumption based charges and fixed charges due to the extremely dry weather the City has been experiencing combined with the recent busy building years.

Operating expenditures are projected to be in deficit of \$1.4 million by year-end. The deficit is mainly driven by the increased cost to purchase water from the two Water Boards that supply London with treated water.

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

Water Budget	2018 Revised Budget	Actuals as at June 30, 2018	Actual % Spent/Realized	Projected Year-End Position	Projected Year-End Surplus/(Deficit)
Revenues	77,932	33,461	42.9%	82,076	4,144
Expenditures	77,932	45,632	58.6%	79,367	(1,435)
Net Balance Surplus/(Deficit)	-	(12,171)	N/A	2,709	2,709

2018 WASTEWATER & TREATMENT RATE SUPPORTED OPERATING BUDGET MONITORING

The 2018 projected year-end surplus for the Wastewater & Treatment Rate Supported Budget is \$4.7 million (Table 5).

Revenues are projected to be in surplus of \$3.2 million. Driving the revenue surplus is higher than budgeted infrastructure charges from previous busy building years, High Strength Waste charges and consumption charges, and a new large customer at the liquid waste disposal site resulting in increased Liquid Waste Disposal Charges.

Operating expenditures are projected to be in surplus of \$1.5 million by year-end. This is primarily due to a surplus in personnel spending as a result of vacancies throughout the year from positions not filled because of the delay in federal/provincial grant funding and miscellaneous savings in various operational accounts.

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

Wastewater Budget	2018 Revised Budget	Actuals as at June 30, 2018	Actual % Spent/Realized	Projected Year-End Position	Projected Year-End Surplus/(Deficit)
Revenues	95,416	40,884	42.8%	98,579	3,163
Expenditures	95,416	52,710	55.2%	93,929	1,487
Net Balance Surplus/(Deficit)	-	(11,826)	N/A	4,650	4,650

WATER AND WASTEWATER & TREATMENT SURPLUS

It is recommended that the Water Rate Supported Budget surplus, if realized, be contributed to the Water Capital Reserve Fund.

It is recommended that the Wastewater & Treatment Rate Supported Budget surplus, if realized, be contributed to the Wastewater Rate Stabilization Reserve to balance year-end operations. As per the Wastewater & Treatment financial principles approved by Council, the Wastewater Rate Stabilization Reserve target balance is 2.5% of the Wastewater Revenue Budget. The Wastewater Rate Stabilization Reserve is utilized to mitigate one-time unanticipated revenue losses and expenses in order to stabilize the wastewater rate.

Should the Wastewater Rate Stabilization Reserve balance exceed the target balance of 2.5% at year-end, it is recommended to allocate remaining Wastewater & Treatment surplus, if any, 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.

The Sewage Works Reserve Fund and Water Capital Reserve Fund support capital asset renewal and replacement for the City's Water and Wastewater infrastructure. As per the 2013 State of Infrastructure Report, the City of London had a total asset replacement value of \$6.8 billion for Water and Wastewater infrastructure. At that time, the infrastructure gap for Water and Wastewater was projected to grow to \$61 million in 10 years if the City maintained the current spending plans.

In 2017, the City hired external expertise to analyze the replacement values of Water and Wastewater linear assets. The resultant replacement values have significantly increased from the 2013 estimate due to the improved accuracy of unit cost assumptions and increases in construction and labour costs. Reserve Fund levels have increased over the last five years, however, current balances are not sufficient to fund all capital asset renewal and replacement projects needed in the next ten years.

Contributing Water and Wastewater surplus to these Reserve Funds can help the City manage the infrastructure gap and limit the burden on current and future rate payers.

Civic Administration will be bringing forward recommended amendments to the Surplus/Deficit Policy later in 2018 to expand the scope of the policy to include the treatment of surplus/deficit positions within the Water and Wastewater Budgets in addition to the Property Tax Supported Budget. This will formalize the process for Water and Wastewater year-end operations and provide consistent direction for Municipal Council and Civic Administration.

