

Report to Corporate Services Committee

To: Chair and Members
Corporate Services Committee

From: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Subject: 2021 Year-End Operating Budget Monitoring Report

Date: April 19, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the 2021 Year-End Operating Budget Monitoring Report:

- a) The 2021 Operating Budget Year-End Monitoring Report for the Property Tax Supported Budget, Water Budget, and Wastewater and Treatment Budget **BE RECEIVED** for information. An overview of the net corporate positions prior to the recommendations listed in this report and contribution to the Operating Budget Contingency Reserve are outlined below:
 - i) Property Tax Supported Budget surplus of \$19.6 million.
 - ii) Water Rate Supported Budget surplus of \$3.7 million.
 - iii) Wastewater and Treatment Rate Supported Budget surplus of \$2.2 million.
- b) The contribution of year-end Property Tax Supported, Water Rate Supported and Wastewater and Treatment Rate Supported Budget surplus to the applicable Contingency Reserve up to the respective contingency target in accordance with the Council approved Surplus/Deficit Policy **BE RECEIVED** for information:
 - i) \$7.0 million to the Operating Budget Contingency Reserve, noting the balance remains under its target.
 - ii) \$2.4 million to the Water Budget Contingency Reserve, noting the balance reaches its target with this contribution.
 - iii) \$2.2 million to the Wastewater and Treatment Budget Contingency Reserve, noting the balance remains under its target.
- c) Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration **BE AUTHORIZED** to allocate year-end Property Tax Supported Budget surplus as follows:
 - i) An additional \$2 million contribution to the New Affordable Housing Reserve Fund to support future affordable housing initiatives, noting a \$10 million contribution was previously approved and reflected in the surplus noted in part a), bringing the total contribution to \$12 million.
 - ii) \$5 million contribution to the Infrastructure Gap Reserve Fund to support the City's effort to mitigate growth in the infrastructure gap.
 - iii) A one-time grant to support Covent Garden Market operations in the amount of \$1.8 million due to COVID-19 financial impacts. See Appendix C for funding request letter from Covent Garden Market.
 - iv) A one-time grant to support RBC Place London operations in the amount of \$0.5 million due to COVID-19 financial impacts. See Appendix D for funding request letter from RBC Place.

IT BEING NOTED that the remaining surplus, after taking into consideration the recommendations in this report, will be allocated in accordance with the Council-approved Surplus/Deficit Policy.

- d) The presentation (Appendix E) providing an overview of 2021 Year-End Budget Monitoring **BE RECEIVED** for information.

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

Executive Summary

This report provides a summary of the 2021 year-end operating results for the Property Tax Supported Budget, the Water Rate Supported Budget and Wastewater and Treatment Rate Supported Budget.

The Property Tax Supported Budget incurred a total of \$68.7 million of COVID-19 financial impacts in 2021 (lost revenues and additional costs). However, significant Federal and Provincial support has been made available since the onset of the pandemic, with the City of London utilizing a total of \$45.9 million in 2021 through various programs. In addition, net operational savings were realized primarily from temporary closures or reduced operations in various programs, services and facilities throughout the City due to public health restrictions (total savings of \$42.4 million). Combining the Federal and Provincial funding support with the net savings resulting primarily from closures and reduced operations, the City ended the year in a surplus position of \$19.6 million for the Property Tax Supported Budget.

The Water Rate Supported Budget incurred additional costs of \$0.1 million related to COVID-19 and realized a revenue surplus of \$3.0 million primarily driven by surplus from consumption-based revenues. These factors, combined with a \$0.8 million surplus from various operational costs savings, has resulted in the Water Rate Supported Budget ending the year with a \$3.7 million surplus.

The Wastewater and Treatment Rate Supported Budget incurred lost revenues due to COVID-19 of \$1.4 million as a result of the delay in rate increases associated with the transfer of the Conservation Authorities' costs from the Property Tax Supported Budget. The Wastewater and Treatment Budget also incurred additional costs of \$0.3 million related to COVID-19. A total of \$1.4 million of Safe Restart Funding was applied to the Wastewater and Treatment Budget to offset the lost revenues noted above. A total of \$1.8 million was realized primarily from energy efficiency savings and net operational savings, with another \$0.7 million in revenue surplus from consumption-based revenues. These factors resulted in the Wastewater and Treatment Budget ending the year with a surplus of \$2.2 million.

Linkage to the Corporate Strategic Plan

Council's 2019 to 2023 Strategic Plan for the City of London identifies 'Leading in Public Service' as a strategic area of focus. The City of London's Multi-Year Budget development and monitoring is a strategy to maintain London's finances in a transparent and well-planned manner to balance equity and affordability over the long term. On a semi-annual basis, through the Operating Budget Monitoring Report process, Civic Administration measures the results achieved against approved budgets, and recommends appropriate adjustments in line with City policies and practices. This exercise ensures the operating budget is continuously updated and reflective of the City's Strategic Plan.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Strategic Priorities and Policy Committee, meeting on April 27, 2021, Agenda Item 4.2, 2020 Year-End Operating Budget Monitoring Report and COVID-19 Financial Impacts <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=80678>

Corporate Services Committee, meeting on September 20, 2021, Agenda Item 2.1, 2021 Mid-Year Operating Budget Monitoring Report <https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=85151>

2.0 Discussion and Considerations

Budget monitoring is a key component for the governance and accountability process of the 2020 to 2023 Multi-Year Budget. As part of the move to a Multi-Year Budget for the Corporation of the City of London (the “City”), the budget monitoring process and reporting elements were evaluated to ensure that Council and the community are provided with the appropriate amount of information to understand actual and projected spending against the budget.

Each year Civic Administration will submit two monitoring reports to Council, the Operating Budget Mid-Year Monitoring Report and Operating Budget Year-End Monitoring Report. In addition to these two reporting cycles, once per year the multi-year budget is updated through the Annual Budget Update (refer to **Appendix B** for the budget cycle). The monitoring reports and annual budget updates inform Council and the community of the City’s progress towards achieving the approved multi-year budget targets.

The purpose of this report is to:

- Provide an overview of the results of the operating budgets for the Property Tax Supported Budget and rate supported budgets for Water and Wastewater and Treatment.
- Provide an overview of the net financial impacts of COVID-19.
- Provide information on the allocation of 2021 year-end surplus and obtain Council’s approval as applicable.
- Provide an overview of federal and provincial funding as well as other forms of grants provided in response to COVID-19.
- Provide an updated summary of the COVID-19 factors projected to impact the 2022 Budget and beyond.
- Provide a summary of other emerging issues that may impact the Multi-Year Budget in 2022 to 2023.

3.0 Financial Impact/Considerations

3.1 2021 Property Tax Supported Operating Budget Monitoring

COVID-19 continues to have a significant financial impact on the City’s Property Tax Supported Budget. The City incurred a total of \$68.7 million of COVID-19 financial impacts in 2021 (lost revenues and additional costs). However, significant Federal and Provincial support has been made available since the onset of the pandemic, with the City of London having utilized a total of \$45.9 million in 2021 through various programs. In addition, net operational savings were realized primarily from temporary closures or reduced operations in various programs, services and facilities throughout the City due to public health restrictions (total savings of \$42.4 million). Combining the Federal and Provincial funding support with the net savings resulting primarily from closures and reduced operations, the City has ended the year in a surplus position of \$19.6 million for the Property Tax Supported Budget. Table 1 provides a summary breakdown of the year-end position.

Table 1 – 2021 Year-End Position (\$millions)

Category	Lost Revenues due to COVID-19 (A)	Additional Costs due to COVID-19 (B)	Financial Impacts due to COVID-19 (C) = (A+B)	COVID-19 Related Grant Funding (D)	All Other Factors (E)	Surplus/ Deficit (F) = (C)+(D) + (E)
Property Tax Supported Civic Service Areas Budgets	-\$23.5	-\$21.2	-\$44.7	\$33.3	\$30.0	\$18.6
Boards and Commissions Budgets	-\$23.3	-\$0.7	-\$24.0	\$12.6	\$12.4	\$1.0
Total Civic Areas and Boards and Commissions	-\$46.8	-\$21.9	-\$68.7	\$45.9	\$42.4	\$19.6
Recommendation b) i) contribution to the Operating Budget Contingency Reserve						-\$7.0
Recommendation c) i) for a \$2 million contribution to the New Affordable Housing Reserve Fund to support future affordable housing initiatives, noting a \$10 million contribution was previously approved as part of the 2021 Mid-Year Operating Monitoring Report, bringing the total contribution to \$12 million						-\$2.0
Recommendation c) ii) for a \$5 million contribution to the Infrastructure Gap Reserve Fund to mitigate growth in the infrastructure gap						-\$5.0
Recommendation c) iii) for a one-time grant to support Covent Garden Market operations in the amount of \$1.8 million						-\$1.8
Recommendation c) iv) for a one-time grant to support RBC Place London operations in the amount of \$0.5 million						-\$0.5
Total Civic Areas and Boards and Commissions Surplus After Recommendations						\$3.3

Subject to rounding

The primary contributing factors driving the year-end position include:

- Lost revenues of \$46.8 million. Main drivers include lost transit revenue due to lockdown measures that resulted in a significant decline in transit ridership, lost user fee revenue due to closures or significantly reduced operations at community centres and recreation facilities, cancellation or reduced offerings of recreation events and programming, lost parking revenues from meter and lot fees, and lost gaming revenues at the Western Fair.
- Additional costs incurred of \$21.9 million, primarily driven by additional expenditures to provide temporary housing arrangements for vulnerable populations, costs to support safe re-opening plans, and enhanced cleaning and additional personal protective equipment.
- Offset by other grant funding of \$45.9 million primarily driven by Safe Restart Agreement funding, and Social Services Relief Funding.
- Also offset by other net savings of \$42.4 million due to various operational savings (net of associated reserve fund contributions), the majority of which are resulting from temporary closures, delays or reduced operations due to COVID-19. Specific examples include, among others:
 - Neighbourhood and Recreation Services – Cost savings due to reduced operations and closures at community centres and recreation facilities/programs;
 - Various Services – Reduced utilities usage and lower maintenance costs at City facilities due to closures/reduced operations;

- Social and Community Support Services – Lower than anticipated spending on employment-related expenses for Ontario Works participants as many individuals were being supported by other government income supports;
- Roadways – Cost savings driven by a number of factors such as delayed implementation of Transportation Intelligent Mobility Management System (TIMMS), winter maintenance savings from a milder winter from January to March, and savings due to new streetlight maintenance contract and LED conversion;
- London Transit Commission – COVID-19 related operating cost savings, in addition to annualized Assessment Growth funding received but only partial year growth costs incurred;
- RBC Place London – Cost savings from reduced operations and events, as well as additional one-time funding received from the City of London;

For a breakdown of the surplus/deficit by service grouping, refer to **Appendix A**.

