



**2022
ANNUAL BUDGET
UPDATE**
City of London

Budget Tabling
2022 Annual Budget Update
November 9, 2021



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

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**2022
ANNUAL BUDGET
UPDATE**
City of London

Budget Document



**Property Tax, Water,
Wastewater & Treatment
Budgets**


2022 ANNUAL BUDGET UPDATE
Draft – November 9, 2021

london.ca/budget

Accessible online: www.London.ca/Budget

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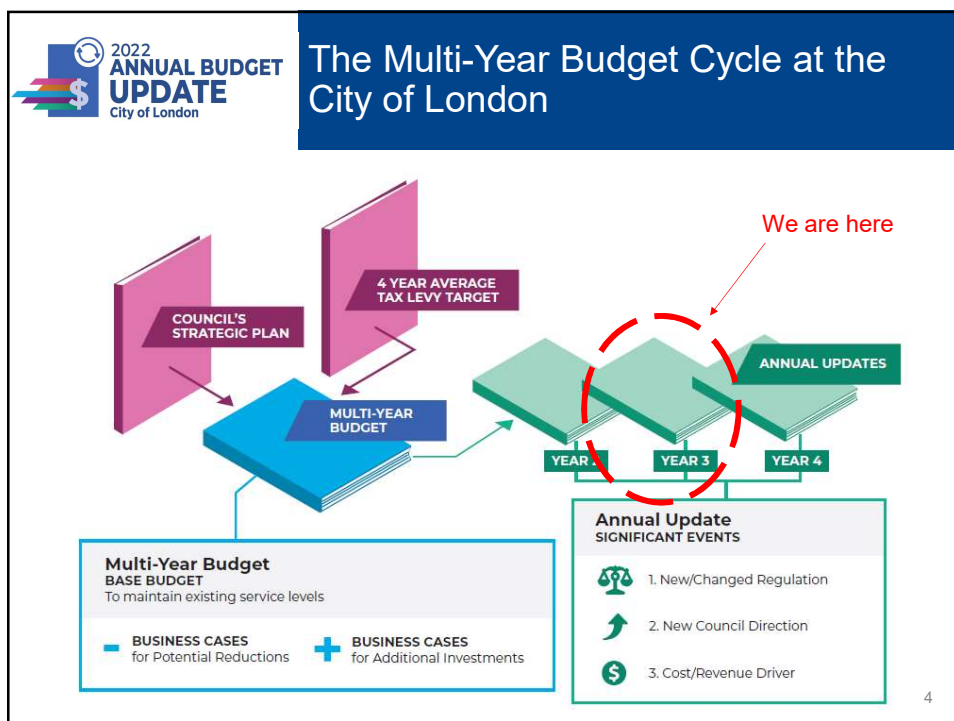


Agenda


- Refresher: Multi-Year Budget Process & Types of Budget Amendments
- New for 2022: ESG Considerations
- Recap: Property Tax Supported Multi-Year Budget after the 2021 Annual Budget Update
- Refresher: Tax Policy & Key Financial Principles
- Summary of 2022 Property Tax Supported Budget Update
- Overview of Proposed 2022 Budget Amendments
- Overview of 2022 Water and Wastewater & Treatment Budget Amendments
- Anticipated 2022 COVID-19 Impacts
- Looking Forward: 2023 Budget Update
- Key Dates in the 2022 Budget Process
- Public Engagement Overview

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Categories of Budget Amendments

- 1. New/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/Revenue Driver**
A corporate or service area budget adjustment as result in economic conditions