2019 ANNUAL BUDGET UPDATE

With consideration given to the City's 2018 projected results, future projections, and the Water and Wastewater 20 year plans, Civic Administration will be evaluating the need for amendments through the 2019 Annual Budget Update for the Water and Wastewater & Treatment Rate Supported Budgets.

2019 EMERGING ISSUES – WATER AND WASTEWATER & TREATMENT RATE SUPPORTED BUDGETS

Water and Wastewater & Treatment have identified a potential service delivery pressure that may impact expenditures/revenues in 2019 (Table 6). The table describes this issue and the measures taken to mitigate or address this issue. 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 2019 period is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring over the 2019 period is predicted to be between 30% and 60%
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Table 6 - Summary of Potential Future Budget Impacts

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2019 Budget
COST DRIVER	
<p>1. The first phase of several projects were completed with funding from federal/provincial programs. There is a risk that the subsequent phases of this previously announced funding will not materialize. This would leave the future phases of several major infrastructure projects incomplete and inoperative. Major examples include: the pumping station required for the Vauxhall/Pottersburg interconnection and the installation of the pre-purchased Organic Rankine Cycle at the Greenway Wastewater Treatment Plant.</p> <p><i>What we are doing to mitigate/address the issue: City staff are monitoring the situation with other levels of government and lobbying on behalf of these funding programs while also looking for other grant programs to help offset future costs.</i></p>	High

OTHER MID-YEAR MONITORING INFORMATION

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 the Efficiency, Effectiveness and Economy Reserve 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 the first half of 2018, the contribution to the Efficiency, Effectiveness and Economy reserves was \$1,989,623 (\$1,760,121 – Property Tax Supported; \$76,925 – Water; and \$152,577 – Wastewater & Treatment).

RESERVES RATIONALIZATION REPORT

In 2018, Civic Administration will be bringing forward a Reserves Rationalization Report to the Corporate Services Committee which includes changes to the complement of reserves/reserve funds. Civic Administration will bring forward the necessary authorization required for reserves/reserve fund contributions to balance year-end operations for the Water and Wastewater & Treatment Budget during the 2018 Operating Budget Year-End Monitoring Report.

2018 ONTARIO MUNICIPAL NEW ISSUES

At Corporate Services Committee on March 5th, 2018, the City of London issuance of serial debentures for a total of \$55 million was approved by Committee, and subsequently approved by Council. At Committee, an informal request was made to report back at a future date on other municipalities that went to market in 2018.

At the time of writing, the following Ontario municipalities have issued debentures in the capital markets in 2018:

<u>Price Date</u>	<u>Municipality</u>	<u>Term (Years)</u>	<u>Structure</u>	<u>Amount (C\$ Million)</u>	<u>Re-offer Yield¹</u>	<u>Credit Rating</u>
Aug. 2018	Region of Durham	1-20	Serial	7.6	3.187%	Aaa
Jul. 2018	City of Toronto	30	Bullet	300	3.213%	Aa1
Jun. 2018	Region of Niagara	1-25	Serial	65.8	3.121%	Aaa
May 2018	Region of Waterloo	1-10	Serial	26.6	2.886%	Aaa
May 2018	City of Peterborough	1-15	Serial	21.8	3.168%	AA ²
Mar. 2018	City of Toronto	10	Bullet	300	2.955%	Aa1
Mar. 2018	Region of Peel	1-10	Serial	53.3	2.804%	Aaa
Mar. 2018	Region of Halton	1-15	Serial	26.3	2.876%	Aaa
Feb. 2018	City of London	1-10	Serial	55	2.869%	Aaa

Notes: 1. Average rate. Re-offer yield does not include fees.

2. City of Peterborough credit rating agency is Standard & Poor's (all other ratings are from Moody's).

A quote received from the City of London's fiscal agent on September 10, 2018 indicated that the estimated average offering yield on a 1-10 year serial debenture for the City of London would be 2.939%. The quoted rate of 2.939% would equate to approximately \$200 thousand in additional debt servicing costs over the 10-year life of the debenture in comparison to the rate the City achieved (2.869%) for the issuance completed in March of 2018.

