

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON APRIL 16, 2019
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2018 OPERATING BUDGET YEAR-END MONITORING REPORT – PROPERTY TAX, WATER, WASTEWATER & TREATMENT BUDGETS

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to the 2018 Operating Budget Year-End Monitoring Report:

- a) The 2018 Operating Budget Year-End Monitoring Report for the Property Tax Supported Budget, Water, and Wastewater & Treatment Budgets **BE RECEIVED** for information. An overview of the net corporate positions are outlined below, noting that the year-end positions include the contributions to reserves listed in items b to d:
 - i) Property Tax Supported Budget surplus is \$6.0 million as identified by Civic Administration, Boards and Commissions.
 - ii) Water Rate Supported Budget position is balanced at year-end.
 - iii) Wastewater & Treatment Rate Supported Budget surplus is \$3.2 million.
- b) The following contributions to reserves, in accordance with the Council approved Surplus/Deficit Policy, **BE RECEIVED** for information:
 - i) \$3.0 million to the Operating Budget Contingency Reserve.
 - ii) \$3.0 million to the Water Budget Contingency Reserve.
 - iii) \$2.2 million to the Wastewater Budget Contingency Reserve.
- c) The request to fund the 2018 London & Middlesex Community Housing operational deficit of \$35,284, which has been included in the above noted surplus of \$6.0 million, **BE APPROVED** (see **Appendix E** for Letter of Request).
- d) Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration **BE AUTHORIZED** to contribute \$3.0 million of the \$6.0 million surplus from the Property Tax Supported Budget to the Industrial DC Incentive Program Tax-Supported Reserve Fund.
- e) Civic Administration's contribution of \$3,945,235 (\$3,381,174 – Property Tax Supported; \$226,196 – Water; and \$337,865 – Wastewater & Treatment) to the Efficiency, Effectiveness and Economy Reserves in 2018 **BE RECEIVED** for information.
- f) Civic Administration's allocation of the remaining surplus from the Property Tax Supported Budget, Water Rate Supported Budget, and Wastewater & Treatment Rate Supported Budget in accordance with the Council approved Surplus/Deficit Policy **BE RECEIVED** for information.

Note: The reported year-end surplus is subject to completion of the financial statement audit.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Corporate Services Committee, meeting on September 25, 2018, Agenda Item 2.4, 2018 Operating Budget Mid-Year Monitoring Report

[Corporate Services Committee - September 25, 2018](#)

Corporate Services Committee, meeting on September 25, 2018, Agenda Item 2.2, Reserves Rationalization Report

[Corporate Services Committee - September 25, 2018](#)

Strategic Priorities and Policy Committee, meeting on October 15, 2018, Agenda Item 2.1, Surplus/Deficit Policy Update

[Strategic Priorities and Policy Committee - October 15, 2018](#)

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 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.

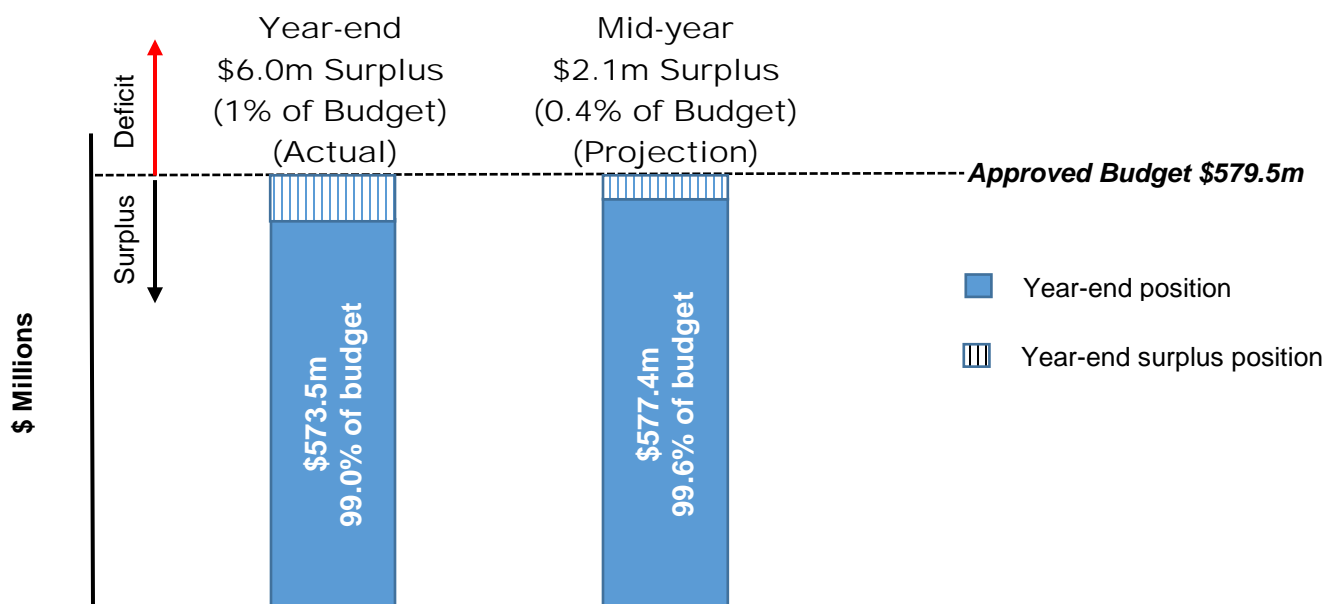
Based on this evaluation, each year Civic Administration submits two monitoring reports to Council, the Operating Budget Mid-Year Monitoring Report and Operating Budget Year-End Monitoring Report. In addition to these two reporting cycles, once per year the multi-year budget is updated through the Annual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

2018 PROPERTY TAX SUPPORTED OPERATING BUDGET MONITORING

The 2018 Property Tax Supported Net Budget was approved at \$579.5 million. The 2018 year-end surplus is \$6.0 million (refer to **Appendix A**). Figure 1 below provides a graphical view of the surplus position at year-end.