In comparison to previous projections for 2021 COVID-19 net financial impacts (\$20.0 million per the 2021 Mid-Year Report for the Property Tax Supported Budget), the City has experienced greater COVID-19 net financial impacts (\$22.8 million). Additional lost revenues due to lockdowns continued throughout the year, including impacts from the Omicron variant, with lost revenues primarily driven by reduced ridership for the London Transit Commission, closures at community centres and recreation facilities, and reduced parking revenues.

Allocation of 2021 Property Tax Supported Budget Surplus

Operating Budget Contingency Reserve:

The City of London is expecting that higher than anticipated inflationary pressures are likely to impact the City's 2022 Budget and potentially future budgets as well. Statistics Canada has recently reported that the inflation rate, as measured by the Consumer Price Index (CPI), is the highest it has been in 30 years (5.7% increase as of February, year-over-year). Factors include supply chain disruptions and increased demand for certain materials due to the pandemic, in addition to the ongoing crisis in Ukraine. The inflationary pressures have been even more acute for construction prices, with the Non-Residential Building Construction Price Index increasing by more than 11% year-over-year. While the City often has the ability to mitigate inflationary pressures (e.g. with offsetting savings in other budget lines, reviewing the scope of goods/services purchased, etc.), this is not always possible. Inflationary impacts have escalated significantly in 2022 and are being seen throughout the City's operating and capital budgets. While inflationary increases were included in the City's approved 2020-2023 Multi-Year Budget, the current levels of inflation exceed what was contemplated in the development of the budget.

A \$7.0 million contribution to the Operating Budget Contingency Reserve would be utilized, as necessary, to help offset inflationary pressures on the 2022 and 2023 budgets, noting also that the balance in the Operating Budget Contingency Reserve remains under its target. For reference, a \$7.0 million contribution represents only 1% of the 2022 Property Tax Supported Net Budget. Similarly, \$7.0 million represents approximately 1% of the City's gross expenditure budget net of personnel costs and external transfers, both of which are not immediately impacted by inflationary pressures.

The City will continue to monitor inflationary impacts. Should pressures become increasingly volatile and/or more permanent in nature, Civic Administration will report back through Committee or the Annual Budget Update process, as required.

New Affordable Housing Reserve Fund:

On April 13, 2021, Municipal Council directed Civic Administration to expedite the development of 3,000 affordable housing units, as set out in the Housing Stability Action

Plan, to be in place in five years, instead of ten years as set out in the Plan; and that Civic Administration be directed to report back with an implementation plan, including financial impacts. On November 23, 2021, a proposed implementation plan, inclusive of projected financial impacts, was presented to Committee and subsequently approved by Council. The implementation plan highlighted that despite the significant investments approved by Council for the housing system, additional funding is required in order to achieve the Roadmap's 3,000 units and create the affordable units needed. Financing strategies and sources of funding for both operating and capital costs were outlined in detail noting that significant drawdowns from the City's portfolio of reserves and reserve funds are required to fund the plan.

As part of the 2021 Mid-Year Operating Monitoring Report, notwithstanding the Surplus/Deficit Policy, Council approved a \$10 million allocation from the Property Tax Supported Budget surplus to the New Affordable Housing Reserve Fund to be used as funding source for future affordable housing initiatives, including the approved Roadmap to 3,000 Units. It is recommended that an additional \$2 million contribution be made to the New Affordable Housing Reserve Fund to further support affordable housing initiatives, bringing the total contribution to \$12 million.

Infrastructure Gap Reserve Fund:

A one-time \$5 million contribution to the Infrastructure Gap Reserve Fund is recommended to support the City's efforts to mitigate growth in the infrastructure gap, and climate needs where appropriate. At the Corporate Service Committee meeting on July 26, 2021, the Corporate Asset Management Plan 2021 Review was presented which indicated a 10-year infrastructure gap (2021-2030) of \$666.9 million; up \$47.8 million from 2020. Future forecasts for the City's Capital Asset Renewal and Replacement category of reserve funds, which support lifecycle maintenance of the City's existing assets, predict heavy reliance on these reserve funds. The Infrastructure Gap Reserve Fund is a significant component of this category. This contribution will further support efforts to implement the City's Corporate Asset Management Plan and mitigate the growth in the City's infrastructure gap, including potential green infrastructure asset replacement strategies.

Covent Garden Market:

The Covent Garden Market has made all possible efforts to maintain operations during the pandemic but is now at a position where they require assistance from the City of London. Since the onset of the pandemic, the Market has been required to draw on its reserves to sustain its operations. These reserves are intended to support capital needs at the Market; the ability to execute on the capital plan is now in jeopardy given the reserve draws that have been required. The Covent Garden Market is requesting one-time support of \$1.8 million from the City of London to support operations in 2022 & 2023 as economic recovery from COVID-19 continues. This funding would enable the Market to proceed with the necessary capital projects as well as some building repairs and maintenance. By having the funds to complete these projects, the Market will continue to maintain its standard of service to patrons and tenants, while avoiding additional costs for preventative maintenance and repairs on older equipment that needs to be replaced, and areas of the building that require upkeep.

For full details of this request, please refer to **Appendix C**.

RBC Place London:

COVID-19 restrictions continued to hamper the recovery of the tourism and events industry in 2021 including RBC Place London. Despite the recent lifting of some public health measures, general apprehension about group events continues to negatively impact the venue's ability to recover from the pandemic. Industry experts anticipate a two to five year recovery period for the live events industry. RBC Place London anticipates 18 to 24 months for recovery with a strong regional and provincial market base and international events rebooked for late 2022 and 2023.

As part of the 2022 Annual Budget Update, RBC Place London received funding support from the City totalling \$850 thousand to proactively address their projected operational and cash flow shortfall. Despite the support received as part of the 2022 Annual Budget Update, the emergence of the Omicron variant has resulted in greater disruption to RBC Place’s planned schedule of events than was anticipated in the 2022 Budget Amendment. In order to ensure that RBC Place’s operations can be sustained through 2022, an additional \$500 thousand is required to continue to operate and maintain the facility. It should be noted that this funding support will only be provided in the event that it is required by RBC Place, based on regular financial reporting provided to Civic Administration.

For full details of this request, please refer to **Appendix D**.

Council Approved Surplus/Deficit Policy Allocation:

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

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

If the recommended allocations in this report for the property tax supported surplus are approved, the remaining surplus would be \$3.3 million. As per Policy, the \$3.3 million surplus will be allocated as follows:

- a) \$1.67 million to reduce authorized debt;
- b) \$835 thousand to the Community Investment Reserve Fund, and;
- c) \$835 thousand to the Capital Infrastructure Gap Reserve Fund.

3.2 2021 Water Rate Supported Operating Budget Monitoring

The 2021 Water Rate Supported Budget surplus is \$3.7 million (Table 2) prior to the year-end contribution to the Water Budget Contingency Reserve.

Table 2 – 2021 Year-End Position (\$millions)

Category	Lost Revenues due to COVID-19 (A)	Additional Costs due to COVID-19 (B)	Financial Impacts due to COVID-19 (C) = (A+B)	COVID-19 Related Grant Funding (D)	All Other Factors (E)	Surplus/ Deficit (F) = (C)+(D) + (E)
Water	\$0.0	-\$0.1	-\$0.1	\$0.0	\$3.8	\$3.7
Recommendation b) ii) contribution to the Water Budget Contingency Reserve to achieve Contingency Target						-\$2.4
Total Water Surplus After Contribution						\$1.3

Subject to rounding

The year-end position is driven by the following:

- Additional costs of \$0.1 million to meet COVID-19 protocol requirements and the purchase of additional COVID-19 related personal protective equipment.
- All other factors resulting in a net surplus of \$3.8 million:
 - \$3.0 million surplus in revenues, primarily from residential consumption-based revenues as customers continue to spend more at home.
 - \$0.8 million surplus driven by various operational cost savings.

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

- d) 50% to reduce authorized debt, and;
- e) 50% to the Waterworks Reserve Fund to mitigate growth in the infrastructure gap.

As per Policy, the residual \$1.3 million surplus will be allocated as follows:

- d) Nil to reduce authorized debt (there currently is no authorized debt to which debt substitution can be applied for Water), and;
- e) \$1.3 million to the Waterworks Reserve Fund.

3.3 2021 Wastewater and Treatment Rate Supported Operating Budget Monitoring

The 2021 Wastewater and Treatment Rate Supported Budget surplus is \$2.2 million (Table 3) prior to the year-end contribution to the Wastewater and Treatment Budget Contingency Reserve.

Table 3 – 2021 Year-End Position (\$millions)

Category	Lost Revenues due to COVID-19 (A)	Additional Costs due to COVID-19 (B)	Financial Impacts due to COVID-19 (C) = (A+B)	COVID-19 Related Grant Funding (D)	All Other Factors (E)	Surplus/Deficit (F) = (C)+(D) + (E)
Wastewater and Treatment	-\$1.4	-\$0.3	-\$1.7	\$1.4	\$2.5	\$2.2
Recommendation b) iii) contribution to the Wastewater and Treatment Budget Contingency Reserve						-\$2.2
Total Wastewater and Treatment Surplus After Contribution						\$nil

Subject to rounding

The year-end position is driven by the following:

- Lost revenues of \$1.4 million due to COVID-19 are the result of the delay of the 3.5% additional Wastewater rate increase approved during the 2020-2023 Multi-Year Budget deliberations to fund the portion of the Conservation Authorities' costs shifted from the Property Tax Supported budget to the Wastewater & Treatment budget. The rate increase took effect July 1, 2021.
- Additional costs of \$0.3 million due to COVID-19 related personal protective equipment and cleaning.
- Utilization of \$1.4 million of Safe Restart Funding to cover the lost revenues due to COVID-19 noted above.
- All other factors resulting in a net surplus of \$2.5 million:
 - \$1.8 million was realized primarily from energy efficiency savings and net operational savings.
 - \$0.7 million surplus in revenues, primarily from residential consumption-based revenues as customers continue to spend more at home.

