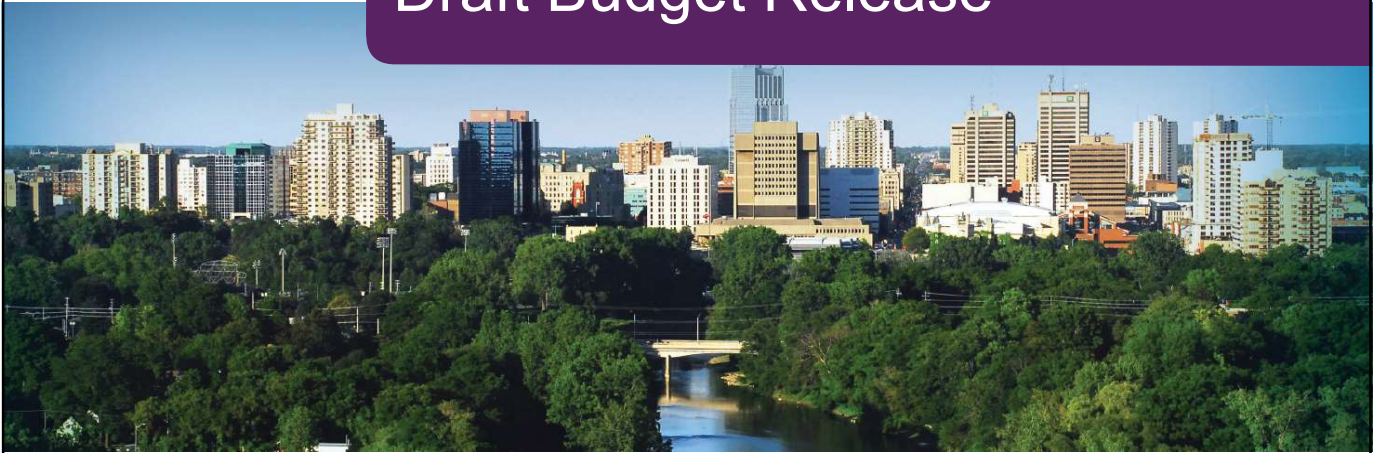


Draft Budget Release



December 12, 2023



1

Budget Document



Property Tax, Water, Wastewater & Treatment Budgets

2024 – 2027 Multi-Year Budget
Draft - December 12, 2023



Available online at london.ca/budget and GetInvolved.London.ca/budget



2

Agenda

- Multi-Year Budget Process
- 2024-2027 Multi-Year Budget Kick-off Refresher – April 2023
- Property Tax Supported 2024-2027 Multi-Year Budget Overview
- 2024-2027 Multi-Year Budget Impact & Comparisons
- Water & Wastewater 2024-2027 Multi-Year Budget Overview
- Key Dates & Upcoming Public Engagement
- Budget Chair Requests
- “Strong Mayor” Legislation – Impact on the Budget Process