Figure 1 – Comparison of 2018 Budget and Actual



Outlined in Table 1 are some of the key items that are contributing to the year-end surplus of \$6.0 million. A year-end surplus of \$6.0 million represents approximately 1.0% 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 Year-End Position

Contributing Factor	Year-End Surplus/ (Deficit)	Year-End % of Net Budget	Mid-Year Surplus/ (Deficit)	Mid-Year % of Net Budget
Higher than anticipated fee based revenue primarily from landfill tipping fees, by-law enforcement and property standards, parking fines and revenues, and higher than anticipated interest revenue.	\$4.9m	0.9%	\$3.6m	0.6%
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.	\$3.6m	0.6%	\$4.5m	0.8%
Increased revenues from supplementary taxes, grants in lieu of taxes, and other tax revenues and program savings, partially offset by provisions for tax appeals.	\$3.5m	0.6%	\$0.2m	0.1%
Energy/utility savings and other operational savings partially offset by contribution to ITS Reserve Fund.	\$2.3m	0.4%	\$(0.7)m	(0.1%)
Higher than budgeted winter maintenance costs from January to April impacting operating supplies, purchased services and equipment costs.	\$(3.0)m	(0.5%)	\$(3.2)m	(0.5%)
Portion of budgeted drawdown from Operating Budget Contingency Reserve (OBCR) not required, and contribution made to Operating Budget Contingency Reserve.	\$(5.3)m	(0.9%)	\$(2.3)m	(0.4%)
Total Year-End Position	\$6.0m	1.0%	\$2.1m	0.4%

All figures are subject to rounding.

Surplus/Deficit Policy – Property Tax Supported Budget

The Council approved Surplus/Deficit Policy provides for the allocation of reported surplus for the Property Tax Supported Budget as follows:

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

If recommendation e) to fund the 2018 London & Middlesex Community Housing operational deficit of \$35,284, and recommendation f) relating to a \$3.0 million contribution to Industrial DC Incentive Program Tax-Supported Reserve Fund are approved, the remaining balance of surplus will be \$3.0 million, allocated as per the Council approved Surplus/Deficit Policy as follows:

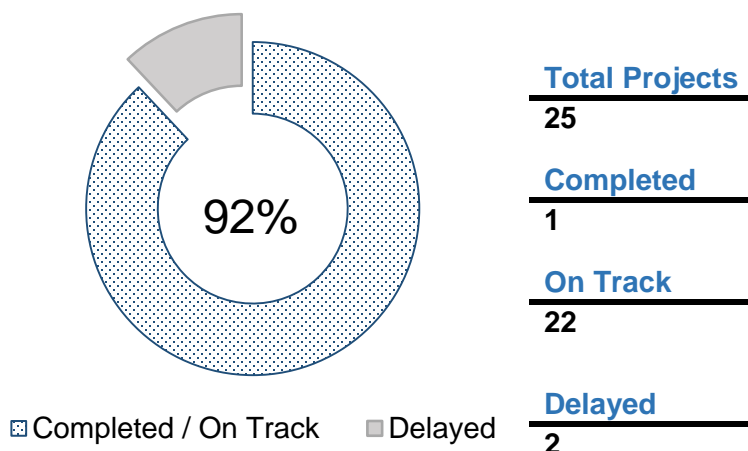
- a) \$1.5 million to reduce authorized debt;
- b) \$0.75 million to the Community Investment Reserve Fund, and;
- c) \$0.75 million to the Capital Infrastructure Gap Reserve Fund.

2016-2019 STRATEGIC INVESTMENT PROGRESS UPDATE

As part of the multi-year budget, 25 strategic investments linked to Council's 2015-2019 Strategic Plan were approved. These 25 strategic investments will result in investment of \$47.8 million in the City of London's programs and services for the 2016-2019 period. Figure 2 provides a status update and Table 2 provides a financial update for the approved strategic investments. For a more detailed update regarding each strategic investment refer to **Appendix C**.

Figure 2 – Current Status of Strategic Investments

% Completed Or On Track



Of the 25 strategic investments, all are on track to be completed on time, except for two 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 approved in 2018, eliminating a potential funding gap. Detailed design and land negotiations are finalized. The project will be tendered and construction is expected to commence in 2019 with completion forecasted for 2020.
2. The London Homeless Prevention System Implementation Plan, Business Case #16, Item #2, has been delayed. The opening of the Housing First youth emergency shelter was originally planned for 2018, but is now 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.

To review progress towards implementing all of the strategies outlined in Council's 2015-19 Strategic Plan for the City of London, please refer to the latest Semi-Annual Progress Report, released in November 2018 available on the City of London website: <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 Dec. 31, 2018	% Spent of 2016 - 2019 Total Budget	% Spent of 2016 - 2018 Budget
Building a Sustainable City	14,340	10,130	7,910	55%	78%
Leading in Public Service	7,297	5,383	3,808	52%	71%
Strengthening Our Community	8,529	6,315	5,412	63%	86%
Growing Our Economy	17,604	10,232	6,386	36%	62%
Total	47,770	32,060	23,516	49%	73%

EMERGING ISSUES – PROPERTY TAX SUPPORTED BUDGET

Several services have identified potential service delivery pressures that may impact future expenditures/revenues (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 is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring 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 started to make program changes with an indication that more may come based on campaign promises and its review of the previous Provincial Government's spending. For example, the Province is currently reviewing existing funding initiatives for various police grant programs which could have significant budgetary impacts if funding is reduced or eliminated. 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 any changes.</p> <p>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.</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2019 Budget
<p>2. 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 division, human resources and public health. The City's first legal cannabis retail store opened on April 1, 2019, with another two retail stores proposed to open during the year as well. The City of London received two payments from the Ontario Cannabis Legalization Implementation Fund totalling approximately \$1.0 million in 2019. This funding was London's portion of the Provincial government's commitment to distribute \$40 million over two years to municipalities across Ontario to help with the implementation costs of recreational cannabis legalization. It is unknown what the exact budgetary impacts will be in 2019; however, Civic Administration is currently gathering cost estimates from the impacted service areas and will distribute funding accordingly.</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
MUNICIPAL COUNCIL DIRECTED	
<p>3. Social & Community Support Services - Subsidized Transit - Council approved the implementation of free transit for children 5-12 commencing January 1, 2017, the income-related subsidized transit program for adults 18 and over for 2 years commencing January 1, 2018 and the reduced rate transit pass 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>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
COST DRIVER	
<p>4. 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: In September 2018, a number of service areas in the City of London and Partner organizations launched a 16 week pilot program to identify and implement a coordinated Core Area Informed Response to address these challenges. This pilot program was successful and will continue on a go-forward basis commencing April 1, 2019; the city-wide Coordinated Informed Response will have in place a coordinated cross-functional team to provide a caring and compassionate response to the unpredictable and disruptive behaviours of individuals that are sleeping rough and urban camping</p>	High