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

- a) 50% to reduce authorized debt, and;
- b) 50% to the Sewage Works Reserve Fund to mitigate growth in the infrastructure gap.

There will be no Surplus/Deficit allocation, as the Wastewater and Treatment Budget is in a balanced position at year-end after contributing to the Wastewater and Treatment Budget Contingency Reserve.

3.4 Safe Restart Agreement Funding and Other Related Funding

As noted above, significant financial support was provided by the Federal and Provincial governments to municipalities since the onset of the pandemic, including funding that was allocated in 2020 and utilized in 2021. This section provides a summary of the funding support utilized in 2021.

Phase II Funding: Operating and Municipal Transit

In December 2020, the Government of Ontario announced it was investing an additional \$695 million under the Safe Restart Agreement's Municipal Operating Stream to help manage the financial impacts of COVID-19 in 2021. The City of London's allocation amounted to \$4.4 million. At the same time, it was announced Phase II allocations under the Municipal Transit Program amounted to \$1.5 billion. The Phase II allocation for London from the Safe Restart Agreement – Municipal Transit Program totalled \$23.2 million. This covered eligible expenditures incurred between October 1, 2020, and March 31, 2021, and was reimbursed based on required reporting in accordance with the Province's eligibility criteria.

Phase III Funding: Municipal Transit

On March 3, 2021, it was announced the Government of Ontario was investing an additional \$650 million of funding to address COVID-19 financial impacts on transit. Of the total \$650 million envelope, the City of London's allocated share was \$18.1 million to be applied against eligible expenditures for the period between April 1, 2021, and December 31, 2021. The Province has also indicated that, at its sole discretion and on a case-by-case basis, it may grant extensions of the Phase 3 period to cover costs incurred after December 31, 2021, but prior to January 1, 2023.

2021 COVID-19 Recovery Funds

On March 4, 2021, the Government of Ontario announced an additional \$500 million investment to help municipalities further respond to 2021 operating budget pressures due to COVID-19. The City of London's share of funding received as part of this announcement was \$11.7 million. An interim report was provided to the Province in June of 2021 on 2021 estimated operating impacts and planned use of funding under the 2021 program. A final report will be required in spring of 2022.

2022 Municipal Transit Funding

On February 17th, 2022, the federal government announced it will provide a one-time top-up, totalling \$750 million, to address municipal transit operating shortfalls for 2022. Criteria for provinces to access the federal funding are as follows:

- Provinces must cost-match the federal contribution
- Provinces must speed up action on addressing barriers to housing supply in collaboration with municipalities

Further details will be provided through the City's operating monitoring reports as information is made available.

Other Related Funding

In addition to the major announcements and support mentioned above, additional grant funding was utilized/recognized through the following programs in 2021:

- Social Services Relief Fund (SSRF) – provincial funding available to assist vulnerable people with their housing needs and to help them find long-term housing solutions.

- Reaching Home Funding: Canada’s Homelessness Strategy – incremental federal funding to prevent the spread of COVID-19 in shelters and to help prevent at-risk Canadians from becoming homeless.
- Provincial Child Care and Early Years Re-investment Funding – additional funding support for the child care sector to support increased costs of operating licensed childcare centres during the ongoing COVID-19 crisis.
- Long-Term Care Prevention & Containment Funding, Wage Grants – funding available for prevention, containment and pandemic related costs, as well as other wage supports and personal support worker wage enhancements.
- Other various Wage, Service Support and Personal Protective Equipment (PPE) Grants – funding available to support COVID-19 assessment centre costs, enhanced cleaning, PPE and various wage grants.

A summary of the City’s portion of other related funding streams is detailed in the table below. In most cases, these funding streams are to be applied to specific eligible costs under the various programs and are not available to offset general municipal COVID-19 pressures.

Table 4 – Other Related Funding Utilized/Recognized in 2021

2021 Program/Funding	Amount (in millions)
Provincial Social Services Relief Funding (SSRF)	\$8.1
Reaching Home Funding: Canada’s Homelessness Strategy	\$2.4
Long-Term Care Prevention & Containment Funding, Wage Grants	\$2.9
Provincial Child Care and Early Years Re-Investment Funding	\$2.6
Other various Wage, Service Support and PPE Grants	\$3.1
Total Other Related Funding	\$19.1

Subject to rounding

4.0 Key Issues and Considerations

4.1. Future COVID-19 Projected Financial Impacts

2022 Budget

Although many public health restrictions were lifted in March of 2022, there is still significant uncertainty around the pace of economic recovery. Several services have identified areas of significant uncertainty as they relate to the potential magnitude and duration of COVID-19 financial impacts and associated recovery on the City’s 2022 Budget (Table 5). This table contains estimated financial impacts to the City of London in terms of potential lost revenues, additional costs and COVID-19 related grant funding for the 2022 Property Tax, Water, and Wastewater and Treatment Budgets. Civic Administration is continuing to actively monitor factors potentially impacting the 2022 Budget and actual experience of these estimated impacts will be driven by how the pandemic and its related disruptions evolves.

Table 5 – Summary of Factors Anticipated to Affect 2022 Budget (\$millions)

Category	2022 Lost Revenues due to COVID-19	2022 Additional Costs due to COVID-19	2022 COVID-19 Related Grant Funding	2022 COVID-19 Total Impact
Property Tax Supported Budget: Civic Service Areas	-\$7.1	-\$14.4	\$12.0	-\$9.5
Property Tax Supported Budget: Boards and Commissions	-\$5.2	-\$0.4	\$2.8	-\$2.8
Subtotal Property Tax Supported Budget	-\$12.3	-\$14.8	\$14.8	-\$12.3
Water Rate and Wastewater and Treatment Rate Supported Budgets	\$0.0	-\$0.3	\$0.0	-\$0.3
Total Property Tax, Water, and Wastewater Budget	-\$12.3	-\$15.1	\$14.8	-\$12.6

Subject to rounding

Service areas included in the table above projecting to have significant financial impacts from COVID-19 or significant uncertainty include, but are not limited to, the following:

Civic Service Areas

- Parking – Parking revenues are anticipated to be reduced due to continued decreased demand for paid parking.
- Neighbourhood & Recreation Services – If programs are not running at full capacity in 2022, this will continue to impact user fee revenues from community centres, recreation facilities and programs and special events.
- Social and Community Support – Additional costs to assist vulnerable people with their housing needs. This is offset by Reaching Home Funding and Provincial Social Services Relief Funding.
- Airport Payment In Lieu of Taxes – The payment calculation is based on two-year prior passenger count, which has been significantly reduced due to COVID-19 restrictions. This will impact the City’s budget starting in 2022. Fortunately, the Province’s 2021 Fall Economic Statement announced that the 5% cap on year-over-year increases to the payment in lieu of taxes has been temporarily suspended until passenger volumes recover to pre-COVID-19 levels. As such, it is hoped that this reduced payment will recover to pre-pandemic levels sooner than it otherwise would have had the cap remained in place.
- Various Services – Lost user fees and additional costs to support enhanced cleaning and personal protective equipment, noting that some COVID-19 grant funding, particularly to support vulnerable populations, will be eligible to be carried over and utilized prior to March 31, 2022.

Boards & Commissions

- London Transit Commission – LTC is projecting lost revenue due to continued COVID-19 impacts on ridership. It is anticipated that federal-provincial grant funding will be available to offset lost transit revenue, resulting in a net nil impact.
- RBC Place London – COVID-19 has caused the cancellation or postponement of large events and gatherings, significantly impacting the primary revenue streams of RBC Place London. It remains unclear when the demand for these events will rebound to pre-pandemic levels.
- Covent Garden Market – Anticipated ongoing loss of parking revenues.
- Middlesex-London Health Unit – Depending on the progression of the pandemic, it is anticipated that the Middlesex-London Health Unit will incur additional pandemic related costs. However, the extent of these costs are not known at this time. While provincial funding has been provided to offset COVID-19 related

costs incurred by Middlesex-London Health Unit to date, it is uncertain how long this funding support will continue.

Due to the evolving nature of the pandemic, financial impacts are difficult to forecast. As a mitigation strategy for residual COVID-19 impacts on the 2022 budget, \$12.3 million was contributed to the Operating Budget Contingency Reserve through the 2020 Year-end Operating Budget Monitoring Report. As part of the 2022 Annual Budget Update, \$850 thousand was utilized as a funding source for the RBC Place London budget amendment. The remaining available balance in the Operating Budget Contingency Reserve to offset COVID-19 pressures on the 2022 budget is currently \$11.5 million.

The City continues to monitor and evaluate the long-term impacts of COVID-19 on the City's budget, including more permanent changes to behaviours and service demands. Examples include the ability to support vulnerable populations as certain aspects of COVID-19 relief funding come to an end and monitoring long-term impacts on consumer trends (residential water consumption trends, transit ridership, demand for in-person group events, etc.). Future changes may be required to the City's budget, however, at this time the situation continues to be dynamic with more experience required to determine long-term impacts.

4.2. Other 2022 to 2023 Emerging Issues

Several services have identified potential service delivery pressures that may impact expenditures/revenues in 2022 to 2023. This section describes some of the more significant issues and the measures taken to mitigate or address these issues. Civic Administration is continuing to actively monitor all emerging issues, including items not listed below. The likelihood of each issue impacting the Multi-Year Budget is rated as high, medium or low. The definitions of the likelihood measures are as follows:

- High – the likelihood of the issue occurring over the 2022 to 2023 period is predicted to be greater than 60%
- Medium – the likelihood of the issue occurring over the 2022 to 2023 period is predicted to be between 30% and 60%
- Low – the likelihood of the issue occurring over the 2022 to 2023 period is predicted to be less than 30%

All the issues discussed below have been rated as High.

