



2020-2023
MULTI-YEAR
BUDGET
City of London

Budget Tabling
2021 Annual Budget Update
November 17, 2020

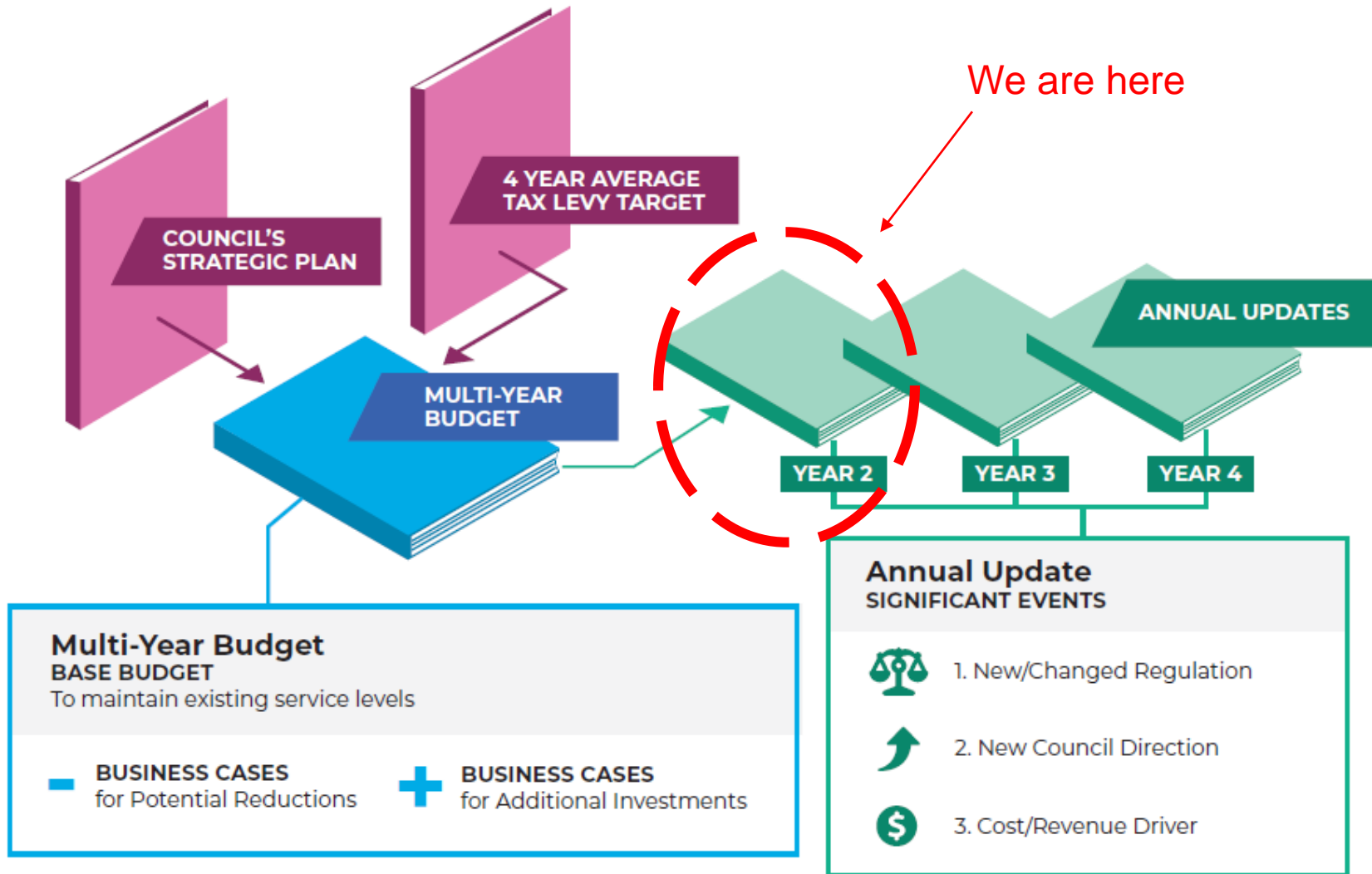


Accessible online: www.London.ca/Budget

Agenda

- Refresher: Multi-Year Budget Process & Types of Budget Amendments
- Recap: Approved 2020-2023 Property Tax Supported Multi-Year Budget
- Applying the Equity & Inclusion and Gender Equity Lenses
- Overview of Proposed 2021 Budget Amendments
- Summary of Tabled 2021 Property Tax Supported Budget Update
- Other Anticipated “Added” Budget Amendments
- Process for Further Budget Reductions
- Overview of Water and Wastewater & Treatment Budgets
- Impacts of COVID-19 on the 2021 Budget
- Key Dates in the Budget Process
- Public Engagement Overview

The Multi-Year Budget Cycle at the City of London



Categories of Budget Amendments

1. New or Changed Regulation