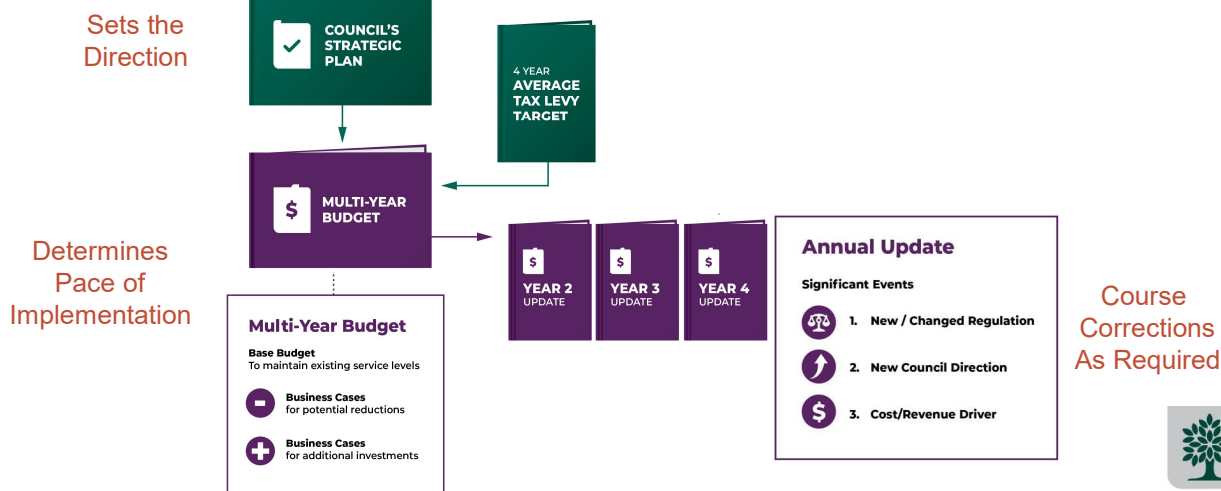


3

Multi-Year Budget Process

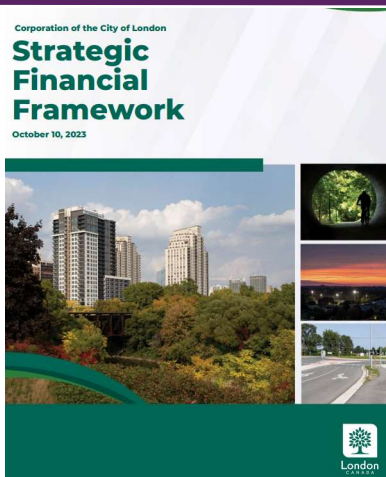
4

Multi-Year Budget Process



5

Strategic Financial Framework



Accessible on the City's website:

https://london.ca/sites/default/files/2023-10/Strategic%20Financial%20Framework_0.pdf

6

2024-2027 Multi-Year Budget Kick-off Refresher – April 2023

Multi-Year Budget

7



Target Setting – Council Direction (Apr. 25th)

Civic Administration BE ADVISED of the Council desire for Civic Administration to bring forward a draft 2024 to 2027 Multi-Year budget with an **average annual tax levy increase in the range of approximately 2.9% – 3.9% as identified to maintain existing service levels** as well as additional investments of an **additional 0.5% in funding for additional investment**, for planning purposes;



8

April 2023 Multi-Year Budget Kick-off Projections



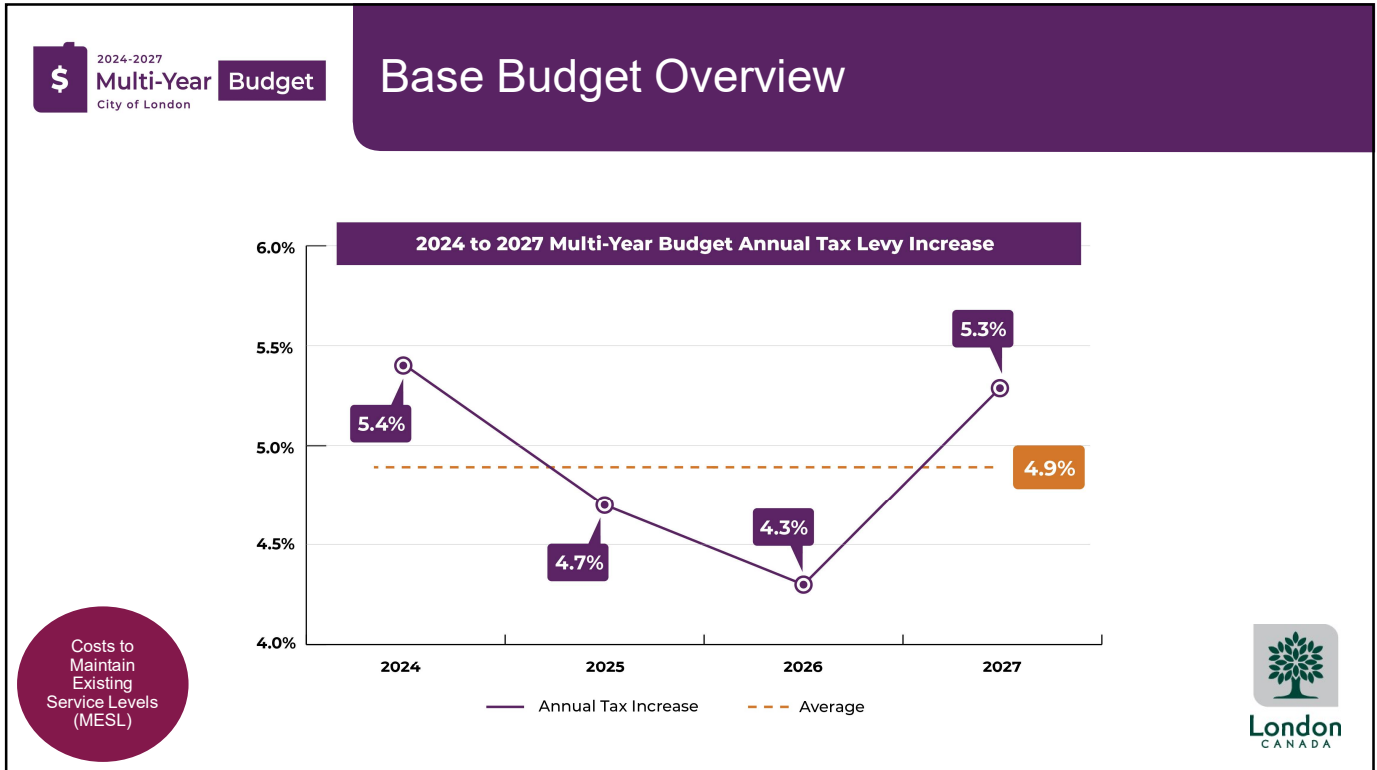
Estimated to be
2.9% to 3.9%
on average
per year

