

16 MULTI-YEAR BUDGET FOR THE CITY OF LONDON

19 2019 ANNUAL UPDATE

INVESTING IN OUR FUTURE

Strategic Priorities & Policy Committee
December 17, 2018



Distribution of Budget Packages



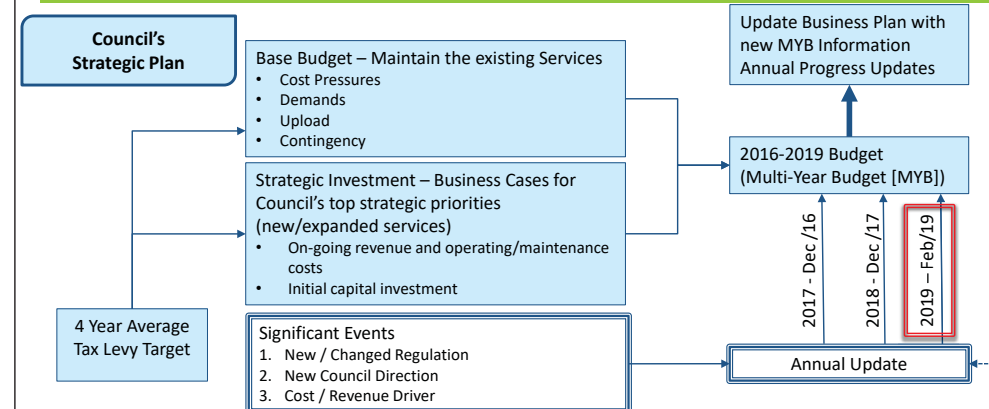
1. **Property Tax Supported Budget**
 - a) 2019 Annual Budget Update Document
 - b) 2019 Budget Amendment Cases
2. **Water and Wastewater & Treatment Rate Supported 2019 Annual Budget Update Document**
(Includes 2019 Budget Amendment Cases)

Agenda



- Multi-Year Budget Process Refresher
- 2016-2019 Multi-Year Budget Recap
- 2019 Property Tax Supported Budget Update including Budget Amendments
- 2019 Water and Wastewater & Treatment Annual Budget Update
- How Will We Inform The Public
- Budget Timetable

Multi-Year Budget Overview

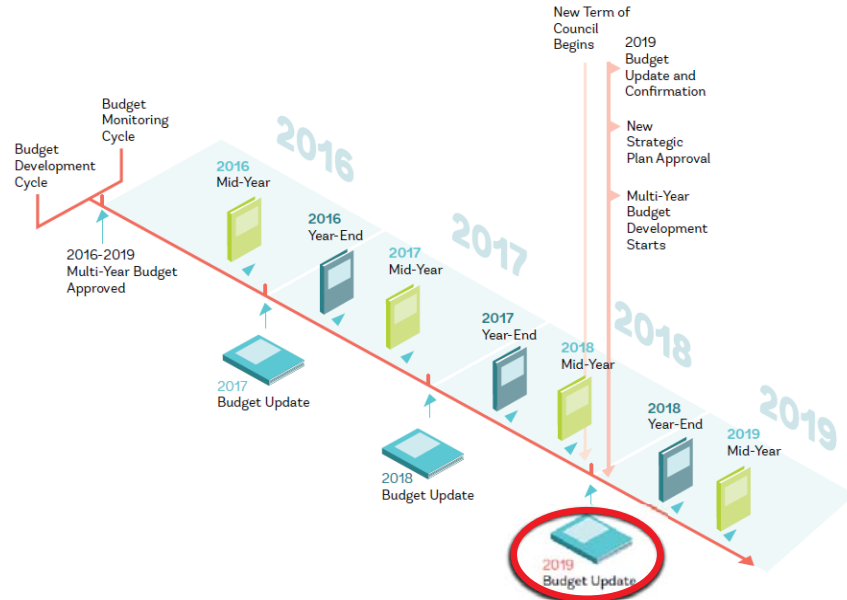


Service Review – Target included in budget. Reported on separately by City Manager in September of each year. Will form part of the annual budget update if targets cannot be met.

