



# Water and Wastewater & Treatment

2021 ANNUAL UPDATE  
DRAFT – NOVEMBER 17, 2020

[london.ca/budget](https://london.ca/budget)

# Acknowledgement

The City of London aspires to be a diverse community which honours, welcomes, and accepts all peoples. We respectfully acknowledge that the City of London is located on the traditional territories of the Anishnaabeg, Haudenosaunee, Lunaapeewak, and Attawandron peoples, who have had longstanding relationships with the land and the region. The City of London also recognizes its relationships with the local First Nations Communities, including Chippewas of the Thames First Nation, Oneida Nation of the Thames, and Munsee Delaware Nation. We acknowledge the diverse histories, races, cultures, religions and ethnicities of those who call London home. City of London values the significant contributions made by all Londoners.

## Steps Towards Anti-Racism and Anti-Oppression at the City of London

Municipal Council has affirmed its commitment to eliminating systemic racism and oppression in our community. As individuals who serve the public, facing this troubling reality is both daunting and uncomfortable – and, for many, deeply personal. While this work demands urgency, the actions needed to deconstruct systems of racism and oppression will require sustained commitment and courageous action to drive transformative change.

It is a sombre obligation. It is also an important opportunity. Londoners in the community and within the organization provided valuable insights on how the City of London can use its strength and position as an influential leader to drive anti-racism and anti-oppression work.

# Table of Contents

Budget In Brief .....	1
Budget Recommendations.....	4
Multi-Year Budget Process Refresher.....	5
Annual Update Process Refresher.....	6
COVID-19 Pandemic Impacts .....	9
Summary: 2021 Annual Update to the 2020 to 2023 Multi-Year Budget - Water .....	10
2020 to 2023 Water Operating Budget Overview.....	12
2020 to 2023 Water Capital Budget and Ten Year Capital Plan .....	13
Water Reserve and Reserve Fund Overview.....	21
Summary: 2021 Annual Update to the 2020 to 2023 Multi-Year Budget– Wastewater and Treatment.....	23
2020 to 2023 Wastewater and Treatment Operating Budget Overview .....	24
2020 to 2023 Wastewater and Treatment Capital Budget and Ten Year Capital Plan.....	25
Wastewater and Treatment Reserve and Reserve Fund Overview .....	33
Appendix A - 2020 to 2023 Water Schedule of Rates and Charges .....	35
Appendix B - 2020 to 2023 Wastewater and Treatment Schedule of Rates and Charges.....	41
Appendix C - Reconciliation of Draft Water Budget to Public Sector Accounting Board Financial Statement Budget .....	44
Appendix D - Reconciliation of Draft Wastewater and Treatment Budget to Public Sector Accounting Board Financial Statement Budget .....	48

# Budget In Brief

On March 2, 2020, Municipal Council approved the City's second Multi-Year Budget covering the period from 2020 to 2023. The Multi-Year Budget was approved with an average annual Water rate increase of 2.5%, and an average annual Wastewater and Treatment rate increase of 3.2%.

The City of London, consistent with its Multi-Year Budget Policy, is entering its first annual update for the 2020 to 2023 Multi-Year Budget period. The 2021 Annual Update continues to progress achievement of the City's Strategic Plan while recognizing pressures experienced due to the global coronavirus pandemic (COVID-19). In particular, due to the onset of the COVID-19 pandemic and associated financial challenges experienced by many households and businesses, the additional rate increase for 2020 approved through the 2020 to 2023 Multi-Year Budget associated with the transfer of a portion of Conservation Authorities' costs from the property tax supported budget to the Wastewater and Treatment budget was deferred to 2021. The proposed 2021 Wastewater and Treatment rates include a phase-in approach, with the rate increase associated with the transfer of the Conservation Authorities' costs implemented through an additional 2.7% rate increase effective July 1, 2021. The blended 2021 rate increase for Wastewater and Treatment is 3.85%, while the Water rate increase for 2021 remains 2.5% as contemplated in the 2020 to 2023 Multi-Year Budget. The impact to the average ratepayer is outlined in the table below:

## 2020 to 2023 Impact on Average Residential Customer from Approved Rate Changes<sup>1</sup>

Total Annual Amount	2019	2020	2021	2022	2023
Water	\$486	\$499	\$511	\$524	\$537
Sanitary	\$404	\$414	\$430	\$446	\$458
Storm	\$196	\$200	\$208	\$216	\$221
Total	\$1,086	\$1,113	\$1,149	\$1,187	\$1,216
Annual Change	N/A	\$27	\$36	\$38	\$29

Subject to rounding.

Note 1. The budgeted residential cost is based on an average residential consumption of 200 m<sup>3</sup> (BMA Municipal Study).

For 2021 there are no budget amendments for Water or Wastewater and Treatment. The 2020 to 2023 Multi-Year Budgets for Water and Wastewater and Treatment are as follows:

## Water – 2020 to 2023 Multi-Year Operating Budget (\$ Thousands)

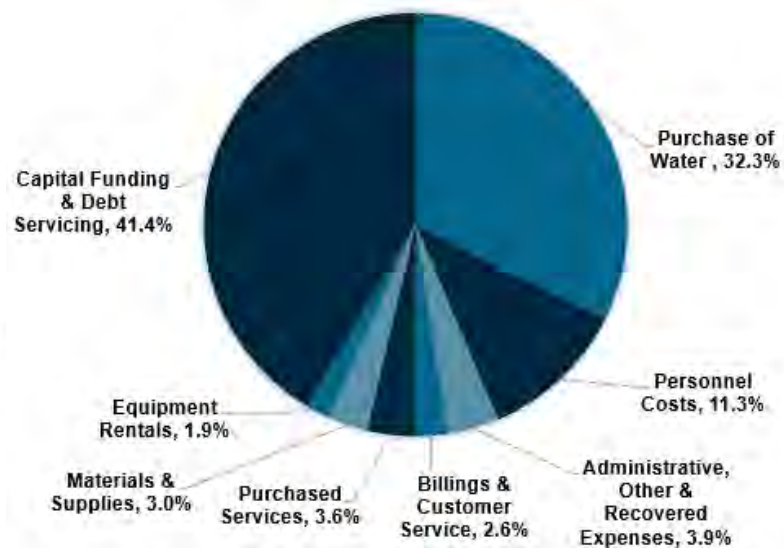
Water	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Average Annual % Increase/Decrease
Water Rate Increase (Approved)	2.5%	2.5%	2.5%	2.5%	2.5%
Total Water Budget (Approved)	84,739	87,488	90,530	93,695	
Increase over Prior Year Budget	4,843	2,750	3,041	3,166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

Subject to rounding.

**REVENUE BUDGET - WATER  
FOUR YEAR AVERAGE (2020-2023)**



**EXPENDITURE BUDGET - WATER  
FOUR YEAR AVERAGE (2020-2023)**



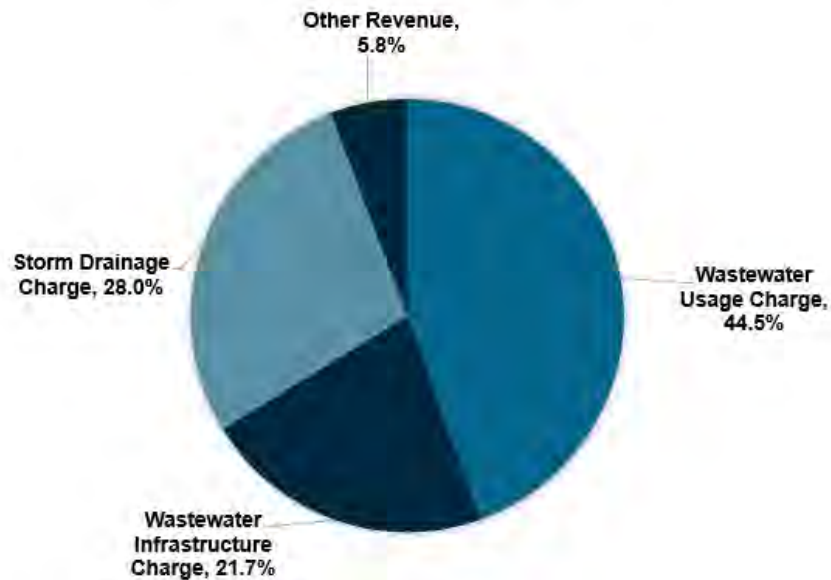
## Wastewater and Treatment – 2020 to 2023 Multi-Year Operating Budget (\$ Thousands)

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 <sup>1</sup> )	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%

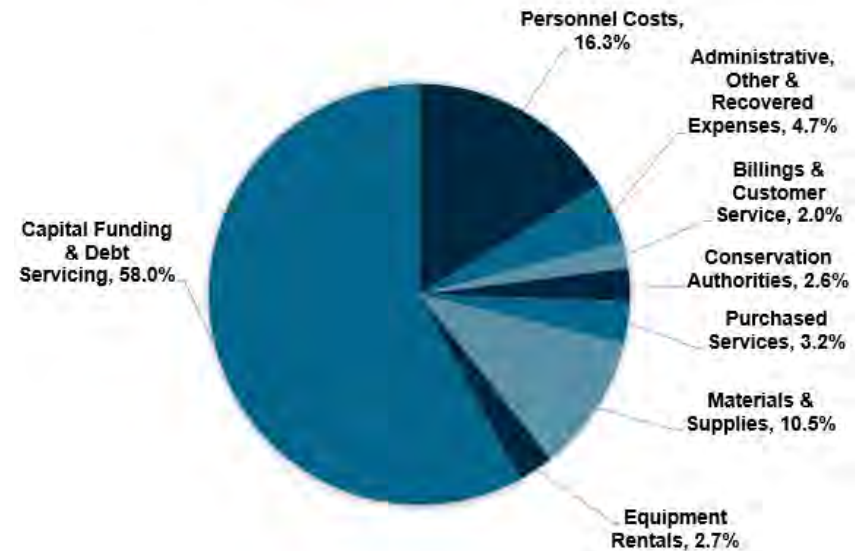
Subject to rounding.