Legislative:

1. Multiple Services - Federal & Provincial Governments - The Federal and Provincial Governments have taken measures in responding to the economic and social fallout resulting from the COVID-19 pandemic. As outlined previously in this report, the City of London has received funding allocations for COVID-19 related municipal operating costs and pressures in 2021. However, significant uncertainty remains with regards to magnitude and duration of the recovery from COVID-19. Significant uncertainty also exists regarding senior government funding support for COVID-19 economic and social recovery in future years.

What we are doing to mitigate/address the issue: Civic Administration is continuously monitoring projected financial impacts from COVID-19 and will utilize the available funding to mitigate the impacts. In the event that the funding allocations do not fully offset COVID-19 impacts, further actions may be required to balance the Corporation's budget, including drawing on funds previously set aside in the Operating Budget Contingency Reserve to address future COVID-19 financial impacts. Civic Administration will also continue to ensure that our Federal and Provincial partners are aware of the need for stable, predictable funding to mitigate any longer-term impacts from the pandemic, particularly related to supporting vulnerable populations.

2. Multiple Services – Minimum Wage Increase – On November 2, 2021, the Province of Ontario announced that the minimum wage will increase to \$15.00 per hour from the previous \$14.35 per hour effective January 1, 2022. This minimum wage

increase affects a number of casual staff employed by the City of London, as well as a variety of staff and contracted services at various City agencies, boards and commissions. The total gross impact across the City and its affected agencies, boards and commissions is estimated to be in the range of \$0.5 million annually, noting however that it is anticipated that a significant portion of this additional cost can be accommodated within existing approved budgets.

What we are doing to mitigate/address the issue: Civic Administration will work with the affected agencies, boards and commissions to monitor the impact of this minimum wage increase during 2022, including further review of the costs that can be accommodated within existing budgets. Should it be necessary, a budget amendment may be considered for the 2023 Budget Update.

3. London Police Services - Provincial Funding under the Court Security and Prisoner Transportation grant program has been reviewed for the first time since 2008. As detailed in the Court Security and Prisoner Transportation Program Transfer Payment Agreement report to the Corporate Services Committee on March 28, 2022, the funding allocation for 2022 is \$0.5 million lower than the 2021 allocation and amount anticipated for planning purposes for 2022. The funding shortfall will represent a potential budget pressure for the London Police Service for 2022.

What we are doing to mitigate/address the issue: The Ontario Association of Chiefs of Police are in continuous contact with the Ministry to ensure the perspective of local police services is communicated. The funding shortfall will be monitored in relation to program expenditures throughout 2022 through the City's and London Police Service's regular budget monitoring processes.

4. Social & Community Support Services - Employment Services Transformation (EST) - The Province of Ontario is transforming employment services across Ontario. On July 2, 2019, the Government of Ontario announced that the new employment services model would first be implemented in the following 3 prototype regions: Region of Peel, Hamilton-Niagara and Muskoka-Kawarthas. Full implementation will be phased in over the next several years.

On June 11, 2021, the Ministry announced the launch of EST to 9 additional catchment areas across the province. London is one of these catchment areas. The expansions will be sequenced in several stages between now and the end of 2023.

On July 13, 2021, the City responded to the Ministry's Request for Qualification and submitted a single-applicant bid for Service System Manager - Employment Services Transformation for the London Region (London, Middlesex, Elgin and Oxford).

In September, 2021, the City was notified of qualification to participate in the call for proposal when it opens in the London Region in 2022 (date to be determined).

There are no immediate changes to day-to-day operations in Ontario Works, and no expected impact to 2022 Ontario Works program delivery funding. While the timing of the rollout is not yet known, Ontario Works program delivery funding levels will remain at 2021 levels. There could potentially be significant budgetary impacts if the City is not selected as a permanent employment services program delivery provider.

What we are doing to mitigate/address the issue: The Ontario Works Administrator is working closely with the Ministry and colleagues across the province to ensure London's input on the desired state of employment service delivery is known.

5. Social & Community Support Services - Social Assistance Transformation - On February 11, 2021, the Province of Ontario released an update of their plans for Social Assistance Transformation and Human Services Integration. This plan includes centralizing functions, employment services transformation, a human services integration and a change to the funding model and accountabilities. This transformation is expected to occur over the period of 2020 to 2024. 2020 to 2022 will be largely "learning and testing years". 2022 to 2024 will be a period of continued implementation of centralized services and municipalities delivering life stabilization to Ontario Works/Ontario Disability Support Programs. 2024 will be the roll-out of a new human

services model with municipalities providing integrated life stabilization supports to social assistance clients, people in crisis and other municipal programs.

What we are doing to mitigate/address the issue: Financial impacts related to a change in the funding model are unknown at this time as the Ministry plans to involve municipalities in the co-design of the model. The Ontario Works Administrator is working closely with the Province and colleagues across the Province to ensure London's input on the desired state of employment service delivery is known. London will actively participate in any prototype opportunities.

6. Garbage Recycling & Composting - In June of 2021 the final regulation to transition the Blue Box program from 100% municipal responsibility and 50% funding responsibility to 100% industry responsibility and funding was made and filed under the Resource Recovery and Circular Economy Act, 2016. Under the regulation, London will start the process of transition to the new framework as of July 1, 2023.

What we are doing to mitigate/address the issue: As noted in previous budget monitoring reports, estimated savings to the City will range between \$1 million and up to \$4 million by 2026. The actual amount will be based on a negotiation with Industry (Producer Responsibility Organization – PRO) and our current contractor, Miller Waste Systems. Once further information is known, adjustments to the budget will be brought forward to a future annual budget update process. Some of the savings noted above may be realized in the latter half of 2023; however as details and the mechanisms for transition are currently being developed by the Resource Productivity & Recovery Authority, details will not be known until mid to late 2022.

7. Social & Health Services - Middlesex-London Health Unit – In 2019, the Province of Ontario announced planned changes to the funding model for public health in Ontario. This included the migration of the shared funding model to a 70:30 split between province and municipalities, noting that the shift was capped at a 10% increase in the municipal share for 2020. Subsequent to the onset of the COVID-19 pandemic, it was announced that mitigation funding would be provided to fully offset the change in cost-sharing for both 2020 and 2021. It is currently unclear whether the mitigation funding will continue to be provided in 2022 and future years.

Additionally, the Middlesex-London Health Unit, like other health units, has incurred significant costs in responding to the COVID-19 pandemic. To date, the expectation has been that these costs will be fully funded by the Province. However, there is uncertainty as to whether the Province will continue reimbursing public health units for these costs in future years.

What we are doing to mitigate/address the issue: Civic Administration will continue to meet regularly with representations from the Health Unit to receive regular updates on provincial funding for public health. Opportunities for collaboration will also be explored to ensure that the Province is aware of the importance of stable, predictable funding for public health.

Cost/Revenue Driver:

1. Multiple Services – Inflationary pressures – As a result of COVID-19 and subsequent supply chain disruptions and increased demand for certain materials, many areas are experiencing inflationary pressures. Costs are rising at a fast pace, including areas such as shelter and energy, however these increases are becoming more widespread across various categories.

What we are doing to mitigate/address the issue: Civic Administration will continue to monitor these inflationary pressures and attempt to manage these pressures within budget. As per the recommendation outlined earlier in this report, Civic Administration would utilize funding contributed to the OBCR to address anticipated inflationary pressures that could impact the 2022 and 2023 budgets. Should inflationary pressures become more permanent, future budget changes may be required

2. Multiple Services – Climate Emergency – Given the council declared climate emergency, the City's Climate Emergency Action Plan's (CEAP) goal is to achieve net-

zero community greenhouse gas (GHG) emissions by 2050, which may be accelerated pending Council approval of the CEAP. The CEAP will have significant and wide-ranging financial implications that will affect future municipal budgets.

What we are doing to mitigate/address the issue: As articulated in the draft CEAP tabled at the Strategic Priorities and Policy Committee meeting on February 8, 2022, sufficient funding exists in approved budgets to implement the required actions for 2022 and 2023. Subject to the approval of the CEAP, an implementation plan, inclusive of financial impacts, will be developed for those initiatives requiring new funding to inform the development of the 2024-2027 Multi-Year Budget and future budgets processes.

New Council Direction:

1. Housing – Roadmap to 3,000 Affordable Housing Units Implementation Plan –

At the November 23, 2021 Community and Protective Services Committee meeting, the Committee received a report detailing the proposed implementation of the “Roadmap to 3,000 Affordable Units” Action Plan. This plan, intended to accelerate the creation of 3,000 affordable housing units by 2026, included significant financial impacts which were articulated in the report. A strategy for addressing the capital budget impacts associated with the plan was outlined in the report. The report also included direction for Civic Administration to “temporarily fund the 2022 operating costs of this plan from the Operating Budget Contingency Reserve, and to bring a budget amendment business case to the 2023 Annual Budget Update and 2024-2027 Multi-Year Budget that establishes a permanent funding source for the portable benefits/rent supplements and ongoing resources required to support the Roadmap implementation plan.” Total 2022 impacts are estimated to be approximately \$970,000, increasing to approximately \$1.8 million in 2023, with further incremental increases in 2024-2026. As a result, this will represent an operating budget pressure in the upcoming years.

What we are doing to mitigate/address the issue: As directed by Council, Civic Administration will fund the 2022 costs from the Operating Budget Contingency Reserve and will prepare a budget amendment business case for the 2023 Annual Budget Update and 2024-2027 Multi-Year Budget that establishes a permanent funding source for these costs.

Conclusion

The Property Tax, Water and Wastewater and Treatment Budgets continued to incur financial impacts due to COVID-19 in 2021. Federal and Provincial support has been made available since the onset of the pandemic to mitigate these pressures. Additionally, net operational savings were experienced primarily from temporary closures or reduced operations in various programs, services and facilities throughout the City due to public health restrictions. Combining the Federal and Provincial funding support with the net operational savings, the Property Tax, Water, and Wastewater and Treatment Budgets ended the year in a surplus after covering the residual deficit impacts of COVID-19.

