

Strategic Priorities and Policy Committee

Report

2nd Meeting of the Strategic Priorities and Policy Committee
December 17, 2018

PRESENT: Mayor E. Holder (Chair), Councillors M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, S. Hillier

ALSO PRESENT: M. Hayward, A.L. Barbon, B. Card, J. Carter, S. Datars Bere, A. Dunbar, K. Edwards, J. Fleming, G. Kotsifas, A. Langmuir, L. Livingstone, J.P. McGonigle, P. McKague, J. Millson, K. Murray, K. Pawelec, M. Ribera, C. Saunders, M. Schulthess, J. Senese, C. Smith, S. Stafford, B. Westlake-Power and P. Yeoman.

The meeting is called to order at 4:04 PM.

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

2. Consent

2.1 Future Capital Budget Impacts

Moved by: M. van Holst

Seconded by: M. Salih

That, on the recommendation of the Chief of Police, the report dated December 17, 2018 with respect to future anticipated London Police Service capital budget submissions, BE RECEIVED for information.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

3. Scheduled Items

3.1 Tabling of the 2019 Annual Budget Update (Tax Supported, Water and Wastewater and Treatment)

Moved by: J. Morgan

Seconded by: S. Turner

That the following actions be taken with respect to the 2019 Annual Update of the 2016-2019 Multi-Year Budget:

a) the attached overview presentation by the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the Director, Financial Planning and Business Support BE RECEIVED; and

b) the draft Tax-Supported Operating, Capital, Water and Wastewater Treatment Budgets, as well as the related Business Cases, BE REFERRED to the 2019 Annual Update process for the 2016-2019 Multi-Year Budget.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

3.2 Council's Strategic Plan 2019-2023: Setting the Context

Moved by: P. Squire
Seconded by: A. Hopkins

That, on the recommendation of the City Manager, the staff report dated December 17, 2018 entitled "Council's Strategic Plan 2019-2023: Setting the Context" and the attached presentation with respect to this matter, BE RECEIVED.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelosa, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

4. Items for Direction

4.1 2019 Development Charges Study - Update on Draft Rates

Moved by: S. Hillier
Seconded by: M. Salih

That the following actions be taken with respect to the 2019 Development Charges Study:

- a) on the recommendation of the Managing Director, Development and Compliance Services & Chief Building Official, with the concurrence of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, the 2019 Development Charges Study Update on Draft Rates report, and the attached presentation, BE RECEIVED for information; and,
- b) it BE NOTED that the Strategic Priorities and Policy Committee received the attached presentation from S. Levin and A. Beaton, and received a verbal presentation from B. Veitch, with respect to this matter.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelosa, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

Voting Record:

Moved by: A. Hopkins
Seconded by: S. Turner

That the following delegations, related to the 2019 Development Charges Study, BE APPROVED to be heard at this time:

- a) S. Levin, A. Beaton and A. Stratton;
- b) B. Veitch, London Development Institute; and,
- c) L. Langdon;

it being noted that L. Langdon was not in attendance.

Yeas: (14): Mayor E. Holder, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelosa, A. Kayabaga, and S. Hillier

Absent: (1): M. van Holst

Motion Passed (14 to 0)

Moved by: M. van Holst
Seconded by: A. Kayabaga

That questions from Committee Members, to the delegates BE PERMITTED, with respect to Development Charges Study.

Yeas: (12): M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, and A. Kayabaga

Nays: (3): Mayor E. Holder, P. Squire, and S. Hillier

Motion Passed (12 to 3)

4.2 2019 Development Charges Study - Non-Residential Rate Review

Moved by: J. Helmer
Seconded by: S. Lewis

That, on the recommendation of the Managing Director, Development and Compliance Services & Chief Building Official, with the concurrence of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, the following actions be taken:

- a) the Institutional, Commercial, and Industrial development charges BE MAINTAINED as the rate structure for the collection of non-residential development charges;
- b) conversions from one form of non-residential use to another form of non-residential use, when no additional floor space is being added, BE EXEMPT from development charges payable;
- c) the Civic Administration BE DIRECTED to prepare the 2019 Development Charges Background Study and By-law incorporating clauses a) and b) above;
- d) the correspondence from P. McLaughlin and M. Leach, on behalf of 1803299 Ontario Inc., BE REFERRED to the consultation process;

it being noted that the Strategic Priorities and Policy Committee received a communication from P. McLaughlin and M. Leach on behalf of 1803299 Ontario Inc. with respect to the this matter.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

4.3 Confirmation of Appointments to the Hyd Park Business Improvement Association

Moved by: J. Morgan
Seconded by: A. Hopkins

That the following individuals BE APPOINTED to the Hyde Park Business Improvement Area for the term ending November 15, 2022;

Nancy Moffatt Quinn
Christine Buchanan
Terryanne Daniel
Lorean Pritchard
Tom Delaney
Mandi Hurst

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

4.4 Consideration of Appointments to the Plumbers' and Drain Layers' Examining Board

Moved by: S. Turner
Seconded by: P. Van Meerbergen

That D. Brouwer and M. Salliss BE APPOINTED to the Plumbers' and Drain Layers' Examining Board for the term ending November 15, 2022.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

4.5 Consideration of Appointment to the Committee of Revision/Court of Revision

Moved by: M. van Holst
Seconded by: J. Morgan

That K. May BE APPOINTED to the Committee of Revision/Court of Revision for the term ending November 15, 2022.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

4.6 Ranked Ballot Results for the London Transit Commission

Moved by: S. Turner
Seconded by: A. Kayabaga

That T. Park, S.L. Rooth and T. Khan BE APPOINTED to the London Transit Commission for the term ending November 15, 2022, in accordance with the ranked ballot appended to the meeting agenda.

Yeas: (11): Mayor E. Holder, S. Lewis, M. Salih, J. Helmer, M. Cassidy, J. Morgan, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozo, and A. Kayabaga

Nays: (4): M. van Holst, P. Squire, S. Lehman, and S. Hillier

Motion Passed (11 to 4)

4.7 Ranked Ballot Results for the Tourism London Board of Directors

Moved by: M. van Holst
Seconded by: S. Lehman

That Councillors A. Kayabaga and S. Lewis BE APPOINTED to the Tourism London Board of Directors for the term ending November 15, 2022, in accordance with the ranked ballot appended to the meeting agenda.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozo, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

5. Deferred Matters/Additional Business

5.1 (ADDED) Appointments

That the following actions be taken with respect to appointments to the Lake Huron Primary Water Supply System Joint Board of Management, the Kettle Creek Conservation Authority and the Middlesex-London Food Policy Council:

- a) the resignation of Councillor E. Pelozo from the Lake Huron Primary Water Supply System Joint Board of Management as an Alternate Member for the term December 1, 2018 to November 15, 2022 BE APPROVED;
- b) the resignation of Councillor E. Pelozo from the Middlesex-London Food Policy Council for the term December 1, 2018 to November 30, 2020 BE APPROVED;
- c) the resignation of Councillor S. Hillier from the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022 BE APPROVED;
- d) Councillor E. Pelozo BE APPOINTED to the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022; and,
- e) Councillor S. Lewis BE APPOINTED as a member on the Middlesex-London Food Policy Council for the term ending November 30, 2020;

it being noted that the attached communication from Councillors E. Pelozo and S. Hillier was received, with respect to this matter.

Motion Passed

Voting Record:

Moved by: M. Salih

Seconded by: S. Lewis

That the following actions be taken with respect to appointments to the Lake Huron Primary Water Supply System Joint Board of Management, the Kettle Creek Conservation Authority and the Middlesex-London Food Policy Council:

a) the resignation of Councillor E. Pelozza from the Lake Huron Primary Water Supply System Joint Board of Management as an Alternate Member for the term December 1, 2018 to November 15, 2022 BE APPROVED;

b) the resignation of Councillor E. Pelozza from the Middlesex-London Food Policy Council for the term December 1, 2018 to November 30, 2020 BE APPROVED;

c) the resignation of Councillor S. Hillier from the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022 BE APPROVED; and,

d) Councillor E. Pelozza BE APPOINTED to the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

Moved by: S. Hillier

Seconded by: E. Pelozza

That S. Lewis BE APPOINTED as a member on the Middlesex-London Food Policy Council for the term ending November 30, 2020.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelozza, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

6. Confidential (Enclosed for Members only.)

6.1 Labour Relations/Employee Negotiations

Moved by: A. Kayabaga

Seconded by: P. Van Meerbergen

That the Strategic Priorities and Policy Committee convene In Closed Session at 6:34 PM, for consideration of a matter pertaining to labour relations and employee negotiations, advice or recommendations of officers and employees of the Corporation including communications necessary for that purpose, and for the purpose of providing instructions and directions to officers and employees of the Corporation, as it pertains to the 2019 proposed Budget.