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

**REVENUE BUDGET - WASTEWATER  
FOUR YEAR AVERAGE (2020-2023)**



**EXPENDITURE BUDGET - WASTEWATER  
FOUR YEAR AVERAGE (2020-2023)**



# Budget Recommendations

- a) That, in accordance with section 291(4)(c) of the Municipal Act 2001, as amended, the following actions be taken with respect to the 2021 to 2023 operating budgets and 2021 to 2023 capital budgets and associated forecasts for Water and Wastewater and Treatment Services:
- i. The 2021 to 2023 operating budget for Water Services **BE READOPTED** in the amount of \$TBD;
  - ii. The 2021 to 2023 capital budget for Water Services **BE READOPTED** in the amount of \$TBD;
  - iii. The 2024 to 2029 capital forecast for Water Services **BE APPROVED** in principle in the amount of \$TBD

it being noted that all rates and charges related to the provision of Water Services were increased by 2.5% effective January 1, 2020 as approved by Council on November 26, 2019, and will be increased 2.5% effective January 1 each year for 2021 to 2023 as approved by Council on October 27, 2020.

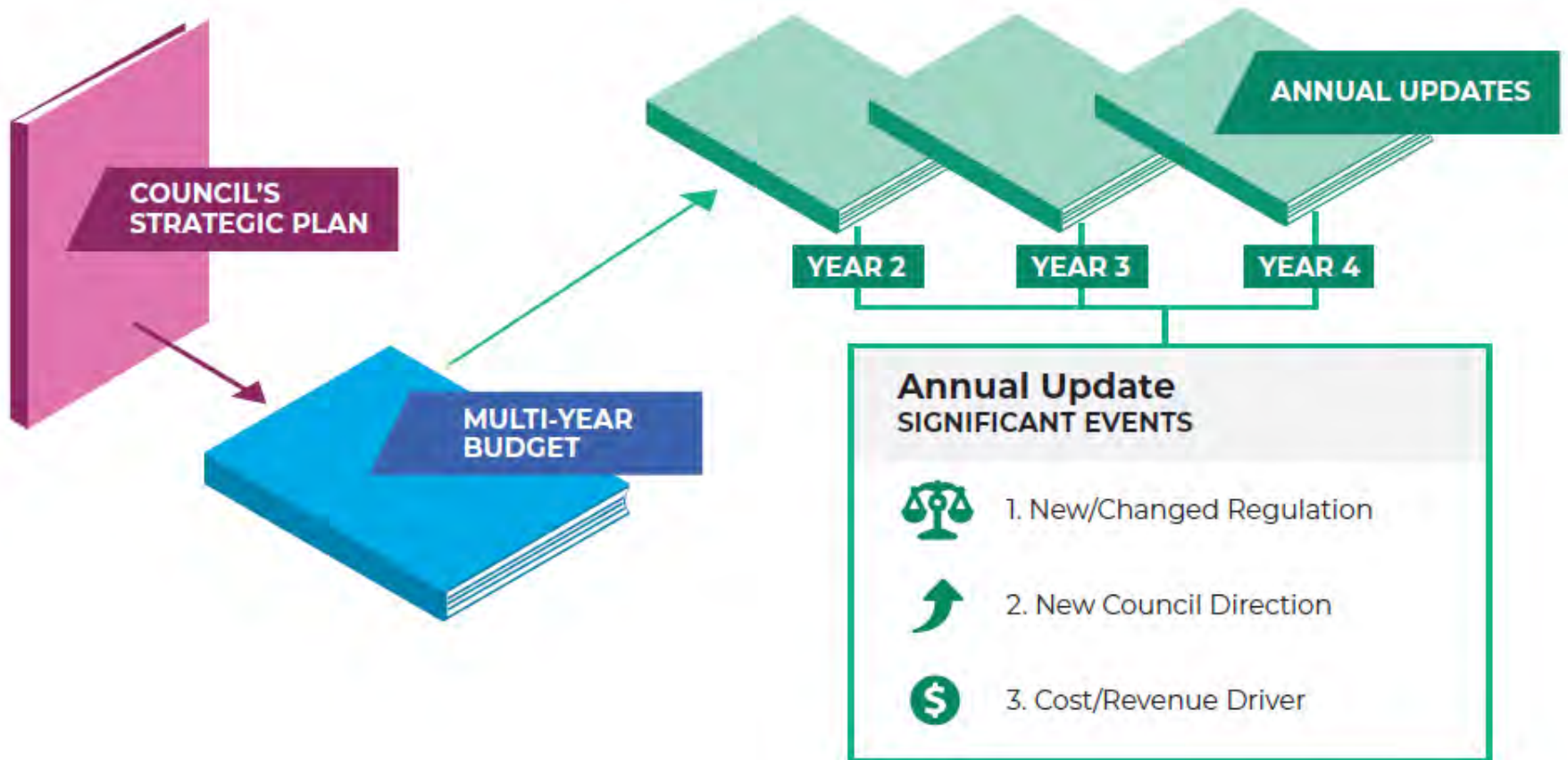
- iv. The 2021 to 2023 operating budget for Wastewater and Treatment Services **BE READOPTED** in the amount of \$TBD;
- v. The 2021 to 2023 capital budget for Wastewater and Treatment Services **BE READOPTED** in the amount of \$TBD;
- vi. The 2024 to 2029 capital forecast for Wastewater and Treatment Services **BE APPROVED** in principle in the amount of \$TBD

it being noted that all rates and charges relating to the provision of Wastewater and Treatment Services were increased by 2.5% effective January 1, 2020 as approved by Council on November 26, 2019, and will be increased 2.5% effective January 1, 2021, 2.7% effective July 1, 2021, and 2.5% effective January 1 each year for 2022 and 2023 as approved by Council on October 27, 2020.

- b) That the following 2020 to 2023 Multi-Year Budget overviews **BE RECEIVED** for information:
- i. Reserves/Reserve Funds Overview – Water
  - ii. Reserves/Reserve Funds Overview – Wastewater and Treatment
- c) That the reconciliation of the tabled budgets to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (Water – Appendix A and Wastewater and Treatment – Appendix B)

# Multi-Year Budget Process Refresher

The graphic below is an illustration of the Multi-Year Budget Process. This Multi-Year Budget represents the second four-year budget approved by Municipal Council. Rather than approving a budget annually, Council approves the four-year budget, with the last year being subject to reconfirmation by the new term of Council. The 2020 to 2023 Multi-Year Budget aims to provide the financial resources to implement the 2019 to 2023 Strategic Plan.





# Annual Update Process Refresher

Consistent with previous Annual Updates, changes can be made to the budget after the 2020 to 2023 Multi-Year Budget is approved. An important element of the Multi-Year Budget is the annual update process. In each annual update of the Multi-Year Budget, Council is required by the *Municipal Act, 2001* to review and readopt the budget for that year. Any changes that are required to make the budget compliant with the provisions of the *Municipal Act, 2001*, will be completed at this time. Annual updates will also provide Council the opportunity to adjust the budget to provide flexibility for special events or circumstances that require funding and resource adjustments.

Each budget amendment is classified into the following three categories:



Each budget amendment that has an impact on the remaining years of the Multi-Year Budget (2021 to 2023) is supported by a Multi-Year Budget amendment case that provides Municipal Council with the rationale for the amendment and the financial and staffing impacts.

Budget amendments are only brought forward and approved once per year. Adjustments are limited to once per year, during the annual update period, to ensure that all requests are considered together. There are no budget amendments related to the Water and Wastewater and Treatment budgets being brought forward for the 2021 annual update.

## Review of the 2021 Budget Amendments with an Equity and Inclusion and Gender Equity Lens

At the September 22, 2020 meeting of the Strategic Priorities and Policy Committee (and subsequently endorsed by Municipal Council), 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 Update would be reviewed by the Anti-Racism and Anti-Oppression Internal Working Group using the existing Equity and Inclusion Handbook and Gender Equity Lens.

As noted in the 2021 Property Tax Supported Budget Update, the Anti-Racism and Anti-Oppression Working Group reviewed the property tax supported budget amendments, taking into consideration systemic racism and oppression. Systemic racism and oppression refers to organizational culture, policies, directives, practices or procedures that exclude, displace or marginalize some racialized groups or create unfair barriers for them to access valuable benefits and opportunities. This is often the result of institutional biases in organizational culture, policies, directives, practices, and procedures that may appear neutral but have the effect of privileging some groups and disadvantaging others. As previously noted, there are no Water or Wastewater and Treatment budget amendments requiring review by the Anti-Racism and Anti-Oppression Working Group this year.