Prepared by: Rick Lamon, CPA, CMA, Manager, Accounting and Reporting and Martin Galczynski, CPA, CA, Manager, Financial Planning and Policy

Submitted by: Kyle Murray, CPA, CA, Director, Financial Planning and Business Support

Recommended by: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Appendix A – 2021 Year-End Financial Summary

Property Tax Supported Budget – Civic Service Areas (\$millions)

Category	Lost Revenues due to COVID-19	Additional Costs due to COVID-19	COVID-19 Related Grant Funding	All Other Factors	Surplus / Deficit
Centennial Hall	-0.6	0.0	0.0	0.5	-0.1
Arts, Culture & Heritage Advisory & Funding	0.0	0.0	0.0	0.0	0.0
Heritage	0.0	0.0	0.0	0.0	0.0
Economic Development	0.0	0.0	0.0	-0.2	-0.2
Community Improvement/BIA	0.0	0.0	0.0	0.1	0.1
Environmental Action Programs & Reporting	0.0	0.0	0.0	0.3	0.3
Garbage Recycling & Composting	0.0	-0.1	0.0	2.5	2.4
Neighbourhood & Recreation Services	-10.5	-2.7	2.6	12.2	1.6
Parks & Urban Forestry	0.0	-0.1	0.0	0.7	0.6
Building Approvals	0.0	0.0	0.0	1.6	1.6
Planning Services	0.0	0.0	0.0	0.2	0.2
Development Services	-0.6	0.0	0.0	1.9	1.3
Animal Services	-0.2	0.0	0.0	0.1	0.0
By-law Enforcement	-1.0	-0.1	0.0	0.6	-0.5
Corporate Security & Emergency Management	0.0	-0.8	0.5	-0.1	-0.4
Fire Services	0.0	-0.3	0.0	0.3	0.0
Housing Services	0.0	0.0	0.0	1.2	1.2
Land Ambulance	0.0	0.0	0.0	0.0	0.0
Long Term Care (Dearness)	-1.1	-2.3	2.9	0.7	0.2
Social and Community Support	0.0	-11.2	10.5	6.8	6.1
Parking	-3.9	0.0	0.0	1.2	-2.7
Roadways	0.0	-0.4	0.0	5.1	4.6
Rapid Transit	0.0	0.0	0.0	-0.5	-0.5
Corporate Services	0.0	-3.1	2.8	9.0	8.6
Corporate Planning & Administration	0.0	0.0	0.0	0.6	0.6
Council Services	0.0	0.0	0.0	0.5	0.5
Public Support Services	-1.4	-0.1	0.0	1.4	-0.1
Corporate Financing	-4.3	0.0	14.0	-16.9	-7.1
Total Civic Areas Surplus/Deficit	-23.5	-21.2	33.3	30.0	18.6

Subject to rounding

Property Tax Supported Budget – Boards & Commissions (\$millions)

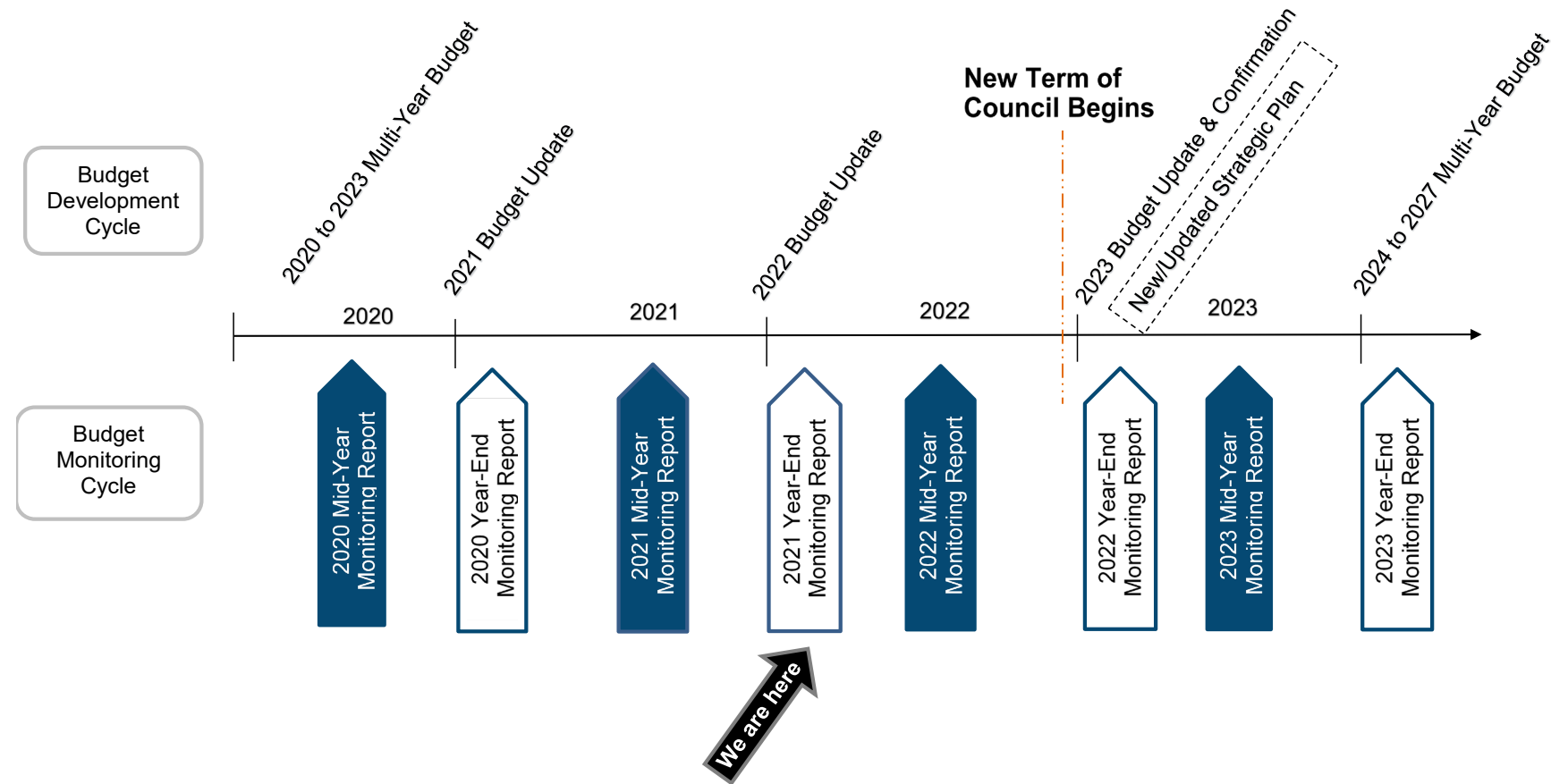
Category	Lost Revenues due to COVID-19	Additional Costs due to COVID-19	COVID-19 Related Grant Funding	All Other Factors	Surplus / Deficit
Museum London	-0.4	0.0	0.2	0.2	0.0
Eldon House	-0.1	0.0	0.0	0.0	0.0
London Public Library	-0.4	-0.1	0.0	0.5	0.0
RBC Place London	-3.8	0.0	0.0	3.8	0.0
Tourism	-0.2	0.0	0.2	0.0	0.0
Covent Garden Market	-1.1	-0.2	0.1	1.3	0.0
Conservation Authorities	-0.5	0.0	0.0	0.6	0.1
London Police Services	-0.2	-0.2	0.0	0.4	0.0
Housing Development Corporation	0.0	0.0	0.0	0.0	0.0
London & Middlesex Community Housing	-0.5	-0.2	0.0	0.9	0.2
Middlesex-London Health Unit ¹	0.0	0.0	0.0	0.0	0.0
London Transit Commission	-16.1	0.0	12.2	4.7	0.8
Total Boards & Commissions Surplus/Deficit	-23.3	-0.7	12.6	12.4	1.0

Subject to rounding

Note 1: Consistent with 2020 reporting, Middlesex-London Health Unit excludes costs and grant funding related to case/contact management and operation of vaccine clinics funded by the Ministry of Health.

Appendix B – Multi-Year Budget Cycle

The timeline below illustrates when Council will receive the various reports that form the 2020 to 2023 Multi-Year Budget governance and accountability process.



Appendix C



The Covent Garden Market plays a critical role for the downtown core and the entire London community in many ways. The Market is an enriching third space for the community in commerce but also, more importantly in civics for the community. The market is an incredibly important place in our city helping foster diversity, collaboration, and acting as a meeting ground for all of Londoners since 1845.

The Market is an important downtown destination point and anchor to surrounding businesses, especially for the local King and Talbot Streetscape. The Market also creates the vibrancy, community, and commerce required in the downtown core.

As members of council well know though, the COVID-19 pandemic has taken a major toll on the downtown core, and over the last two years the market has made tremendous efforts as an essential service to stay open and serve our community. In our efforts to do so, the Covent Garden Market has seen its capital reserves deplete to concerning levels which also impacts future capital projects. The Covent Garden Market Corporation has made numerous decisions to help mitigate the loss of revenues due to Covid-19. We have been able to reduce expenses going forward through eliminating all non-essential maintenance contracts saving \$25,000, installing door counters to eliminate the need for door staff to monitor capacity limits resulting in potential savings of \$151,000, and pushing off any non-essential repairs and capital expenses. These measures have allowed us to limit the negative cashflow impact and reduce the amount and frequency of withdraws from our reserves. Into 2024/2025, we have our debentures and parking agreements ending and should see a significant amount of positive cashflow in the year 2025 and beyond as a result. Despite the actions taken to date, 2022 will continue to be a challenging year for the Market. Current forecasts project a deficit of \$1.4 million through June 2023 with our reserves currently sitting at \$1.0 million. Based on the current trajectory, our reserves will be depleted by December 2022. This forecast is based on current parking revenue trends and does not include any capital projects being completed, nor does it allow any flexibility for unforeseen expenses which may arise. The depleted capital reserves will result in capital projects being delayed where possible until revenues increase enough that our surplus can cover the cost, such as the protective painting of the market parking garage, re-lamping of lighting at the market, and replacement of HVAC units. The roof at the market is scheduled to be replaced in 2023, it has been pushed out from 2019. This major capital cost, budgeted for \$450,000, was meant to be funded through our capital reserve fund and will require us to find a new source of funding to be completed.

Prior to the COVID-19 pandemic the Market has been able to sustain itself with its revenue streams, notably sales, rent, and parking revenue. The impacts of the pandemic though have caused a 50% parking revenue loss and major revenue loss for Vendors.