Yeas: (15): Mayor E. Holder, M. van Holst, S. Lewis, M. Salih, J. Helmer, M. Cassidy, P. Squire, J. Morgan, S. Lehman, A. Hopkins, P. Van Meerbergen, S. Turner, E. Pelosa, A. Kayabaga, and S. Hillier

Motion Passed (15 to 0)

The Strategic Priorities and Policy Committee convened In Closed Session from 6:34 to 6:47 PM.

7. Adjournment

The meeting adjourned at 6:48 PM.

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



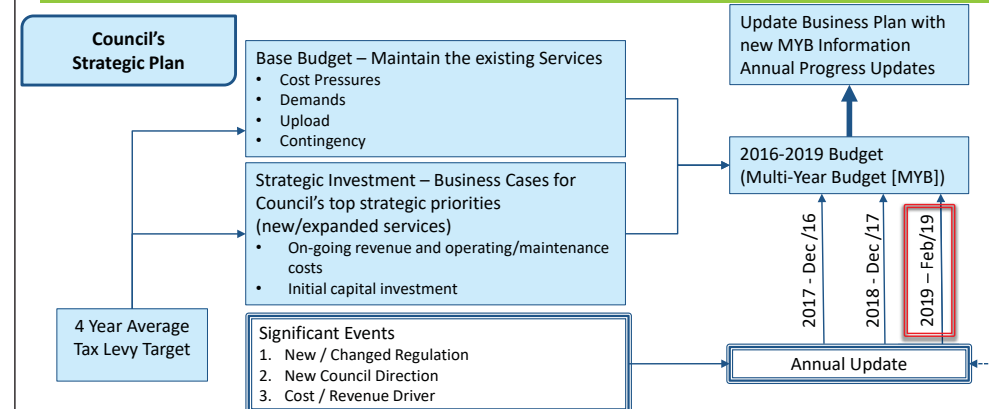
1. **Property Tax Supported Budget**
 - a) 2019 Annual Budget Update Document
 - b) 2019 Budget Amendment Cases
2. **Water and Wastewater & Treatment Rate Supported 2019 Annual Budget Update Document**
(Includes 2019 Budget Amendment Cases)

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

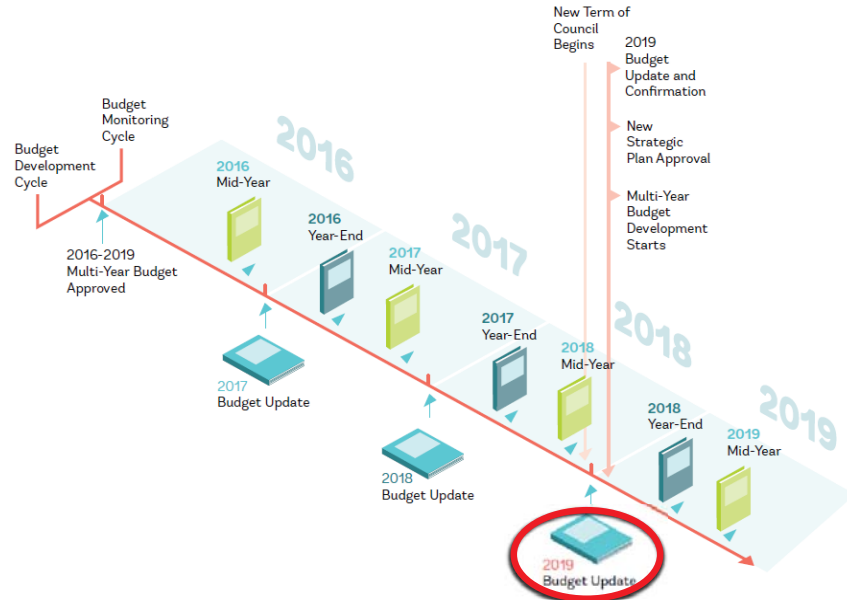


Service Review – Target included in budget. Reported on separately by City Manager in September of each year. Will form part of the annual budget update if targets cannot be met.

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

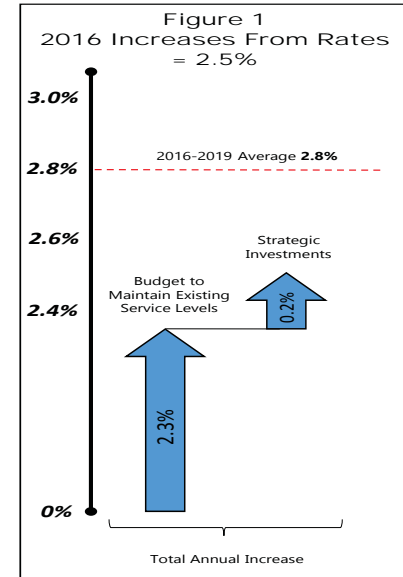


2016-2019 Multi-Year Budget Recap Year 1 – 2016



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)

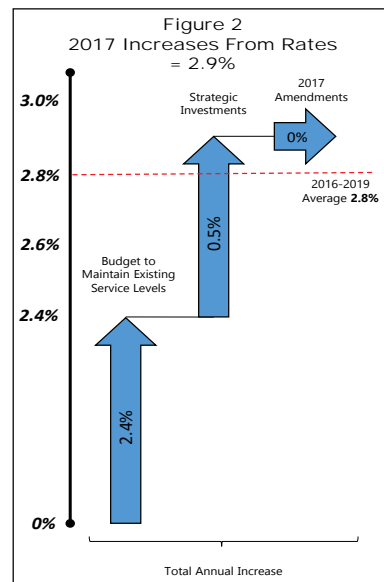


2016-2019 Multi-Year Budget Recap Year 2 – 2017



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%

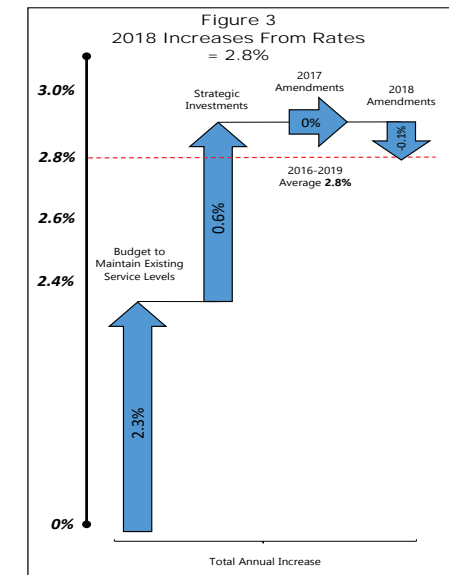


2016-2019 Multi-Year Budget Recap Year 3 – 2018

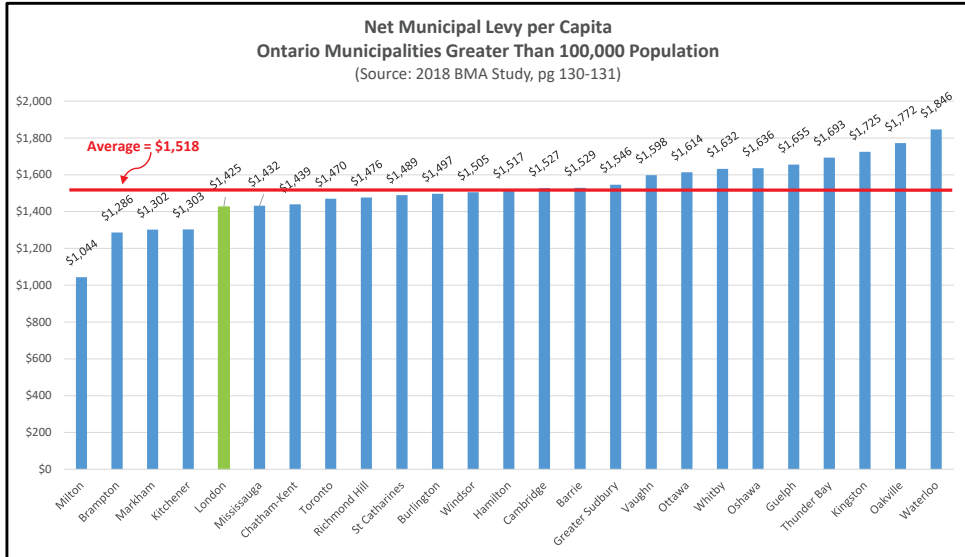


Year 3 Highlights (2018)

