

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF JULY 23, 2019
FROM:	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2019 DEVELOPMENT CHARGES CAPITAL BUDGET ADJUSTMENTS

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, Civic Administration **BE AUTHORIZED** to adjust the growth component of the capital budget to reflect the 2019 funding requirements consistent with the approved 2019 Development Charges Study, it being noted that funding requirements in 2020 and beyond identified in the 2019 Development Charges Study will be included in the 2020-2023 Multi-Year Budget.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Strategic Priorities & Policy Committee, May 6, 2019, Agenda Item 2.3, Approval of the 2019 Development Charges By-law and [Background Study](https://pub-london.escrimetings.com/Meeting.aspx?Id=d5532146-1909-473f-b642-02be8022e361&Agenda=Merged&lang=English)
<https://pub-london.escrimetings.com/Meeting.aspx?Id=d5532146-1909-473f-b642-02be8022e361&Agenda=Merged&lang=English>

2019 – 2023 STRATEGIC PLAN

The following report supports the 2019 - 2023 Strategic Plan through the strategic area of focus of Building a Sustainable City by helping to ensure that London's growth and development is well planned and sustainable over the long-term. This has been demonstrated through the analysis of growth needs over the next 20 years that is contained in the 2019 Development Charges (DC) Study.

BACKGROUND

DCs are a critical source of revenue used to finance growth infrastructure and are the main instrument used to ensure that "growth pays for growth", a long standing policy of the City of London. The intent is to ensure that growth related infrastructure costs are funded by new development that benefits from the introduction of the new services (user-pays approach) and that these costs are not borne by existing residents and businesses through property taxes or water/sewer rates.

The 2019 DC Background Study and By-law was approved by Council on May 21, 2019, noting that the effective date of the by-law is August 4, 2019. In order to ensure alignment with the 2019 DC funding requirements and to ensure service areas have funding in place to construct planned capital works, it is recommended that the growth component of the 2019 capital budget be adjusted to reflect 2019 funding requirements identified in the approved 2019 DC Study. Funding requirements in 2020 and beyond identified in the 2019 DC Study will be included in the 2020-2023 Multi-Year Budget.

At its meeting on March 26, 2019, Municipal Council endorsed a list of 10 projects to be submitted for provincial and federal funding consideration through the Investing in Canada Infrastructure Program – Public Transit Infrastructure Stream. On June 25, 2019, the Province announced a \$103.5 million funding commitment to support the 10 projects submitted. The business cases for these projects are now undergoing federal review. Pending the outcome of the federal funding decision, it is possible that changes to Development Charges funding for these and other related projects will be required. No changes to the funding mix for these projects are currently being

proposed until final funding decisions are received and the impacts on sources of funding for the affected projects can be fully analyzed.

FINANCIAL IMPACT

The 2019 DC Study identified \$2.5 billion in capital work required to support growth over the next 20 years with an additional growth requirement in 2019 of \$37.4 million. The estimated cost and timing has been determined for each individual capital project and program based on forecasted growth across the City. A number of budget adjustments are required to the growth component of the capital budget for 2019 to establish funding to support growth capital works. There are also a few budget adjustments required to the capital budget in 2020 and beyond because certain infrastructure projects required to support growth have been advanced to 2019. These future year's budget adjustments are necessary to ensure that the capital budget is not overstated. Table 1 contains the Development Charge Source of Financing Summary. The Detailed Source of Financing is contained in Appendix A.