Assessment Growth – Set by policy and delegated to City Treasurer or delegate for distribution based on assessment growth business cases. Staff report for transparency in February of each year.

Annual Surplus – Set by policy. Reported in April of each year following financial year-end confirmation.

2016-2019 Multi-Year Budget Cycle

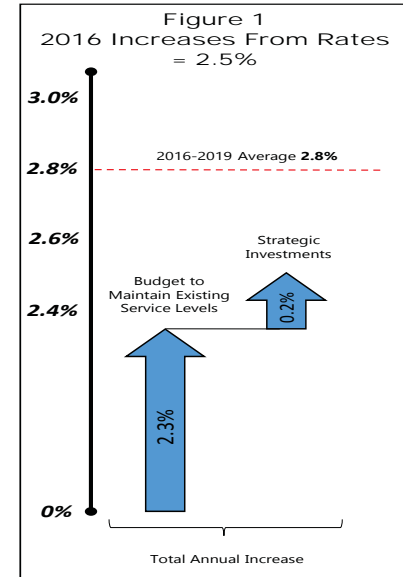


2016-2019 Multi-Year Budget Recap Year 1 – 2016



Year 1 Highlights (2016)

- The City's first ever multi-year budget approved (2016-2019 period)
- Average annual increase from rates of 2.8% for the 2016-2019 multi-year budget period
 - 2.4% to maintain existing service levels
 - 0.4% to fund strategic investments (25 strategic investments with gross expenditure of \$47.8 million)

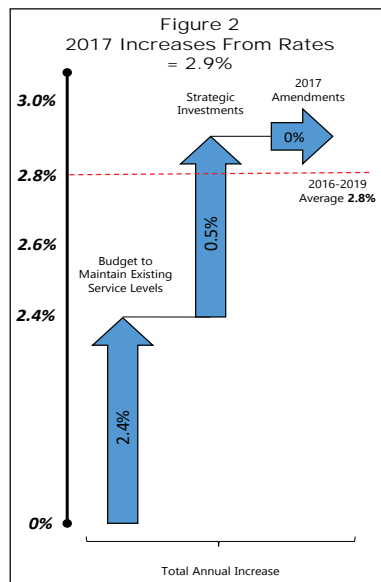


2016-2019 Multi-Year Budget Recap Year 2 – 2017



Year 2 Highlights (2017)

- 20 budget amendments were approved resulting in minimal tax levy change to previously approved rates
- Average annual increase from rates for 2016-2019 maintained at 2.8%