A new or changed legislation or regulation with a financial impact to the municipality

2. New Council Direction

A new Council direction that has transpired after the approval of the Multi-Year Budget

3. Cost or Revenue Driver

A corporate or service area budget adjustment as a result of changes in economic conditions

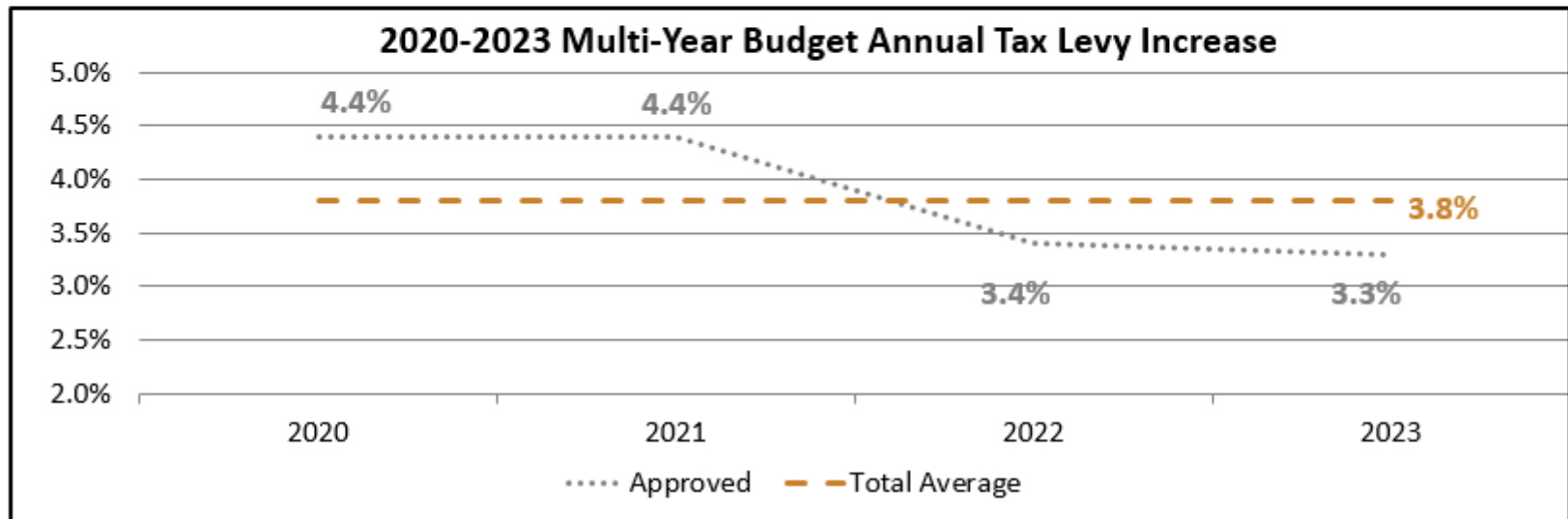
Recap: Approved 2020-2023 Property Tax Supported Multi-Year Budget

2020-2023 Multi-Year Budget					Average Annual %	Avg. Annual Property Owner Impact ¹
	2020	2021	2022	2023		
Approved % Increase from Rates ²	4.4%	4.4%	3.4%	3.3%	3.8%	116
Approved Net Budget (Tax Levy)	642,901	671,095	693,747	716,331		

Subject to rounding

1) Average residential property with an assessed value of \$241,000 in 2019 (excludes Education tax portion, not withstanding impacts of tax policy).