Category / Emerging Issue	Likelihood Of Emerging Issue Impacting 2019 Budget
<p><i>related to substance use and mental illness. The cost of the 2019 Coordinated Informed Response activities is estimated to be approximately \$1.25 million to be funded from the tax supported Efficiency, Effectiveness and Economy Reserve on a one-time basis. Civic Administration will be bringing forward a business case for consideration as part of the 2020-2023 Multi-Year Budget in order to secure permanent funding for this initiative beyond 2019.</i></p>	
<p>5. Garbage Recycling & Composting - City staff has previously noted the Chinese “National Sword” program as an emerging issue with a high likelihood to impact the 2019 operating budget. The program is significantly limiting global access to the large Chinese recovered materials markets and placing significant downward pressure on global recovered material end markets for items recovered through Blue Box recycling programs across North America. For the majority of 2018 the material recovered and marketed from the Manning Drive Regional Material Recovery Facility (MRF) was still able to be sold for revenues close to budget. This was a result of the high quality of the materials produced (i.e. two stream) and the end market relationships of Miller Waste, the City's Blue Box collection and MRF operations service provider. However, in 2019 it is anticipated that the revenues will be below budget due to the current deterioration of recovered material end markets where the advantages are no longer sufficient to realize the revenues anticipated when the 2016-2019 Multi-Year Budget was set.</p> <p>What we are doing to mitigate/address the issue: Staff members have been working with our Blue Box collection and Material Recovery Facility (MRF) operations service provider Miller Waste Systems to ensure that recovered materials produced from the MRF are of a quality required to continue to be marketed during these market conditions. It should be noted that Miller Waste Systems has developed long term relationships with stable end markets which greatly assists with material marketability during changing market conditions. However as the downward pricing pressure is global in nature it is likely that revenues for recovered materials will be lower than anticipated/budgeted. In addition, staff are currently reviewing whether capital investment is warranted to preserve the recovered material revenue stream and offset future operating cost increases.</p>	High
<p>6. Garbage Recycling & Composting - 60% Waste Diversion Action Plan - The City is working towards a 60% Waste Diversion Action Plan, the major component being a Green Bin Program. Annual operating costs for the Plan will range from \$5.05 million to \$7.45 million, with the most likely cost estimated to be \$6.5 million. Ultimately, costs will depend on final program design and market competition. It is unclear at this time if or when a percentage of these costs may be able to be offset by other revenues. This will be part of multi-year budget discussions. The change in government in Ontario has created additional uncertainty regarding a number of potential revenue sources for waste diversion:</p> <ul style="list-style-type: none"> • Potentially the Extended Producer Responsibility (EPR) program will be paid 100% by industry by 2025, reducing City's current waste diversion cost by \$1.5 to \$1.8 million. • Other EPR revenues for additional items could be from \$50,000 to \$150,000 per year but may not occur until 2021 or 2022. • A W12A Landfill levy could support diversion with revenue ranging from \$250,000 to \$500,000 per year. This requires a marketplace analysis to determine when it would be possible to raise tipping fee revenue. A potential waste disposal levy at the provincial level is still being considered which may limit/restrict what is done locally. <p>What we are doing to mitigate/address the issue: Financing the 60% Waste Diversion Action Plan will be subject of an upcoming Civic Works Committee report and part of the 2020-2023 Multi-Year Budget deliberations. City staff continue to provide comment through associations on the need for the provincial government to move to extended producer responsibility as quickly as possible to reduce the financial impact of recycling on municipalities. Organics management (diversion) and its contribution to 60% waste diversion is a requirement of current provincial direction, upcoming regulation and a commitment as part of the environmental assessment for the W12A landfill expansion.</p>	High

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

Emerging Issues Included in Mid-Year Report	Resolution
1. 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 for costs associated with a new Children's Museum.	<i>Funding approved in the 2019 Annual Budget Update (Budget Amendment #7)</i>
2. Land Ambulance – Funding request for additional Land Ambulance resources to address increased call volumes and risk mitigation requirements for Middlesex-London Paramedic Service.	<i>Funding approved in the 2019 Annual Budget Update (Budget Amendment #5)</i>
3. Roadways - Funding request for bicycle lane maintenance in both summer and winter to comply with Ontario regulation 239/02, Minimum Maintenance Standards for Municipal Highways.	<i>Funding approved in the 2019 Annual Budget Update (Budget Amendment #4)</i>

2018 WATER RATE SUPPORTED OPERATING BUDGET MONITORING

The 2018 Water Rate Supported Budget is balanced at year-end (Table 4) after a \$3.0 million contribution to the Water Budget Contingency Reserve in accordance with the Council approved Surplus/Deficit Policy. The year-end position is \$2.7 million less than projected in the 2018 Operating Budget Mid-Year Monitoring Report.

The Water revenue surplus is \$2.9 million due to an increase in consumption volumes and infrastructure charge revenue driven by growth in number of users. Water consumption for 2018 was 2.2 million m³ higher than anticipated (budgeted consumption of 39.2 million m³ versus actual consumption of 41.4 million m³).

Operating expenditures ended the year in a \$2.9 million deficit position after a \$3.0 million contribution to the Water Budget Contingency Reserve. Savings in personnel costs as a result of vacancies throughout the year from positions not filled due to the delay in federal/provincial grant funding associated with infrastructure works and miscellaneous savings in various operational accounts were partially offset by higher than anticipated water consumption as noted above which resulted in higher purchase of water costs from our regional water supply boards.

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

Water Budget	2018 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	77,932	80,819	2,887
Expenditures	77,932	80,819	(2,887)
Net Balance Surplus/(Deficit)	-	-	-

Surplus/Deficit Policy – Water Rate Supported Budget

The Council approved Surplus/Deficit Policy provides for the allocation of reported surplus for the Water Rate Supported Budget as follows:

- a) 50% to reduce authorized debt, and;
- b) 50% to the Waterworks Reserve Fund to support capital asset renewal/replacement and mitigate growth in the infrastructure gap.

The Water Rate Supported Budget is balanced at year-end, therefore no surplus allocation is required.

2018 WASTEWATER & TREATMENT RATE SUPPORTED OPERATING BUDGET MONITORING

The 2018 year-end surplus for the Wastewater & Treatment Rate Supported Budget is \$3.2 million (Table 5) after a \$2.2 million contribution to the Wastewater Budget Contingency Reserve in accordance with the Council approved Surplus/Deficit Policy. The year-end surplus is \$1.5 million less than projected in the 2018 Operating Budget Mid-Year Monitoring Report.