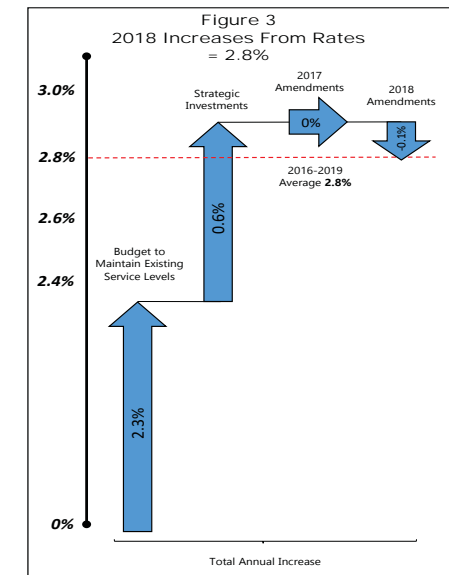


2016-2019 Multi-Year Budget Recap Year 3 – 2018

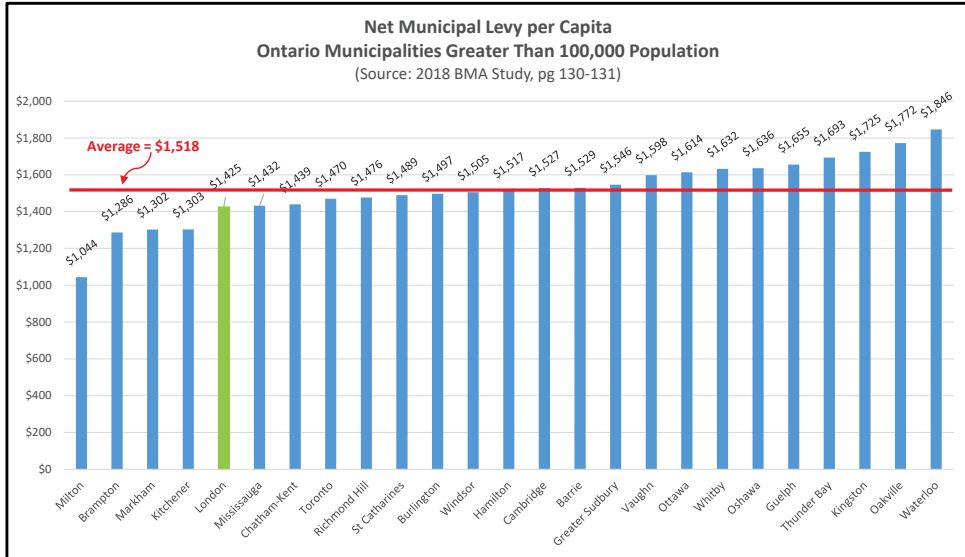


Year 3 Highlights (2018)

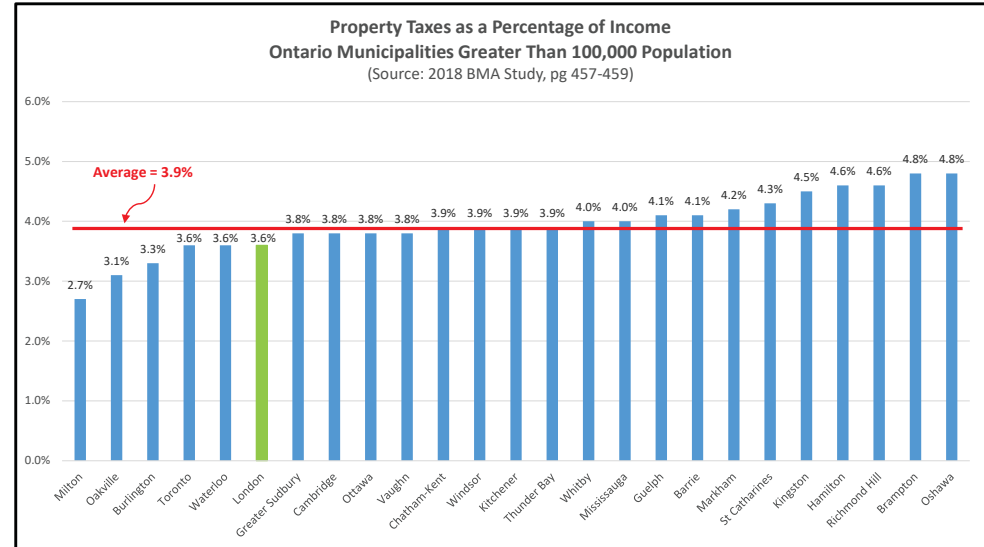
- 22 budget amendments were approved resulting in marginal tax levy decrease to previously approved rates
- Average annual increase from rates for 2016-2019 maintained at 2.8%



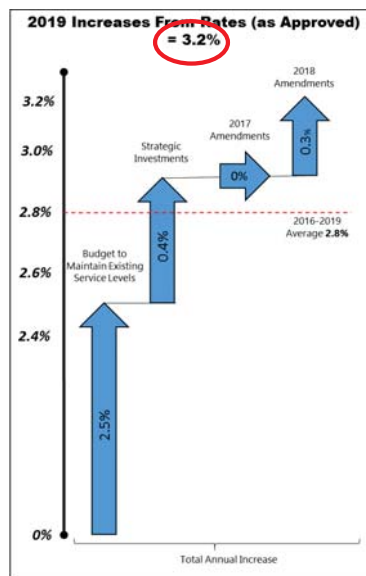
Net Municipal Levy per Capita



Property Taxes as a Percentage of Household Income



2016-2019 Multi-Year Budget Recap: After Year 3 – 2018 Budget Update



Council directed that Civic Administration bring forward options to reduce the approved 3.2% tax levy increase for 2019 to the original 2.9% increase for 2019 approved through the Multi-Year Budget process.