Table 1 – Development Charge Source of Financing Summary (\$ millions)

Expenditure / Funding Source	2019	2020-2023	2024-2028	Total
Approved Budget	132.0	727.1	364.3	1,223.4
Revised Budget	169.4	715.3	354.7	1,239.4
Capital Expense Increase / (Decrease)	37.4	(11.8)	(9.6)	16.0

SOURCE OF FINANCING				
Tax Supported				
Capital Levy / Capital Rate				
Debenture	(0.7)			(0.7)
Reserve Fund	(8.2)	4.2	0.6	(3.4)
Sub-Total Tax Supported	(8.9)	4.2	0.6	(4.1)
Non-Tax / Non-Rate Supported				
Development Charges	(27.8)	7.6	9.0	(11.2)
Other	(0.7)			(0.7)
Sub-Total Non-Tax / Non-Rate Supported	(28.5)	7.6	9.0	(11.9)
Total Source of Financing	(37.4)	11.8	9.6	(16.0)

Note: Positive values represent a decrease, negative values represent an increase.

With these adjustments the City remains below its \$26 million average annual tax supported internal debt cap over the 2019 to 2028 capital plan period. Reserve funds affected by these adjustments all carry sufficient balances to accommodate the required funding.

CONCLUSION

The 2019 DC Background Study and By-law was approved by Council on May 21, 2019. In order to establish the funding that supports growth projects in 2019, it is recommended that the capital budget be adjusted to reflect 2019 funding requirements identified in the approved 2019 Development Charges Study. Growth capital needs in 2020 and beyond identified in the approved 2019 Development Charges Study will be reflected in the 2020-2023 Multi-Year Budget.

Acknowledgement

This report was prepared with significant contribution from Marta Semeniuk, Capital Budget Officer, Financial Planning & Policy.

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Appendix A: Development Charge Source of Financing Detail

C.c. Paul Yeoman, Director, Development Services
Kevin Edwards, Manager, Development Finance

APPENDIX A

Growth Capital Budget (\$000's)

	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
Growth Approved Budget	420,604	131,950	727,049	364,288	1,643,891
Growth Revised Budget	420,604	169,348	715,255	354,659	1,659,866
Increase/(Decrease)	-	37,398	(11,794)	(9,629)	15,975
Sources of Financing					
Capital Levy (CL) / Capital Rate (CR)	-	-	-	-	-
Debenture (D)	-	(728)	-	-	(728)
Reserve Fund (RF)	-	(8,159)	4,159	640	(3,360)
Other (O)	-	(693)	-	-	(693)
Non-Tax / Non-rate Supported (Development Charges) (NTS / NRS)	-	(27,818)	7,635	8,989	(11,194)
Total Revenue (Increase)/Decrease	-	(37,398)	11,794	9,629	(15,975)
Net Rate Impact	-	-	-	-	-