The Wastewater & Treatment revenue surplus of \$2.6 million was driven by higher than anticipated fixed and variable charges, including increased infrastructure charges driven by growth in number of users. Higher than expected water consumption volumes lead to increased Wastewater & Treatment billings, therefore consumption based charges are higher than budgeted.

Operating expenditures ended the year with a \$600 thousand surplus position which includes a \$2.2 million contribution to the Wastewater Budget Contingency Reserve. Savings were realized in utility costs due to a combination of decreased energy usage as a result of the installation of more energy efficient equipment along with changes made to the price structure of energy costs. Savings in personnel costs also contributed to the surplus position as a result of vacancies throughout the year from positions not filled due to the delay in federal/provincial grant funding associated with infrastructure works as well as other operational savings.

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

Wastewater Budget	2018 Revised Budget	Year-End Position	Year-End Surplus/ (Deficit)
Revenues	95,416	97,993	2,577
Expenditures	95,416	94,807	609
Net Balance Surplus/(Deficit)	-	3,186	3,186

Surplus/Deficit Policy – Wastewater & Treatment Rate Supported Budget

The Council approved Surplus/Deficit Policy provides for the allocation of reported surplus for the Wastewater & Treatment Rate Supported Budget as follows:

- c) 50% to reduce authorized debt, and;
- d) 50% to the Sewage Works Reserve Fund to support capital asset renewal/replacement and mitigate growth in the infrastructure gap.

As per Policy, the \$3.2 million surplus allocation for the Wastewater & Treatment Rate Supported Budget is as follows:

- a) \$1.6 million to reduce authorized debt, and;
- b) \$1.6 million to the Sewage Works Reserve Fund.

EMERGING ISSUES – WATER AND WASTEWATER & TREATMENT RATE SUPPORTED BUDGETS

Water and Wastewater & Treatment have identified a potential service delivery pressure that may impact future expenditures/revenues (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 is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring is predicted to be less than 30%

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 YEAR-END MONITORING INFORMATION

INDUSTRIAL DC INCENTIVE PROGRAM TAX-SUPPORTED RESERVE FUND

The Industrial DC Incentive Program Tax-Supported Reserve Fund is used to provide a source of funding for development charge incentives. The Industrial DC Incentive Program provides financial incentives to stimulate new investment by existing and new industrial businesses within the Urban Growth Boundary in the form of development, redevelopment, rehabilitation and/or adaptive reuse of buildings for industrial use. Due to the recent surge in industrial development in London, Civic Administration is expecting significant one-time drawdowns from this reserve fund in 2019 that will exceed the forecasted drawdowns. Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration is recommending that \$3.0 million of the reported \$6.0 million surplus from the Property Tax Supported Budget be contributed to the Industrial DC Incentive Program Tax-Supported Reserve Fund in order to maintain an adequate balance within the Fund.

VACANCY MANAGEMENT

All positions that become vacant, with some exceptions, are subject to 90 days savings corporately. The savings from these positions are contributed to the Efficiency, Effectiveness and Economy Reserve to be used as a one-time funding source for initiatives recommended by the Senior Leadership Team. In 2018, the contribution to the Efficiency, Effectiveness and Economy reserves was \$3,945,235 (\$3,381,174 – Property Tax Supported; \$226,196 – Water; and \$337,865 – Wastewater & Treatment).

CONTINGENCY RESERVES

On September 25, 2018, Civic Administration brought forward a Reserves Rationalization Report to the Corporate Services Committee, which included the establishment of contingency reserve targets for each budget (Property Tax, Water, Wastewater & Treatment) and current target performance. The report included provisions for a long-term strategy (10 to 20 years) to reach the targets set out, phased in to allow for the gradual build-up of reserve balances within each budget, and that consideration be given in a year of surplus, to contribute an appropriate portion of year-end surplus as per the Council approved Surplus/Deficit Policy. As such, the following contributions have been included in the 2018 year-end position:

Contingency Reserve	Over/(Under) Target at Year-end before Contribution	Contribution
Operating Budget (Property Tax)	(\$44.5 million)	\$3.0 million
Water Budget **NEW**	(\$11.2 million)	\$3.0 million
Wastewater Budget	(\$10.6 million)	\$2.2 million

2018 OPERATING BUDGET YEAR-END MONITORING SUMMARY
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Civic Administration realized a \$6.0 million year-end surplus in the 2018 Property Tax Supported Budget. The major factors contributing to this position are surpluses in fee based and interest revenue, personnel savings, increased taxation revenue, and energy and operational savings.

The Water Rate Supported Budget balanced position is a result of revenue surplus from consumption based charges and infrastructure charge revenue offset by a contribution to the Water Budget Contingency Reserve. The Wastewater & Treatment Rate Supported Budget surplus of \$3.2 million is a result of infrastructure charges from growth in number of users, and other wastewater charges; there were also personnel savings in both of the rate supported budgets from positions not filled because of the delay in federal/provincial grant funding associated with infrastructure works.

Acknowledgements

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

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Cc: Ian Collins – Director, Financial Services
 John Millson – Senior Financial Business Administrator
 Bryan Baar – Senior Financial Business Administrator