However, consistent with the review of property tax supported budget amendments, the following overall recommendations were noted by the Anti-Racism and Anti-Oppression Working Group:

- Anti-racism and anti-oppression should be considered at the outset and inform the development and delivery of all programs and services.
- The Anti-Racism and Anti-Oppression Lens should be used by all Service Areas and all employees.
- The new Anti-Racism and Anti-Oppression Lens should be applied to all aspects of the budgeting process, beginning with Business Plans, which are intended to define service expectations, drivers, and metrics. It should also be incorporated into the Multi-Year Budget process and annual amendments. While the Budget team must actively use the Lens, Service Areas have a responsibility to apply the Lens to any and all submissions to the corporate budgeting process.
- The limited use and availability of disaggregated data makes it difficult to assess the impacts (both positive and negative) associated with budget amendments. Disaggregated data – smaller units of data within a larger, aggregated data sets – must be available and applied to the extent possible.
- The application of the Anti-Racism and Anti-Oppression Lens should be evident and consistent. Consideration should be given to embedding a tool / statement into the various budget and financial templates.
- It is important to make sure plain language is used in all documents. Everyone benefits from and prefers plain language. It makes documents, law and policy straightforward to read and understand. It also encourages more informed public participation in the budgeting process.
- The application of a climate lens may also provide additional perspective about the impact of budget decisions on equity seeking groups and therefore should be used going forward.
- All documentation should be Web Content Accessibility Guidelines (WCAG) 2.0 AA Standard compliant.

It is recognized that much work still needs to be done to fully incorporate the Anti-Racism and Anti-Oppression Lens in the City's Multi-Year Budget process. The intention is to utilize a continuous improvement approach to incrementally enhance the integration of the Anti-Racism and Anti-Oppression Lens in the City's budget process. Future enhancements will include the expansion of the Lens to other components of the budget (e.g. service areas' base budgets, business plans, business cases for additional investments / disinvestments, etc.), utilization of enhanced screening tools (e.g. the new Anti-Racism and Anti-Oppression Lens currently being developed) as they are rolled out, etc. Additionally, the application of additional lenses will also be incorporated in future budget processes as those lenses are developed (e.g. application of Climate Emergency Screening Tool (CEST) to enhance the climate lens in the budget process).



# COVID-19 Pandemic Impacts

The novel coronavirus (COVID-19) has caused unprecedented interruption to the daily activities of individuals, businesses and institutions around the world. The City of London, along with municipalities across the country and around the world, have experienced significant financial consequences, and there remains considerable uncertainty in the foreseeable future. As a result, Civic Administration has implemented and continues to implement various measures in order to mitigate the financial impacts of COVID-19. Two actions taken, specific to Water and Wastewater and Treatment rates, was to temporarily waive interest and penalties for unpaid Water and Wastewater and Treatment billings and to defer the Wastewater and Treatment rate increase relating to the transfer of Conservation Authority costs from the property tax supported budget to Wastewater and Treatment rates.

Civic Administration worked with London Hydro, who administers Water and Wastewater and Treatment billings for the City, to implement a direction to waive interest and penalties for unpaid Water and Wastewater and Treatment billing through to the end of July 2020. This was intended to provide relief to residents and businesses.

During the approval of the 2020 to 2023 Wastewater and Treatment budget, Council approved Business Case #34 titled, "Transfer portion of Conservation Authority costs to Wastewater and Treatment Budget". An analysis of each of the Conservation Authorities' budgets was undertaken to determine the portion of the budget that related to stormwater-related activities. Based on this analysis it was estimated that approximately 60% (or a 2020 to 2023 average of \$2.89 million) of the Conservation Authorities' levies would be better aligned with the users subject to Wastewater and Treatment rates. The intention was to implement this shift through a further 3.5% increase in Wastewater and Treatment rates as of April 1st, 2020. However, due to the onset of the COVID-19 pandemic and associated financial challenges experienced by many households and businesses, this additional rate increase was deferred. The proposed 2021 Wastewater and Treatment rates include a phase-in approach, with the rate increase associated with the transfer of the Conservation Authorities' costs implemented through an additional 2.7% rate increase effective July 1, 2021. To offset the lost revenue for January to June 2021 associated with the delay in implementing this rate increase, Civic Administration is intending to utilize a portion of the Safe Restart Agreement funding provided by the Federal and Provincial governments, subject to confirmation of eligibility requirements. Alternatively, a one-time drawdown from the Wastewater Budget Contingency Reserve would mitigate this revenue shortfall if necessary. Based on this phased implementation plan, the proposed blended Wastewater and Treatment rate increase for 2021 is 3.85%.

There remains considerable uncertainty with respect to future financial and operational consequences of COVID-19, particularly in the event of the emergence and degree of a future wave(s). Civic Administration will continue to actively assess these impacts after budget approval and will continue to report to Council with any further adjustments, as needed. In the meantime, Civic Administration intends to utilize a variety of strategies as necessary to mitigate COVID-19 financial impacts in 2021, including but not limited to:

- 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 City's 2021 financial position and will report to Council with recommended strategies (inclusive of those outlined above) to address budgetary pressures.

## Summary: 2021 Annual Update to the 2020 to 2023 Multi-Year Budget - Water

On November 26, 2019 Council approved a 2.5% increase in the rate and charges related to the provision of Water Services effective January 1, 2020. Further, on October 27, 2020, Council approved additional increases of 2.5% effective on January 1, each year for 2021, 2022, and 2023.

For 2021 there are no recommended budget amendments for Water Services. There is, however, various pressures on the capital plan that Civic Administration is monitoring. They include closing the short-term infrastructure gap, a major reservoir replacement, and the addition of growth related infrastructure to provide adequate servicing and ensuring the supply of water into the City is protected.

During the ongoing Corporate Asset Management Plan review, an external analysis of the replacement values of linear assets was completed. The resultant replacement values have significantly increased from previous estimates due to the improved accuracy of asset data and unit cost assumptions. Another major budget pressure is the need to replace one of London's major reservoirs. The Springbank Reservoir No. 2 is nearing the end of its useful life and the detailed design for a future replacement and expansion of the reservoir is currently underway and the budget for the reconstruction of this reservoir was included in the Multi-Year Budget. The new reservoir will ensure that if the City loses one of its water supplies (Lake Huron or Lake Erie) that water would be available in storage that would meet at least 48 hours of the City's needs. This additional storage will satisfy the City's drinking water storage needs through 2044.

The Arva-Huron Pipeline is the most critical supply of water into the City of London, supplying approximately 85% of water used by all customers. The alignment of this pipeline, which was mostly built in the 1960s, has portions on private property in residential backyards as well as sensitive natural features. Due to the sensitivity and scale of this pipeline, an environmental assessment is currently underway to identify short term and long term action items to manage this pipeline. Short term actions are expected to involve ways to manage the corridor to ensure we manage the risk posed by this pipeline's location and ensure it can be maintained. These measures are not expected to have a major financial impact. For the long term, different alignments are being evaluated and a future alignment will be identified. As well there will be an in depth asset management study on the pipeline to confirm its remaining useful life. Replacement is not expected to be needed for 20 to 30 years however doing this work now will allow the City to protect the future corridor as well as financially plan for what will be a major capital expense.

Lastly, Ontario Regulation 453/07 under the Safe Drinking Water Act, 2002 mandates the preparation of a Financial Plan as part of the Municipal Drinking Water License program. This regulation was designed by the Ministry of the Environment in response to Justice Dennis O'Connor's Walkerton Inquiry recommendations. The intent is to ensure that municipalities plan for long-term financial stability of their drinking water systems. The Financial Plan must be updated prior to the renewal of a municipal drinking water license every 5 years. London's Water Financial Plan was updated most recently in May 2020 and can be found on the City's website by visiting: [The City of London's Water Financial Plan](#) or <https://london.ca/living-london/water-environment/water-system> under Annual and Summary Reports.



# 2020 to 2023 Water Operating Budget Overview

## 2020 to 2023 Multi-Year Operating Budget (\$ Thousands)

Water	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Average Annual % Increase/ Decrease
Water Rate Increase	2.5%	2.5%	2.5%	2.5%	2.5%
Water Budget Revenues	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.

## Operating Expenditure Budget by Service (\$ Thousands)

Water	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	Total 2020 to 2023 Budget
Water Engineering	2,620	2,669	2,714	2,727	10,730
Water Operations	14,203	14,417	14,528	14,664	57,812
Purchase of Water	27,188	28,257	29,363	30,504	115,312
Water General Administration	40,728	42,146	43,925	45,800	172,598
<b>Total Water</b>	<b>84,739</b>	<b>87,488</b>	<b>90,530</b>	<b>93,695</b>	<b>356,452</b>

Subject to rounding.

# 2020 to 2023 Water Capital Budget and Ten Year Capital Plan

## Capital Budget Summary (\$ Thousands)

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
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

Note: Approved figures include Housekeeping adjustments and changes made by the 2021 Development Charges Update



## Capital Budget by Classification (\$ Thousands)

Budget Classification	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Lifecycle Renewal Total Approved Budget	33,664	31,063	30,144	67,492	162,363	214,992	377,355
Lifecycle Renewal Total Amended Budget	33,664	31,063	30,144	67,492	162,363	214,992	377,355
Lifecycle Renewal Increase/Decrease	0	0	0	0	0	0	0
Growth Total Approved Budget	8,014	6,808	17,241	2,922	34,985	60,977	95,963
Growth Total Amended Budget	8,014	6,808	17,241	2,922	34,985	60,977	95,963
Growth Increase/Decrease	0	0	0	0	0	0	0
Service Improvement Total Approved Budget	770	256	933	429	2,389	2,537	4,926
Service Improvement Total Amended Budget	770	256	933	429	2,389	2,537	4,926
Service Improvement Increase/Decrease	0	0	0	0	0	0	0
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0

Subject to rounding.