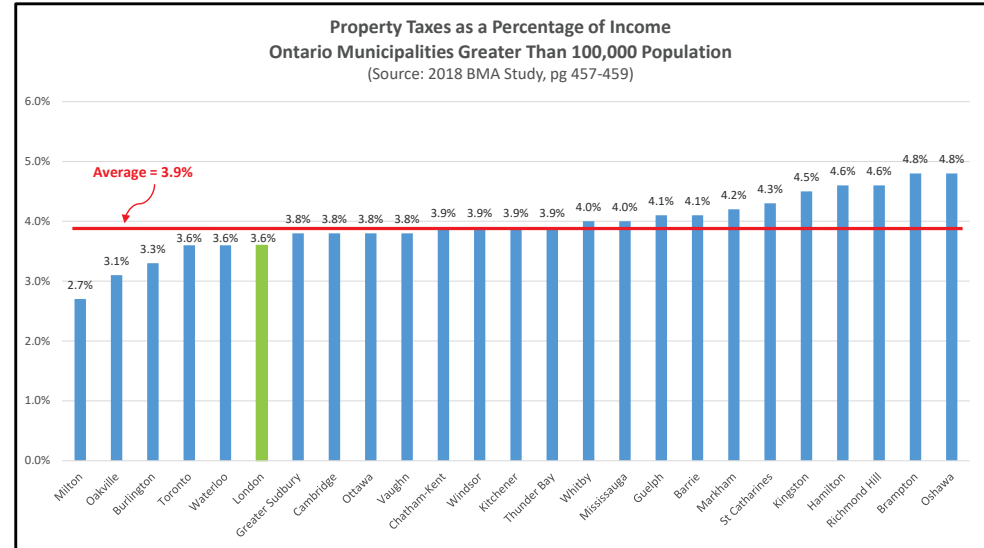
- 22 budget amendments were approved resulting in marginal tax levy decrease to previously approved rates
- Average annual increase from rates for 2016-2019 maintained at 2.8%



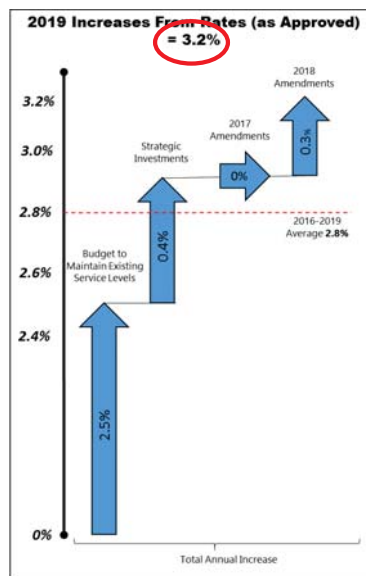
Net Municipal Levy per Capita



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)
Budget Amendment	2019
Revenue Driver	
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)
Budget Amendment	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



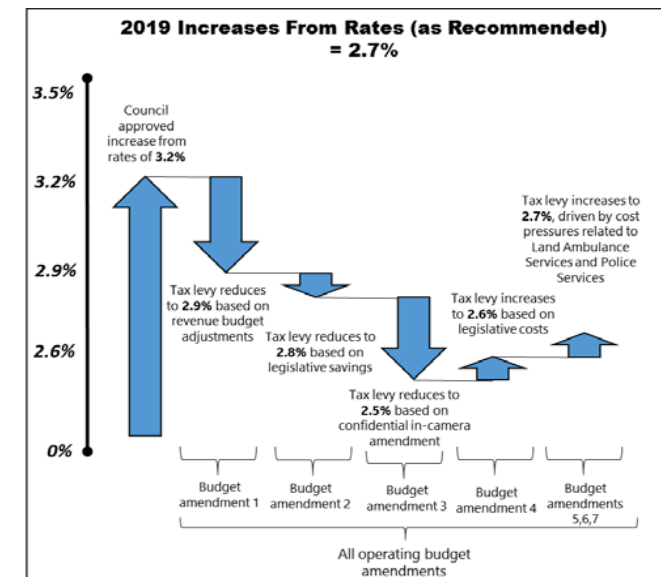
If all recommended budget amendments are approved, the 2016-2019 average annual tax levy increase would **decrease to 2.7%**

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



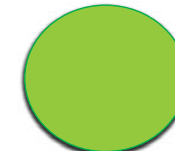
- The actual year over year tax levy increase for a particular property is determined by multiple factors, only two of which are controlled by the City:
 - Controllable
 - Council approved budget increase
 - Council approved tax policy
 - Uncontrollable
 - Education tax policy (Provincial)
 - Change 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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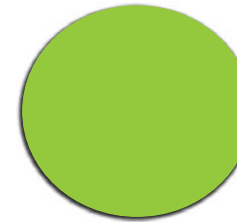
Linking Budget to Tax Policy



Budget

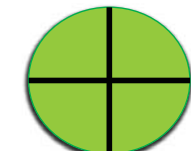


OR



“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?



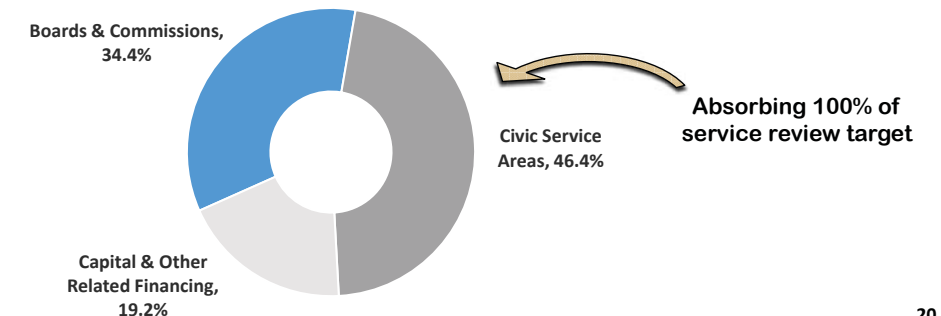
- Strategic use of the Operating Budget Contingency Reserve to smooth budget pressures (\$2.0 million in 2019)
- Three budget amendments submitted resulting in tax levy reductions
 - Updates to revenue budgets (Case 1)
 - Changes in legislation regarding minimum wage (Case 2)
 - Confidential matter (Case 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

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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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London
CANADA



LondonCanada



@CityofLdnOnt or #LdnBudget

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London
CANADA



Council's Strategic Plan 2019-2023

london.ca



London
CANADA

Agenda

- Overview of Council's Strategic Plan
- Key Learnings from Strategic Plan 2015-2019
- Proposed Approach and Timelines
- Proposed Community Engagement Approach
- Background Information to Support the Development of Strategic Plan: 2019-2023

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Council's Strategic Plan

- Identifies Council's vision, mission, values, and strategic areas of focus for 2019-2023
- Identifies the specific outcomes, expected results, and strategies that Council and Civic Administration will deliver on together over the next four years
- Sets the direction for the future, and guides the City's Multi-Year Budget
- Through the Multi-Year Budget process, Council's Strategic Plan will be put into action, adding further detail to each strategy about accountability, pacing, and resourcing

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Key Learnings: Strategic Plan 2015-2019

- The timeline was quite aggressive. More time for debate and engagement is important
- Consider how to measure the plan in the beginning of the process. Be clear about the outcomes and expected results
- Build on the current plan, don't start from scratch
- Build on the broad engagement of the current plan
- Strengthen the deliberate link to the budget
- Be focused and comprehensive with strategies at a higher level
- Continue to have an easy to read document

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Proposed Approach to Develop Council's Strategic Plan

1. The Strategic Plan is a **directional document**
2. The City of London currently has a comprehensive Strategic Plan (2015-2019); it is recommended Strategic Plan 2019-2023 will **build from the 2015-2019 plan**