Subject to rounding

Growth Project Details

	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
WASTEWATER					
ES2494 SS15A - Lambeth Growth Area Greenway PCP sewershed (DC14WW0005)		2,234			2,234
Source of Financing: Sanitary Sewer City Services RF		NRS			NRS
ES514519 Wastewater Internal Oversizing Subsidy (2019-2023) (DC19WW1001)		263			263
Source of Financing: Sanitary Sewer City Services RF		NRS			NRS
ES302519 Wastewater Servicing - Built Area Works (2019-2023)(DC19WW1002)		2,347			2,347
Source of Financing: Sewage Works RF, Sanitary Sewer City Services RF		RF, NRS			RF, NRS
ES514819 Wastewater Servicing - Strategic Links (2019-2023) (DC19WW1003)		666			666
Source of Financing: Sewage Works RF, Sanitary Sewer City Services RF		RF, NRS			RF, NRS
ES5133 Pottersburg / Vauxhall Transfer PSs (DC19WW0005)		5,000			5,000
Source of Financing: Sewage Works RF, Sanitary Sewer City Services RF		RF, NRS			RF, NRS
ES5142 Byron PS Upgrade (DC19WW0006)		1,050			1,050
Source of Financing: Sanitary Sewer City Services RF		NRS			NRS
ES3083 Infill & Intensification Corridors Sanitary Sewer (DC14WW2003)		(159)	(636)	(795)	(1,590)
Source of Financing: Sewage Works RF, Sanitary Sewer City Services RF		RF, NRS	RF, NRS	RF, NRS	RF, NRS
ES5146 Infill & Intensification Nodes Sanitary Sewer Servicing (DC14WW2002)		(174)	(972)	(1,214)	(2,360)
Source of Financing: Sewage Works RF, Sanitary Sewer City Services RF		RF, NRS	RF, NRS	RF, NRS	RF, NRS
Total Wastewater Budget Adjustments (Inc/(Dec))	-	11,227	(1,608)	(2,009)	7,610
STORMWATER					
ESSWM-LPH London Psychiatric Hospital (LPH) SWMF (DC14MS0011)		154			154
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS
ES3202 Dingman Creek Online 2 (DC14MS0003)		4,290	(4,290)		-
Source of Financing: Sewage Works RF, Major Stormwater Management City Services RF		RF, NRS	RF, NRS		RF, NRS
ES542519 Interim Works As Identified In EAs (DC19MS0063)		200			200
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS
ES543519 Subwatershed Impact Monitoring (DC19MS0003)		250			250
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS
ES552019 Community Growth Trunk Storm Sewer Works (DC19MS01000)		(106)			(106)
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS
ES542919 Storm Sewer Internal Oversizing Subsidy (DC19MS1001)		1,405			1,405
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS
ES543619 Storm Sewer - Built Area Works (DC19MS1002)		4,884			4,884
Source of Financing: Sewage Works RF, Major Stormwater Management City Services RF		RF, NRS			RF, NRS
ES543819 2019-2023 Low Impact Development (DC19MS1003)		2,710			2,710
Source of Financing: Major Stormwater Mngmt City Services RF		NRS			NRS