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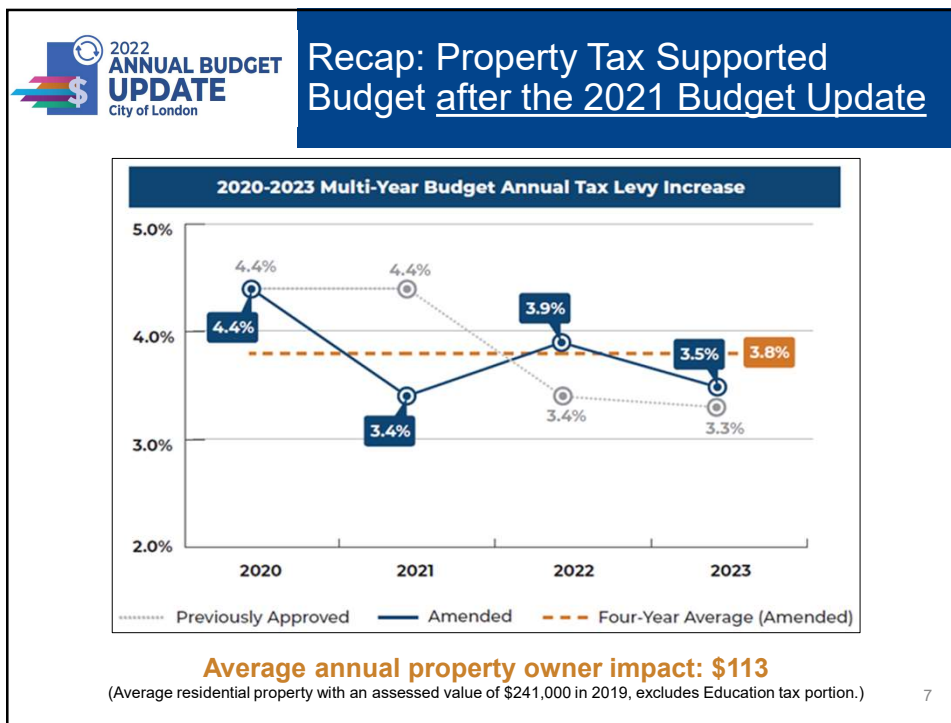


New for 2022 Budget Update: ESG Considerations

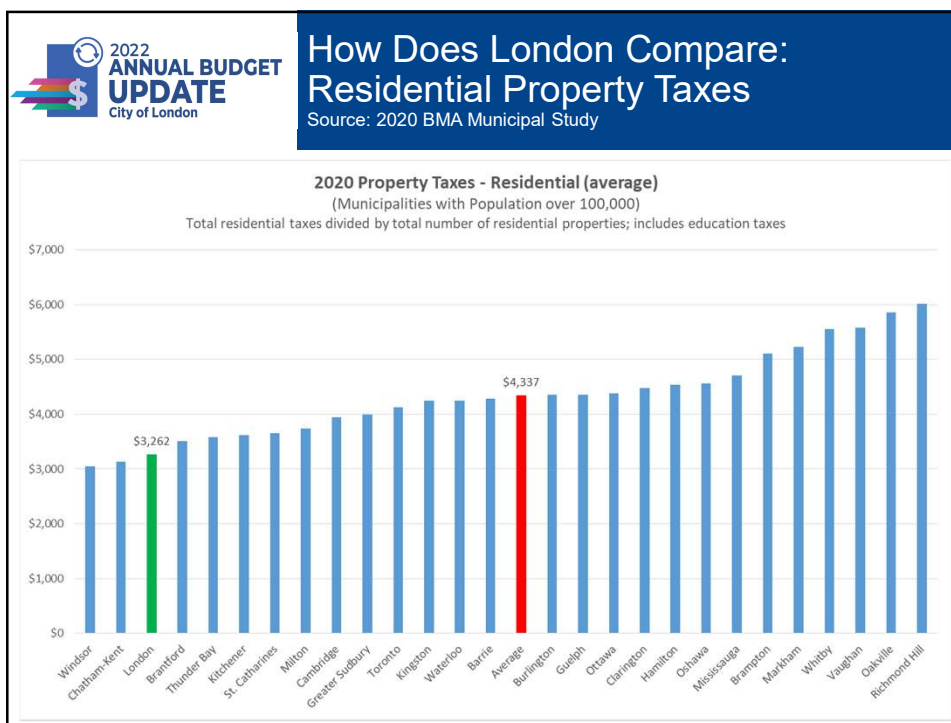
- Building on the initial inclusion of anti-racism & anti-oppression considerations in 2021 budget amendments, all 2022 budget amendments include an expanded section highlighting relevant Environmental, Social and Governance (ESG) considerations
- Environmental Considerations:
 - Will the amendment help the City reach its target of net-zero greenhouse gas emissions by 2050?
 - Will the amendment increase resilience to extreme weather or climate change impacts?
 - Have relevant stakeholders been consulted?
- Socio-economic Equity Impact Considerations:
 - What specific equity-deserving or other vulnerable groups are affected?
 - What barriers or needs does the amendment address?
 - What are the anticipated positive and negative impacts of the amendment?
 - Have relevant stakeholders been consulted?
- Governance Considerations:
 - Are there risks or approving or not approving the amendment?
 - How will the progress, results and impacts of the amendment be monitored and reported?