Proposed Approach cont'd

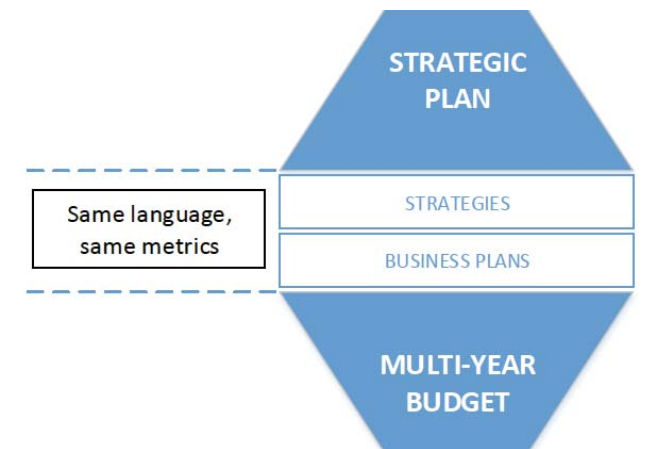


Proposed Approach cont'd



Proposed Approach cont'd

3. The Strategic Plan 2019-2023 will be **deliberately connected** with the 2020-2023 Multi-Year Budget





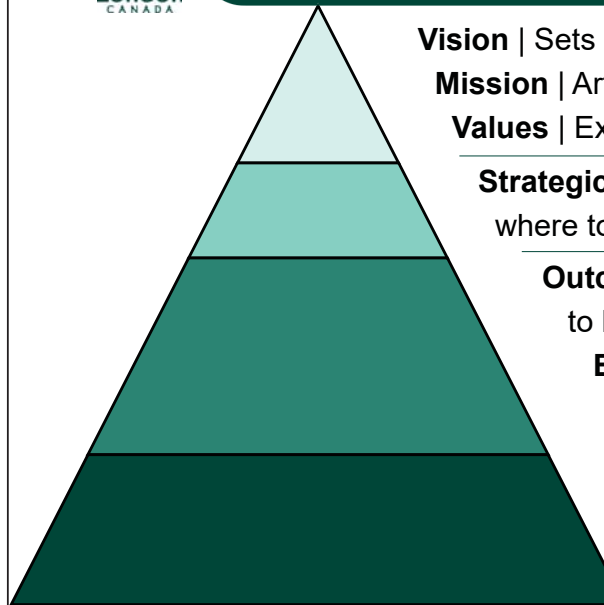
Proposed Approach cont'd

- It is the **focused** strategic actions within the 2019-2023 window that will be reflected in the Strategic Plan
- The Strategic Plan 2019-2023 will be built with **clear and measurable outcomes and expected results**
- Building on the structure of the current Strategic Plan, and incorporating the feedback of how to improve, the following structure is proposed...

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Proposed Approach cont'd



Vision | Sets direction

Mission | Articulates purpose

Values | Expresses how the corporation operates

Strategic Areas of Focus | Articulates where to focus over the next four years

Outcomes | Identifies the intended change to be accomplished

Expected Results | Identifies the required change to achieve the outcome

Strategies | Identifies the specific actions to take in order to achieve the expected result and outcome



Strategic Plan 2019-2023: Proposed Timelines

2019 Budget Approved

MYB Development

Community Engagement

Set Vision, Mission, Values

Set Strategies, Outcomes, Expected Results

Debate Changes, Endorse Plan

January

February

March

April

2018

● SPPC Meeting

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Proposed Community Engagement Approach

- December to January**
 - Engage immediately on the vision, mission, and values through getinvolved.london.ca
- February**
 - Engage broadly both online and in-person through multiple channels on outcomes, expected results, strategies
 - Any additional feedback on vision, mission, and values

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Background Information

There are several documents to support Council's development of the Strategic Plan, these include:

- Strategic Plan 2015-2019 Performance Report & Impact Assessment
- London's population characteristics
- Councillor Elect Engagement Conversations
- 2018 City of London PEST Analysis



Thank You!



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Development Charges (DCs): Introduction

Strategic Priorities and Policy Committee
December 17, 2018



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HOW WE PAY FOR A GROWING CITY

YOUR CITY FINANCES

The world of **Development Charges!**

"HOW WE PAY FOR A
GROWING CITY"



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0:00 / 3:52



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Introduction

- General Information regarding DCs
- 2019 DC Study Introduction
- Report Recommendations
- Summary



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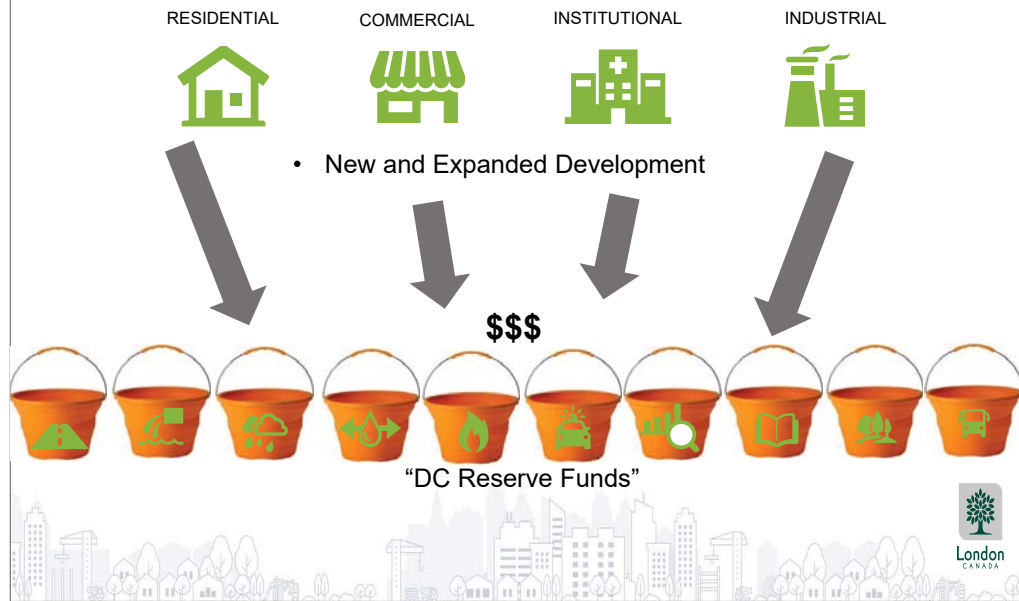
DC Act

- Section 2(1): DCs to pay for increased capital costs for servicing arising from development
- Section 5: DC Background Study Methodology (“rules”)
 - Amount of DCs for particular development not necessarily related to infrastructure costs for that particular development
- Section 9: DC By-law automatic expiration (5 years)
- Section 33: Separate DC reserve funds



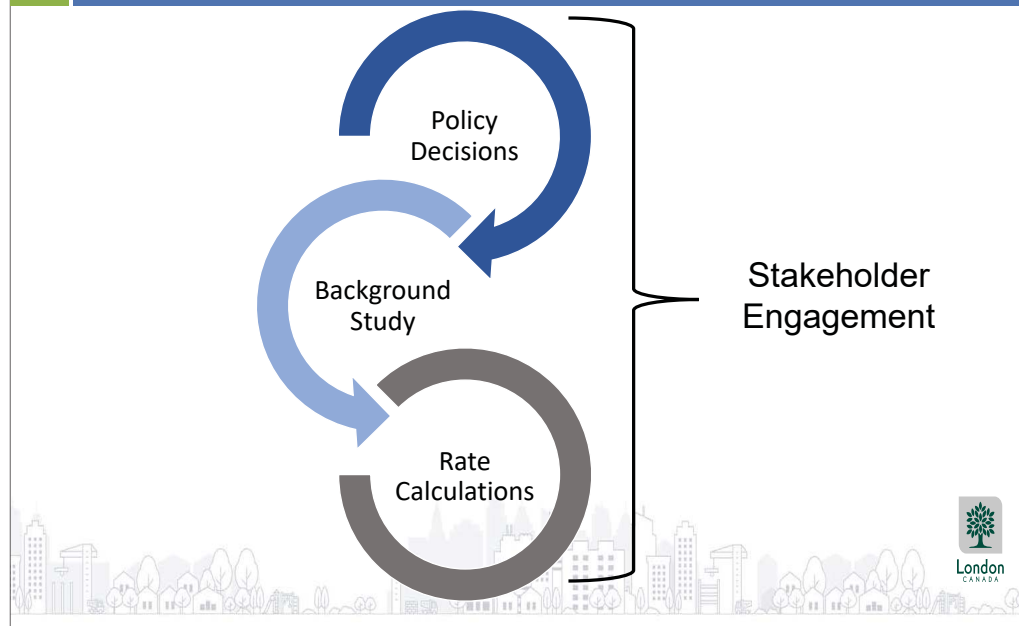
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Who pays DC's? and where does it go?