## Lifecycle Renewal Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	33,664	31,063	30,144	67,492	162,363	214,992	377,355
Total Amended Budget	33,664	31,063	30,144	67,492	162,363	214,992	377,355
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

## Growth Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	8,014	6,808	17,241	2,922	34,985	60,977	95,963
Total Amended Budget	8,014	6,808	17,241	2,922	34,985	60,977	95,963
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

## 2021 Development Charges Background Study Update

The interim development charges update was initiated in response to legislative changes made to the Development Charges Act through Bill 108 that came into force and effect on January 1, 2020; just prior to the approval of the 2020 to 2023 Multi-Year Budget. The draft 2021 Development Charges Background Study Update and By-law were tabled on July 14, 2020 and subsequently approved by Council on October 27, 2020.

As a result, revised growth capital budgets are included the City's growth capital plan. No further changes are recommended through the 2021 Annual Update process.

The next comprehensive Development Charges Background Study is planned for 2024; taking effect on January 1, 2025.

## Service Improvement Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	770	256	933	429	2,389	2,537	4,926
Total Amended Budget	770	256	933	429	2,389	2,537	4,926
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

## 2020 to 2029 Source of Financing Overview – As Recommended (\$ Thousands)

Source of Financing	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Amended Budget Total	2021 to 2023 Amended Budget Increase/Decrease	2024 to 2029 Amended Forecast	2024 to 2029 Amended Forecast Increase/Decrease	2020 to 2029 Amended Ten Year Plan
Capital Rate	20,849	21,324	21,964	22,623	86,760	0	148,123	0	234,883
Debt	0	0	0	0	0	0	0	0	0
Reserve Fund	13,401	11,062	9,912	44,507	78,882	0	66,320	0	145,202
Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total Rate Supported</b>	<b>34,250</b>	<b>32,386</b>	<b>31,876</b>	<b>67,130</b>	<b>165,642</b>	<b>0</b>	<b>214,443</b>	<b>0</b>	<b>380,085</b>
Debt	0	0	0	1,600	1,600	0	20,904	0	22,504
Reserve Fund	7,137	4,316	15,018	688	27,158	0	34,611	0	61,769
Federal Gas Tax	1,444	1,425	1,425	1,425	5,719	0	8,550	0	14,269
Federal Grants	0	0	0	0	0	0	0	0	0
Provincial Grants	0	0	0	0	0	0	0	0	0
Other Government	0	0	0	0	0	0	0	0	0
Other <sup>1</sup>	-382	0	0	0	-382	0	0	0	-382
<b>Sub-Total Non-Rate Supported</b>	<b>8,198</b>	<b>5,741</b>	<b>16,443</b>	<b>3,713</b>	<b>34,095</b>	<b>0</b>	<b>64,064</b>	<b>0</b>	<b>98,159</b>
<b>Total Source of Financing</b>	<b>42,448</b>	<b>38,127</b>	<b>48,319</b>	<b>70,843</b>	<b>199,738</b>	<b>0</b>	<b>278,507</b>	<b>0</b>	<b>478,245</b>

Subject to rounding. Approved figures include Housekeeping adjustments and changes made by the 2021 Development Charges Update

Note 1. The 2020 “Other” non-rate supported source of financing budget is negative due to housekeeping budget adjustments to life-to-date capital projects that occurred in 2020 for lower than anticipated insurance proceeds and utility contributions.

## 2030 Capital Budget Overview by Classification – As Recommended (\$ Thousands)

Classification	2030 Forecast	2021 to 2030 Amended Ten Year Plan
Lifecycle Renewal	32,501	376,192
Growth	17,294	105,242
Service Improvement	558	4,713
<b>Total Expenditures</b>	<b>50,353</b>	<b>486,148</b>

Subject to rounding.

Source of Financing	2030 Forecast	2021 to 2030 Amended Ten Year Plan
Capital Rate	26,866	240,899
Debt	0	0
Reserve Fund	5,560	137,361
Other	0	0
<b>Sub-Total Rate Supported</b>	<b>32,425</b>	<b>378,260</b>
Debt	15,645	38,148
Reserve Fund	858	55,490
Federal Gas Tax	1,425	14,250
Federal Grants	0	0
Provincial Grants	0	0
Other Government	0	0
Other	0	0
<b>Sub-Total Non-Rate Supported</b>	<b>17,927</b>	<b>107,888</b>
<b>Total Source of Financing</b>	<b>50,353</b>	<b>486,148</b>

Subject to rounding.

## 2030 Major Capital Projects by Classification – As Recommended (\$ Thousands)

Classification	Project	2030 Forecast
Lifecycle Renewal	Infrastructure Renewal Program - Watermains	22,184
Lifecycle Renewal	Residential Meter Replacement	2,789
Lifecycle Renewal	Lead and Copper Water Services Replacement	1,901
Lifecycle Renewal	Watermain Rehabilitation and Relining	1,268
Lifecycle Renewal	Watermain Corrosion Protection Program	1,141
Growth	Watermain Industrial Servicing	15,645
Growth	Wonderland Rd Watermain - Oxford to Riverside	1,298
Service Improvement	Extension of Water Servicing	254

Subject to rounding.

# Water Reserve and Reserve Fund Overview

## Reserve and Reserve Fund Classification Descriptions

Classification	Type	Description
Obligatory	City Services	City Services reserve funds are legislated by the Development Charges (DC) Act, 1997, as amended; a separate reserve fund exists for each service upon which a DC is levied; contributions fund future growth related projects.
Obligatory	Federal Gas Tax	Federal Gas Tax Reserve Fund is maintained under the Agreement for Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities between Canada-Ontario-AMO-City of Toronto made as of June 17, 2005.
Discretionary	Capital Asset Renewal and Replacement	Established to provide funding for the repair and maintenance of existing City assets to ensure City-owned assets do not deteriorate over time.
Discretionary	Capital Asset Growth	Established to provide funding to new capital initiatives while allowing the City to stabilize the cost of purchasing major capital assets by spreading the cost over multiple years.
Discretionary	Special Projects and New Initiatives	Planned savings within the budget to fund projects or expenses either identified at the time the reserve or reserve fund is set-up or after, which allows the City to save for planned or unanticipated projects or expenses that may arise and do not have another funding source.
Discretionary	Contingencies/Stabilization and Risk Management	Designed to fund future obligations which are based on calculated estimates and to mitigate unforeseen events or one-time unanticipated revenue losses and expenses.



## Reserve and Reserve Fund Details – As Recommended (\$ Thousands)

Type	Reserve or Reserve Fund	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 to 2029 Forecast
Capital Asset Renewal and Replacement	Water Works Renewal	41,983	45,342	50,993	22,867	58,330
City Services	City Services - Water Distribution	16,164	16,898	7,002	11,530	5,935
Capital Asset Growth	Industrial DC Incentive Program Water	5,482	5,216	4,946	4,674	2,984
Special Projects and New Initiatives	Lead Service Replacement Program	109	109	109	108	105
Special Projects and New Initiatives	Water Customer Assistance	435	440	444	448	476
Special Projects and New Initiatives	Water Efficiency, Effectiveness and Economy Reserve <sup>1</sup>	1,941	2,059	2,177	2,296	3,006
Contingencies/Stabilization and Risk Management	Water Budget Contingency Reserve	5,524	5,524	5,524	5,524	5,524
<b>Total</b>	<b>Water Reserves and Reserve Funds</b>	<b>71,638</b>	<b>75,587</b>	<b>71,196</b>	<b>47,448</b>	<b>76,360</b>

Subject to rounding.

Note 1. Water Efficiency, Effectiveness and Economy Reserve balances are increasing because they do not factor in draws until approved by Council.

# Summary: 2021 Annual Update to the 2020 to 2023 Multi-Year Budget— Wastewater and Treatment

On November 26, 2019 Council approved a 2.5% increase in the rates and charges related to the provision of Wastewater and Treatment Services effective January 1, 2020. Further, on October 27, 2020, Council approved additional increases of 2.5% effective on January 1, 2021, 2.7% effective July 1, 2021, 2.5% effective January 1, 2022, and 2.5% effective January 1, 2023.

For 2021 there are no budget amendments for Wastewater and Treatment Services. There are, however, various pressures that Civic Administration is monitoring. They include funding needs to address the infrastructure gap, work required as part of the Canada-Ontario Lake Erie Action Plan, reducing sewer system overflows and eliminating combined sewers, and providing service for growth either in new areas or intensification of existing neighbourhoods. The following paragraphs discuss these pressures in more detail.

The 2019 Corporate Asset Management Plan was the culmination of efforts from staff across the City who are involved with managing municipal infrastructure assets, including finance and technical service areas and operations staff. The 2019 plan projected a 10 year infrastructure gap for sanitary system of \$36.28 million and \$3.75 million for the stormwater system (net of forecasted reserve fund drawdown availability over the next decade). Staff will continue to monitor the Wastewater and Treatment infrastructure gap including undertaking study work to provide higher quality information to better quantify the Wastewater and Treatment infrastructure gap moving forward. The Corporate Asset Management Plan recommended relying on the existing 20 year plans and their updates as a means to manage infrastructure gaps in Water and Wastewater and Treatment services.

The Great Lakes Water Quality Agreement requires the United States and Canada to reduce phosphorus levels that contribute to algae blooms in Lake Erie by 40% based on levels measured in 2008 with the Thames River Watershed identified as a priority. The final Canada-Ontario Lake Erie Action Plan was issued by the Federal government in February 2018. The plan includes a series of specific actions to be undertaken by the City of London that were endorsed by Council in late 2017. The City's ability to support these actions has been tied to receiving partial federal and provincial funding. To date there has been no new funding provided to support the City of London actions. If and when additional funding becomes available, City staff will actively pursue this funding.

Flood proofing of several of the City's wastewater treatment plants and flood control dykes have been identified as key projects to enhance the City of London's climate change resiliency. It is anticipated that funding will be available as part of future Federal/Provincial infrastructure programs. City staff have made a funding submission to the Federal Government's Disaster Mitigation and Adaptation Fund to help support this important work. If the next round of anticipated federal/provincial funding program is canceled, a strategy for addressing this need will be established as part of future Multi- Year Budget processes.