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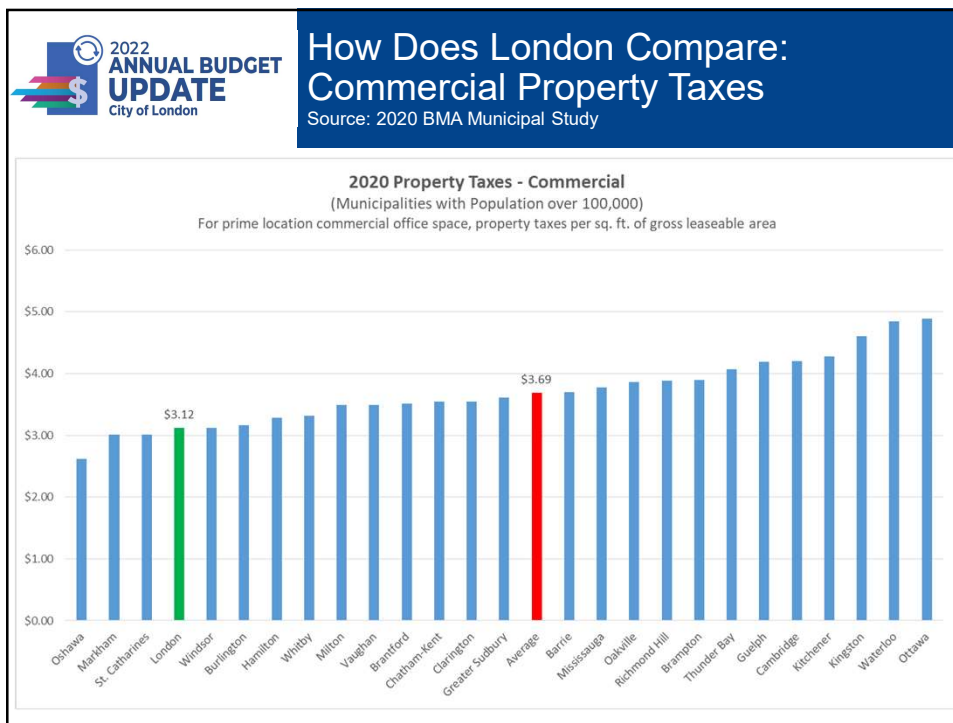
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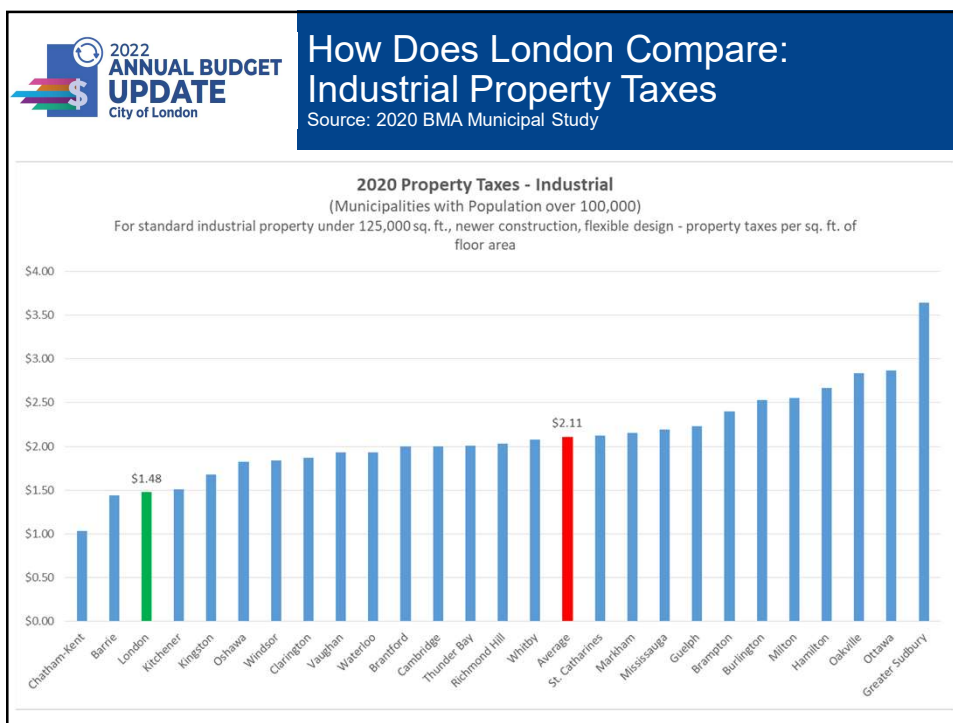
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Refresher: Tax Policy