2019 Budget Amendment Requests



There are a total of **12** budget amendment cases

Operating Amendments

- There are 7 operating budget amendments
 - 1 does not have an impact on the tax levy
 - 3 result in budget reductions
 - 3 result in budget increases

Capital Amendments

- All 5 of the capital budget amendments can be accommodated within the capital plan
 - No impact to the tax levy

2019 Operating Budget Amendment Requests



Budget Amendment	Net Request (\$000's)
Revenue Driver	2019
1. Adjustments to Achieve Council Direction to Reduce the Tax Levy Increase to 2.9%	(\$1,072)
Changed Regulation	
2. Cancellation of Planned 2019 Minimum Wage Increase	(\$521)
"In-Camera"	
3. Confidential Matter - "In-Camera"	(\$2,000)

Tax Levy Reductions

2019 Operating Budget Amendment Requests



Budget Amendment	Net Request (\$000's)
2019	
Changed Regulation	
4. Bicycle Lane Maintenance	\$408
Cost Driver	
5. Additional Land Ambulance Resources to Address Service Pressures	\$1,476
Less: Growth Portion Recommended for Assessment Growth Funding per Policy	(\$886)
Net	\$590
6. London Police Service – Safeguard Program *	\$161
For Consideration – New Council Direction	
7. London Children’s Museum Funding Request	\$2,000
Less: Drawdown from Economic Development Reserve Fund	(\$2,000)
Net	\$0

Tax Levy Increases

If approved by Council

* Represents 1/3 of the total annual amount; balance will flow through in 2020 LPS budget.

2019 Budget Amendment Requests



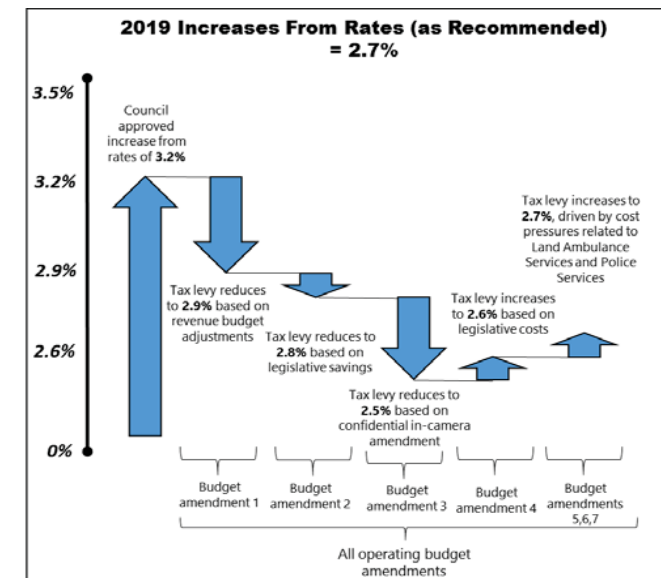
If all recommended budget amendments are approved, the 2016-2019 average annual tax levy increase would **decrease to 2.7%**

2019 Multi-Year Budget Update	Net Budget \$000's				Average Annual %	Avg. Annual Property Owner Impact ¹
	2016	2017	2018	2019		
Approved % Increase From Rates	2.5%	2.9%	2.8%	3.2%	2.8%	77
Approved Net Budget (Tax Levy)	536,434	556,980	579,532	597,657		
Budget Amendments (Total Net Request)				(2,435)		
Revised Net Budget (Tax Levy)	536,434	556,980	579,532	595,222		Decrease
Incremental Net Increase / (Decrease)				(2,435)		
Revised % Increase From Rates	2.5%	2.9%	2.8%	2.7%	2.7%	74

Subject to rounding

1) Average property owner with an assessed value of \$221,000 in 2015 (excludes Education tax portion).