2018 OPERATING BUDGET MID-YEAR MONITORING REPORT SUMMARY

Civic Administration is projecting a \$2.1 million year-end surplus in the 2018 Property Tax Supported Budget. The major factors contributing to this position are surpluses in personnel, fee based revenues and interest revenue partially offset by higher winter maintenance costs, a budgeted draw from Operating Budget Contingency Reserve that is not required and the London & Middlesex Housing Corporation deficit.

The Water Rate Supported Budget is projecting a surplus of \$2.7 million as a result of revenue surplus from consumption based charges and fixed charges due to the extremely dry weather. The Wastewater & Treatment Rate Supported Budget is projecting a surplus of \$4.7 million as a result of infrastructure charges from previous busy building years, other wastewater charges and personnel savings from positions not filled because of the delay in federal/provincial grant funding.

Acknowledgements

This report was prepared with significant contributions from the City's Business Administration teams, and Cathy Milne, Current Budget and Process Officer, Financial Planning & Policy.

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Cc: Ian Collins – Director, Financial Services
 John Millson – Senior Financial Business Administrator
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APPENDIX A – 2018 MID-YEAR FINANCIAL SUMMARY

	\$ Thousands				
	REVISED NET BUDGET (2)	ACTUALS FOR SIX MONTHS ENDED JUNE 30	ACTUAL % SPENT	PROJECTED YEAR-END POSITION	PROJECTED YEAR-END SURPLUS/ (DEFICIT)
Culture Services:					
Centennial Hall	173	(7)	(4.0%)	173	-
Arts, Culture & Heritage Advisory & Funding	2,334	1,594	68.3%	2,334	-
Museum London	1,690	1,184	70.1%	1,690	-
Eldon House	286	143	50.0%	286	-
Heritage	289	93	32.2%	247	42
Libraries	20,264	10,206	50.4%	20,264	-
Total Culture	25,036	13,213	52.8%	24,994	42
Economic Prosperity:					
Business Attraction & Retention	8,537	4,110	48.1%	8,537	-
Community Improvement/BIA	237	80	33.8%	237	-
London Convention Centre	637	307	48.2%	637	-
Tourism London	2,027	726	35.8%	2,027	-
Covent Garden Market	-	-	-	-	-
Total Economic Prosperity	11,438	5,223	45.7%	11,438	-
Environmental Services:					
Kettle Creek Conservation Authority ⁽³⁾	516	505	97.9%	505	11
Lower Thames Valley Conservation Authority ⁽³⁾	163	163	100.0%	163	-
Upper Thames River Conservation Authority	3,467	3,013	86.9%	3,467	-
Environmental Action Programs & Reporting	778	354	45.5%	777	1
Garbage Recycling & Composting	17,581	6,958	39.6%	17,598	(17)
Total Environmental Services	22,505	10,993	48.8%	22,510	(5)
Parks, Recreation & Neighbourhood Services:					
Neighbourhood & Recreation Services ⁽⁴⁾	21,554	38,129	176.9%	21,350	204
Parks & Urban Forestry	13,623	5,755	42.2%	13,779	(156)
Total Parks, Recreation & Neighbourhood Services	35,177	43,884	124.8%	35,129	48
Planning & Development Services:					
Building Approvals ⁽⁵⁾	(605)	(1,912)	316.0%	(504)	(101)
Planning Services	3,624	1,670	46.1%	3,434	190
Development Services	4,706	2,028	43.1%	4,039	667
Total Planning & Development Services	7,725	1,786	23.1%	6,969	756
Protective Services:					
Animal Services	1,779	415	23.3%	1,866	(87)
By-Law Enforcement & Property Standards	1,411	66	4.7%	1,161	250
Corporate Security & Emergency Management	2,501	1,246	49.8%	2,426	75
Fire Services	59,652	26,444	44.3%	59,443	209
Police Services	106,932	49,995	46.8%	106,932	-
Total Protective Services	172,275	78,166	45.4%	171,828	447
Social & Health Services:					
Housing Services	11,606	6,321	54.5%	11,385	221
Housing Development Corporation	2,281	1,386	60.8%	2,281	-
London & Middlesex Housing Corporation	9,944	6,154	61.9%	10,225	(281)
Long Term Care ⁽⁴⁾	5,250	4,292	81.8%	4,591	659
Land Ambulance	14,742	5,851	39.7%	14,742	-
Middlesex London Health Unit	6,095	3,402	55.8%	6,095	-
Social & Community Support Services ⁽⁴⁾	15,553	23,521	151.2%	15,171	382
Total Social & Health Services	65,471	50,927	77.8%	64,490	981
Transportation Services:					
Parking	(3,135)	(1,885)	60.1%	(3,439)	304
Public Transit	31,447	15,365	48.9%	31,637	(190)
Roadways	41,072	22,775	55.5%	43,244	(2,172)
Rapid Transit	-	789	0.0%	-	-
Total Transportation Services	69,384	37,044	53.4%	71,442	(2,058)
Corporate, Operational & Council Services:					
Corporate Services	55,970	25,106	44.9%	54,120	1,850
Corporate Planning & Administration	2,688	1,178	43.8%	2,510	178
Council Services	3,486	2,023	58.0%	3,704	(218)
Public Support Services	1,337	(197)	(14.7%)	534	803
Total Corporate, Operational & Council Services	63,481	28,110	44.3%	60,868	2,613
Financial Management:					
Corporate Financing	107,040	72,234	67.5%	107,789	(749)
Total Financial Management	107,040	72,234	67.5%	107,789	(749)
Total Property Tax Requirements	579,532	341,580	58.9%	577,457	2,075