APPENDIX A – 2018 YEAR-END FINANCIAL SUMMARY

	\$ Thousands		
	NET BUDGET (1)	YEAR-END POSITIONS	YEAR-END SURPLUS/ (DEFICIT)
Culture Services:			
Centennial Hall	173	(13)	186
Arts, Culture & Heritage Advisory & Funding	2,334	2,332	2
Museum London	1,690	1,690	-
Eldon House	286	286	-
Heritage	289	243	46
Libraries	20,264	20,264	-
Total Culture Services	25,036	24,802	234
Economic Prosperity:			
Business Attraction & Retention	8,537	8,537	-
Community Improvement/BIA	237	234	3
London Convention Centre	637	637	-
Tourism London	2,027	2,027	-
Covent Garden Market	-	-	-
Total Economic Prosperity	11,438	11,435	3
Environmental Services:			
Kettle Creek Conservation Authority	516	506	10
Lower Thames Valley Conservation Authority	163	163	-
Upper Thames River Conservation Authority	3,467	3,467	-
Environmental Action Programs & Reporting	778	777	1
Garbage Recycling & Composting	17,581	16,392	1,189
Total Environmental Services	22,505	21,305	1,200
Parks, Recreation & Neighbourhood Services:			
Neighbourhood & Recreation Services	21,652	21,658	(6)
Parks & Urban Forestry	13,618	13,599	19
Total Parks, Recreation & Neighbourhood Services	35,270	35,257	13
Planning & Development Services:			
Building Approvals	(605)	(172)	(433)
Planning Services	3,622	3,392	230
Development Services	4,706	4,557	149
Total Planning & Development Services	7,723	7,777	(54)
Protective Services:			
Animal Services	1,778	1,787	(9)
By-Law Enforcement & Property Standards	1,411	897	514
Corporate Security & Emergency Management	2,500	2,508	(8)
Fire Services	59,625	58,892	733
Police Services	106,932	106,932	-
Total Protective Services	172,246	171,016	1,230
Social & Health Services:			
Housing Services	11,606	11,279	327
Housing Development Corporation	2,281	2,281	-
London & Middlesex Community Housing	9,944	10,012	(68)
Long Term Care	5,249	4,717	532
Land Ambulance	14,743	14,737	6
Middlesex London Health Unit	6,095	5,825	270
Social & Community Support Services	15,452	14,621	831
Total Social & Health Services	65,370	63,472	1,898
Transportation Services:			
Parking	(3,135)	(3,472)	337
Public Transit	31,782	31,248	534
Roadways	41,070	44,175	(3,105)
Rapid Transit	-	-	-
Total Transportation Services	69,717	71,951	(2,234)
Corporate, Operational & Council Services:			
Corporate Services	56,014	53,169	2,845
Corporate Planning & Administration	2,717	2,568	149
Council Services	3,485	3,383	102
Public Support Services	1,337	(328)	1,665
Total Corporate, Operational & Council Services	63,553	58,792	4,761
Financial Management:			
Corporate Financing	106,674	107,758	(1,084)
Total Financial Management	106,674	107,758	(1,084)
Total Property Tax Requirements	579,532	573,565	5,967

All figures are subject to rounding.

1) 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.

APPENDIX B – 2018 YEAR-END EXPLANATION BY SERVICE PROGRAM

SERVICE PROGRAM	\$ Millions
CULTURE SERVICES	0.2
<ul style="list-style-type: none"> • Centennial Hall surplus of \$186k a result of higher than anticipated revenues and personnel and operational savings. • Arts, Culture and Heritage Advisory & Funding surplus of \$1k a result of net operational savings after a contribution to reserves for surplus in the Public Art and Creative City Programs consistent with policy. • Museum London balanced budget with no major factors to report. • Eldon House balanced budget with no major factors to report. • Heritage surplus of \$46k a result of lower than anticipated personnel costs. • London Public Library balanced budget after a contribution of \$128k to their Stabilization Reserve. The savings contributed to their reserve are the result of personnel and utilities cost savings partially offset by operational cost overruns. 	
ECONOMIC PROSPERITY	0.0
<ul style="list-style-type: none"> • Business Attraction and Retention balanced budget after personnel savings offset by net operational deficits. • Community Improvement/Business Improvement Area surplus of \$3k with no major factors to report. • London Convention Centre balanced budget after a contribution of \$194k to their reserve fund. The savings contributed to their reserve fund are the result of higher than anticipated revenue. • Tourism London balanced budget after a contribution of \$211k to the Tourism Trust, in accordance with Board direction. The savings contributed to their trust are the result of personnel savings and co-op promotion revenue increases partially offset by operational cost overruns. • Covent Garden Market balanced budget after an \$8k contribution to their reserve as a result of an increase in user fee revenues and net operational savings. 	
ENVIRONMENTAL SERVICES	1.2
<ul style="list-style-type: none"> • Kettle Creek Conservation Authority surplus of \$10k 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 surplus of \$1.2m a result of the following: <ul style="list-style-type: none"> ○ \$2.5m surplus a result of higher than anticipated net revenue from tipping fees at W12A due to additional industrial, commercial and institutional waste volumes, surplus in processing fees and enviro depot revenue partially offset by a contribution to the Sanitary Landfill Site Reserve Fund and a deficit in waste diversion services. ○ \$288k deficit in extended producer responsibility revenue and deficit in recycling revenue due to the Chinese “National Sword” program restricting access to previous large Chinese recovered materials markets. ○ \$1.0m deficit due to net operational and personnel cost overruns. 	
PARKS, RECREATION, & NEIGHBOURHOOD SERVICES	0.0
<ul style="list-style-type: none"> • Parks and Urban Forestry surplus of \$19k a result of higher than anticipated costs related to contracted services for Urban Forestry operations and higher expenditures due to spring 2018 flooding damage in Parks & Horticulture partially offset by personnel savings and miscellaneous revenues. • Neighbourhood & Recreation Services deficit of \$6k a result of increased costs in Sports Services and Storybook Gardens due to an increase in maintenance costs and increase in the minimum wage, higher than anticipated expenses in Special Events, a drop in arena registration levels and the inclement weather impacting Golf revenues; these deficits were partially offset by higher than anticipated revenues and operational 	

SERVICE PROGRAM	\$ Millions
cost surpluses in Aquatics, Community Centres, Community Recreation & Leisure Programs, Recreation Administration and Community Development & Funding.	
PLANNING & DEVELOPMENT SERVICES	(0.1)
<ul style="list-style-type: none"> • Building Approvals deficit of \$433k a result of a reduction in building permit revenues, other user fee based revenues lower than anticipated, partially offset by personnel savings and other operational savings. • Planning Services surplus of \$230k a result of personnel savings partially offset by lower than budgeted planning application revenues, a deficit in purchased services and other net operational cost overruns. • Development Services surplus of \$149k a result of personnel savings, increased user fee based revenues including site plan fees and drawing review user fees partially offset by furniture and equipment replacement costs and other net operational cost overruns. 	
PROTECTIVE SERVICES	1.2
<ul style="list-style-type: none"> • Animal Services deficit of \$9k mainly due to higher than anticipated costs related to unfunded parks patrol service, animal care attendant, veterinarian technician, the security system and other net operational cost overruns; these costs are partially offset by savings in animal control services and surplus in licenses and ID tags based on increased volume. • By-Law Enforcement & Property Standards surplus of \$514k a result of higher than anticipated net user fee based revenues including taxi-limousine licences and business licences, partially offset by personnel costs and net operational cost overruns. • Corporate Security & Emergency Management deficit of \$8k a result of higher than anticipated costs for guard services to support Core Area Informed Response Team partially offset by personnel savings. • Fire Services surplus of \$734k primarily a result of personnel savings, higher than anticipated out-of-town accident fees and other cost savings. • London Police Service (LPS) balanced budget after a \$1.7M contribution to their reserves. The savings to be contributed to their reserves are primarily the result of personnel savings and other operational savings. 	
SOCIAL & HEALTH SERVICES	1.9
<ul style="list-style-type: none"> • Housing Services surplus of \$327k a result of personnel savings and higher than budgeted County revenue share resulting from changes in weighted assessment, 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 (HDC) balanced budget after contributing the year-end surplus of \$23k to the HDC reserve fund in accordance with Council approval to support housing initiatives and future work of the HDC. • London & Middlesex Community Housing (LMCH) deficit is \$68k a result of the following: <ul style="list-style-type: none"> ○ \$33k deficit due to 2017 year-end variance between accruals and actuals settled in 2018. ○ \$35k deficit from 2018 operations due to higher than anticipated personnel costs, increased administrative costs, and other net operational cost overruns, partially offset by increased rental revenue due to a focus on vacancy management and arrears/maintenance cost recovery and other net operational savings. • Long Term Care surplus of \$532k a result of savings in utilities, surplus in government funding within various programs, increased resident room fee revenue and sundry revenue and net operational savings, partially offset by furniture and equipment costs, higher than anticipated personnel costs, higher than anticipated recreation and entertainment costs and other net operational cost overruns. • Land Ambulance surplus of \$6k related to late 2017 billing adjustment. • Middlesex-London Health Unit surplus of \$270k a result of savings in net personnel costs, program supplies, travel expenses, and year-end variances between accruals and actuals settled in 2018, partially offset by the purchase of office equipment. • Social and Community Support Services surplus of \$831k a result of net personnel savings, higher provincial subsidy for Ontario Works (OW) for 	