2) Previously approved rates are recalculated taking into account assessment growth impact in each year of annual update of the Multi-Year Budget period.



Applying the Equity & Inclusion and Gender Equity Lens

- At the September 22, 2020 meeting of the Strategic Priorities and Policy Committee, Civic Administration recommended the development of a new Anti-Racism and Anti-Oppression Lens.
- As an interim step, while the new Anti-Racism and Anti-Oppression Lens is being built, the 2021 budget amendments were reviewed by the Anti-Racism and Anti-Oppression Internal Working Group using the existing Equity and Inclusion Handbook and Gender Equity Lens. Comments from the Working Group are included in each amendment:

Operating Budget Table (Thousands)

Middlesex-London Health Unit	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Total
Approved Budget	\$6,705	\$6,705	\$6,705	\$6,705	\$26,818	\$40,227
Cumulative Amendment	N/A	-\$610	\$0	\$0	-\$610	\$0
Amended Budget	\$6,705	\$6,095	\$6,705	\$6,705	\$26,209	\$40,227

Subject to rounding.

Additional Details

The provincial government announced support for public health units as they continue to respond to COVID-19 by investing in one-time mitigation funding for both the 2020 and 2021 calendar years. This funding will ensure that municipalities do not experience any financial impacts as a result of the change to the 70% provincial and 30% municipal cost-sharing formula that was to be effective January 1, 2020. In the current climate there is significant uncertainty beyond 2021 and there is a possibility that the City may incur a further increase over budgeted amounts in 2022 and 2023.

Applying the Equity & Inclusion Handbook and Gender Equity Lens – Comments from the Anti-Racism and Anti-Oppression Working Group

- The increased funding by the Ministry of Health in 2021 will have a positive impact for Londoners by reducing the tax levy.
- A key priority of the Middlesex-London Health Unit is prevention. This is increasingly important, especially in the context of the pandemic where many equity seeking groups have been disproportionately impacted by COVID-19. The Middlesex-London Health Unit budget does not increase over the period of this budget. The negative impacts of no funding increases should be considered. For example, limited access to service and poor health outcomes.

Applying the Equity & Inclusion and Gender Equity Lens

- The Anti-Racism and Anti-Oppression Working Group also made a series of general observations and recommendations for future improvements in the application of the Anti-Racism and Anti-Oppression Lens (page 15)
- 2021 Budget Update represents the first steps in this process. Future enhancements to the process will include:
 - Utilizing enhanced screening tools (e.g. the new Anti-Racism and Anti-Oppression Lens) as they are developed
 - Expanding the application of new Anti-Racism and Anti-Oppression Lens to other aspects of the budget – e.g. base budgets, additional investment business cases, business plans, etc.
 - Applying other lenses as they are developed (e.g. Climate Emergency Screening Tool)

Proposed 2021 Operating Budget Amendments (\$000's) (Appendix G)

#	Description	2021 Tax Levy Impact	2022 Tax Levy Impact	2023 Tax Levy Impact	Total 2021-23 Levy Impact
1	RBC Place London – Promissory Note Forgiveness	-	-	-	-
	RBC Place London has been facing extraordinary financial challenges as a result of COVID-19 and will therefore not have the ability to pay future annual instalments for this promissory note and is seeking the City of London's forgiveness of the loan. This amendment would not have a tax levy impact, however, it would reduce the expected future inflows into the EEE Reserve.				
4	Children's Services – Expansion Funding Deferral	(\$1,630)	-	-	(\$1,630)
	During 2020-2023 Multi-Year Budget development it was anticipated that additional child care centres would be built and necessitate additional funding to support the ongoing fee subsidy costs as a result of additional spaces. With the onset of the COVID-19 pandemic the expected new child care centres have been delayed and therefore the required funding will not be necessary in 2021.				