2019 Increases From Rates



Linking Budget to Tax Policy



- The actual year over year tax levy increase for a particular property is determined by multiple factors, only two of which are controlled by the City:
 - Controllable
 - Council approved budget increase
 - Council approved tax policy
 - Uncontrollable
 - Education tax policy (Provincial)
 - Change in assessed value of the property (determined by MPAC – an independent not-for-profit corporation)
- If the assessed value of a property increases more or less than the class average, the increase will change accordingly
- Tax policy is approved separately **after** budget approval

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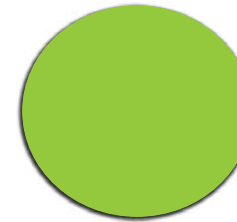
Linking Budget to Tax Policy



Budget

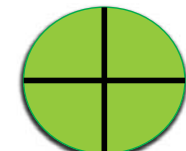


OR



“How big is the pie?”

Tax Policy



OR



“How is the pie sliced?”

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What Has Been Done to Mitigate Budget Pressures?



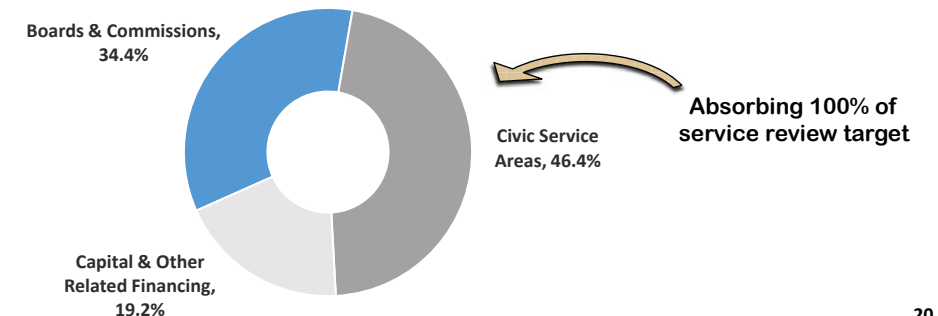
- Strategic use of the Operating Budget Contingency Reserve to smooth budget pressures (\$2.0 million in 2019)
- Three budget amendments submitted resulting in tax levy reductions
 - Updates to revenue budgets (Case 1)
 - Changes in legislation regarding minimum wage (Case 2)
 - Confidential matter (Case 3)
- Proposed use of reserve funds for one-time request
 - Use of the Economic Development Reserve Fund for consideration (Case 7)
- Proposed use of assessment growth funding in accordance with Assessment Growth Policy
 - Land Ambulance Service Pressures (Case 5)

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Service Reviews



- 2016-2019 budget **has been reduced by \$4 million**
 - 2016 target of \$0.5m: Achieved ✓
 - 2017 target of \$1.0m: Achieved ✓✓
 - 2018 target of \$1.5m: Achieved ✓✓
 - 2019 target of \$1.0m: Pending
- Civic Administration has been directed to fill the “gap” through service review initiatives, noting that Civic Service Areas represents less than 50% of the net operating budget



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2019 Capital Budget



	2016-2019 Multi-Year Budget					2020-2025	2016-2025
	2016	2017	2018	2019	Total	Forecast	Capital Plan
Total Approved Budget ¹	170,744	212,428	166,258	211,558	760,988	1,482,081	2,243,069
Total Revised Budget (submitted December 17, 2018) ¹	170,744	212,428	166,258	205,382	754,812	1,523,527	2,278,339
Total Capital Expense Increase/(Decrease) ²	-	-	-	(6,176)	(6,176)	41,446	35,270
Sources of Financing							
Capital Levy (CL)	-	-	-	-	-	-	-
Debtenture (D)	-	-	-	(836)	(836)	13,320	12,484
Reserve Fund (RF)	-	-	-	1,857	1,857	6,879	8,736
Other (O)	-	-	-	15	15	-	15
Non-tax Supported (NTS)	-	-	-	(7,212)	(7,212)	21,247	14,035
Total Revenue Increase/(Decrease)	-	-	-	(6,176)	(6,176)	41,446	35,270
Net Tax Levy Impact	-	-	-	-	-	-	-