- The actual year over year tax levy increase for a particular property is determined by multiple factors, only two of which are controlled by the City:
 - Controllable {
 - Council approved budget increase
 - Council approved tax policy
 - Uncontrollable {
 - Education tax policy (Provincial)
 - Change in assessed value of the property (determined by MPAC – an independent not-for-profit corporation)
 - Other Provincial legislation (e.g. introduction of new classes, requirements for the capping of increases, etc.)
- If the assessed value of a property increases more or less than the class average, the increase will change accordingly
- Tax policy is approved separately **after** budget approval

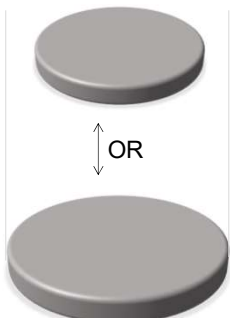
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Budget vs. Tax Policy - Illustrated

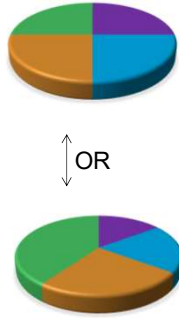
NET EXPENDITURE BUDGET



“How big is the pie?”

Aggregate amount to be funded by taxpayers


TAX POLICY



“How is the pie sliced?”

Between property classes: residential, multi-residential, commercial, industrial, etc.

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Refresher: Key Financial Principles

- 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;
- 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;