# 2020 to 2023 Wastewater and Treatment Operating Budget Overview

## 2020 to 2023 Multi-Year Operating Budget (\$ Thousands)

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 <sup>1</sup> )	2.5%	5.2%	2.5%	2.5%	3.2%
Wastewater and Treatment Revenue 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

## Operating Expenditure Budget by Service (\$ Thousands)

Wastewater and Treatment	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	Total 2020 to 2023 Budget
Sewer Engineering	2,314	2,355	2,393	2,397	9,460
Stormwater Management	1,514	1,537	1,557	1,557	6,164
Sewer Operations	9,728	9,870	10,007	10,154	39,759
Wastewater and Treatment Operations	21,383	21,449	21,651	21,802	86,284
Wastewater and Treatment General Administration	68,773	71,873	75,139	78,644	294,429
Conservation Authorities	2,788	2,854	2,921	2,991	11,554
<b>Total Wastewater and Treatment</b>	<b>106,500</b>	<b>109,937</b>	<b>113,668</b>	<b>117,544</b>	<b>447,650</b>

Subject to rounding.

# 2020 to 2023 Wastewater and Treatment Capital Budget and Ten Year Capital Plan

## Capital Budget Summary (\$ Thousands)

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
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

Note: Approved figures include Housekeeping adjustments and changes made by the 2021 Development Charges Update

## Capital Budget by Classification (\$ Thousands)

Budget Classification	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Lifecycle Renewal Total Approved Budget	40,103	37,577	38,916	42,620	159,216	333,010	492,226
Lifecycle Renewal Total Amended Budget	40,103	37,577	38,916	42,620	159,216	333,010	492,226
Lifecycle Renewal Increase/Decrease	0	0	0	0	0	0	0
Growth Total Approved Budget	30,599	31,524	46,475	32,675	141,274	189,591	330,865
Growth Total Amended Budget	30,599	31,524	46,475	32,675	141,274	189,591	330,865
Growth Increase/Decrease	0	0	0	0	0	0	0
Service Improvement Total Approved Budget	16,259	17,719	14,788	18,005	66,770	77,217	143,987
Service Improvement Total Amended Budget	16,259	17,719	14,788	18,005	66,770	77,217	143,987
Service Improvement Increase/Decrease	0	0	0	0	0	0	0
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0

Subject to rounding.

## Lifecycle Renewal Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	40,103	37,577	38,916	42,620	159,216	333,010	492,226
Total Amended Budget	40,103	37,577	38,916	42,620	159,216	333,010	492,226
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

## Growth Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	30,599	31,524	46,475	32,675	141,274	189,591	330,865
Total Amended Budget	30,599	31,524	46,475	32,675	141,274	189,591	330,865
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.

## 2021 Development Charges Background Study Update

The interim development charges update was initiated in response to legislative changes made to the Development Charges Act through Bill 108 that came into force and effect on January 1, 2020; just prior to the approval of the 2020 to 2023 Multi-Year Budget. The draft 2021 Development Charges Background Study Update and By-law were tabled on July 14, 2020 and subsequently approved by Council on October 27, 2020.

As a result, revised growth capital budgets are included the City's growth capital plan. No further changes are recommended through the 2021 Annual Update process.

The next comprehensive Development Charges Background Study is planned for 2024; taking effect on January 1, 2025.

## Service Improvement Capital Budget (\$ Thousands)

Budget	2020	2021	2022	2023	2020 to 2023 Total	2024 to 2029 Forecast	2020 to 2029 Ten Year Plan
Total Approved Budget	16,259	17,719	14,788	18,005	66,770	77,217	143,987
Total Amended Budget	16,259	17,719	14,788	18,005	66,770	77,217	143,987
Total Amended Budget Increase/Decrease	0	0	0	0	0	0	0
Source of Financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Rate (CR)	0	0	0	0	0	0	0
Debenture (D)	0	0	0	0	0	0	0
Reserve Fund (RF)	0	0	0	0	0	0	0
Other (O)	0	0	0	0	0	0	0
Non-tax Supported (NTS)	0	0	0	0	0	0	0
Total Source of Financing Increase/Decrease	0	0	0	0	0	0	0
Net Tax Levy Impact	0	0	0	0	0	0	0

Subject to rounding.



## 2020 to 2029 Source of Financing Overview – As Recommended (\$ Thousands)

Source of Financing	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget	2020 to 2023 Amended Budget Total	2021 to 2023 Amended Budget Increase/Decrease	2024 to 2029 Amended Forecast	2024 to 2029 Amended Forecast Increase/Decrease	2020 to 2029 Amended Ten Year Plan
Capital Rate	21,064	21,695	22,346	23,017	88,122	0	150,703	0	238,825
Debt	0	0	0	0	0	0	51,281	0	51,281
Reserve Fund	31,318	39,134	31,089	41,190	142,731	0	219,346	0	362,077
Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total Rate Supported</b>	<b>52,381</b>	<b>60,829</b>	<b>53,435</b>	<b>64,207</b>	<b>230,853</b>	<b>0</b>	<b>421,330</b>	<b>0</b>	<b>652,183</b>
Debt	8,487	8,670	25,084	12,265	54,507	0	88,378	0	142,885
Reserve Fund	19,555	12,611	16,949	12,118	61,233	0	61,849	0	123,083
Federal Gas Tax	4,651	4,500	4,500	4,500	18,151	0	27,000	0	45,151
Federal Grants	0	0	0	0	0	0	0	0	0
Provincial Grants	72	60	60	60	252	0	360	0	612
Other Government	0	0	0	0	0	0	0	0	0
Other	1,815	150	150	150	2,265	0	900	0	3,165
<b>Sub-Total Non-Rate Supported</b>	<b>34,580</b>	<b>25,991</b>	<b>46,744</b>	<b>29,093</b>	<b>136,408</b>	<b>0</b>	<b>178,488</b>	<b>0</b>	<b>314,896</b>
<b>Total Source of Financing</b>	<b>86,961</b>	<b>86,821</b>	<b>100,179</b>	<b>93,300</b>	<b>367,260</b>	<b>0</b>	<b>599,818</b>	<b>0</b>	<b>967,078</b>

Subject to rounding.

Note: Approved figures include Housekeeping adjustments and changes made by the 2021 Development Charges Update

## 2030 Capital Budget Overview by Classification – As Recommended (\$ Thousands)

Classification	2030 Forecast	2021 to 2030 Amended Ten Year Plan
Lifecycle Renewal	62,775	514,898
Growth	28,828	329,093
Service Improvement	11,394	139,122
<b>Total Expenditures</b>	<b>102,996</b>	<b>983,114</b>

Subject to rounding.

Source of Financing	2030 Forecast	2021 to 2030 Amended Ten Year Plan
Capital Rate	27,334	245,095
Debt	7,606	58,887
Reserve Fund	36,309	367,068
Other	0	0
<b>Sub-Total Rate Supported</b>	<b>71,248</b>	<b>671,050</b>
Debt	16,843	151,241
Reserve Fund	10,195	113,723
Federal Gas Tax	4,500	45,000
Federal Grants	0	0
Provincial Grants	60	600
Other Government	0	0
Other	150	1,500
<b>Sub-Total Non-Rate Supported</b>	<b>31,748</b>	<b>312,064</b>
<b>Total Source of Financing</b>	<b>102,996</b>	<b>983,114</b>

Subject to rounding.

## 2030 Major Capital Projects by Classification – As Recommended (\$ Thousands)

Classification	Project	2030 Forecast
Lifecycle Renewal	Infrastructure Renewal Program - Sanitary Sewers	21,924
Lifecycle Renewal	Infrastructure Renewal Program - Stormwater Sewers	21,434
Lifecycle Renewal	Sewer Relining	6,338
Lifecycle Renewal	Stormwater Treatment Remediation	3,549
Lifecycle Renewal	Sewer Construction and Repairs	2,789
Growth	Industrial Wastewater Servicing	8,290
Growth	Industrial Storm Trunk Sewer Servicing	5,400
Growth	Industrial SWM Ponds	5,252
Growth	SWM Facility - North Lambeth No 6	3,301
Growth	Storm Sewer Built Area Works	2,130
Service Improvement	UTRCA - Remediating Flood	5,071
Service Improvement	Targeted Road and Sidewalk Icing Reduction	1,901
Service Improvement	Wetland Restoration and SWM Treatment Enhancement	1,268
Service Improvement	Targeted Weeping Tile	1,268

Subject to rounding.

# Wastewater and Treatment Reserve and Reserve Fund Overview

## Reserve and Reserve Fund Classification Descriptions

Classification	Type	Description
Obligatory	City Services	City Services reserve funds are legislated by the Development Charges (DC) Act, 1997, as amended; a separate reserve fund exists for each service upon which a DC is levied; contributions fund future growth related projects.
Obligatory	Federal Gas Tax	Federal Gas Tax Reserve Fund is maintained under the Agreement for Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities between Canada-Ontario-AMO-City of Toronto made as of June 17, 2005.
Discretionary	Capital Asset Renewal and Replacement	Established to provide funding for the repair and maintenance of existing City assets to ensure City-owned assets do not deteriorate over time.
Discretionary	Capital Asset Growth	Established to provide funding to new capital initiatives while allowing the City to stabilize the cost of purchasing major capital assets by spreading the cost over multiple years.
Discretionary	Special Projects and New Initiatives	Planned savings within the budget to fund projects or expenses either identified at the time the reserve or reserve fund is set-up or after, which allows the City to save for planned or unanticipated projects or expenses that may arise and do not have another funding source.
Discretionary	Contingencies/Stabilization and Risk Management	Designed to fund future obligations which are based on calculated estimates and to mitigate unforeseen events or one-time unanticipated revenue losses and expenses.