This is as a result of the closures of food establishments, dining areas, limitations on indoor gathering sizes, no special events / festivals, and social distancing requirements. Additionally, our neighbours the Budweiser Gardens closing, and office workers working from home has affected parking revenue greatly at the market. The impacted revenue streams have forced the organization to take extensive cost saving measures to mitigate the revenue losses.

The Market is an integral part of downtown and has been for over 176 years, and we want to ensure its success for many more years. The Market has made the debenture payments to the city continuously and have explored all COVID-19 funding programs offered by the Provincial and Federal governments. We have done our best to continue to operate without approaching the City for aid as demonstrated by the \$1.35 million we have transferred from our capital reserve fund throughout the pandemic to fund our existing operations. The Market has made all possible efforts to maintain operation but we find ourselves at a point where we need to ask the assistance of our partners at the City of London. We are asking for one-time support of \$1.8 million from the City of London to operate properly in 2022 & 2023 as a recovery. This funding would allow the Market to do the necessary capital projects as well as some building repairs and maintenance. By having the funds to complete these projects, the Market will continue to maintain its standard of service to patrons and tenants, while avoided additional costs for preventative maintenance and repairs on older equipment that needs to be replaced, and areas of the building that require upkeep.

The Market has played a pivotal role in the vitality of downtown London and will be even more integral to the future success of the core. Already serving thousands of residents, the construction of many new high-rise apartment buildings will mean an even greater need for the market and supporting a larger and growing vibrant community. The Market is also a fresh food destination point ensuring that food scarcity does not occur for the growing downtown population. We are asking for support from the City of London to allow us to continue to be a vibrant space for Londoners and tourists alike.

MEMO

Date: Tuesday, March 29, 2022

To: Strategic Priorities and Policy Committee, City of London

From: RBC Place London Board of Directors

Subject: RBC Place London 2022 Financial and Cash Flow Update

Background

Annually in the fall, RBC Place London provides the City of London with budget details for the upcoming year. In October 2021, RBC Place London submitted a request to the City of London for \$850,000 in operational funding for 2022, in addition to the annual capital funding. The requested funding support for 2022 was down from the \$2,500,000 required in 2021. At the time of this initial request, RBC Place London had re-opened in September 2021, with definite events contracted in the first quarter of 2022. The 2022 budget with event revenue of \$3.085 million was based on the assumption that no government restrictions would impact the hosting of live events.

As of January 2022, the Province of Ontario required all public assembly venues to close again until further notice, due to increasing COVID cases. As of February 17, 2022, RBC Place London was able to re-open with some restrictions.

Unfortunately, this unexpected closure in the 1st quarter of 2022 resulted in numerous events moving to a virtual model, and others postponed or cancelled entirely. This resulted in reduced event revenue during the 1st quarter of 2022 to 43% of budget. Increased uncertainty from event organizers and attendees is now impacting the 2nd quarter. Forecast for event revenue in Q2 is now 78.5% of budget with Q3 at 135% of budget, and Q4 at 96% of budget. In total, 2022 event revenue is forecasted to reach \$2,747,259 by the end of the year; approximately 62% of pre-covid event revenue. The revised forecast is again based on no government restrictions involved.

RBC Place London continues to monitor event revenue projections weekly, which impacts the cash flow projections. Based on the most recent forecast, and assuming no additional restrictions, a cash flow shortage is still projected at the end of the year. With a municipal election in the fall resulting in restricted powers of Council, and financial uncertainty based on unknown future government restrictions including capacity limits, the RBC Place London Board of Directors is requesting Council approve additional funding support as requested below.

Recommendation

RBC Place London seeks additional financial support from Council of up to \$500,000 as part of the 2021 Year-End Operating Budget monitoring process, should event revenue not stabilize, and grow during 2022. This “safety net” of additional funding would remain with the City Finance Department and be available for RBC Place London to access should the centre be directed to close again due to the COVID restrictions, or if events are delayed, postponed, or minimally attended due to COVID concerns, ultimately resulting in a major cash flow shortfall, as currently forecasted for RBC Place London in 2022.



2021 Year-end Budget Monitoring

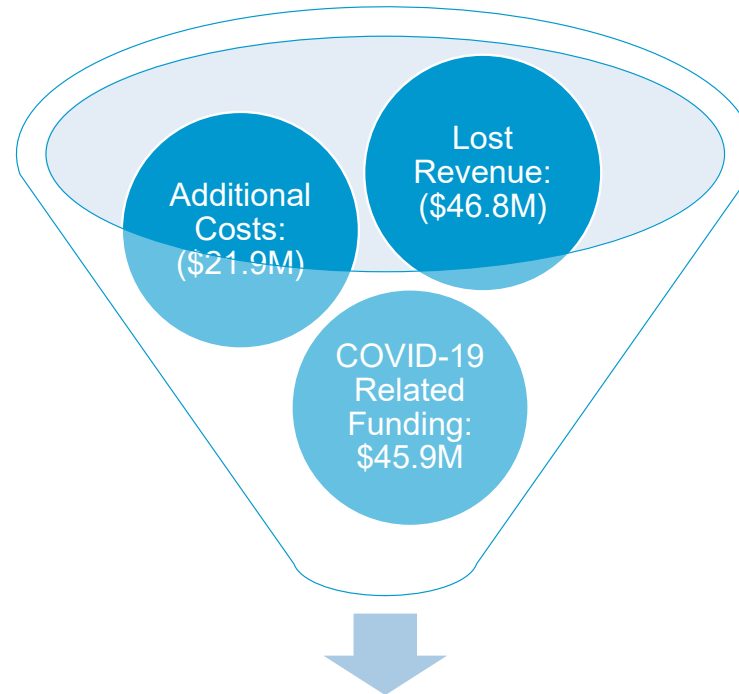
Summary

- The City incurred total 2021 COVID financial impacts (lost revenues & additional costs) of \$68.7M (2020: \$69.4M)
- Significant Federal and Provincial support was provided through various programs of \$45.9M (2020: \$47.4M)
- 2021 COVID impacts net of Federal/Provincial support = \$22.8M (\$68.7M - \$45.9M)
- Net operational savings of \$42.4M were realized primarily from temporary closures or reduced operations due to public health restrictions
- 2021 net surplus = \$19.6M (\$42.4M - \$22.8M)

Summary – continued

- The \$19.6M surplus is recommended to be allocated to:
 - \$1.8M grant to Covent Garden Market to address COVID-19 financial pressures
 - \$0.5M grant to RBC Place to address COVID-19 financial pressures (if required)
 - \$7M to the Operating Budget Contingency Reserve to guard against current significant inflationary pressures
 - \$5M to the Infrastructure Gap Reserve Fund to strategically address growth in the infrastructure gap & climate needs where appropriate
 - Additional \$2M to the Affordable Housing Reserve Fund for future affordable housing needs (\$12M total)
 - Remaining \$3.3M per Surplus/Deficit Policy: 50% to reduce authorized debt, 25% to Community Investment Reserve Fund, 25% to Infrastructure Gap Reserve Fund

2021 COVID-19 Financial Impacts Summary



2021 Net COVID-19 Impacts: (\$22.8M)

Note: All figures throughout subject to rounding and refer to Property Tax Supported Budget only.

2021 COVID-19 Financial Impacts – Gross Impact

Lost Revenues: (\$46.8M)

<p>Civic Service Areas: (\$23.5M)</p> <ul style="list-style-type: none"> • Neighbourhood & Recreation Services • Parking • OLG Revenues • POA • Investment Income 	<p>Boards & Commissions: (\$23.3M)</p> <ul style="list-style-type: none"> • London Transit • RBC Place • Covent Garden Market • LMCH
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Additional Costs: (\$21.9M)

<p>Civic Service Areas: (\$21.2M)</p> <ul style="list-style-type: none"> • Homeless Prevention • Child Care • Long-term Care • Corp. Security & Emergency Mgmt. • Facilities • ITS 	<p>Boards & Commissions: (\$0.7M)</p>
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Total COVID-19 Impacts: (\$68.7M)

Civic Service Areas: (\$44.7M)	Boards & Commissions: (\$24.0M)
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2021 COVID-19 Financial Impacts – Net Impact

Total COVID-19 Impacts: (\$68.7M)

Civic Service Areas: (\$44.7M)

Boards & Commissions: (\$24.0M)

+

COVID-19 Related Grant Funding: \$45.9M

Civic Service Areas: \$33.3M

- Safe Restart (Municipal Operating)
- COVID-19 Recovery Funding
- Social Services Relief Fund
- Reaching Home
- Long-term Care

Boards & Commissions: \$12.6M

- Safe Restart (Transit)

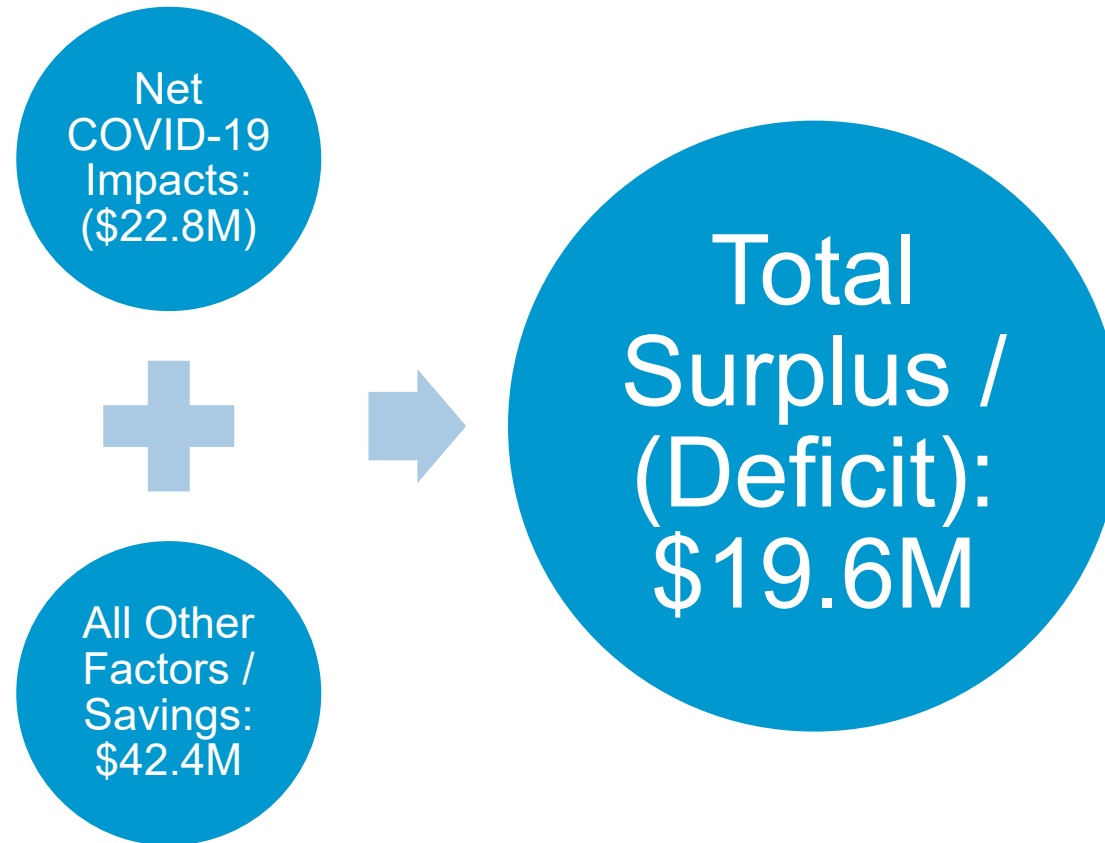
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Net COVID-19 Impacts: (\$22.8M)