1) All figures are subject to rounding.

2) Includes housekeeping budget transfers. As authorized by the Council Approved Multi-Year Budget Policy, 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.

3) Kettle Creek Conservation Authority and Lower Thames Valley Conservation Authority have already received their 2018 appropriation.

4) Neighbourhood & Recreation Services, Long Term Care and Social & Community Support Services actual expenditures appear high as the Provincial Subsidies are not recognized until later in the year.

5) Building Approvals revenue appears high due to a timing issue; not all expenditures have been realized.

APPENDIX B – 2018 MID-YEAR EXPLANATION BY SERVICE PROGRAM

SERVICE PROGRAM	\$ Millions
CULTURE SERVICES	0.0
<ul style="list-style-type: none"> • Centennial Hall balanced budget with no major factors to report. • Arts, Culture and Heritage Advisory & Funding balanced budget with no major factors to report. • Museum London balanced budget with no major factors to report. • Eldon House balanced budget with no major factors to report. • Heritage surplus of \$42k a result of lower than anticipated personnel costs. • London Public Library balanced budget with no major factors to report. 	
ECONOMIC PROSPERITY	0.0
<ul style="list-style-type: none"> • Business Attraction and Retention balanced budget a result of personnel savings offset by operational deficits. • Community Improvement/Business Improvement Area balanced budget with no major factors to report. • London Convention Centre balanced budget with no major factors to report. • Tourism London is projecting a balanced budget at year-end after contributing \$125k to reserves, subject to Tourism London Board approval. The savings of \$125k to be contributed are anticipated as a result of personnel savings and operational cost savings partially offset by lower than anticipated sundry revenue. • Covent Garden Market balanced budget after a lower than budgeted contribution to their reserve. 	
ENVIRONMENTAL SERVICES	0.0
<ul style="list-style-type: none"> • Kettle Creek Conservation Authority surplus of \$11k with no major factors to report. • Lower Thames Valley Conservation Authority balanced budget with no major factors to report. • Upper Thames River Conservation Authority balanced budget with no major factors to report. • Environmental Action Programs and Reporting surplus of \$1k a result of Green Municipal funding partially offset by operational cost overruns. • Garbage, Recycling & Composting deficit of \$17k a result of the following: <ul style="list-style-type: none"> ○ \$939k surplus a result of higher than anticipated revenues from W12A tipping fees due to additional industrial, commercial and institutional waste volumes, new curbside tag revenue and miscellaneous revenue. ○ \$800k deficit in recycling revenue due to the Chinese “National Sword” program restricting access to previous large Chinese recovered material markets. ○ \$156k deficit due to operational cost overruns. 	
PARKS, RECREATION, & NEIGHBOURHOOD SERVICES	0.0
<ul style="list-style-type: none"> • Neighbourhood & Recreation Services surplus of \$204k a result of higher than anticipated revenue from program activity in Community Rec & Leisure Programs, Community Centres, Storybook Gardens, and Aquatics as well as personnel savings, partially offset by lower than anticipated Arena revenues. • Parks and Urban Forestry deficit of \$156k a result of higher than anticipated costs related to contracted services for Forestry operations and higher expenditures due to spring 2018 flooding damage in Parks & Horticulture partially offset by personnel savings and miscellaneous revenues. 	
PLANNING & DEVELOPMENT SERVICES	0.8
<ul style="list-style-type: none"> • Building Approvals deficit of \$101k a result of a reduction in building permit revenues, various other user fee based revenue lower than anticipated, partially offset by personnel savings and other operational savings. • Planning Services surplus of \$190k a result of personnel savings partially offset by a deficit in purchased services, lower than budgeted planning application revenues and other net operational costs. • Development Services surplus of \$667k a result of personnel savings, user fee based revenues including site plan fees and drawing review user fees, and other net operational savings. 	