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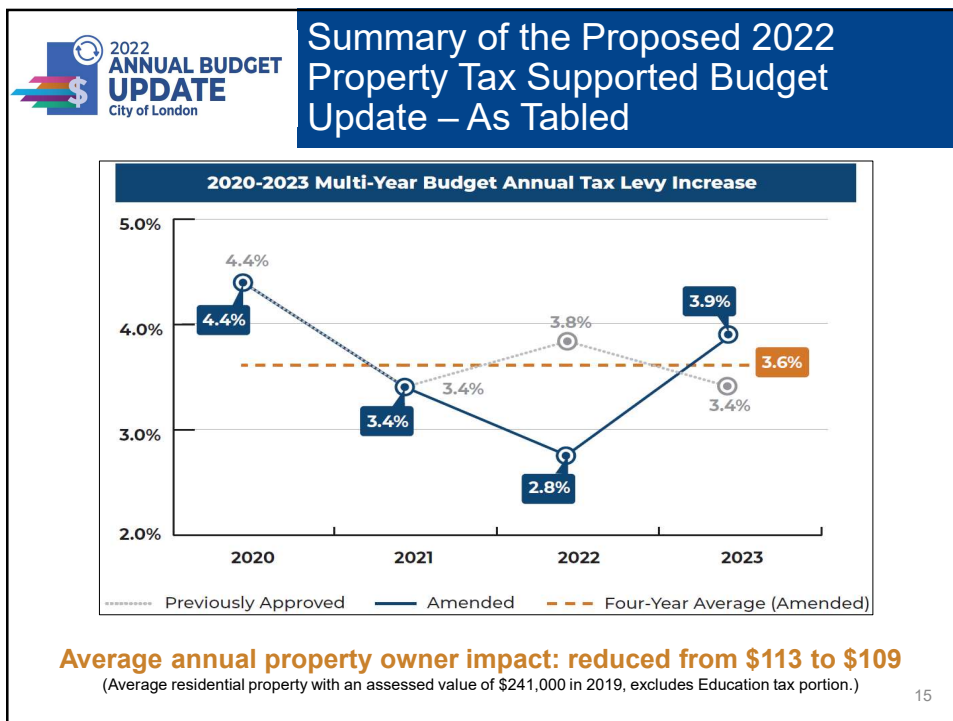


Refresher: Key Financial Principles – cont'd

- 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.

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#	Description	Tax Levy Impact		
		2022	2023	2024 & Beyond
P-1	Reductions due to zero-based reviews and other budget right-sizing	(\$3,712)	(\$3,282)	(\$3,282)
	Civic Administration conducts regular reviews of its budgets to ensure resources are aligned with current service levels. These reviews are supported through techniques such as zero-based budget reviews and trend analysis, among others. As a result of this work, Civic Administration has identified permanent budget reductions that can be implemented without impacting service levels.			
P-2	Middlesex-London Health Unit - Additional operating costs due to inflationary pressures	\$640	\$640	\$640
	Through the 2021 budget process, the Middlesex-London Health Unit determined that an increase of \$762,000 (City of London: \$640,000 and County of Middlesex: \$122,000) was required for 2021, made up largely of inflationary and incremental premises cost pressures. Due to timing, this increase was not reflected in the City's 2021 Budget Update and must be included in the 2022 Budget Update.			

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#	Description	Tax Levy Impact		
		2022	2023	2024 & Beyond
P-3	RBC Place London funding support	\$0	\$0	\$0
	Current COVID-19 restrictions continue to hamper the recovery of the tourism and events industry, including RBC Place London. Current operational and cash flow analysis shows a significant need for additional City of London funding support during the first few months of 2022 based on the current number and nature of events on the books. As a result, RBC Place London is looking to proactively address the projected operational and cash flow shortfall through a one-time \$850,000 request in order to continue to operate and maintain the facility through 2022. This request is recommended to be funded from the Operating Budget Contingency Reserve, resulting in no tax levy impact.			
P-4	Private Parking Enforcement Program – Increased fines	(\$100)	(\$100)	(\$100)
	One of the parking services offered to property owners is the Private Parking Enforcement Program. This Program has been offered for several years and is the third highest ticket issuance category in terms of volume of charges. As this Program is more of a deterrent for private property trespassing than a parking issue on public property, it would be timely to re-examine the penalty amount of \$45 as an adequate amount to deter repeated offences. Increasing the penalty to \$60 would be a reasonable deterrent to repetitive trespassing for parking purposes.			