Civic Service Areas: (\$11.4M)

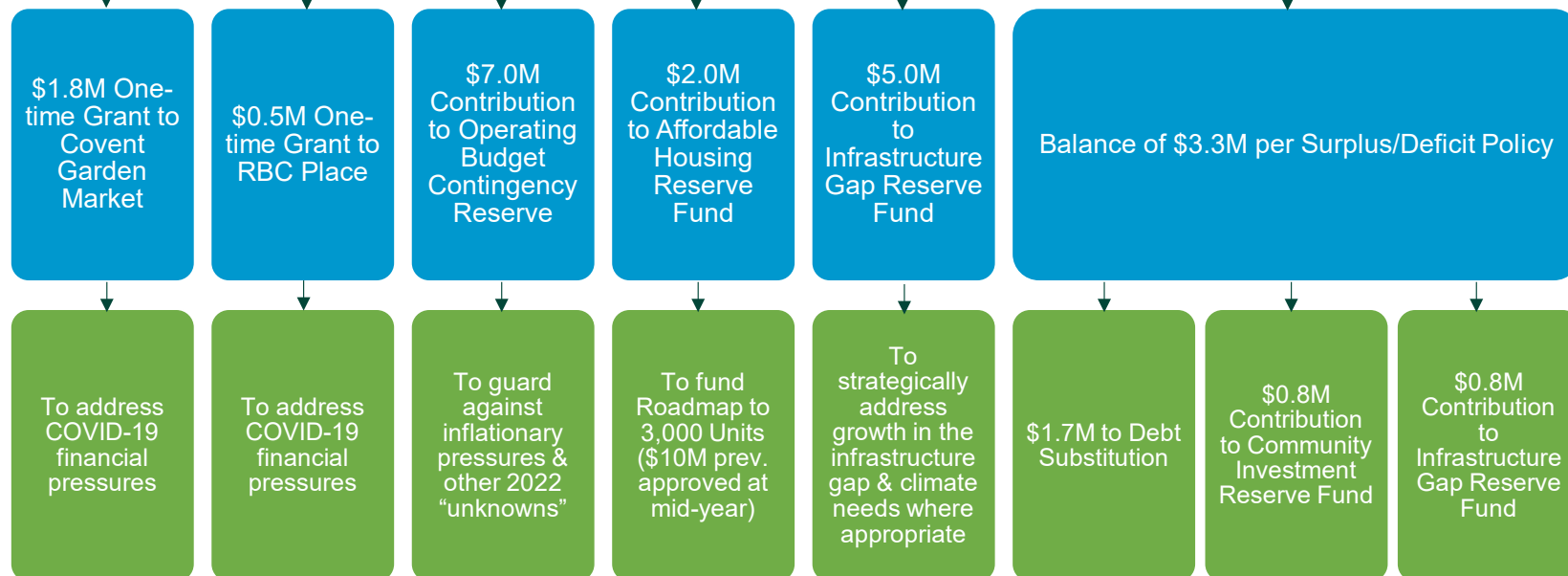
Boards & Commissions: (\$11.4M)

Pulling Together the 2021 Surplus/Deficit

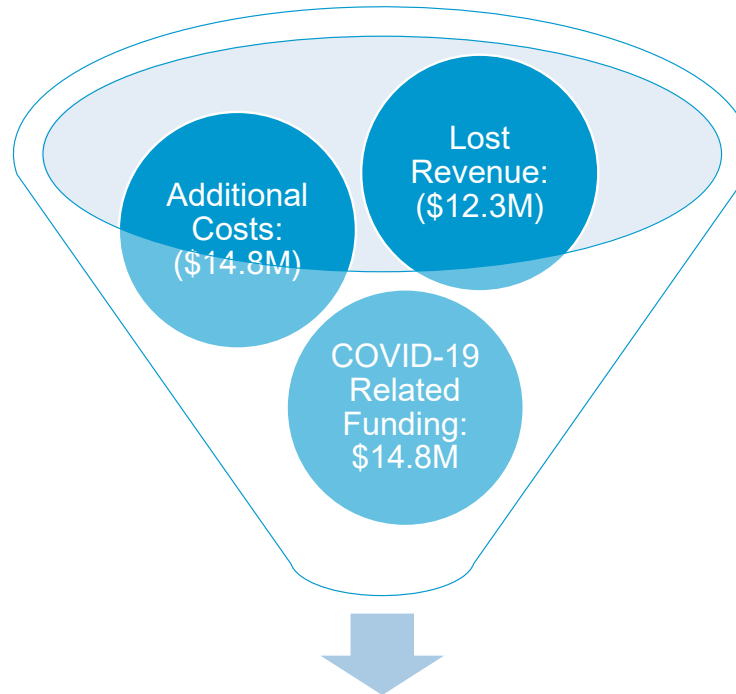


Recommended Allocation of 2021 Surplus

\$19.6M Surplus



Preliminary Projected 2022 COVID-19 Financial Impacts



Projected 2022 Net COVID-19 Impacts: (\$12.3M)

👉 \$11.5M remains unused in OBCR for future COVID-19 impacts

Water Budget 2021 Year-end Position

\$3.7M Surplus

\$2.4M Contribution to
Water Budget
Contingency Reserve

To achieve target balance in
reserve

Balance of \$1.3M per
Surplus/Deficit Policy

\$1.3M Contribution to
Waterworks Renewal Reserve
Fund (no debt substitution
opportunities available)

Wastewater & Treatment Budget 2021 Year-end Position

\$2.2M Surplus

\$2.2M Contribution to Wastewater
Budget Contingency Reserve

Reserve remains below target
balance



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

2021 Year-end Budget Monitoring

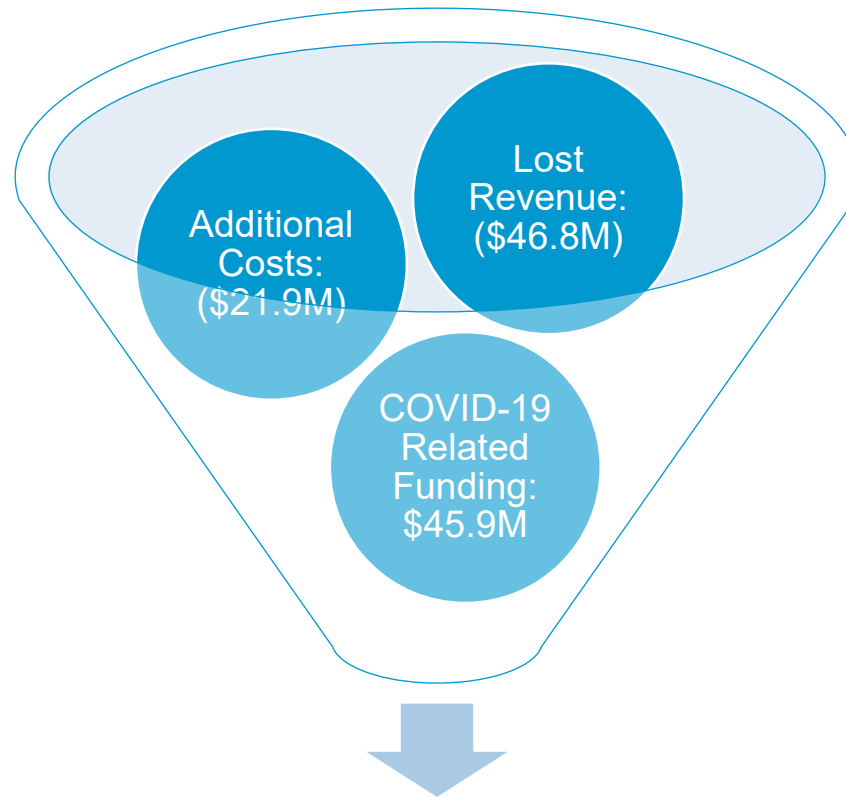
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2021 COVID-19 Financial Impacts – Gross Impact

Lost Revenues: (\$46.8M)

Civic Service Areas: (\$23.5M)

- Neighbourhood & Recreation Services
- Parking
- OLG Revenues
- POA
- Investment Income

Boards & Commissions: (\$23.3M)

- London Transit
- RBC Place
- Covent Garden Market
- LMCH

+

Additional Costs: (\$21.9M)

Civic Service Areas: (\$21.2M)

- Homeless Prevention
- Child Care
- Long-term Care
- Corp. Security & Emergency Mgmt.
- Facilities
- ITS

Boards & Commissions: (\$0.7M)

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Total COVID-19 Impacts: (\$68.7M)

Civic Service Areas: (\$44.7M)

Boards & Commissions: (\$24.0M)

2021 COVID-19 Financial Impacts – Net Impact

Total COVID-19 Impacts: (\$68.7M)