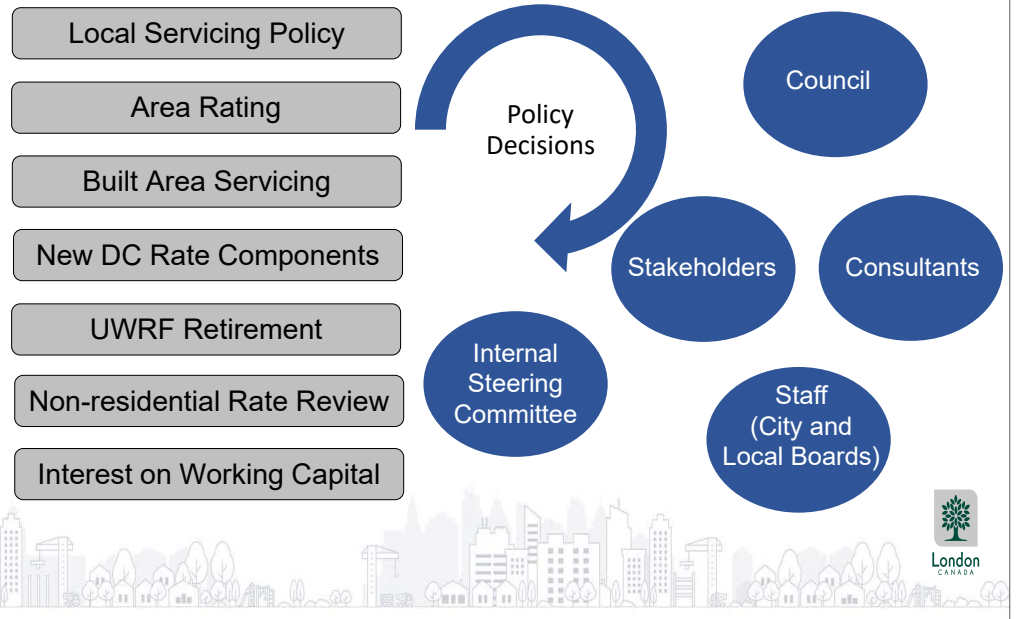


2019 DC Study

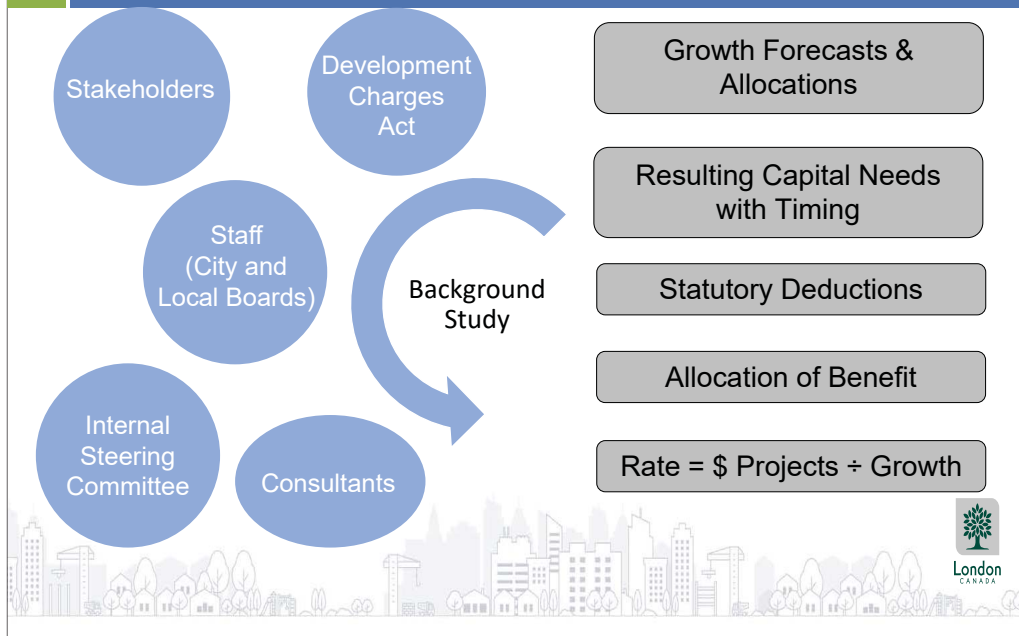
Development Charges Study Process Overview