Proposed 2021 Operating Budget Amendments (\$000's) – cont'd

#	Description	2021 Tax Levy Impact	2022 Tax Levy Impact	2023 Tax Levy Impact	Total 2021-23 Levy Impact
5	Middlesex-London Health Unit – Increased Ministry of Health Funding	(\$610)	-	-	(\$610)
	<p>The Minister of Health recently announced that additional mitigation funding is available to fully offset increased costs to municipalities to support the municipal share of public health funding introduced in 2020. These increases allow municipal funding to be capped at 0% providing full mitigation funding in 2020 and 2021.</p>				
6	Ontario Works – Reduction in Investment in 2021 due to COVID-19 Impacts	(\$425)	-	-	(\$425)
	<p>In the 2020-2023 Multi-Year Budget, Council approved additional funding for the Ontario Works program in light of Provincial funding changes. A contributing factor was related to the cost of employment related expenses to cover a rate increase in bus passes essential for participation in employment activities and to address existing demand in services. With the onset of COVID-19 pandemic and associated recovery benefits from the Government of Canada, the Ontario Works program has experienced a decrease in employment related expenses, and anticipates this reduction to continue in 2021.</p>				

Proposed 2021 Operating Budget Amendments (\$000's) – cont'd

#	Description	2021 Tax Levy Impact	2022 Tax Levy Impact	2023 Tax Levy Impact	Total 2021-23 Levy Impact
7	Corporate Services – Administrative Recoveries from Water, Wastewater, Joint Water Boards	(\$403)	(\$578)	(\$601)	(\$1,582)
	Internal service review determined the full costs associated with supporting these services was not being recovered. Increased costs were reflected in the 2020-2023 Multi-Year Budget for Water, Wastewater & Joint Water Boards, but due to timing constraints were not reflected in the Property Tax Supported 2020-2023 Multi-Year Budget.				
8	Financial Management – Reduction to Corporate Contingency Budget	(\$500)	(\$700)	(\$700)	(\$1,900)
	Civic Administration reviewed the corporate contingency budget and identified savings based on currently known and anticipated funding needs.				

Proposed 2021 Capital Budget Amendments (\$000's) (Appendix G)

#	Description	2021 Capital Plan Impact	2022 Capital Plan Impact	2023 Capital Plan Impact	Total 2021-23 Capital Impact
2	RBC Place London – Revised Capital Plan	(\$85)	\$251	-	\$166
Funding source – RBC Place London Renewal Reserve Fund. These changes are based on recommendations of the 2020 building assessment report.					
3	Recycling & Composting – Repair of Material Recovery Facility Fire Suppression System	\$800	-	-	\$800
Funding source – MRF Renewal Reserve Fund. The proposed amendment is advancing funds from 2024-2029 to 2021.					

NOTE: These capital budget amendments do not have a tax levy impact.