## Reserve and Reserve Fund Details – As Recommended

Type	Reserve or Reserve Fund	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 to 2029 Forecast
Capital Asset Renewal and Replacement	Sewage Works Renewal	53,145	44,878	50,040	48,386	79,056
Capital Asset Growth	Industrial DC Incentive Wastewater	3,448	3,512	3,576	3,641	4,044
Capital Asset Growth	Industrial Oversizing Sewer	120	121	122	123	131
City Services	City Services - Wastewater	4,093	5,706	7,705	9,855	769
City Services	City Services – Stormwater	4,678	7,573	4,773	5,931	9,061
Special Projects and New Initiatives	Wastewater Efficiency, Effectiveness and Economy Reserve <sup>1</sup>	3,724	4,137	4,551	4,964	7,445
Special Projects and New Initiatives	Sump Pump, Sewage Ejector and Storm Private Drain Connection	283	286	289	291	309
Special Projects and New Initiatives	Disconnection of Sewer Cross Connection Loan Program	118	119	121	122	129
Contingencies/Stabilization and Risk Management	Wastewater Budget Contingency Reserve	7,882	7,882	7,882	7,882	7,882
<b>Total</b>	<b>Wastewater and Treatment Reserves and Reserve Funds</b>	<b>77,491</b>	<b>74,214</b>	<b>79,057</b>	<b>81,196</b>	<b>108,827</b>

Subject to rounding.

Note 1. Wastewater Efficiency, Effectiveness and Economy Reserve balances are increasing because they do not factor in draws until approved by Council.

# Appendix A - 2020 to 2023 Water Schedule of Rates and Charges

## 1. Monthly Water Usage Charges - Water rates

Range within Block (m <sup>3</sup> )	Monthly Water Consumption (m <sup>3</sup> )	January 1, 2020 Rate (\$/m <sup>3</sup> )	January 1, 2021 Rate (\$/m <sup>3</sup> )	January 1, 2022 Rate (\$/m <sup>3</sup> )	January 1, 2023 Rate (\$/m <sup>3</sup> )
0 - 7	First 7	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 - 15	Next 8	\$2.3069	\$2.3646	\$2.4237	\$2.4843
16 - 25	Next 10	\$2.9659	\$3.0400	\$3.1160	\$3.1939
26 - 35	Next 10	\$3.2956	\$3.3780	\$3.4625	\$3.5491
36 - 250	Next 215	\$1.2524	\$1.2837	\$1.3158	\$1.3487
251 - 7,000	Next 6,750	\$1.1864	\$1.2161	\$1.2465	\$1.2777
7,001 - 50,000	Next 43,000	\$1.0811	\$1.1081	\$1.1358	\$1.1642
50,001+	Over 50,000	\$0.9626	\$0.9867	\$1.0114	\$1.0367

## 2. Monthly Water Fixed Charges

### 2.1 Infrastructure Connection Charge

Meter Size (mm)	January 1, 2020 Monthly Charge	January 1, 2021 Monthly Charge	January 1, 2022 Monthly Charge	January 1, 2023 Monthly Charge
16 mm	\$16.20	\$16.61	\$17.03	\$17.46
19 mm	\$24.29	\$24.90	\$25.52	\$26.16
25 mm	\$40.49	\$41.50	\$42.54	\$43.60
40 mm	\$80.99	\$83.01	\$85.09	\$87.22
50 mm	\$129.59	\$132.83	\$136.15	\$139.55
76 mm	\$283.43	\$290.52	\$297.78	\$305.22
100 mm	\$485.91	\$498.06	\$510.51	\$523.27
150 mm	\$1,133.80	\$1,162.15	\$1,191.20	\$1,220.98
200 mm	\$1,943.63	\$1,992.22	\$2,042.03	\$2,093.08
250 mm	\$2,429.67	\$2,490.41	\$2,552.67	\$2,616.49

## 2.2 Fire Protection Charge

Property Classification	January 1, 2020 Monthly Rate	January 1, 2021 Monthly Rate	January 1, 2022 Monthly Rate	January 1, 2023 Monthly Rate
Residential and Low-density Residential	\$1.66	\$1.70	\$1.74	\$1.78
Institutional, Commercial, Industrial, Medium-density Residential, High Rise under 5.0 hectares	\$11.12	\$11.40	\$11.69	\$11.98
Institutional, Commercial, Industrial, Medium-density Residential, High Rise 5.0 hectares and over	\$55.54	\$56.93	\$58.35	\$59.81

## 2.3 Customer Assistance Charge

Property Classification	January 1, 2020 Monthly Charge	January 1, 2021 Monthly Charge	January 1, 2022 Monthly Charge	January 1, 2023 Monthly Charge
Residential	\$0.25	\$0.25	\$0.25	\$0.25

## 3.1 Temporary Connection Charges for Construction

Building Type	January 1, 2020 Charge (\$)	January 1, 2021 Charge (\$)	January 1, 2022 Charge (\$)	January 1, 2023 Charge (\$)
Single family	\$59.99	\$61.49	\$63.03	\$64.61
Duplex	\$59.99	\$61.49	\$63.03	\$64.61
Up to 4 units	\$74.97	\$76.84	\$78.76	\$80.73
5 to 10 units	\$112.38	\$115.19	\$118.07	\$121.02
11 to 15 units	\$149.88	\$153.63	\$157.47	\$161.41
16 to 20 units	\$187.42	\$192.11	\$196.91	\$201.83
21 to 25 units	\$225.64	\$231.28	\$237.06	\$242.99
26 to 30 units	\$262.29	\$268.85	\$275.57	\$282.46
31 to 35 units	\$299.92	\$307.42	\$315.11	\$322.99

Building Type	January 1, 2020 Charge (\$)	January 1, 2021 Charge (\$)	January 1, 2022 Charge (\$)	January 1, 2023 Charge (\$)
36 to 40 units	\$337.40	\$345.84	\$354.49	\$363.35
41 to 50 units	\$374.83	\$384.20	\$393.81	\$403.66
Over 50 units (Charge per unit)	\$7.60	\$7.79	\$7.98	\$8.18
Other Structures	\$15.26 per 93 m <sup>2</sup> of floor space (minimum charge \$)	\$15.64 per 93 m <sup>2</sup> of floor space (minimum charge \$39.07)	\$16.03 per 93 m <sup>2</sup> of floor space (minimum charge \$40.05)	\$16.43 per 93 m <sup>2</sup> of floor space (minimum charge \$41.05)

### 3.2 Main Tap Charges

Type of Main Tap	January 1, 2020 Charge	January 1, 2021 Charge	January 1, 2022 Charge	January 1, 2023 Charge
Tap size of 50 mm or less	\$359.95	\$368.95	\$378.17	\$387.62
Tap size of greater than 50 mm	\$719.90	\$737.90	\$756.35	\$775.26
Tapping concrete mains or tap size of greater than 300 mm	\$2,159.71	\$2,213.70	\$2,269.04	\$2,325.77

### 3.3 Miscellaneous Charges

Service or Activity	January 1, 2020 Charge	January 1, 2021 Charge	January 1, 2022 Charge	January 1, 2023 Charge
Change of occupancy/ Account set-up/ Security deposit	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro
Late payment	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro
NSF cheques	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro



Service or Activity	January 1, 2020 Charge	January 1, 2021 Charge	January 1, 2022 Charge	January 1, 2023 Charge
Collection charges	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro
Bulk Water User charges Cost of Water per 1,000 litres	\$3.85	\$3.95	\$4.05	\$4.15
Inspecting waterworks installations/disconnections (per hour)	\$133.25	\$136.58	\$139.99	\$143.49
Disconnection of Water Service During regular hours	\$35.00	\$35.00	\$35.00	\$35.00
After regular hours	\$185.00	\$185.00	\$185.00	\$185.00
Arrears Certificate Charges (non-payment/arrears)	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro	As set by and payable to London Hydro
Disconnect and Reconnect Meter at customer request 16 and 19 mm	\$133.25	\$136.58	\$139.99	\$143.49
25 mm and larger	\$266.50	\$273.16	\$279.99	\$286.99
Install Water Meter and Remote Read-Out Unit at customer request 16 and 19 mm	\$307.50	\$315.19	\$323.07	\$331.15
25 mm and larger	Time and Material	Time and Material	Time and Material	Time and Material
Repair damaged Water Meter 16 and 19 mm	\$235.75	\$241.64	\$247.68	\$253.87
25 mm and larger	Time and Material	Time and Material	Time and Material	Time and Material
Meter checked for accuracy at customer's request and found to be accurate 16 and 19 mm	\$271.63	\$278.42	\$285.38	\$292.51
25 mm and larger	\$404.88	\$415.00	\$425.38	\$436.01