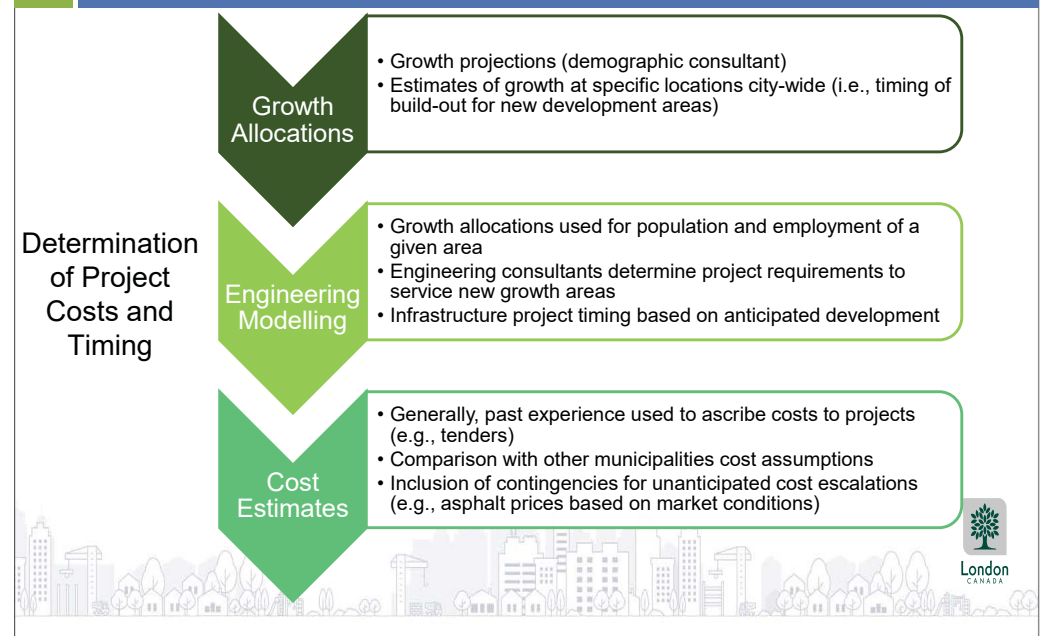
Policy Decisions



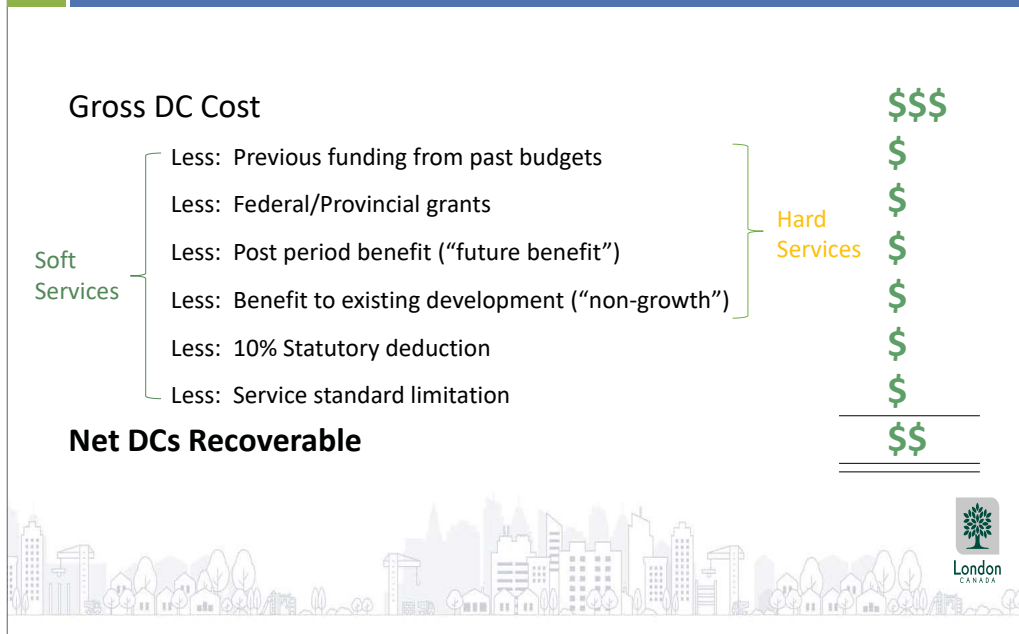
Background Study



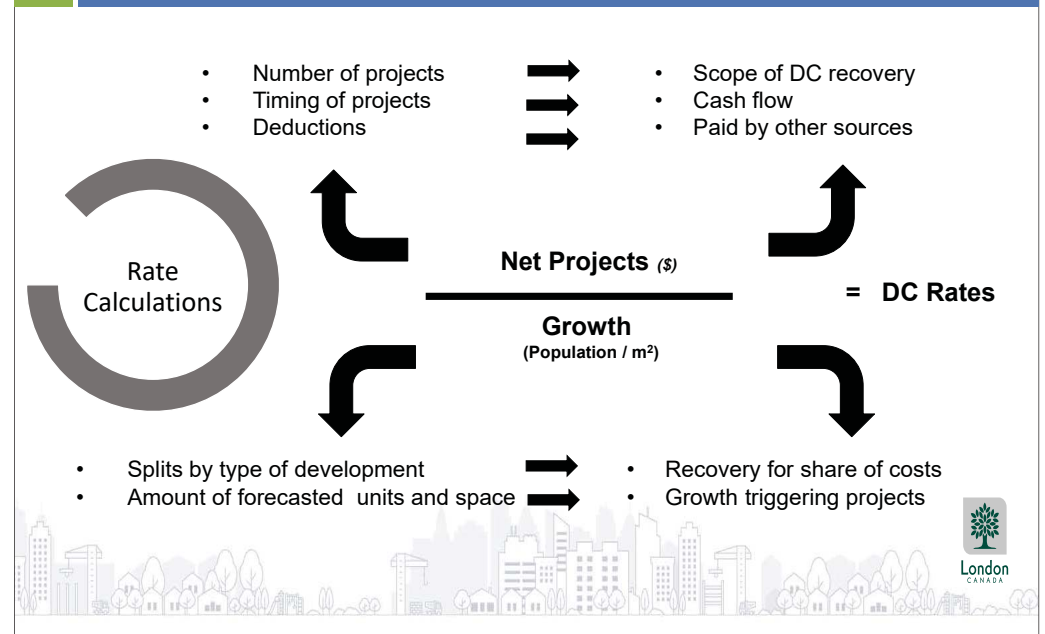
Development Charges Act, Section 5



Deductions Impacting Rate Calculations



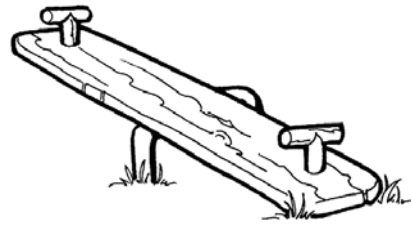
Rate Calculations



The DC Study Challenge

“Maximize new opportunities for growth”

“Minimize additional costs to homebuyers”



“Ensure sufficient recovery for the capital plan”

“Growth pays for growth”

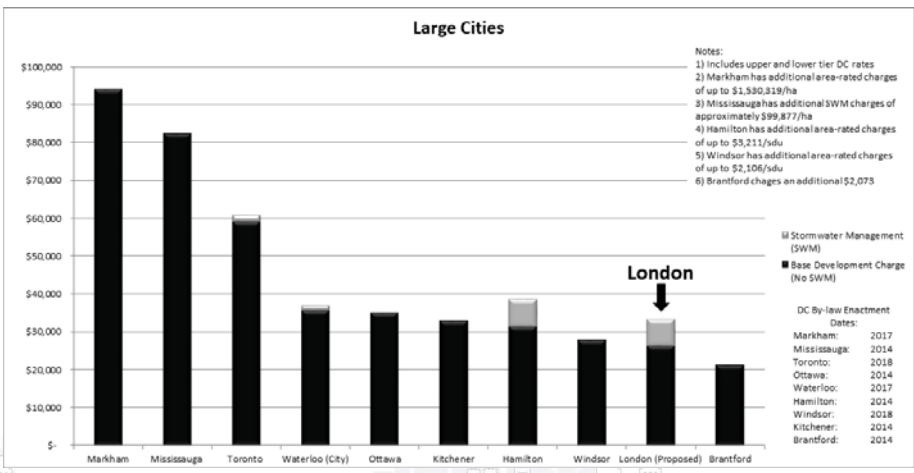


Draft 2019 DC Rates (December 17, 2018)

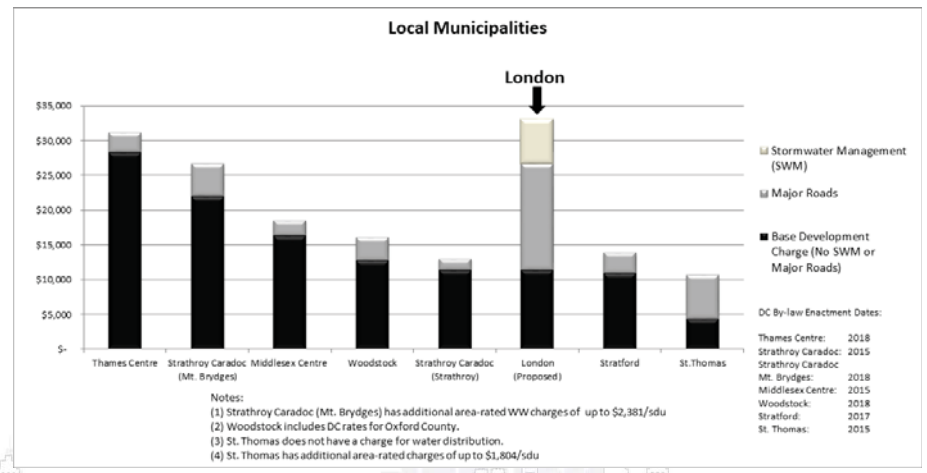
DC Component	Jan 1 2019 Indexed Rate	Draft 2019 DC Study Rate	% Change
Hard Services	\$25,724	\$27,72	2.2%
Soft Services	\$3649	\$5053	
UWRF	\$2638	\$0	
Base Rate	\$32,011	\$32,725	3.8%
Water Supply	\$0	\$6	
Waste Diversion	\$0	\$227	
Operations Centres	\$0	\$272	
Total Rate	\$32,011	\$33,230	



DC Rate Comparison: Large Municipal (Single Family)



DC Rate Comparison: Local Municipal (Single Family)



Non-Residential DC Rate Review

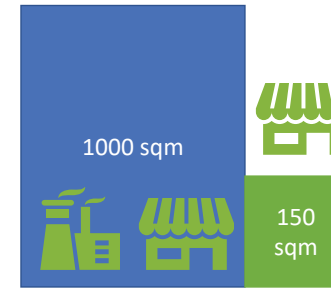
- **Rationale for Non-Residential DC Rate Review:**
 - Concerns regarding commercial DC rate
 - Concerns regarding non-residential conversions
- **Examined options:**
 - Retain status quo (industrial, commercial, institutional structure and conversions approach)
 - Blended non-residential DC rate
 - Industrial and non-industrial DC rates
 - Current rate structure and by-law approach
- **Recommending:**
 - Retain current ICI rate structure and by-law exemption for 1-to-1 space conversion (industrial buildings must be 10+ years old)
 - No recommendation re: commercial DC rate



Non-Residential DC Rate Review

Current Conversion Approach

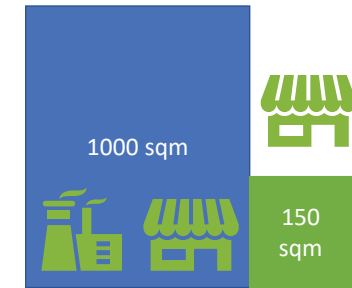
Commercial DCs: \$300/sqm
Industrial DCs: \$200/sqm



$$\text{Net DCs: } [(1000 \times \$300) - (1000 \times \$200)] + (150 \times \$300) = \$145,000$$

Proposed Conversion Approach

Commercial DCs: \$300/sqm
Industrial DCs: \$200/sqm



$$\text{Net DCs: } \$0 + (150 \times \$300) = \$45,000$$



Timetable



Summary

- 1 DCs pay for growth infrastructure projects and past investments in growth.
- 2 DCs only pay for the initial capital cost of major growth-related services identified in the DC Background Study – not local services, ongoing operating costs, or lifecycle renewal costs.
- 3 DCs are determined by an established legislated process that identifies the servicing needs and costs for future development.
- 4 Multiple internal and external stakeholders are involved in the DC rate setting process. Each has unique perspectives and goals regarding DCs.