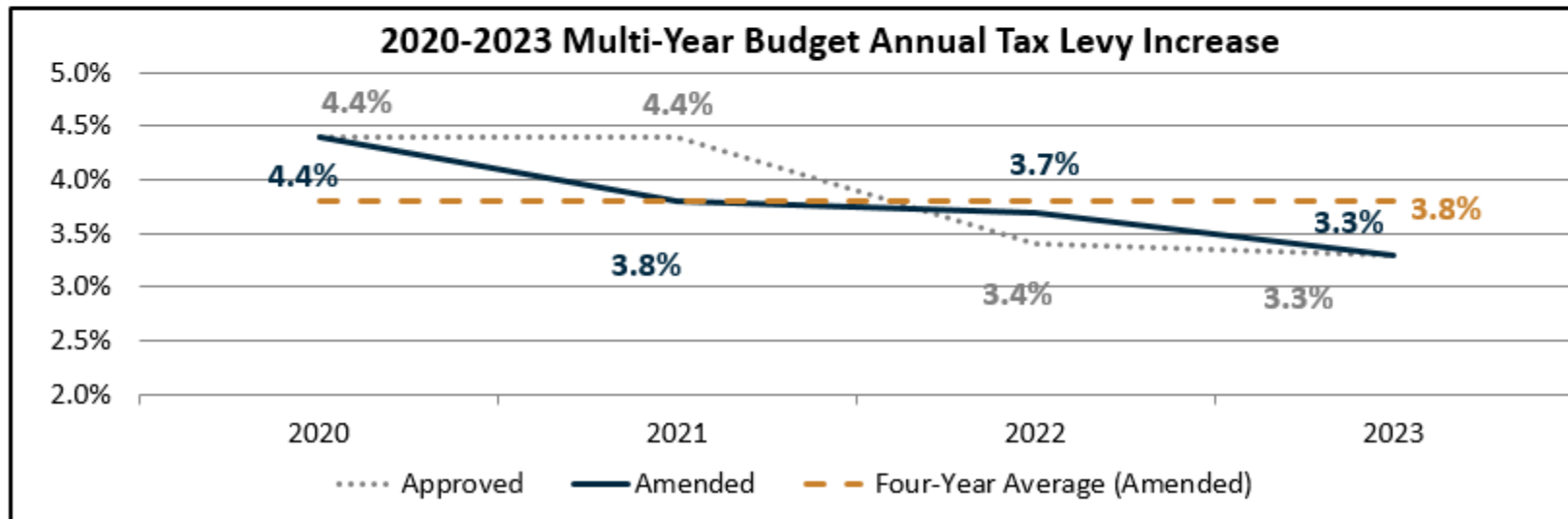
Summary of the Proposed 2021 Property Tax Supported Budget Update – As Tabled

2020-2023 Multi-Year Budget					Average Annual %	Avg. Annual Property Owner Impact ¹
	2020	2021	2022	2023		
Approved % Increase from Rates ²	4.4%	4.4%	3.4%	3.3%	3.8%	116
Approved Net Budget (Tax Levy)	642,901	671,095	693,747	716,331		
Budget Amendments (Total Net Request)		(3,567)	(1,278)	(1,301)		
Amended Net Budget (Tax Levy)	642,901	667,528	692,469	715,030		
Incremental Net Increase / (Decrease)		(3,567)	2,289	(23)		
Amended % Increase From Rates	4.4%	3.8%	3.7%	3.3%	3.8%	114

Subject to rounding

1) Average residential property with an assessed value of \$241,000 in 2019 (excludes Education tax portion, not withstanding impacts of tax policy).

2) Previously approved rates are recalculated taking into account assessment growth impact in each year of annual update of the Multi-Year Budget period.



Summary of the Proposed 2021 Budget Update – Capital Budget

Property Tax Supported Capital Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	307,014	228,705	291,417	393,039	1,220,175	1,547,594	2,767,769
Total Amended Budget	307,014	229,419	291,668	393,039	1,221,141	1,546,794	2,767,935
Total Amended Budget Increase/Decrease	0	715	251	0	966	-800	166
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Levy (CL)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	85	-251	0	-166	0	-166
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	-800	0	0	-800	800	0
Total Source of Financing Increase/Decrease	0	-715	-251	0	-966	800	-166
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

Note: Approved figures include Housekeeping adjustments, Assessment Growth and changes made by the 2021 DC Update

Other Anticipated “Added” Budget Amendments

- In addition to the eight budget amendments included in the proposed 2021 Budget Update cerlox, emerging matters will result in additional budget amendments for consideration during budget deliberations:
 1. At the Council meeting on November 10th, Council endorsed the preparation of a budget amendment to support implementation of the Film and Multi-Media Strategy as the per the report to the Community & Protective Services Committee on November 3rd;
 2. At the Civic Works Committee meeting on November 17th, an update report on the 60% Waste Diversion Action Plan will be provided, including an updated implementation schedule, funding requirements and proposed budget amendment to be forwarded to budget deliberations.