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Growth Project Details	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
STORMWATER (Cont'd)					
ES5428 Infill & Intensification Nodes Storm Sewer Servicing (DC14-MS01002)		(689)	(2,756)	(3,445)	(6,890)
Source of Financing: Sewage Works RF, Major Stormwater Management City Services RF		RF, NRS	RF, NRS	RF, NRS	RF, NRS
ES3021 Land (Expropriation Negotiations) (DC14-MS00064)		(100)	(400)	(500)	(1,000)
Source of Financing: Major Stormwater Mngmt City Services RF		NRS	NRS	NRS	NRS
Total Stormwater Budget Adjustments (Inc/(Dec))	-	12,998	(7,446)	(3,945)	1,607
WATER					
EW3709 Green Valley (New-3) - Green Valley Rd. (Hubrey Rd. Intersection) (DC14WD0037)		42			42
Source of Financing: Water City Services RF		NRS			NRS
EW3581 Pond Mills 401 crossing (New-5a) - Pond Mills Rd. (Hwy 401 crossing) (DC14WD0020a)		16			16
Source of Financing: Water City Services RF		NRS			NRS
EW381819 Watermain Internal Oversizing Subsidy (DC19WD1001)		22			22
Source of Financing: Water City Services RF		NRS			NRS
EW382319 Watermain – Built Area Works (DC19WD1002)		177			177
Source of Financing: Waterworks RF, Water City Services RF		RF, NRS			RF, NRS
EW3825 Watermain – Strategic Links (DC19WD1003)		421			421
Source of Financing: Waterworks RF, Water City Services RF		RF, NRS			RF, NRS
ID2195 Watermain Industrial (DC19WD1000)		234			234
Source of Financing: Water City Services RF		NRS			NRS
EW3592 Infill & Intensification Nodes with Water Servicing (DC14-WD01002)		(550)	(2,200)	(2,750)	(5,500)
Source of Financing: Waterworks RF, Water City Services RF		RF, NRS	RF, NRS	RF, NRS	RF, NRS
Total Water Budget Adjustments (Inc/(Dec))	-	362	(2,200)	(2,750)	(4,588)
ROADS					
TS1621-1 Veterans Memorial Parkway - Huron Street to Clarke Road (New 2 through lanes) (DC14RS0009)		254			254
Source of Financing: Debt, Roads City Services RF		D, NTS			D, NTS
TS1576 Intersection - Exeter / Wellington (DC19RS0007)		1,789			1,789
Source of Financing: Debt, Roads City Services RF		D, NTS			D, NTS
TS1328 Intersection - Hamilton / Egerton (DC14RS0051)		1,719		(250)	1,469
Source of Financing: Debt, Roads City Services RF		D, NTS		NTS	D, NTS
TS1410 Huron - Veterans Memorial Parkway easterly to Railway (2 Lane Upgrade) (DC14RS0220)		62			62
Source of Financing: Debt, Roads City Services RF		D, NTS			D, NTS
TS1490 Wilton Grove - Commerce Road to City Limits (2 Lane Upgrade) (DC14RS0221)		(337)			(337)
Source of Financing: Debt, Roads City Services RF		D, NTS			D, NTS
TS165119 Minor Road Works - Channelization (DC19RS1001)		716			716
Source of Financing: Roads City Services RF		NTS			NTS
TS1652 Minor Road Works - Misc. Works (DC14-RS00068)		(22)	(88)	(110)	(220)
Source of Financing: Roads City Services RF		NTS	NTS	NTS	NTS
TS165319 Minor Road Works - Sidewalks (DC19RS1002)		365			365
Source of Financing: Roads City Services RF		NTS			NTS
TS165419 Minor Road Works - Streetlights (DC19RS1003)		499			499
Source of Financing: Roads City Services RF		NTS			NTS
TS165519 Minor Road Works - Traffic Signals (DC19RS1004)		556			556
Source of Financing: Roads City Services RF		NTS			NTS
TS1656 Minor Road Works - Roundabouts (DC14-RS00072)		(113)	(452)	(565)	(1,130)
Source of Financing: Roads City Services RF		NTS	NTS	NTS	NTS
TS126819 Urban Intersections (DC19RS1005)		1,596			1,596
Source of Financing: Roads City Services RF		NTS			NTS
TS126419 Rural Intersections (DC19RS1006)		300			300
Source of Financing: Roads City Services RF		NTS			NTS
TS173919 Active Transportation (DC19RS1007)		1,891			1,891
Source of Financing: Debt, Roads City Services RF		D, NTS			D, NTS