Service or Activity	January 1, 2020 Charge	January 1, 2021 Charge	January 1, 2022 Charge	January 1, 2023 Charge
Builder and Developer Frontage Charges: (based on actual frontage which directly abuts City right-of-way)				
Residential (per meter; maximum 50 meters)	\$234.33	\$240.19	\$246.19	\$252.34
Commercial, Industrial and Institutional (per meter)	\$249.23	\$255.46	\$261.85	\$268.40
Illegal Hydrant Connection Charge (charge per offence + Water consumption)	\$768.75	\$787.97	\$807.67	\$827.86
Temporary Hydrant Connection Hydrant connection/disconnection	\$225.50	\$231.14	\$236.92	\$242.84
Hydrant occupancy (per week)	\$41.00	\$42.03	\$43.08	\$44.16
Water consumption:				
Minimum charge (up to 300m <sup>3</sup> )	\$999.38	\$1,024.36	\$1,049.97	\$1,076.22
All additional m <sup>3</sup> (per m <sup>3</sup> )	\$3.33	\$3.41	\$3.50	\$3.59
Water Meter Installation Options (by application):				
Radio Device Wired to Outside of House	No Charge	No Charge	No Charge	No Charge
Touch Pad Wired Outside of House	Material	Material	Material	Material
Meter Pit Installation	Time and Material (\$2,500.00 deposit)	Time and Material (\$2,500.00 deposit)	Time and Material (\$2,500.00 deposit)	Time and Material (\$2,500.00 deposit)
Valve Rod Extensions (by Length):				
2 Foot	\$67.62	\$69.31	\$71.04	\$72.82
2 ½ Foot	\$68.91	\$70.63	\$72.40	\$74.21
3 Foot	\$70.18	\$71.93	\$73.73	\$75.57
3 ½ Foot	\$71.47	\$73.26	\$75.09	\$76.97

Service or Activity	January 1, 2020 Charge	January 1, 2021 Charge	January 1, 2022 Charge	January 1, 2023 Charge
4 Foot	\$72.75	\$74.57	\$76.43	\$78.34
4 ½ Foot	\$74.05	\$75.90	\$77.80	\$79.75
5 Foot	\$75.33	\$77.21	\$79.14	\$81.12
5 ½ Foot	\$76.62	\$78.54	\$80.50	\$82.51
6 Foot	\$77.89	\$79.84	\$81.84	\$83.89
6 ½ Foot	\$79.18	\$81.16	\$83.19	\$85.27
7 Foot	\$80.46	\$82.47	\$84.53	\$86.64
7 ½ Foot	\$81.75	\$83.79	\$85.88	\$88.03
8 Foot	\$83.04	\$85.12	\$87.25	\$89.43
9 Foot	\$85.60	\$87.74	\$89.93	\$92.18
10 Foot	\$88.17	\$90.37	\$92.63	\$94.95

# Appendix B - 2020 to 2023 Wastewater and Treatment Schedule of Rates and Charges

## 1. Monthly Wastewater Usage Charges

Range within Block (m <sup>3</sup> )	Monthly Water Consumption (m <sup>3</sup> )	January 1, 2020 Rate (\$/m <sup>3</sup> )	January 1, 2021 Rate (\$/m <sup>3</sup> )	July 1, 2021 Rate (\$/m <sup>3</sup> )	January 1, 2022 Rate (\$/m <sup>3</sup> )	January 1, 2023 Rate (\$/m <sup>3</sup> )
0 - 7	First 7	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 - 15	Next 8	\$2.0503	\$2.1016	\$2.1583	\$2.2123	\$2.2676
16 - 25	Next 10	\$2.6361	\$2.7020	\$2.7750	\$2.8444	\$2.9155
26 - 35	Next 10	\$2.9290	\$3.0022	\$3.0833	\$3.1604	\$3.2394
36 - 250	Next 215	\$1.1128	\$1.1406	\$1.1714	\$1.2007	\$1.2307
251 - 7,000	Next 6,750	\$1.0544	\$1.0808	\$1.1100	\$1.1378	\$1.1662
7,001 - 50,000	Next 43,000	\$0.9607	\$0.9847	\$1.0113	\$1.0366	\$1.0625
50,001+	Over 50,000	\$0.8553	\$0.8767	\$0.9004	\$0.9229	\$0.9460

## 2. Monthly Wastewater Fixed Charges

Meter Size (mm)	January 1, 2020 Monthly Charge	January 1, 2021 Monthly Charge	July 1, 2021 Monthly Charge	January 1, 2022 Monthly Charge	January 1, 2023 Monthly Charge
16 mm	\$13.72	\$14.06	\$14.44	\$14.80	\$15.17
19 mm	\$20.56	\$21.07	\$21.64	\$22.18	\$22.73
25 mm	\$34.27	\$35.13	\$36.08	\$36.98	\$37.90
40 mm	\$68.53	\$70.24	\$72.14	\$73.94	\$75.79
50 mm	\$109.64	\$112.38	\$115.41	\$118.30	\$121.26
76 mm	\$239.84	\$245.84	\$252.48	\$258.79	\$265.26
100 mm	\$411.13	\$421.41	\$432.79	\$443.61	\$454.70
150 mm	\$959.35	\$983.33	\$1,009.88	\$1,035.13	\$1,061.01
200 mm	\$1,644.58	\$1,685.69	\$1,731.20	\$1,774.48	\$1,818.84
250 mm	\$2,056.30	\$2,107.71	\$2,164.62	\$2,218.74	\$2,274.21

### 3. Monthly Stormwater Fixed Charges

Property Type and Size	January 1, 2020 Storm Drainage Charge	January 1, 2021 Storm Drainage Charge	July 1, 2021 Storm Drainage Charge	January 1, 2022 Storm Drainage Charge	January 1, 2023 Storm Drainage Charge
Residential, land area equal to or below 0.40 hectares without a storm sewer within 90m of property (\$/Month)	\$12.56	\$12.87	\$13.22	\$13.55	\$13.89
Land area equal to or below 0.40 hectares (\$/Month)	\$16.71	\$17.13	\$17.59	\$18.03	\$18.48
Land area above 0.40 hectares (\$/hectare/Month)	\$139.10	\$142.58	\$146.43	\$150.09	\$153.84

### 4. Miscellaneous Rates and Charges

#### 4.1 Frontage Charge

Type of Sewer Connection (\$ per metre of calculated frontage)	January 1, 2020 Frontage Charge	January 1, 2021 Frontage Charge	July 1, 2021 Frontage Charge	January 1, 2022 Frontage Charge	January 1, 2023 Frontage Charge
Sanitary Sewer	\$255.05	\$261.43	\$268.49	\$275.20	\$282.08
Storm Sewer - Residential	\$236.12	\$242.02	\$248.55	\$254.76	\$261.13
Storm Sewer - All Lands excluding Residential	\$472.25	\$484.06	\$497.13	\$509.56	\$522.30

#### 4.2 Private Drain Connection (PDC) Charges

Services provided by the Engineer - single detached residential, low density residential dwellings	January 1, 2020 Each PDC (\$)	January 1, 2021 Each PDC (\$)	July 1, 2021 Each PDC (\$)	January 1, 2022 Each PDC (\$)	January 1, 2023 Each PDC (\$)
Repair or replace existing PDC - no construction	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00

#### 4.3 Hauled Liquid Waste Disposal

Type of Service	January 1, 2020 Rate (\$ per 1,000 litres)	January 1, 2021 Rate (\$ per 1,000 litres)	July 1, 2021 Rate (\$ per 1,000 litres)	January 1, 2022 Rate (\$ per 1,000 litres)	January 1, 2023 Rate (\$ per 1,000 litres)
Hauled Liquid Waste excluding Leachate	\$14.52	\$14.88	\$15.28	\$15.66	\$16.05
Leachate	\$26.75	\$27.42	\$28.16	\$28.86	\$29.58

#### 4.4 High Strength Sewage Service Charge

Type of Service	January 1, 2020 Rate (\$ per m <sup>3</sup> )	January 1, 2021 Rate (\$ per m <sup>3</sup> )	July 1, 2021 Rate (\$ per m <sup>3</sup> )	January 1, 2022 Rate (\$ per m <sup>3</sup> )	January 1, 2023 Rate (\$ per m <sup>3</sup> )
High Strength Sewage Service Charge	\$0.672	\$0.689	\$0.708	\$0.726	\$0.744

## Appendix C - Reconciliation of Draft Water Budget to Public Sector Accounting Board Financial Statement Budget

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements. As allowed under Ontario Regulation 284/09, when preparing the budget, The City of London, like most municipalities, excludes typical PSAB items such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense. However, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The tables on the following pages show the 2020 approved budget and 2021 to 2023 amended budgets plus adjustments to comply with PSAB format, including the following items:

1. Expenses for the amortization of tangible capital assets.
2. Reserve fund contributions and pay as you go contributions for capital asset additions.
3. The current year's post-employment benefit expense for early retirement and accrued sick leave for employees that are eligible for these benefits. The City's consolidated liability as at December 31, 2019 was \$161.7 million. Reserve fund balances of \$114.1 million as of December 31, 2019 are available to offset this obligation. The City makes reserve and reserve fund contributions to offset the liabilities created from post-employment expenses depending upon generated surpluses and personnel cost savings.

If the above items were included in the 2020 to 2023 budgets, the projected annual PSAB surplus would increase.