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#	Description	Tax Levy Impact		
		2022	2023	2024 & Beyond
P-5	Reduction in required Child Care and Ontario Works investments	(\$2,773)	\$0	\$0
	In the 2020-2023 Multi-Year Budget, in light of provincial funding changes, Council approved additional funding for the Ontario Works program and for the development of anticipated new child care centres. As a result of the COVID-19 pandemic and associated recovery benefits, the Ontario Works program has experienced a decreased caseload along with a decrease in employment related expenses resulting in net funding of \$1.1 million not being required for 2022. Further, the development of anticipated child care centres has been delayed due to COVID-19, resulting in the municipal portion of the Child Care Expansion Plan Funding not being required in 2022 (\$1.6 million).			
P-6	Reduction to previously approved Business Cases - Infrastructure Gap and Community Building Projects	(\$650)	(\$650)	(\$650)
	This amendment seeks Council's approval regarding a permanent decrease of \$600,000 to the Council approved 2020 to 2023 Additional Investment Business Case 4B - City of London Infrastructure Gap and cancellation of 2020 to 2023 Additional Investment Business Case 17A – Community Improvement Plan - Community Building Projects, resulting in a permanent reduction of \$50,000.			

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#	Description	Tax Levy Impact		
		2022	2023	2024 & Beyond
P-7	Reduction to Neighbourhood and Athletic Grant Programs	(\$235)	(\$235)	(\$235)
	Three programs providing community grants have been identified as potential budget reduction opportunities: the Neighbourhood Decision Making Program; the Neighbourhood Small Events Fund; and the Athletic Travel Grants Program. This budget amendment outlines permanent reductions to the Neighbourhood Decision Making Program and the Neighbourhood Small Events fund, and the elimination of the Athletic Travel Grants Program.			
P-8	Parks Naturalization and Reduction in Tree Trimming	(\$258)	(\$258)	(\$258)
	This budget amendment has been proposed to help alleviate tax levy pressures without significantly reducing service levels through reductions in the limits of grass cutting in parks and along select roadsides and reductions to proactive tree trimming.			

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#	Description	Capital Budget Impact		
		2022	2023	2024-2029 Total
P-9	Continuation of the City's Invasive Plant Species Management Strategy	\$375	\$375	\$375
	The City has a comprehensive Invasive Plant Species Management Strategy that has been actively addressing invasive plants across the City since 2018. This business case seeks additional funding to support these efforts for 2022 to 2024.			
P-10	Transportation - Realignment and Adjustment of Growth Capital Project Budgets	\$4,074	\$5,117	\$4,241
	Various large, complex transportation projects (Sunningdale, Southdale & Wharcliffe widening projects) have and/or are progressing through planning and environmental assessment stages which have provided better information to inform the required budgets and their timing.			
NOTE: These capital budget amendments <u>do not</u> have a tax levy impact.				

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#	Description	Capital Budget Impact		
		2022	2023	2024-2029 Total
P-11	Development of Long Term Waste Disposal Capacity	\$1,720	\$0	\$8,610
	The estimated cost to construct the proposed expansion of the W12A Landfill site needs to be amended based on the final proposed expansion option identified in the Environmental Assessment process. It should be noted that the estimated total lifecycle cost to construct the proposed landfill expansion option is approximately \$8.1 million less than previously estimated, however the timing and amounts of funding required over the coming years have changed.			
P-12	Zero-Emission Bus Implementation Strategy	\$25,960	\$0	\$0
	London Transit is planning to begin the transition to a zero-emission bus fleet. The initial implementation step calls for London Transit to procure 10 battery electric buses and 7 chargers (3 overhead and 4 plug-in). This project will also require facilities work to upgrade the grid connection, install the required charging equipment, and retrofit facilities to accommodate the zero-emission buses.			
NOTE: These capital budget amendments <u>do not</u> have a tax levy impact.				

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#	Description	Capital Budget Impact		
		2022	2023	2024-2029 Total
W-1	Schedule Changes for Water Lifecycle Renewal Projects	(\$1,206)	\$1,206	\$0
	A schedule change to defer the projects in this amendment is needed to align works with the timing of the Transportation Sunningdale Road Widening project. Aligning the timing of different infrastructure needs in a location is to the financial advantage to the City as the restoration costs are shared. It is also socially advantageous for the public, as it causes less construction disruption with lane and road closures.			
W-2	Schedule Changes for Water Growth Projects	(\$7,614)	\$7,614	\$0
	The need, scope, and timing of the projects in this budget amendment are under review as part of a servicing study that is expected to be completed in 2022. This amendment will allow this study to confirm if these projects and their current scopes are appropriate, in the City's best interests, and that the timing aligns with the projected needs for future residential, institutional, commercial, and industrial growth.			
<p>These amendments <u>do not</u> impact the previously approved Water rate increases (2.5% increase effective January 1, 2022 and 2.5% increase effective January 1, 2023)</p>				