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Growth Project Details	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
ROADS (Cont'd)					
TS1636 Advance Purchase of Land (DC19RS1008)		440			440
Source of Financing: Roads City Services RF		NTS			NTS
TS137119 Road Class Oversizing / City Share (DC19RS1009)		100			100
Source of Financing: Roads City Services RF		NTS			NTS
TS180219 Strategic Links (DC19RS1010)		1,338			1,338
Source of Financing: Roads City Services RF		NTS			NTS
TS180519 Transportation Intelligent Mobility Management System (DC19RS1011)		2,356			2,356
Source of Financing: Roads City Services RF		NTS			NTS
TS1481-1, TS1481-2 & TS481-3 Wellington Rd Widening projects		(3,606)			(3,606)
Source of Financing: Capital Levy, Debt, Roads City Services RF		CL, D, NTS			CL, D, NTS
Total Roads Budget Adjustments (Inc/(Dec))	-	9,903	(540)	(925)	8,438
PARKS & RECREATION					
PK138219 Neighbourhood Parks (DC19PR0100)		(48)			(48)
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
PK103319 District Parks (DC19PR0200)		70			70
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
PK301919 Urban Parks (DC19PR0300)		(240)			(240)
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
PK204319 Major Open Space Network (DC19PR0600)		(860)			(860)
Source of Financing: Debt, Parks & Rec City Services RF		D, NTS			D, NTS
PK218119 Sports Parks (DC19PR0700)		519			519
Source of Financing: Debt, Parks & Rec City Services RF		D, NTS			D, NTS
PK212419 Thames Valley Parkway (DC19PR0800)		1,006			1,006
Source of Financing: Capital Levy, Debt, Parks & Rec City Services RF		CL, D, NTS			CL, D, NTS
PK223019 Field Houses (DC19PR1100)		(600)			(600)
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
PK276519 Woodland Parks (DC19PR0500)		(400)			(400)
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
PD225319 Environmentally Significant Areas (DC19PR0900)		(200)			(200)
Source of Financing: Capital Levy, Parks & Rec City Services RF		CL, NTS			CL, NTS
Total Parks & Recreation Budget Adjustments (Inc/(Dec))	-	(753)	-	-	(753)
TRANSIT					
MU1176 Conventional Transit (Growth) (DC19TS2002)		1,155			1,155
Source of Financing: Other, Transit City Services RF		O, NTS			O, NTS
OPERATIONS CENTRES					
TS4077 Traffic Management Centre - Phase 1 (DC19OC1009)		830			830
Source of Financing: Debt, Operations Centre City Services RF		D, NTS			D, NTS
LIBRARY					
RC3467 Library 13 - Southeast (Collections) (DC14LS0003)		250			250
Source of Financing: Debt, Operations Centre City Services RF		D, NTS			D, NTS
CORPORATE GROWTH STUDIES					
ES3212 Stormwater Dingman Creek Floodplain Corridor Environmental Assessment (DC19GS0001)		500	-		500
Source of Financing: Corporate Studies City Services RF		NRS			NRS
ES320919 Stormwater Unidentified EA Addendums (DC19GS1001)		70	-		70
Source of Financing: Corporate Studies City Services RF		NRS			NRS
ES540419 Wastewater Built Area Specific Studies (DC19GS0003)		60	-		60
Source of Financing: Corporate Studies City Services RF		NRS			NRS
TS104119 Transportation Traffic Impact Studies (DC19GS1003)		50			50
Source of Financing: Corporate Studies City Services RF		NTS			NTS
TS104219 Transportation Master Plan Monitoring (DC19GS1004)		35			35
Source of Financing: Corporate Studies City Services RF		NTS			NTS

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Growth Project Details	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
EW377219 Water Efficiency Program / Investigations (DC19GS0011)		270			270
Source of Financing: Waterworks RF, Corporate Studies City Services RF		RF, NRS			RF, NRS
PD2152 Planning Comprehensive Zoning By-law (DC19GS0012)		150			150
Source of Financing: Official Plan Reserve Fund, Corporate Studies City Services RF		RF, NTS			RF, NTS
PD2175 Planning Community Improvement Plans (DC19GS0013)		200			200
Source of Financing: Corporate Studies City Services RF		NTS			NTS
RC2715 Subwatershed Studies, review and implementation update (Parks & Recreation) (DC19GS0025)		40			40
Source of Financing: Corporate Studies City Services RF		NTS			NTS
Total Corporate Studies Budget Adjustments (Inc/(Dec))	-	1,375	-	-	1,375
POLICE SERVICES					
PP446519 Officer Outfitting Due to Growth (DC19PS2001)		51			51
Source of Financing: Police City Services RF		NTS			NTS
Total Growth Budget Adjustments (Inc/(Dec))	-	37,398	(11,794)	(9,629)	15,975

Summary by Entity	Prior Years Budget	2019 Budget	2020-2023 Forecast	2024-2028 Forecast	Total
Wastewater & Treatment (Wastewater & Stormwater)		24,855	(9,054)	(5,954)	9,847
Water		632	(2,200)	(2,750)	(4,318)
General		11,911	(540)	(925)	10,446
Total Budget Amendments by Entity		37,398	(11,794)	(9,629)	15,975

Acronyms

DC - Development Charges
 EA - Environmental Assessment
 PCP - Pollution Control Plant
 PS - Pumping Station
 SWM - Stormwater Management
 SWMF - Stormwater Management Facility