Other Emerging Budget Matters

- Civic Administration is also monitoring a report to the Middlesex-London Health Unit's Nov. 5th Finance & Facilities Committee meeting outlining anticipated 2021 cost pressures totaling approx. \$700,000.
 - It is not yet clear whether these cost pressures will be the responsibility of MLHU's municipal partners;
 - Further information is anticipated to be available subsequent to MLHU's Board of Health meeting on Nov. 26th
- Civic Administration is also awaiting confirmation of the 2021 Land Ambulance budget from the County of Middlesex – anticipated in late November.

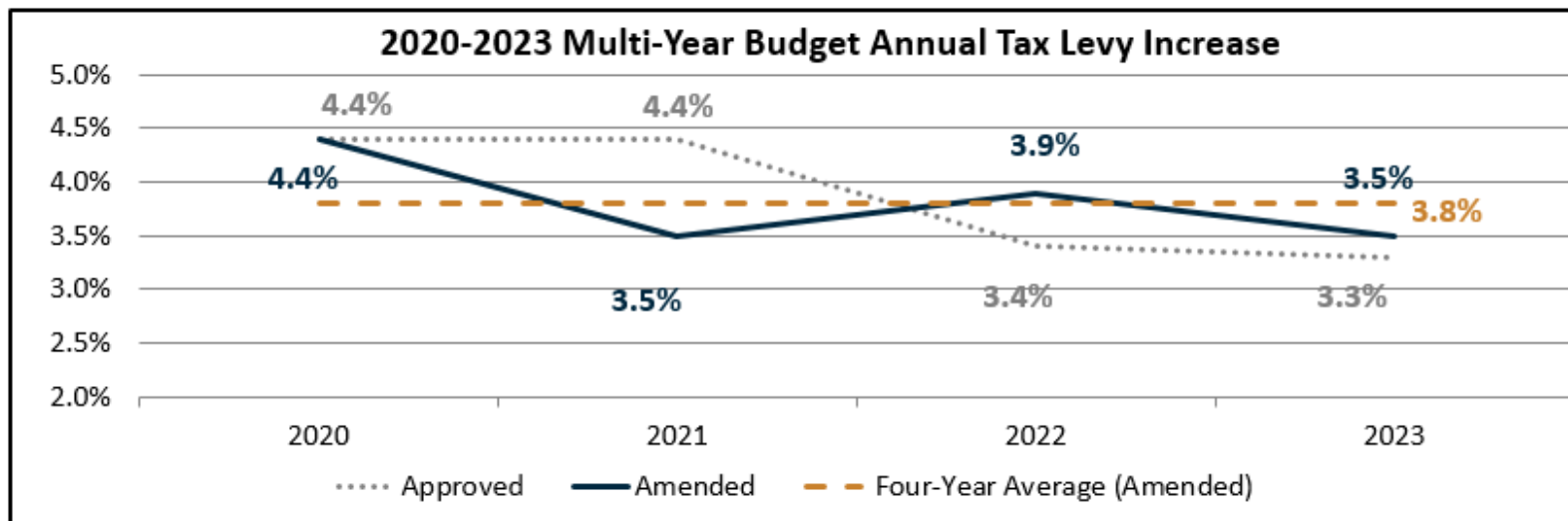
Summary of the Proposed 2021 Budget Update – with 60% Waste Diversion Action Plan Amendment