Subject to rounding

All of the capital budget amendments can be accommodated within the capital plan

No Tax Levy Impact

2019 Capital Budget Amendment Requests



Budget Amendment (000's)	2019	Total	2020-2025 Forecast	2016-2025 Capital Plan	Page
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Lifecycle Renewal

#8 London Convention Centre – Capital Plan Realignment	\$1,857	\$1,857	(\$2,489)	(\$632)	32
#9 Covent Garden Market Garage Painting	\$50	\$50	\$52	\$102	35

Growth

#10 Masonville Transit Village Secondary Plan	\$75	\$75	-	\$75	37
#11 Growth Project Estimate Updates – Transportation	(\$1,325)	(\$1,325)	\$23,970	\$22,645	40
#12 Growth Project Timing Realignment – Transportation	(\$6,833)	(\$6,833)	\$6,833	-	47

2019 Water Annual Budget Update



- **3% rate increase for 2019 BE READOPTED**
 - Average ratepayer impact = \$11/year
- **No** operating budget amendments being recommended to the 2019 Water Budget.
- **4** capital budget amendments being recommended
 - 1 amendment for a new environmental assessment
 - 3 amendments to project timing (1 forward, 2 deferred)

2019 Wastewater & Treatment Annual Budget Update



- **3% rate increase for 2019 BE READOPTED**
 - Average ratepayer impact = \$14/year
- **No** operating budget amendments being recommended to the 2019 Wastewater & Treatment Budget.
- **6** capital budget amendments being recommended
 - 2 budget increases
 - 3 deferred to align with environmental assessment
 - 1 deferred plus increase to align with renewal project

How We Will Inform The Public



What	Date
Social Media, Email and Phone Calls – Finance staff will be responding to questions or concerns from the public via social media, email or phone calls.	Throughout the Budget Process
Time With Finance Staff – Provides an opportunity for community groups to request a budget presentation and question and answer period with Finance staff.	As Requested
Online Resources – Civic Administration will be providing a number of web resources to assist with public engagement for the 2019 Annual Budget Update (e.g. budget calculator, social media quick facts, etc.).	Launch on December 17, 2018
Community Association Outreach – Civic Administration will be visiting community groups to educate/discuss the City's budget process (e.g. Chamber of Commerce, Urban League).	January 2019
Budget Session – A public session where the public can meet with Civic Administration to discuss the budget update. Location: BMO Centre	January 9, 2019 (6:00pm-8:00pm)
Public Participation Meeting – Members of the public are invited to provide input into the 2019 Annual Budget Update at a scheduled meeting of the Strategic Priorities and Policy Committee.	January 17, 2019

Budget Timetable



What / Where	Date
Tabling of the 2019 Annual Budget Update <i>SPPC at 4:00pm</i>	December 17
Budget Open House Session <i>BMO Centre – 2nd Floor Meeting Room, 6:00pm-8:00pm</i>	January 9
Community Stakeholder Meetings <i>Urban League</i> <i>January 10, time TBD</i> <i>London Chamber of Commerce</i> <i>January 11, time TBD</i>	January 10 & January 11
Public Participation Meeting <i>SPPC at 4:00pm</i>	January 17
2019 Annual Budget Update Review <i>SPPC at 9:30am</i>	January 24
2019 Annual Budget Update Review <i>SPPC at 9:30am (if needed)</i>	January 28
Final Approval of the 2019 Annual Budget Update <i>Council at 4:00pm</i>	February 12

Note: Dates apply to Tax Supported, Water and Wastewater & Treatment Budgets



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