Civic Service Areas: (\$44.7M)

Boards & Commissions: (\$24.0M)

+

COVID-19 Related Grant Funding: \$45.9M

Civic Service Areas: \$33.3M

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Boards & Commissions: \$12.6M

- Safe Restart (Transit)

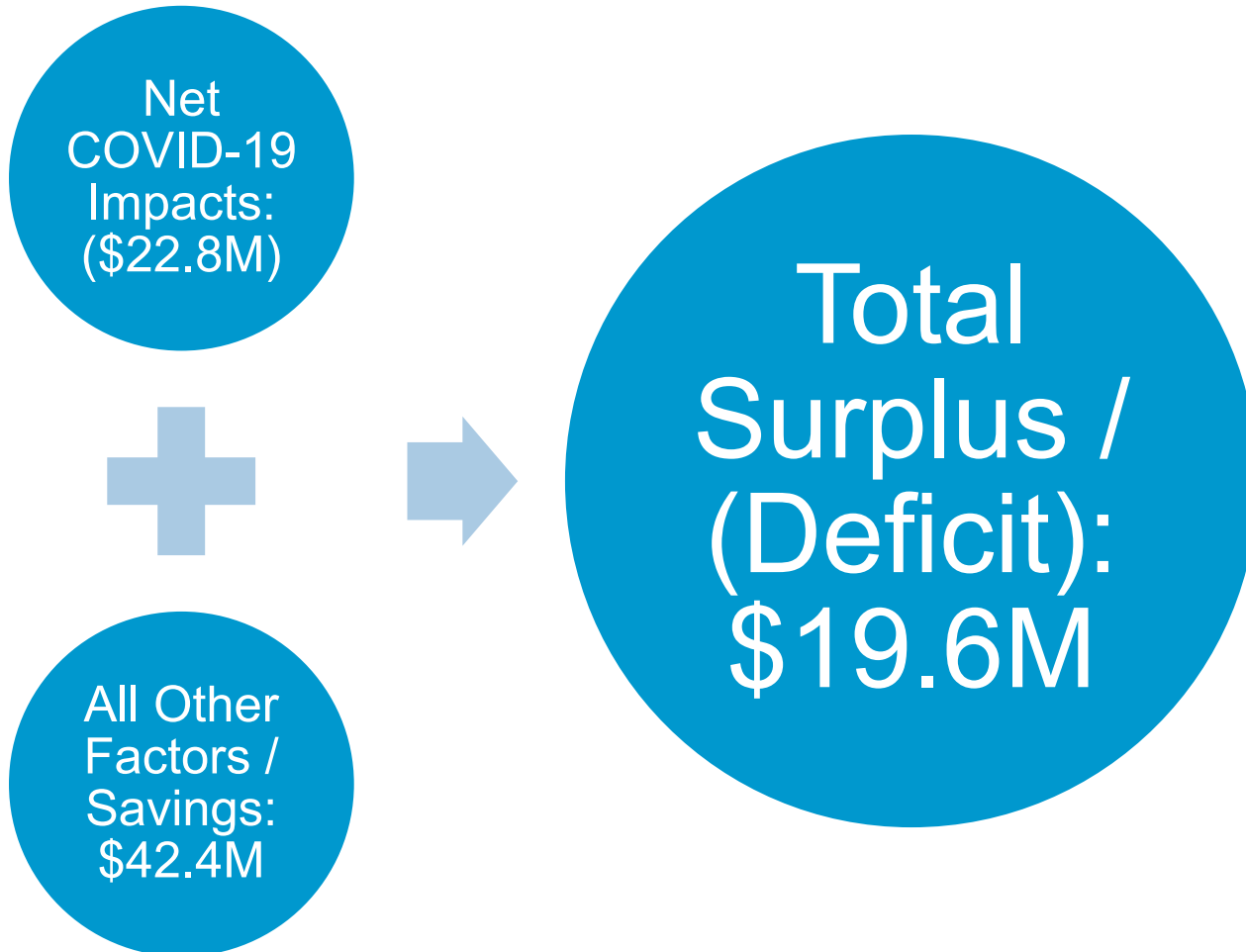
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Net COVID-19 Impacts: (\$22.8M)

Civic Service Areas: (\$11.4M)

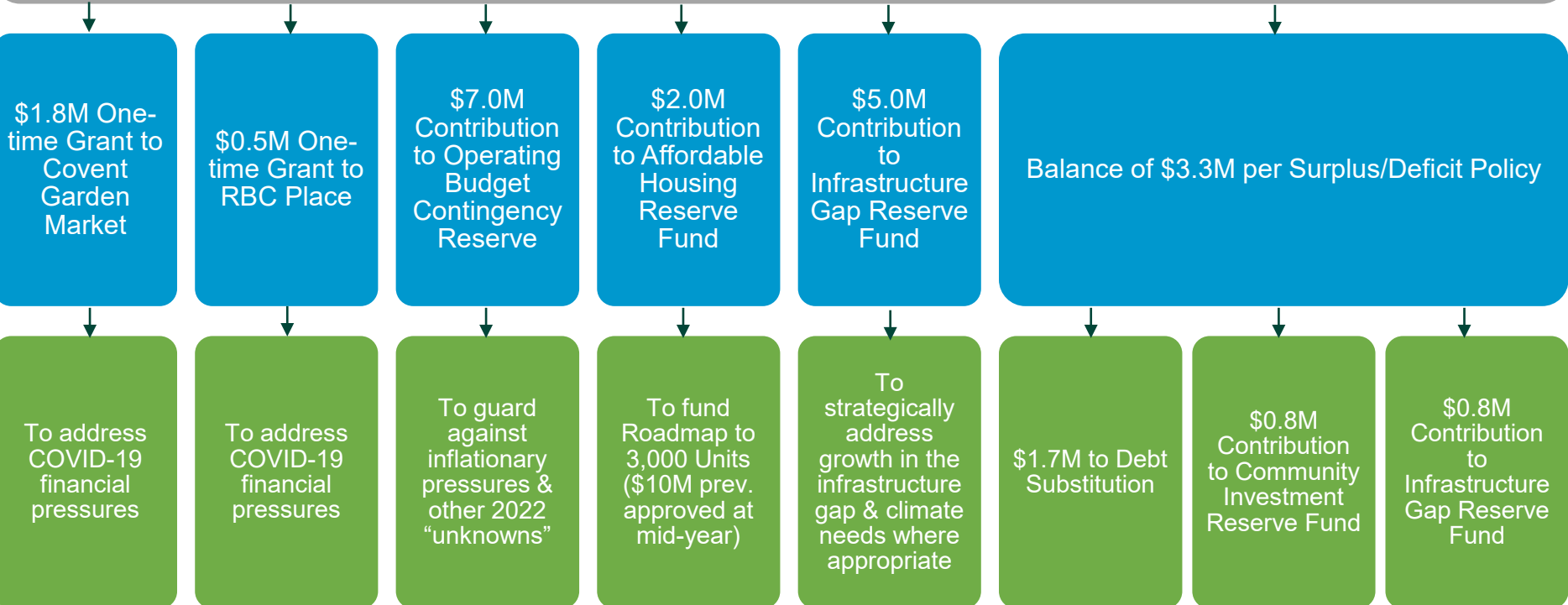
Boards & Commissions: (\$11.4M)

Pulling Together the 2021 Surplus/Deficit

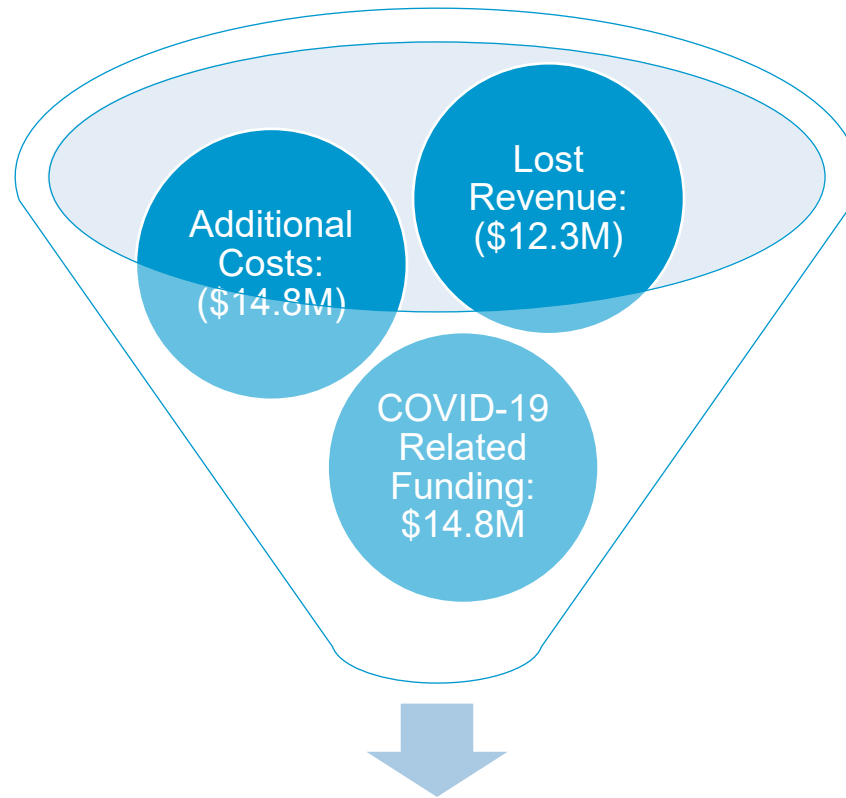


Recommended Allocation of 2021 Surplus

\$19.6M Surplus



Preliminary Projected 2022 COVID-19 Financial Impacts



Projected 2022 Net COVID-19 Impacts: (\$12.3M)



\$11.5M remains unused in OBCR for future COVID-19 impacts

\$3.7M Surplus

**\$2.4M Contribution to
Water Budget
Contingency Reserve**

To achieve target balance in
reserve

**Balance of \$1.3M per
Surplus/Deficit Policy**

**\$1.3M Contribution to
Waterworks Renewal Reserve
Fund (no debt substitution
opportunities available)**

\$2.2M Surplus



\$2.2M Contribution to Wastewater
Budget Contingency Reserve



Reserve remains below target
balance