SERVICE PROGRAM	\$ Millions
<p>corporate supports of the OW program, surplus in Housing Supplement Program, lower than anticipated operating costs due to the delay in building the new Youth Emergency Shelter and other net operational cost savings; these surpluses are partially offset by net expenditure increase in OW employment related expenses and employment contract services, Subsidized Transit program costs, and costs related to the Core Area Informed Response.</p>	
TRANSPORTATION SERVICES	(2.2)
<ul style="list-style-type: none"> • Parking Services surplus of \$337k mainly a result of higher than anticipated revenue resulting from administration court fees, parking ticket fines, parking meters and bagging fees, parking lot fees and other parking revenues, winter maintenance cost savings and other net operational cost savings; these surpluses are partially offset by a contribution to the Parking Facilities Reserve Fund and other net operational cost overruns. • London Transit Commission surplus of \$534k due to the approval of annualized assessment growth funding received part-way through 2018. • Roadway Services deficit of \$3.1m a result of the following: <ul style="list-style-type: none"> ○ \$2.8m deficit in Winter Maintenance a result of higher than anticipated winter maintenance costs largely from January to April including operating supplies, purchased services, equipment, other net operational cost overruns, partially offset by winter maintenance revenues for subdivisions that have not been assumed and bus stop clearing due to winter conditions. ○ \$618k deficit in Roadway Maintenance due to personnel and other operational cost overruns partially offset by additional road surface maintenance revenue. ○ \$219k surplus in Roadway Planning & Design due to personnel savings and higher than anticipated road permit revenue, partially offset by higher than anticipated net operational costs. ○ \$79k surplus in Street Lighting & Traffic Signals due to lower than anticipated electricity costs, operational savings and higher recoveries for Red Light Camera infractions partially offset by transfer of streetlight maintenance surplus and red light camera program surplus to the respective reserve and reserve fund. • Rapid Transit budget was balanced within the operating budget. Expenditures initially incurred in the operating budget are recovered through recoveries from associated capital projects. 	
CORPORATE, OPERATIONAL, & COUNCIL SERVICES	4.8
<ul style="list-style-type: none"> • Corporate Services surplus of \$2.8m a result of personnel savings, energy/utility savings and other operational costs savings, partially offset by a contribution to the Information Technology Services Reserve Fund to be used to support investment in corporate systems. Energy/Utility costs remain unpredictable. 2018 net savings is due primarily to electricity rebates through the Ontario Fair Hydro Plan and better than anticipated natural gas pricing on new purchase contracts. Both favourable conditions are expected to be short-lived as the City's exposure to the Global Adjustment (rebate) is uncertain as larger electricity users will take a larger portion of the Global Adjustment, and as increase in the demand for liquefied natural gas impacts the market rates as it becomes available for export. • Corporate Planning and Administration Services surplus of \$149k a result of personnel and operational cost savings. • Council Services surplus of \$102k a result of administrative cost savings partially offset by personnel costs overruns. • Public Support Services surplus of \$1.7m a result of higher than anticipated tax department fees, administration of justice and marriage revenues, personnel and operational cost savings. 	
FINANCIAL MANAGEMENT	(1.1)
<ul style="list-style-type: none"> • Corporate Financing deficit of \$1.1m a result of: <ul style="list-style-type: none"> ○ \$3.5m surplus due to increased revenues from supplementary taxes, grants in lieu of taxes, penalty and interest on taxes and other taxation program savings, partially offset by higher than anticipated appeals and reductions in property valuations in "big box" stores, industrial sites and multi-residential properties, resulting in a higher than anticipated provision for tax appeals. 	

SERVICE PROGRAM	\$ Millions
<ul style="list-style-type: none"> ○ \$2.3m deficit due to drawdown from the Operating Budget Contingency Reserve that was not required. ○ \$3.0m contribution to Operating Budget Contingency Reserve. ○ \$2.1m surplus due to increased investment and financing revenue, increased revenue from Western Fair, savings in insurance premiums and other operational savings. ○ \$1.4m net deficit due to the contribution to the Unfunded Liability Reserve Fund partially offset by personnel and contingency savings in Financial Management. 	
TOTAL YEAR-END POSITION	\$ 6.0