SERVICE PROGRAM	\$ Millions
<p>PROTECTIVE SERVICES</p> <ul style="list-style-type: none"> • Animal Services deficit of \$87k a result of lower than anticipated license and tag revenues and a deficit in operational costs. • By-Law Enforcement & Property Standards surplus of \$250k a result of higher than anticipated net user fee based revenues including business licenses and taxi-limousine licenses, partially offset by personnel costs and net operational cost overruns. • Corporate Security & Emergency Management surplus of \$75k a result of personnel and operational cost savings. • Fire Services surplus of \$209k a result of lower than anticipated spending on equipment and increased out-of-town and recall inspection fees, partially offset by net operational cost overruns. • The London Police Service (LPS) is projecting a balanced budget after contributing \$3.2m to reserves. The savings to be contributed to their reserves are primarily the result of personnel savings. 	0.4
<p>SOCIAL & HEALTH SERVICES</p> <ul style="list-style-type: none"> • Housing Services surplus of \$221k a result of personnel savings and higher than budgeted County revenue share resulting from changes in weighted assessment. These savings are partially offset by a net variance in housing provider subsidies and rent supplements and one-time costs to support the implementation of the new housing information system under development by the Housing Consortium Initiative. • Housing Development Corporation is projecting a balanced budget after contributing \$11k to their reserve fund. The savings to be contributed to their reserve fund are the result of one-time savings for the initial six months of the new HDC office lease agreement. • London & Middlesex Housing Corporation deficit of \$281k is a result of higher than anticipated personnel costs, snow removal costs, additional public space cleaning costs to meet adequate customer service standards and higher than anticipated waste removal expenses. These costs are partially offset by increased rental revenue and other miscellaneous savings. • Long Term Care surplus of \$659k a result of savings in utilities, surplus in government funding within various programs, increased resident room fee revenue, personnel and net operational savings, partially offset by higher than anticipated furniture and equipment costs. • Land Ambulance balanced budget with no major factors to report. • Middlesex-London Health Unit balanced budget a result of lower than budgeted supplies and program costs and higher than expected revenue from physician billings and contraceptive sales offset by personnel cost overruns. • Social and Community Support Services surplus of \$382k a result of net personnel savings, Homeless Prevention one time savings as a result of later than anticipated opening of the new youth shelter, higher provincial subsidy for Ontario Works for corporate supports of the OW program, partially offset by Subsidized Transit program costs, net expenditure increase in OW employment related expenses and employment contract services and costs associated with the Free of Fear Services for All Policy. 	1.0
<p>TRANSPORTATION SERVICES</p> <ul style="list-style-type: none"> • Parking Services surplus of \$304k mainly a result of higher than anticipated revenue resulting from administration court fees, parking ticket fines, parking meters and bagging fees, and parking lot fees, personnel savings and reduction to the contribution to the Convention Center reserve fund due to lower revenues partially offset by other net operational cost overruns. • London Transit Commission deficit of \$190k a result of rate increases for contracted service costs for specialized service, security and janitorial services, and higher than budgeted fuel costs, partially offset by the approval of annualized assessment growth funding received in 2018 while only the in-year expenditure is required, bus maintenance and servicing savings, favourable natural gas and hydro costs and other costs savings. • Roadway Services deficit of \$2.2m a result of the following: <ul style="list-style-type: none"> ○ \$382k surplus in Roadway Maintenance due to personnel savings and operational cost savings. 	(2.1)