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#	Description	Operating Budget Impact		
		2022	2023	2024 & Beyond
WWT-1 (Part A)	Reduce Energy Budget at Greenway Wastewater Treatment Plant	(\$700)	(\$717)	(\$717)
	Wastewater has realized significant savings in energy costs over the past few years. These savings are a result of initiatives at Greenway Wastewater Treatment Plant, which have created significant reductions in electrical consumption, and accordingly, savings in energy costs.			
#	Description	Capital Budget Impact		
		2022	2023	2024-2029 Total
WWT-1 (Part B)	Create Dedicated Program for Sewage Bypass and Overflow Elimination	\$700	\$717	\$4,679
	Part B of this amendment is being recommended to use the permanent reduction outlined in Part A to develop a new capital program. It will fund small to medium size standalone bypass and overflow elimination projects, as well as similar components of larger wastewater projects.			
<p>These amendments <u>do not</u> impact the previously approved Wastewater rate increases (2.5% increase effective January 1, 2022 and 2.5% increase effective January 1, 2023)</p>				

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Anticipated COVID-19 Impacts in 2022

- Many services will continue to experience persistent COVID-19 financial impacts into 2022; total corporate impact currently anticipated to be approx. \$17M, including:

Area/Impact	Potential Financial Impact (\$M)
London Transit Commission – lower than normal ridership	\$2.8 - \$5.6
Parking – continued lower than anticipated parking revenues	\$3.5
Corporate Financing – lower than anticipated interest rates impacting investment income; reduced payment in lieu of taxes from London Airport	\$2.8
Neighbourhood and Recreation Services – uncertain participation rates in recreation programs & facilities	\$2.4
RBC Place – gradual resumption of large events	\$2.1

- \$12.3M contributed to the Operating Budget Contingency Reserve from 2020 surplus for future COVID-19 impacts is available to offset these pressures – no further budget amendments suggested at this time. 25

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Looking Forward – 2023 Budget Update

- 2023 Annual Budget Update will continue to provide opportunities to address emergent needs and flexibility to adjust the tax levy as required.
- Civic Administration remains committed to ensuring the efficiency and effectiveness of service delivery and will continue to utilize a variety of tools during 2022 to further identify efficiencies and opportunities to address the 2023 tax levy increase in preparation for the 2023 Annual Budget Update.
- Other emerging developments for 2023 (e.g. implementation of producer pay responsibility for the recycling program) may provide further opportunities to reduce the planned tax levy increase.

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Key Dates in the Budget Process

What / Where	Date
Tabling of the 2022 Annual Budget Update SPPC at 4:00pm	November 9
Public Participation Meeting SPPC at 4:00pm	November 29
2022 Annual Budget Update Review SPPC at 9:30am	December 2 December 3 (if required)
Final Approval of the 2022 Annual Budget Update Council at 4:00pm	December 21

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Upcoming 2022 Budget Update Public Engagement Activities

Description	Date
Social Media & Digital Advertising	Ongoing through Budget Approval
Budget Webpage (www.london.ca/budget) – all materials available	Ongoing
GetInvolved.London.ca Website – education & guidance on how to get more information or submit feedback	Ongoing
Virtual Budget Information Session #3	November 17 6:00pm
Public Participation Meeting	November 29 SPPC at 4:00pm
Support for Councillors' Engagement Activities	As Requested
Virtual Meetings with Community Groups	As Requested
Virtual Meetings with Advisory Committees	As Requested
Phone Calls (519-661-4638), E-mails (budget@london.ca)	As Requested
E-mail Updates via Newsletter	Ongoing

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