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 December 31, 2018 (\$000's)	2016/2018 Budget (\$000's)
Building A Sustainable City					
1	Library's Ten Year Capital Plan	Susanna Hubbard Krimmer	1,900	1,900	1,500
	<p>Contract with Ameresco was completed in December 2018. As a result, the following capital projects are now complete:</p> <ul style="list-style-type: none"> • Jalna rooftop HVAC replacement, • Beacock boiler and HVAC replacement, • Central replacement of fire system and back flow prevention system, • Byron rooftop HVAC replacement, and • Masonville boiler replacement <p><i>Project Status: Completed</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	75	200
	<p>o The strategic investment funding has been added to the operating budget for 2018 & 2019. Some of the initiatives that are nearly complete or completed/implemented are as follows:</p> <ol style="list-style-type: none"> 1) Effective January 2018 Council approved an additional green week collection for Christmas trees and other yard waste collection and opening the EnviroDepots an additional three days to provide access to drop off Christmas trees and other items accumulated during longer collection cycles over the holidays. \$60,000 of the Strategic Investment funding has been allocated to this initiative; 2) Blue Boxes are now being sold at the EnviroDepots; 3) Reduced container limits for garbage are now being enforced and garbage tags are being sold for bags above the limit set out for collection; 4) Community composting projects have been initiated at six multi-residential locations; 5) Staff members are actively engaged in several local and provincial working groups exploring the benefits of food waste awareness and participating in pilot projects developed with Western University and PhD students. The remaining \$140,000 is planned to be used to assist with and initiate the 60% Waste Diversion Action Plan. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018 & 2019</i></p>				
3	Urban Forest Strategy	John Fleming	3,455	1,890	2,970
	<p>o Operating Funding for Tree Maintenance: Forestry Operations has executed, as described in the business case, increased maintenance efforts to decrease pruning cycles from 10-13 years moving towards a 5-7 year cycle standard reflecting the "Maintain Better" pillar of the Urban Forest Strategy.</p> <p>o Capital Funding for Increased Planting and Monitoring to Achieve Tree Canopy Target: While Council approved accelerated funding for 2016 (\$1.8M), it was too late to tender for planting in the 2016 season. Forestry Operations awarded a multi-year planting contract, of which \$400,000 per year is required to be funded from this project. In 2017 & 2018 the entire amount of funding was spent yearly nearly doubling the number of trees planted per year. The remaining \$200,000/year is for the TreeME program.</p> <p><i>Project Status: On Track</i> <i>Project Start Date: Spring 2016</i></p>				
4	Thames Valley Corridor Plan	John Fleming	1,200	151	1,200
	<p>o Detailed design and land negotiations are finalized. Project will be tendered and construction is expected to commence in 2019 with completion forecasted for 2020.</p> <p><i>Project Status: Delayed</i> <i>Project Start Date: Design in 2017</i></p>				
5	Road Safety Strategy	Kelly Scherr	500	278	375
	<p>o Implementation of Road Safety Strategy Initiatives including pedestrian crossovers, road safety audits, rail crossing assessments and capital improvements is underway. New Grade Crossing Regulations have placed extra pressure on this account. Federal funding via the Public Transit Infrastructure Fund and Rail Safety Improvement Program has enabled leveraging and acceleration of scope.</p> <p><i>Project Status: On Track</i> <i>Project Start Date: March 2016</i></p>				
6	Rapid Transit Implementation Strategy	Kelly Scherr/Jennie Ramsay	-	-	-
	<p>o The Bus Rapid Transit (BRT) Environment Assessment (EA) is in the Transit Project Assessment Process (TPAP) which is anticipated to be complete spring 2019. Once</p>				

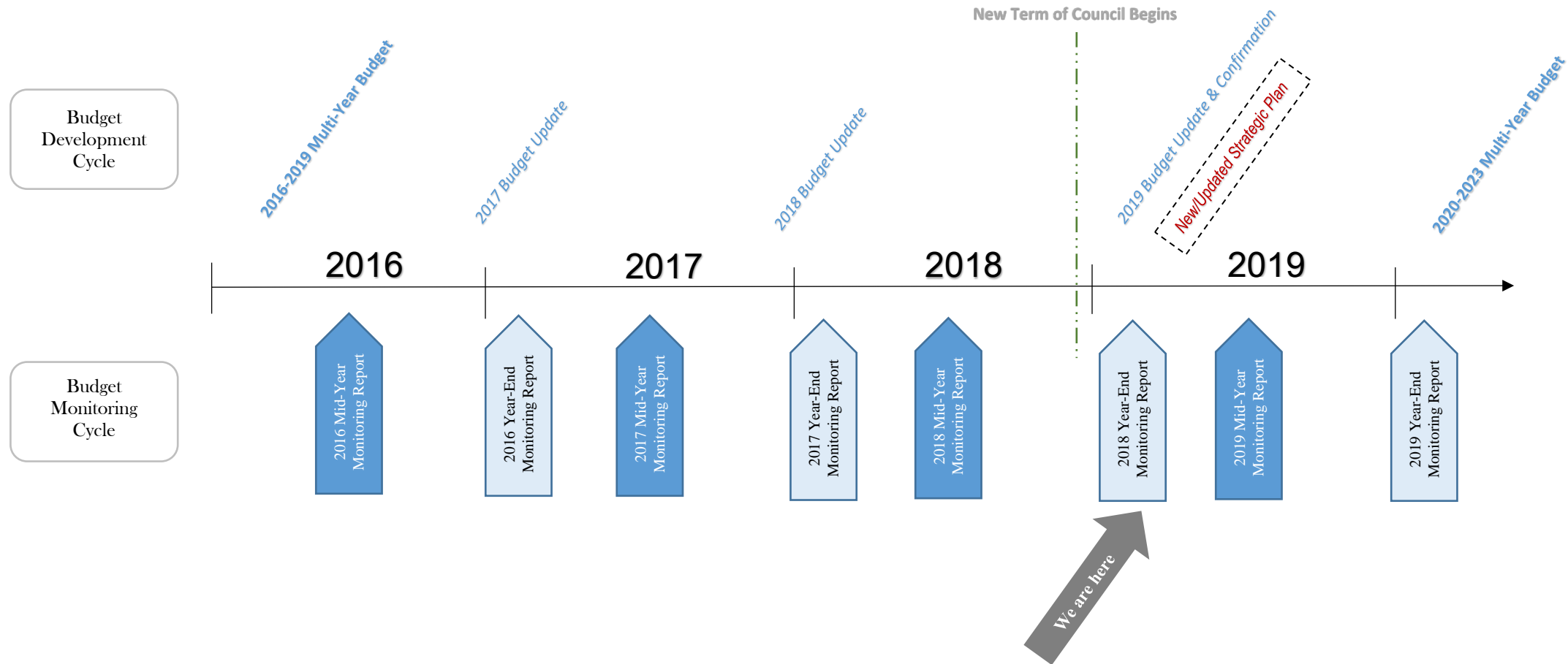
Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of December 31, 2018 (\$000's)	2016/2018 Budget (\$000's)
	<p>the EA is complete, procurement can take place to move into the detail design stage followed by construction in 2020.</p> <ul style="list-style-type: none"> ○ In Feb/18, the Provincial Government announced \$170 M (in principle) of funding towards the "Shift Bus Rapid Transit" in London, pending provincial review of the project. ○ In March/18 the Federal Government announced funding for the Public Transit Infrastructure Stream of the Investing in Canada Plan, which resulted in an allocation of \$204.9M towards London transit systems. ○ On March 26/19 Council approved the Wellington Gateway, East London Link & Downtown Loop for submission to the Provincial & Federal Government under Public Transit Infrastructure Stream. The future direction of the North & the West corridors are pending Council direction. <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	3,481	3,750
	<ul style="list-style-type: none"> ○ Identified capital funds began in 2017 with a portion allocated toward Transportation. The most recent 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 2019. Work with this budget is scheduled to begin in 2019. <p><i>Project Status: On Track</i> <i>Project Start Date: 2019</i></p>				
9	Technology – Amanda	George Kotsifas	1,000	747	750
	<ul style="list-style-type: none"> ○ Currently in the 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	34	75
	<ul style="list-style-type: none"> ○ The tender for new signage has been completed and the successful sign contractor has been selected. The Purchase of Service Agreement was signed with the sign contractor on February 14, 2018 and the first reformatted sign was installed on April 11, 2018. Each new subsequent planning application thereafter implemented the reformatted sign drawing upon this source of funding. <p><i>Project Status: On Track</i> <i>Project Start Date: 2017</i></p>				
11	Service London Implementation Plan	Lynne Livingstone	3,947	2,365	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 the following projects: <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 December 31, 2018 (\$000's)	2016/2018 Budget (\$000's)
	<ul style="list-style-type: none"> Capital expenditures related to the Business Hub renovations were completed at the end of Q4 2017. The next phase of the CRM implementation (Phase 4) was started in early 2018 and the project was completed in Q4 2018. The Service London Business Website is on track to be launched at the end of Q1 2019 and CRM phase 5 is planned for 2019 as well. <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	662	1,400
	<ul style="list-style-type: none"> Phase 1 is progressing on schedule and on budget. Staff positions have been filled to support the project and ongoing administration of CMMS for the City. 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	530	530
	<ul style="list-style-type: none"> All of the 2016 funds (\$30k) and 2017 funds (\$250k) available for this project have been spent on neighbourhood projects and all 2018 funds (\$250k) have been committed, noting that some 2018 projects are currently in the process of being completed. <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	1,493	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 and on November 13, 2018 related to Bridges Out of Poverty and Circles Baseline Evaluation including success and impacts of this initiative. All approved funding 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"> In 2017 an RFP was issued for an external consultant to assist with the creation of the strategy. 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	2,244	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. \$189,650 of the \$500,000 budget was spent in 2018 with the full 2019 budget allocation expected to be spent in 2019. The new timeline for opening the Housing First youth emergency shelter is Q3 2019. The reason for this is due to the length of time it has taken to acquire land. As a result, only \$277,500 of the \$500,000 budget was spent in 2018 on start-up related costs. There are no implications as youth will continue to be served at The Salvation Army Centre of Hope in the meantime. <p><i>Project Status: Delayed</i> <i>Project Start Date: April 2016</i></p>				
17	Winter Maintenance Strategy	Scott Stafford	574	376	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 				