SERVICE PROGRAM	\$ Millions
<ul style="list-style-type: none"> ○ \$342k surplus in Roadway Planning & Design due to personnel savings and favourable occupancy charges from road permits, partially offset by higher than anticipated net operational costs. ○ \$3.0m deficit in Winter Maintenance a result of higher than anticipated winter maintenance costs from January to April including operating supplies, purchased services, equipment, personnel cost overruns and other operational costs partially offset by higher than budgeted winter maintenance user fee revenues. ○ \$104k surplus in Street Lighting & Traffic Signals due to lower than anticipated electricity costs, elimination of debt retirement charges, higher recoveries for street lights and traffic signals and net operational cost savings partially offset by personnel cost overruns. • Rapid Transit balanced budget due to higher than anticipated operational costs offset by capital expenditure recoveries. 	
CORPORATE, OPERATIONAL, & COUNCIL SERVICES	2.6
<ul style="list-style-type: none"> • Corporate Services surplus of \$1.8m a result of personnel savings, partially offset by a contribution to the Information Technology Services Reserve Fund to be used to support investment in corporate systems, and higher than anticipated operational costs. • Corporate Planning and Administration Services surplus of \$178k a result of operational cost savings and higher than budgeted service review savings achieved partially offset by personnel cost overruns. • Council Services deficit of \$218k a result of election costs and personnel costs partially offset by other net operational savings. • Public Support Services surplus of \$803k a result of higher than anticipated tax department revenue based on higher volume and personnel and operational cost savings. 	
FINANCIAL MANAGEMENT	(0.7)
<ul style="list-style-type: none"> • Corporate Financing deficit of \$0.7m a result of: <ul style="list-style-type: none"> ○ \$1.8m increased investment revenue and other financing revenues. ○ \$2.3m deficit due to drawdown from the Operating Budget Contingency Reserve that is potentially not required. ○ \$0.2m contribution to the Unfunded Liability Reserve partially offset by personnel savings in Financial Management and other net operational savings. 	
TOTAL PROJECTED YEAR-END POSITION	\$ 2.1