RESERVE

RESERVE



Why Have Development Charges Changed 2014 DC vs 2019 DC

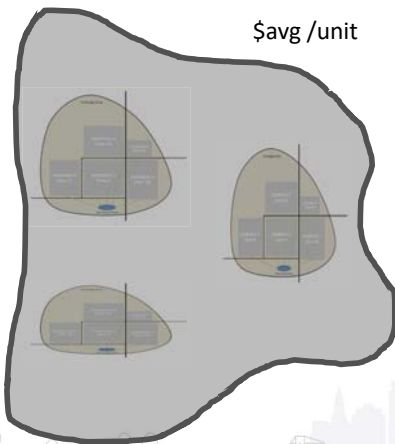
- There are a number of factors that have resulted in changes from the 2014 DC to the 2019 DC. Key factors include:
 - Updated growth projections across the City for the next 20 years
 - Adjustments to infrastructure servicing requirements to support growth demands
 - Updated capital project costing
 - Inflationary pressures
 - Experience from recently tendered projects
 - Addition of new programs in order to facilitate a growing City
 - Low Impact Development
 - Transportation Intelligent Mobility Management System
 - UWRF retirement



Average rate approach vs Area rate approach

Average Rate Approach

\$_{avg} /unit

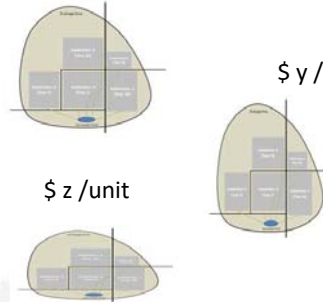


Area Rate Approach

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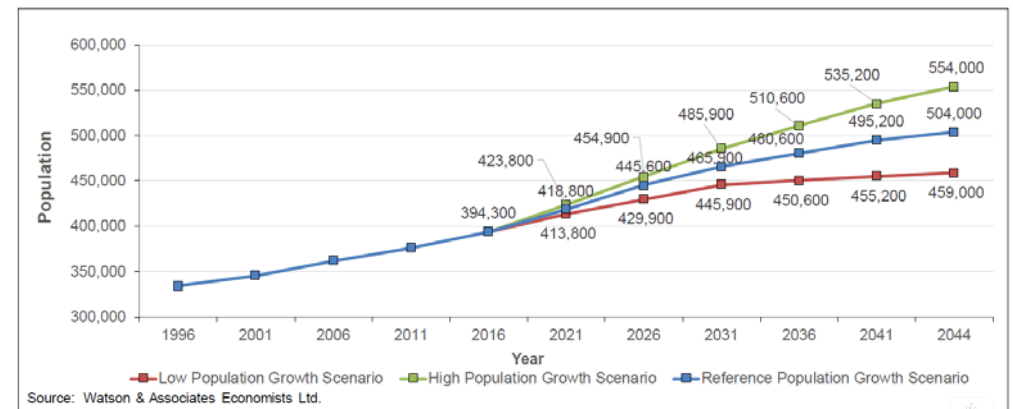
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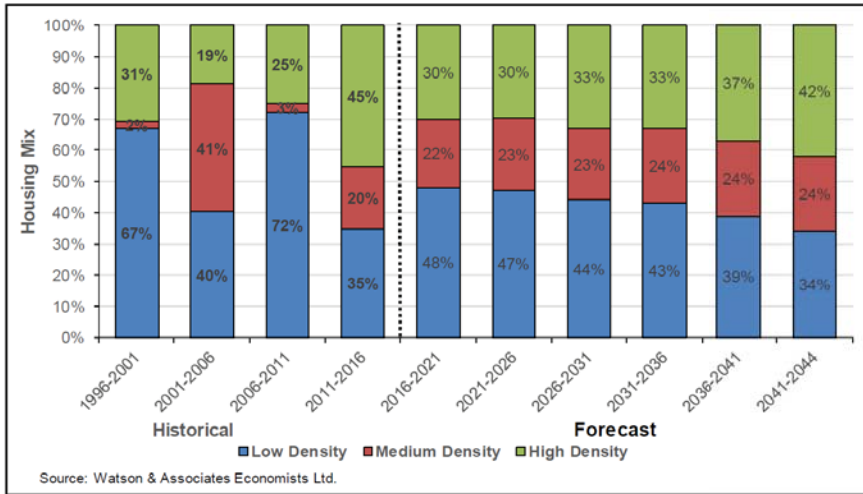
Our Growing City

City of London
Population Growth Projection Scenarios, 2016 to 2044



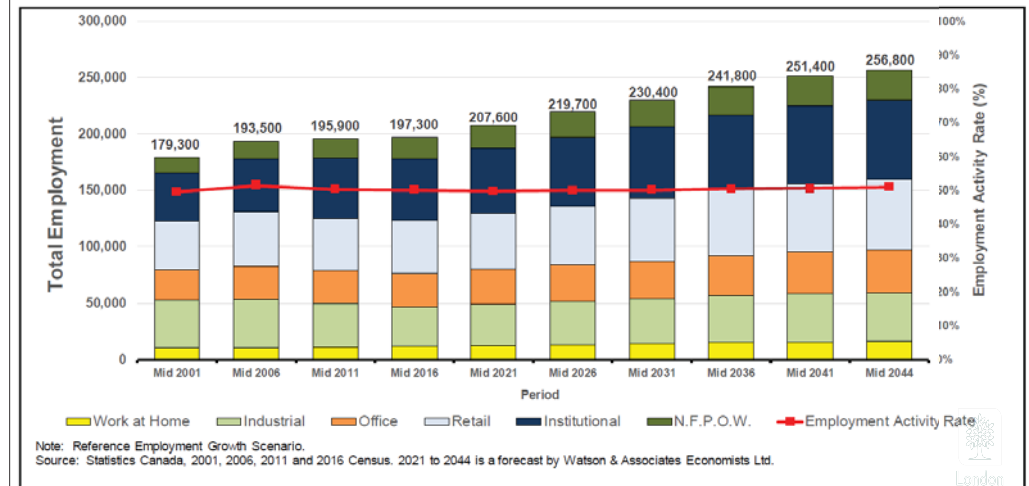
Our Growing City

City of London
Forecast Households by Structure Type

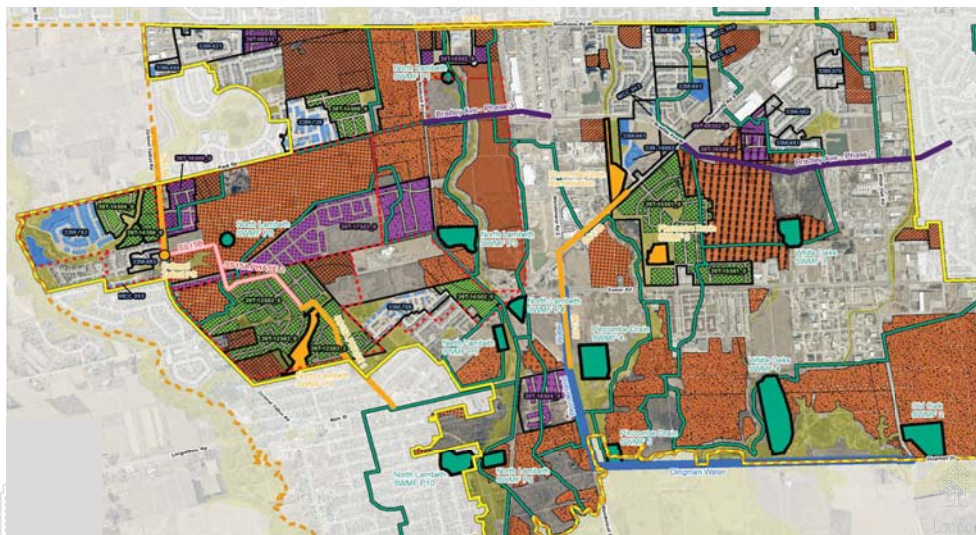


Our Growing City

Reference Employment Growth Scenario Forecast
Employment Growth by Major Sector, 2001 to 2044



Our Growing City



Key Messages Cont'd

- 5 DCs are paid by individuals constructing buildings. Certain forms/areas of development are exempted (DC paid by taxpayers). DC rates are charged uniformly throughout the City.
- 6 DC rate setting involves consideration of “affordability” and “flexibility.” Affordability is about keeping the cost of growth down by minimizing DC rates. Flexibility is about maximizing development opportunities by extending municipal services in numerous locations. The two ideals often conflict.
- 7 Council is ultimately tasked with balancing the desire for development with the increased investment required to facilitate growth.