Business Case #	Strategic Area of Focus / Initiative	Initiative Lead	2016-2019 Investment (\$000's)	Life-to-Date Actuals as of December 31, 2018 (\$000's)	2016/2018 Budget (\$000's)
	<p>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> <p><i>Project Status: On Track</i> <i>Project Start Date: 2016</i></p>				
	Enhance By-law Enforcement	George Kotsifas/Orest Katolyk	1,095	682	795
Council Added Initiative	<ul style="list-style-type: none"> The Informed Response Project, involving proactive partnership enforcement, is anticipated to start in April 2019. Administrative monetary penalties (AMPs) will be implemented in 2019 for parking and licensing. <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	700	700
	<ul style="list-style-type: none"> The One River Master Plan will be complete in early 2019. The scope of the Master Plan was amended to include the full Schedule B Environmental Assessment requirements for the Back to the River inaugural project at the Forks of the Thames. <p><i>Project Status: On Track</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	72	250
	<ul style="list-style-type: none"> Approved funding started in 2018 to develop a detailed strategic plan for regeneration/re-development of LMHC properties, inclusive of funding, partnership, tenant impact and engagement strategies. Resources have been identified and work has been initiated on this project. This project is a partnership between the City, HDC, and LMHC. This funding will also be used to support the implementation of the Regeneration Strategy. <p><i>Project Status: On Track</i> <i>Project Start Date: 2018</i></p>				
22	Dundas Place	Kelly Scherr/ John Fleming	15,614	5,445	8,982
	<ul style="list-style-type: none"> Dundas Place coordinated contract has been awarded and Year 1 of 2 construction is complete. 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	149	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>				
Council Added Initiative	Brownfield Incentives	John Fleming	80	20	60
	<ul style="list-style-type: none"> Funding is used on as needed basis as applicants come forward. Two applications were approved and paid in 2017. Two more remain in process and will require up to \$20,000. <p><i>Project Status: On Track</i> <i>Project Start Date: 2016</i></p>				

APPENDIX D – MULTI-YEAR BUDGET CYCLE

The timeline below illustrates when Council will receive the various reports that form the 2016-2019 Multi-Year Budget governance and accountability process.



APPENDIX E – London & Middlesex Community Housing Funding Request



March 19, 2019

Martin Hayward, City Manager
City of London, City Manager's Office
300 Dufferin Avenue
PO Box 5035
London, ON N5A 4L9

Re: London & Middlesex Community Housing Funding Request

Dear Mr. Hayward,

As reported to the London & Middlesex Community Housing (LMCH) Board of Directors at the monthly Board meeting held on March 28, 2019, it is confirmed that LMCH has an unaudited operating deficit of \$35,284.

LMCH is requesting payment of \$35,284 to balance the Corporations 2018 budget.

Fiscal 2018 saw unexpected one-time HR related costs which were partially mitigated by higher revenue due to a focus on vacancy management and arrears/maintenance cost recovery.

I would like to thank you for your consideration in this matter,

Sincerely,

A handwritten signature in black ink, appearing to read 'Josh Browne', with a horizontal line extending to the right.

Josh Browne
Chief Executive Officer
London & Middlesex Community Housing

A handwritten signature in black ink, appearing to read 'Sean Quigley', written in a cursive style.

Sean Quigley
Chair, Board of Directors
London & Middlesex Community Housing