2020-2023 Multi-Year Budget					Average Annual %	Avg. Annual Property Owner Impact ¹
	2020	2021	2022	2023		
Approved % Increase from Rates ²	4.4%	4.4%	3.4%	3.3%	3.8%	116
Approved Net Budget (Tax Levy)	642,901	671,095	693,747	716,331		
Budget Amendments (Total Net Request)		(5,867)	(2,728)	(1,301)		
Amended Net Budget (Tax Levy)	642,901	665,228	691,019	715,030		
Incremental Net Increase / (Decrease)		(5,867)	3,139	1,427		
Amended % Increase From Rates	4.4%	3.5%	3.9%	3.5%	3.8%	114

Subject to rounding

1) Average residential property with an assessed value of \$241,000 in 2019 (excludes Education tax portion, not withstanding impacts of tax policy).

2) Previously approved rates are recalculated taking into account assessment growth impact in each year of annual update of the Multi-Year Budget period.



Process for Further Reductions in 2021 Budget Update (Appendix H)

Step 1:

Review and approve any budget reductions proposed by Civic Administration

Step 2:

Review approved "For Consideration" 2020-2023 Additional Investment Business Cases that have a tax levy impact

Step 3:

Review approved "Administratively Prioritized" 2020-2023 Additional Investment Business Cases that have a tax levy impact

Step 4:

Review approved "Provincial Impacts" for potential re-consideration

Step 5:

If Council wishes to make further reductions, direction should be provided regarding the specific area(s) to be reviewed.

Considerations for Further Reductions – COVID-19 Responses & Recovery Principles

- In considering potential budget reductions, Council should be mindful of some of the COVID-19 response and recovery principles utilized over the past year:
 - The need to continue to deliver essential and vital services, and adjust those services to comply with Provincial orders and social distancing requirements;
 - Balance service levels with fiscal pressures;
 - Prioritize service delivery supporting economic recovery and for those most vulnerable;
 - Take temporary and one-time actions to address pressures to minimize long term impacts; and,
 - Minimize impact on strategic priorities.

Considerations for Further Reductions – Key Financial Principles

- Certain financial principles of the Corporation should also be kept in mind as budget deliberations proceed:
 - One-time funding is appropriate to fund one-time costs, but should not be used to implement permanent programs with ongoing costs;
 - Alternate sources of revenue should be considered to cover only those expenses that are linked to them, to ensure that this funding is not required to support other expenses in the event that the funding is reduced or eliminated;
 - Council should avoid taking on services/programs where there is pressure to “fill in” for services/programs that are generally the responsibility of other levels of government;

Considerations for Further Reductions – Key Financial Principles

- When considering new initiatives, consider the total cost of the initiative (both one-time and ongoing operating costs), cash flow requirements and benefits to the community;
- Avoid taking on more/new services without considering long-term exit strategies;
- The City of London should determine its own capital priorities. New infrastructure programs introduced by the federal and provincial governments should be assessed relative to the capital needs and priorities of the City and ability to fund these initiatives;
- Ensure that reserves and reserve funds are kept at an adequate level to ensure the Corporation maintains sufficient liquidity; and
- Debt is appropriate for certain large-scale growth and service improvement capital projects, but should generally be avoided for lifecycle renewal projects.

Overview of Proposed 2021 Water Budget

- There are no proposed budget amendments in the 2021 Water Budget Update
- 2021-2023 rates were approved by Council on October 27, 2020

Water	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Average Annual % Increase/Decrease
Water Rate Increase (Approved)	2.5%	2.5%	2.5%	2.5%	2.5%
Total Water Budget (Approved)	84,739	87,488	90,530	93,695	
Increase over Prior Year Budget	4,843	2,750	3,041	3,166	
Increase over Prior Year Budget (%)	6.1%	3.2%	3.5%	3.5%	4.1%

Subject to rounding.