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 June 30, 2018 (\$000's)	2016/2018 Budget (\$000's)
Building A Sustainable City					
1	Library's Ten Year Capital Plan	Susanna Hubbard Krimmer	1,900	1,665	1,500
	<ul style="list-style-type: none"> 2018 to date: Jalna Library rooftop HVAC replacement, Beacock Library boiler and HVAC replacement, Central Library replacement of fire system and back flow prevention system. Remainder of 2018: Byron Library Revitalization and rooftop HVAC replacement. Remainder of 2018: Masonville Library boiler replacement (vendor proposal came in well under budget). <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	34	200
	<ul style="list-style-type: none"> The strategic investment funding has been added to the operating budget for 2018 & 2019. Prior to this the existing base budget money was utilized to complete the identified initiatives. Some of the initiatives that are nearly complete or completed/implemented are as follows: <ol style="list-style-type: none"> 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; Blue Boxes are now being sold at the EnviroDepots; Reduced container limits for garbage are now being enforced and garbage tags are being sold for bags above the limit set out for collection; Community composting projects have been initiated at six multi-residential locations; 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 as part of the development of the 60% Waste Diversion Action Plan which will be brought to Committee and Council in the summer/fall of 2018. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>				
3	Urban Forest Strategy	John Fleming	3,455	1,128	2,970
	<ul style="list-style-type: none"> The City has created a Planning Strategy to ensure that the funds invested generate the most trees/future canopy and leverage partnerships with the community. Forestry Operations increased tree planting started in 2017. Also, there was an increase in funding to the TreeME grant program to plant trees on private lands. 2018 funding will cover the 2018 fall planting objectives, TreeME grant awards in August, and a project to initiate an update to the City's tree inventory. Forestry Operations have executed, as described in the business case, increased pruning efforts to decrease the previous pruning cycle of 10-13 years. Additional future funding will be required to meet the 5-7 year optimum pruning goal. <p><i>Project Status: On Track</i> <i>Project Start Date: Spring 2016</i></p>				
4	Thames Valley Corridor Plan	John Fleming	1,200	75	1,200
	<ul style="list-style-type: none"> 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 environmental 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	375
	<ul style="list-style-type: none"> Implementation of Road Safety Strategy Initiatives including pedestrian crossovers, road safety audits, rail crossing assessments and capital improvements is 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 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 June 30, 2018 (\$000's)	2016/2018 Budget (\$000's)
6	Rapid Transit Implementation Strategy	Kelly Scherr/ Jennie Ramsay	-	-	-
	<ul style="list-style-type: none"> The Bus Rapid Transit Environmental Assessment (EA) is in process. The Draft Environmental Project Report (EPR) was submitted to Strategic Priorities & Policy Committee (SPPC) in Q2 2018. Transit Projects Assessment Process (TPAP) was approved by SPPC to be filed in Q2 2018. In Feb/18, the Provincial Government announced \$170 M (in principle) of funding towards "Shift Bus Rapid Transit" in London, pending provincial review of the project. In March/18, the Federal Government announced an allocation of \$204.9 million for London under the Public Infrastructure Stream of the Investing in Canada Plan. This allocation is based solely on transit ridership. The majority of London's allocation will be applied to the implementation of London's BRT initiative. Once London's projects have been submitted by the province to the federal government, the formal review by federal officials at Infrastructure Canada can commence. <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	2,250	3,750
	<ul style="list-style-type: none"> Identified capital funds began in 2017. The 2017 Asset Management Plan Review indicates targeted infrastructure investments have resulted in progress in managing the Transportation Infrastructure Gap. 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	135	135
	<ul style="list-style-type: none"> A staff position (18 month contract) was filled in July 2016 through January 2018 and provided 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	-	75
	<ul style="list-style-type: none"> The strategic investment funding is slated to be added to the capital and operating budget in 2018 & 2019. Work with this budget is scheduled to begin in the last half of 2018. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>				
9	Technology – Amanda	George Kotsifas	1,000	511	750
	<ul style="list-style-type: none"> Currently in process of implementing a Mobile Application Solution that will allow inspectors to access and update AMANDA when not connected. Existing projects are progressing. <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	3	75
	<ul style="list-style-type: none"> Implementation of the enhanced planning application public notice site signage began in April 2018 and spending is expected to ramp up over the remainder of 2018. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				
11	Service London Implementation Plan	Lynne Livingstone	3,947	1,742	3,083
	<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; operating expenses have started to 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). <ul style="list-style-type: none"> 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. 				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of June 30, 2018 (\$000's)	2016/2018 Budget (\$000's)