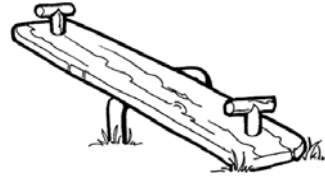




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OPPORTUNITY

Housing Affordability

- City of London is mindful of the issue associated with housing affordability and works hard to ensure that growth costs are compiled accurately and allocated equitably



- Reductions to DC rates to aid in the affordability of new homes do not eliminate growth costs...but means that costs must be paid for by someone else
- New homeowners get to choose whether to pay for growth costs; existing taxpayers do not
- Important to be mindful of burden that affordability would place on the City's tax base as a whole

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TOGETHER WE ARE MAKING A DIFFERENCE





2019 Development Charges

What are Development Charges? (DCs)

A fee charged by the City to recover growth related capital costs associated with residential and non-residential growth. Development charges do not pay for operating costs or infrastructure renewal.

Growth costs are recovered to:

- build new infrastructure supporting growth
- pay down existing debt for past growth works
- avoid taxpayers paying for costs that serve growth

Development charges assist in financing capital projects required to meet the increased need for services resulting from growth and development. They may only be used for the purpose for which they are collected.

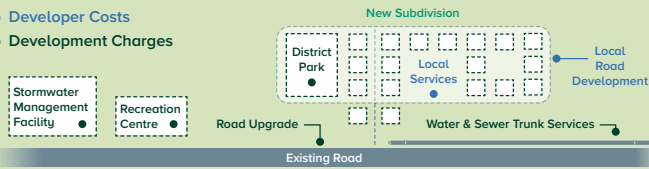
Development Types

- Residential
- Institutional
- Commercial
- Industrial

Development charges are required for the construction of new buildings and expanded buildings. They are collected at the building permit stage.

How We Pay for a Growing City

- Developer Costs
- Development Charges



Residential

Draft 2019 Development Charge Rates

Service Component	Single & Semi Detached (per dwelling unit)	Multiples/ Row Housing (per dwelling unit)	Apartments with < 2 Bedrooms (per dwelling unit)
Existing City Services			
Roads	\$15,332	\$10,369	\$6,781
Wastewater	3,818	2,582	1,689
Stormwater	6,897	4,665	3,051
Water Distribution	1,624	1,099	719
Fire	103	69	45
Police	525	355	232
Corporate Growth Studies	533	360	236
Library	127	86	56
Parks & Recreation	3,530	2,387	1,561
Transit	236	160	104
BASE RATE	\$32,725	\$22,132	\$14,474
Additional City Services			
Water Supply	6	4	3
Waste Diversion	227	154	101
Operation Centres	272	184	120
TOTAL RATE	\$33,230	\$22,473	\$14,698

Subject to rounding

Impact of Change on Jan. 1, 2019 Rates



Non-Residential

Draft 2019 Development Charge Rates

Apartments with >= 2 Bedrooms (per dwelling unit)

Commercial (per square metre of floor space)

Institutional (per square metre of floor space)

Industrial (per square metre of floor space)

\$9,189	\$158.30	\$96.64	\$66.81
2,288	24.75	14.01	48.24
4,134	64.16	38.90	69.78
974	18.57	11.54	17.95
62	0.81	0.43	0.07
314	3.52	1.77	0.34
319	4.08	2.48	2.07
76	-	-	-
2,116	-	-	-
141	2.69	1.36	0.58
\$19,613	\$276.88	\$167.13	\$205.84
4	0.06	0.04	0.03
136	-	-	-
163	2.42	1.47	1.03
\$19,916	\$279.36	\$168.64	\$206.90



Why are rates changing?

The City is currently conducting a Development Charges Background Study to review growth related capital projects needed to accommodate London's growth. This information is used to update the Development Charge By-law and development charge rates at least every five years as required under the Ontario Development Charges Act.

Why are there three additional services in the draft 2019 Development Charge Rates?

Due to continued growth, there are greater demands and needs being placed on the City.

Council requested three additional services be reviewed as part of the 2019 Development Charges Background Study:

- Operation Centres**
Need for expanded maintenance facilities to service the growing city.
- Waste Diversion**
New facilities and programs required to divert waste and recover resources.
- Water Supply**
Growth costs associated with Master Plan updates for the Lake Huron & Elgin Area Primary Water Supply Systems.



FEBRUARY

25

Development Charges Background Study & By-law Available

MARCH

25

Public Participation Meeting at Strategic Priorities & Policy Committee (SPPC)

MAY

6

Review & Deliberations of the Background Study & By-law at SPPC

MAY

7

Council Approval

Learn more at getinvolved.london.ca

Contact Development Finance
519-661-CITY (2489) x 7335 or gms@london.ca



Development Charges – Urban League of London

- **The Urban League is an umbrella group whose members include neighbourhood associations, community groups and individuals from across London.**



- We have been at the Development Charges (DC) table since the early 1990s.
- We thank staff for continuing to have us at the table. Staff have spent significant hours with the Stakeholder Group.
- The Stakeholder group works well.



- DCs are hard. Legislation keeps changing. It is a complex subject
- It's not something you have in your household budget
- It pays for significant parts of road widenings, new sewers, new buses, etc
- All Stakeholders agree that growth should pay for growth. However,



- However, there are “exemptions” (Community Improvement Plans), e.g.
 - industrial development
 - Downtown and Old East multi residential housing
- By the way, these are subsidies – the DC payment comes from the taxpayer.
- There is also a statutory 10% that is tax supported for new libraries, recreation facilities and other “soft” services



- Some London characteristics make it harder to compare our rate to other municipalities



- London has lots of road projects, surrounding rural municipalities do not. In fact, at this point \$189 M of road projects have been deferred to keep the DC rate affordable.
- You can certainly move more projects off into the future to reduce the DC. But it comes with a congestion cost.
- London also includes storm water management in the rate, many other municipalities across the province do not.



- And last but not least:
Issued City debt (bonds) are not callable – the debt cannot be paid back before its due date



300 Dufferin Avenue
P.O. Box 5035
London, ON
N6A 4L9

London
CANADA

December 14, 2018

Chair and Members of the
Strategic Priorities and Policy Committee

Re: Appointments as Alternate Member of the Lake Huron Primary Water Supply System Joint Board of Management, Middlesex-London Food Policy Council and the Kettle Creek Conservation Authority

Councillor Hillier has brought to my attention that he has a conflict with the meeting time of the Kettle Creek Conservation Authority and therefore will be resigning from the appointment. I believe that the Council appointee to the Kettle Creek Conservation Authority should be a Ward 12 or Ward 14 representative. As a result, I wish to put my name forward for consideration of appointment to the Kettle Creek Conservation Authority and resign my appointment as an Alternate Member on the Lake Huron Primary Water Supply System Joint Board of Management and a member of the Middlesex-London Food Policy Council.

Given that even as an Alternate Member of the Lake Huron Primary Water Supply System Joint Board of Management, it is my responsibility to attend all meetings of the Board to ensure that I am aware of any matters before the Board should I be called upon in a decision-making capacity, my time is best spent focusing on the roles where I am a voting member of Board or Commission. As I am currently appointed to a number of Boards and Commissions, along with my responsibilities as a Member of Council, to take on the additional role on the Kettle Creek Conservation Authority requires me to resign from my appointments to the Lake Huron Board and the Middlesex-London Food Policy Council.

I am therefore seeking support of the following recommendation:

That the following actions be taken with respect to appointments to the Lake Huron Primary Water Supply System Joint Board of Management, the Kettle Creek Conservation Authority and the Middlesex-London Food Policy Council:

- a) the resignation of Councillor E. Pelosa from the Lake Huron Primary Water Supply System Joint Board of Management as an Alternate Member for the term December 1, 2018 to November 15, 2022 BE APPROVED;
- b) the resignation of Councillor E. Pelosa from the Middlesex-London Food Policy Council for the term December 1, 2018 to November 30, 2020 BE APPROVED;
- c) the resignation of Councillor S. Hillier from the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022 BE APPROVED; and,
- d) Councillor E. Pelosa BE APPOINTED to the Kettle Creek Conservation Authority for the term December 1, 2018 to November 15, 2022.

Respectfully submitted,

Elizabeth Pelosa
Councillor Ward 12

Steve Hillier
Councillor Ward 14