Water Capital Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	42,448	38,127	48,319	70,843	199,738	278,507	478,245
Total Amended Budget	42,448	38,127	48,319	70,843	199,738	278,507	478,245
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0

Overview of Proposed 2021 Wastewater & Treatment Budget

- There are no proposed amendments in the 2021 Wastewater & Treatment Budget Update
- 2021-2023 rates were approved by Council on October 27, 2020

Wastewater and Treatment	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Average Annual % Increase/Decrease
Wastewater and Treatment Rate Increase (Approved)	6.0%	2.5%	2.5%	2.5%	3.4%
Wastewater and Treatment Rate Increase (Amended ¹)	2.5%	5.2%	2.5%	2.5%	3.2%
Total Wastewater and Treatment Budget	106,500	109,937	113,668	117,544	
Increase over Prior Year Budget	8,318	3,437	3,731	3,876	
Increase over Prior Year Budget (%)	8.5%	3.2%	3.4%	3.4%	4.6%

Subject to rounding.

Note 1. Timing of rate implementation was deferred from 2020 to 2021 as a result of the COVID-19 pandemic as previously noted.

Wastewater and Treatment Capital Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	86,961	86,821	100,179	93,300	367,260	599,818	967,078
Total Amended Budget	86,961	86,821	100,179	93,300	367,260	599,818	967,078
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0

COVID-19 Impacts on the 2021 Budget

- Many services will continue to experience persistent COVID-19 financial impacts into 2021; total corporate impact currently anticipated to be \$20M+

Area/Impact	Potential Financial Impact (\$M)
London Transit Commission – lower than normal ridership	\$11.3
Ontario Lottery & Gaming Revenues – uncertain re-opening of gaming activities	\$4.6
Investment Income – lower than anticipated interest rates	\$2.5
RBC Place & Centennial Hall – uncertain timing of resumption of large events (noting that a financial sustainability review of RBC Place is currently ongoing which will provide insight into potential future financial support required)	\$1.7
Neighbourhood and Recreation Services: User Fee Revenues – uncertain participation rates in recreation programs & facilities	TBD
Development-related Revenues – potential impacts on residential & non-residential building activity	TBD

COVID-19 Impacts on the 2021 Budget – cont'd

- In most cases it is too early to determine which financial challenges will be permanent; 2021 Budget Update avoids premature budget changes pending further experience to assess longer term impacts.
- Civic Administration intends to utilize a variety of strategies as necessary to mitigate COVID-19 financial impacts in 2021, including :
 - Temporary adjustments to service levels;
 - Deferral of capital projects and/or adjustments to capital project sources of financing;
 - Strategic one-time draws from reserves and reserve funds to mitigate temporary, one-time impacts;
 - Continued advocacy for federal and provincial government support for COVID-19 related financial pressures.
- Civic Administration will actively monitor the Corporation's 2021 financial position and will report to Council with recommended strategies to address budgetary pressures.

Key Dates in the Budget Process

What / Where	Date
Tabling of the 2021 Annual Budget Update SPPC at 4:00pm	November 17
Public Participation Meeting SPPC at 4:00pm	December 7
2021 Annual Budget Update Review SPPC at 9:30am	December 10 December 11
Final Approval of the 2021 Annual Budget Update Council at 4:00pm	January 12

Planned 2021 Budget Update Public Engagement Activities

Description	Date
Social Media, Digital Advertising & Digital Newsletters*	Ongoing through January
Radio Advertising	November / December
Print Advertising – local & multi-cultural publications*	November / December
GetInvolved.London.ca Website – education & guidance on how to get more information or submit feedback	Ongoing through January
Public Participation Meeting	December 7 SPPC at 4:00pm
Support for Councillors' Engagement Activities	As Requested
Virtual Meetings with Community Groups	As Requested
Phone Calls (519-661-4638), E-mails (budget@london.ca)	As Requested
E-mail Updates via newsletter	Ongoing through January

* New public engagement channels this year to reach different demographics/groups.



2020-2023 MULTI-YEAR BUDGET

City of London



LondonCanada



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budget@london.ca



getinvolved.london.ca