	<ul style="list-style-type: none"> o Capital expenditures related to the Business Hub renovations were completed at the end of Q4 2017. o The next phase of the CRM implementation (Phase 4) was started in early 2018 and the project is on track for a Q4 2018 completion (\$265k). o The Service London Business Website is also on track for a Q4 2018 completion. <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>				
12	Computerized Maintenance Management System	Kelly Scherr/ Anna Lisa Barbon	2,100	442	1,400
	<ul style="list-style-type: none"> • Phase 1 is progressing on schedule and on budget. FTE positions in the service area have been filled to support the project and provide ongoing administration of CMMS for the City. ITS is currently recruiting for the positions in their area to provide technical assistance. The team is currently in the Project Build Phase of the project plan. <p><i>Project Status: On Track</i> <i>Project Start Date: July 2016</i></p>				
Strengthening Our Community					
13	London Strengthening Neighbourhoods Strategy (LSNS) 2015-2020	Lynne Livingstone	780	278	530
	<ul style="list-style-type: none"> • All of the 2016 funds (\$30k) and 2017 funds (\$250k) available for this project have been committed to neighbourhood projects, noting that some 2017 projects are currently in the process of being completed. 2018 projects have been selected and all funds (\$250k) are expected to be spent in 2018 (or early 2019). <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>				
14	Ontario Works Service Plan – Low Income Supports Enhancement	Sandra Datars Bere	2,080	1,289	1,560
	<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 success and impacts of this initiative. All approved funding for 2018 for this initiative will be spent. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>				
15	Mental Health and Addictions Strategy	Sandra Datars Bere	200	88	200
	<ul style="list-style-type: none"> • Work and planning in 2016 on this initiative was managed within existing resources. In 2017 a Request for Proposal 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 to Council on the Community Mental Health and Addiction Strategy - Moving Forward Together. • Council also approved the remaining budgetary funds of \$112k to fund the implementation activities of the Community Mental Health and Addictions Strategy. All remaining funds are expected to be used by the end of 2019. <p><i>Project Status: On Track</i> <i>Project Start Date: June 2016</i></p>				
16	1. London Homeless Prevention and Housing Plan 2010-2024 2. London Homeless Prevention System Implementation Plan	Lynne Livingstone	3,800	1,902	2,800
	<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. \$125,000 of the \$500,000 budget has been spent in 2018 with the full 2018 budget allocation expected to be spent. • The new timeline for the opening of the Housing First youth emergency shelter is Q3 2019. It was originally planned to be operational in 2018. The reason for this delay is due to the length of time it has taken to acquire land. There are no significant implications as youth will continue to be served at The Salvation Army Centre of Hope. Spending of the operating portion of funding for the shelter is expected to commence in 2018 on start-up related costs. <p><i>Project Status: Delayed</i> <i>Project Start Date: April 2016</i></p>				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of June 30, 2018 (\$000's)	2016/2018 Budget (\$000's)
17	Winter Maintenance Strategy	Scott Stafford	574	355	430
	<ul style="list-style-type: none"> This new program to provide winter maintenance on approximately 50% of paths in parks and the Thames Valley Parkway has been successful to date. While the first half of 2018 experienced a heavier snowfall than a typical winter season, it is anticipated the budget will be sufficient to meet the expected service levels during a "normal" winter. <p><i>Project Status: On Track</i> <i>Project Start Date: 2016</i></p>				
Council Added Initiative	Enhance By-law Enforcement	George Kotsifas/Orest Katolyk	1,095	504	795
	<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 2018 will not be collected from vacant building by-law fees and will only be collected from licensing private vehicles for hire. AMPs will be implemented in 2019 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	478	700
	<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. <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	-	250
	<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 the 2020-2025 capital forecast subject to budget approval. Resources have been identified and work has been initiated on this project. 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	5,842	8,982
	<ul style="list-style-type: none"> Dundas Place coordinated contract has been awarded and Year 1 construction is progressing. Environmental Assessment not included in the budget or year to date expenditures. Capital purchase of 3 buses completed July 2017. Buses removed in April from Dundas Place. 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	54	240
	<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>				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of June 30, 2018 (\$000's)	2016/2018 Budget (\$000's)
Council Added Initiative	Brownfield Incentives	John Fleming	80	20	60
	<ul style="list-style-type: none"> <li data-bbox="349 352 1419 451">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, and staff are currently aware of 3 additional applications that may be brought forward. <p data-bbox="349 451 639 486"><i>Project Status: On Track</i></p> <p data-bbox="349 486 639 513"><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.