## Reconciliation of Draft Budget to PSAB Financial Statement Budget (\$ Thousands)

Water Budget	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget
Property Tax	0	0	0	0
Property Tax - Draft Budget Amendments	0	0	0	0
Government Grants and Subsidies	0	0	0	0
User Fees	84,604	87,353	90,395	93,560
Municipal Revenues - Other	135	135	135	135
Municipal Revenues - Transfers from Capital	0	0	0	0
Municipal Revenues - Transfers from Reserves and Reserve Funds	0	0	0	0
<b>Total Revenues</b>	<b>84,739</b>	<b>87,488</b>	<b>90,530</b>	<b>93,695</b>
Personnel Costs	9,687	9,931	10,163	10,409
Administrative Expenses	3,231	3,279	3,328	3,378
Financial Expenses - Other	74	74	74	74
Financial Expenses - Interest and Discount on Long-term Debt	24	13	7	3
Financial Expenses - Debt Principal Repayments	327	337	105	108
Financial Expenses - Transfers to Reserves and Reserve Funds	13,741	14,362	15,478	16,410
Financial Expenses - Transfers to Capital	20,793	21,414	22,054	22,713
Purchased Services	3,030	3,088	3,152	3,215
Materials and Supplies	29,790	30,900	32,039	33,209
Vehicle and Equipment	1,608	1,652	1,686	1,730
Transfers	0	0	0	0
Other Expenses	2,759	2,765	2,771	2,774
Recovered Expenses	-325	-327	-327	-328
<b>Total Expenses</b>	<b>84,739</b>	<b>87,488</b>	<b>90,530</b>	<b>93,695</b>
<b>Net Surplus (Deficit) Per Draft Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## PSAB Reporting Requirements Reconciliation (\$ Thousands)

Reconciliation Type	Description	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget
	<b>Projected Net PSAB Surplus</b>	<b>19,447</b>	<b>20,348</b>	<b>20,605</b>	<b>17,421</b>
Addback Revenue	Transfers from Capital	0	0	0	0
Addback Revenue	Transfers from Reserves and Reserve Funds	0	0	0	0
Deduct Expense	Transfers to Reserves and Reserve Funds	-13,741	-14,362	-15,478	-16,410
Deduct Expense	Transfers to Capital	-20,793	-21,414	-22,054	-22,713
Deduct Expense	Debt principal repayments	-327	-337	-105	-108
PSAB Adjustment	Capital program funding earned in year <sup>1</sup>	-94	-1,425	-1,425	-1,425
PSAB Adjustment	Capital projects not resulting in tangible capital assets <sup>2</sup>	5,884	5,283	6,695	9,816
PSAB Adjustment	Amortization <sup>3</sup>	17,881	18,771	19,716	20,717
PSAB Adjustment	Developer contributions of assumed tangible capital assets <sup>4</sup>	-6,733	-5,427	-6,508	-5,759
PSAB Adjustment	Loss on disposal of tangible capital assets <sup>5</sup>	686	485	582	544
PSAB Adjustment	Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>6</sup>	-1,728	-1,515	-1,614	-1,774
PSAB Adjustment	Government Business Enterprises adjustments <sup>7</sup>	0	0	0	0
PSAB Adjustment	Other	-580	-493	-535	-421
PSAB Adjustment	Landfill liability <sup>8</sup>	0	0	0	0
PSAB Adjustment	Employee future benefit liability <sup>9</sup>	98	86	121	112
	<b>Net Surplus (Deficit) Per Draft Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Subject to rounding.

Notes:

1. Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate is based on the approved capital budget for the respective years 2020 - 2023.

2. For PSAB purposes, any expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses. Therefore, although funded through capital, these expenses will be included in the operating expenses in the year incurred and will be reflected in the Statement of Operations on the financial statements. Estimated based on 13.86% of the capital expenditure budget, based on 2019 actuals.
3. Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated annual average increase of 4.95% based on 5 year rolling average.
4. Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at estimated fair market value during the year of assumption. These assets are predominantly comprised of water infrastructure. Estimate based on 5 year rolling average.
5. When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year rolling average.
6. Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.
7. London Hydro Inc., Fair-City Joint Venture and City-YMCA Joint Venture are considered Government Business Enterprises (GBE). At year end, the City must record the City's share of earnings based on our percentage ownership in each GBE. Estimate based on 5 year rolling average.
8. Represents the annual increase in the estimated future cost of post-closure related to landfills. Estimate based on 5 year rolling average.
9. Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year rolling average.

## Appendix D - Reconciliation of Draft Wastewater and Treatment Budget to Public Sector Accounting Board Financial Statement Budget

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements. As allowed under Ontario Regulation 284/09, when preparing the budget, The City of London, like most municipalities, excludes typical PSAB items such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense. However, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The tables on the following pages show the 2020 approved budget and 2021 to 2023 amended budgets plus adjustments to comply with PSAB format, including the following items:

1. Expenses for the amortization of tangible capital assets.
2. Reserve fund contributions and pay as you go contributions for capital asset additions.
3. The current year's post-employment benefit expense for early retirement and accrued sick leave for employees that are eligible for these benefits. The City's consolidated liability as at December 31, 2019 was \$161.7 million. Reserve fund balances of \$114.1 million as of December 31, 2019 are available to offset this obligation. The City makes reserve and reserve fund contributions to offset the liabilities created from post-employment expenses depending upon generated surpluses and personnel cost savings.

If the above items were included in the 2020 to 2023 budgets, the projected annual PSAB surplus would increase.

## Reconciliation of Draft Budget to PSAB Financial Statement Budget (\$ Thousands)

Wastewater and Treatment Budget	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget
Property Tax	0	0	0	0
Property Tax - Draft Budget Amendments	0	0	0	0
Government Grants and Subsidies	30	30	30	30
User Fees	105,660	109,097	112,828	116,704
Municipal Revenues - Other	810	810	810	810
Municipal Revenues - Transfers from Capital	0	0	0	0
Municipal Revenues - Transfers from Reserves and Reserve Funds	0	0	0	0
<b>Total Revenues</b>	<b>106,500</b>	<b>109,937</b>	<b>113,668</b>	<b>117,544</b>
Personnel Costs	17,356	17,920	18,514	19,140
Administrative Expenses	5,464	5,546	5,629	5,714
Financial Expenses - Other	0	0	0	0
Financial Expenses - Interest and Discount on Long-term Debt	1,094	847	631	486
Financial Expenses - Debt Principal Repayments	8,654	8,346	5,207	4,239
Financial Expenses - Transfers to Reserves and Reserve Funds	29,361	31,824	37,227	40,497
Financial Expenses - Transfers to Capital	21,764	22,395	23,046	23,717
Purchased Services	3,493	3,549	3,609	3,670
Materials and Supplies	11,635	11,682	11,832	11,957
Vehicle and Equipment	2,994	3,048	3,096	3,150
Transfers	2,788	2,854	2,921	2,991
Other Expenses	7,328	7,368	7,438	7,496
Recovered Expenses	-5,431	-5,442	-5,482	-5,513
<b>Total Expenses</b>	<b>106,500</b>	<b>109,937</b>	<b>113,668</b>	<b>117,544</b>
<b>Net Surplus (Deficit) Per Draft Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## PSAB Reporting Requirements Reconciliation (\$ Thousands)

Reconciliation Type	Description	2020 Approved Budget	2021 Amended Budget	2022 Amended Budget	2023 Amended Budget
	<b>Projected Net PSAB Surplus</b>	<b>26,611</b>	<b>33,296</b>	<b>32,221</b>	<b>34,628</b>
Addback Revenue	Transfers from Capital	0	0	0	0
Addback Revenue	Transfers from Reserves and Reserve Funds	0	0	0	0
Deduct Expense	Transfers to Reserves and Reserve Funds	-29,361	-31,824	-37,227	-40,497
Deduct Expense	Transfers to Capital	-21,764	-22,395	-23,046	-23,717
Deduct Expense	Debt principal repayments	-8,654	-8,346	-5,207	-4,239
PSAB Adjustment	Capital program funding earned in year <sup>1</sup>	1,972	-4,710	-4,710	-4,710
PSAB Adjustment	Capital projects not resulting in tangible capital assets <sup>2</sup>	12,064	12,030	13,881	12,928
PSAB Adjustment	Amortization <sup>3</sup>	48,719	51,143	53,718	56,443
PSAB Adjustment	Developer contributions of assumed tangible capital assets <sup>4</sup>	-19,583	-19,908	-19,735	-19,746
PSAB Adjustment	Loss on disposal of tangible capital assets <sup>5</sup>	588	574	593	584
PSAB Adjustment	Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>6</sup>	-9,900	-9,486	-10,191	-11,343
PSAB Adjustment	Government Business Enterprises adjustments <sup>7</sup>	0	0	0	0
PSAB Adjustment	Other	-867	-528	-513	-531
PSAB Adjustment	Landfill liability <sup>8</sup>	0	0	0	0
PSAB Adjustment	Employee future benefit liability <sup>9</sup>	175	154	216	200
	<b>Net Surplus (Deficit) Per Draft Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Subject to rounding.

Notes:

1. Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate is based on the approved capital budget for the respective years 2020 - 2023.

2. For PSAB purposes, any expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses. Therefore, although funded through capital, these expenses will be included in the operating expenses in the year incurred and will be reflected in the Statement of Operations on the financial statements. Estimated based on 13.86% of the capital expenditure budget, based on 2019 actuals.
3. Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated annual average increase of 4.95% based on 5 year rolling average.
4. Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at estimated fair market value during the year of assumption. These assets are predominantly comprised of wastewater infrastructure. Estimate based on 5 year rolling average.
5. When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year rolling average.
6. Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.
7. London Hydro Inc., Fair-City Joint Venture and City-YMCA Joint Venture are considered Government Business Enterprises (GBE). At year end, the City must record the City's share of earnings based on our percentage ownership in each GBE. Estimate based on 5 year rolling average.
8. Represents the annual increase in the estimated future cost of post-closure related to landfills. Estimate based on 5 year rolling average.
9. Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year rolling average.



2020-2023  
**MULTI-YEAR  
BUDGET**  
City of London

-  LondonCanada
-  @Cityoflondonont #Cityoflondonont
-  @CityofLdnOnt #LdnBudget
-  [budget@london.ca](mailto:budget@london.ca)
-  [getInvolved.london.ca](http://getInvolved.london.ca)

[london.ca/budget](http://london.ca/budget)