Additional 0.5%
on average
per year
(planning guidance)



Property Tax Supported 2024-2027 Multi-Year Budget Overview

Base Budgets



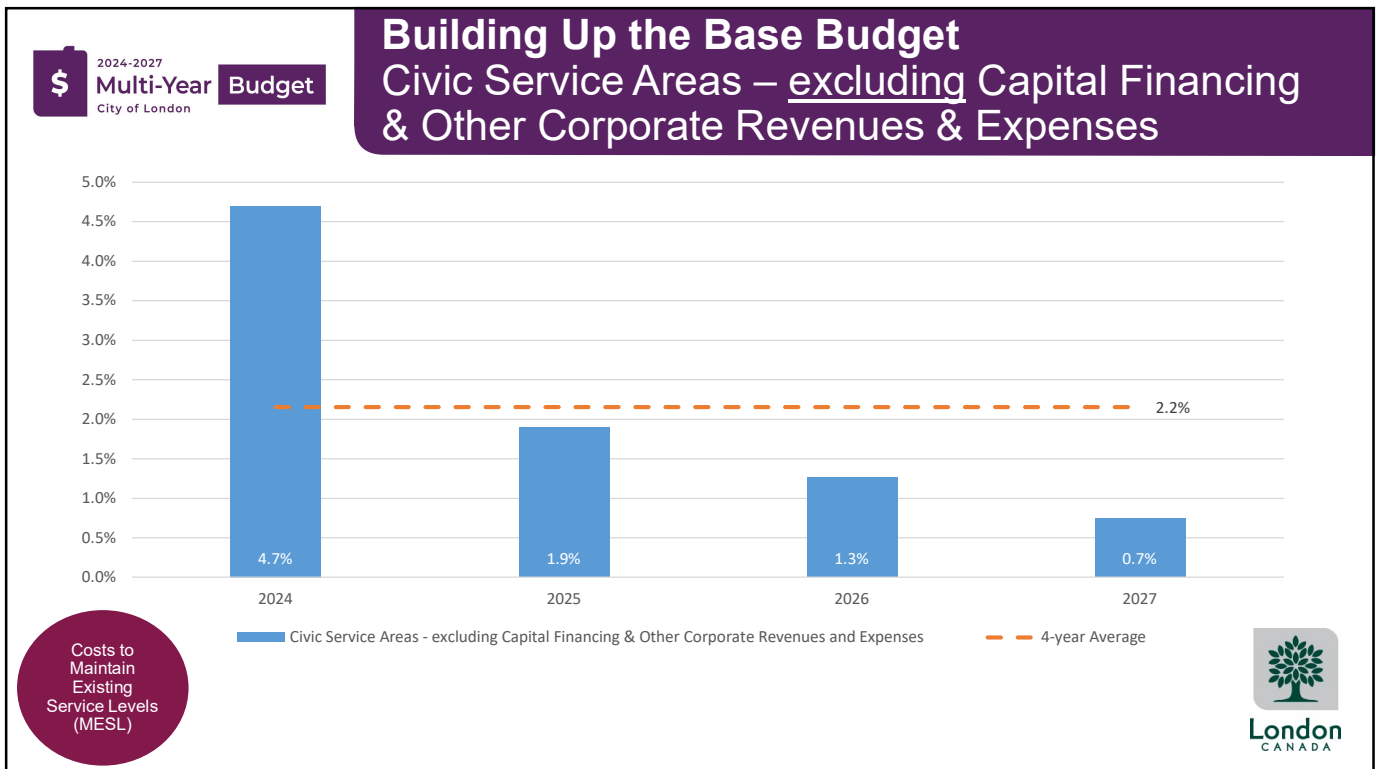
2024 to 2027 Multi-Year Budget Annual Tax Levy Increase

Year	Annual Tax Increase	Average
2024	5.4%	4.9%
2025	4.7%	4.9%
2026	4.3%	4.9%
2027	5.3%	4.9%

Costs to Maintain Existing Service Levels (MESL)

London CANADA

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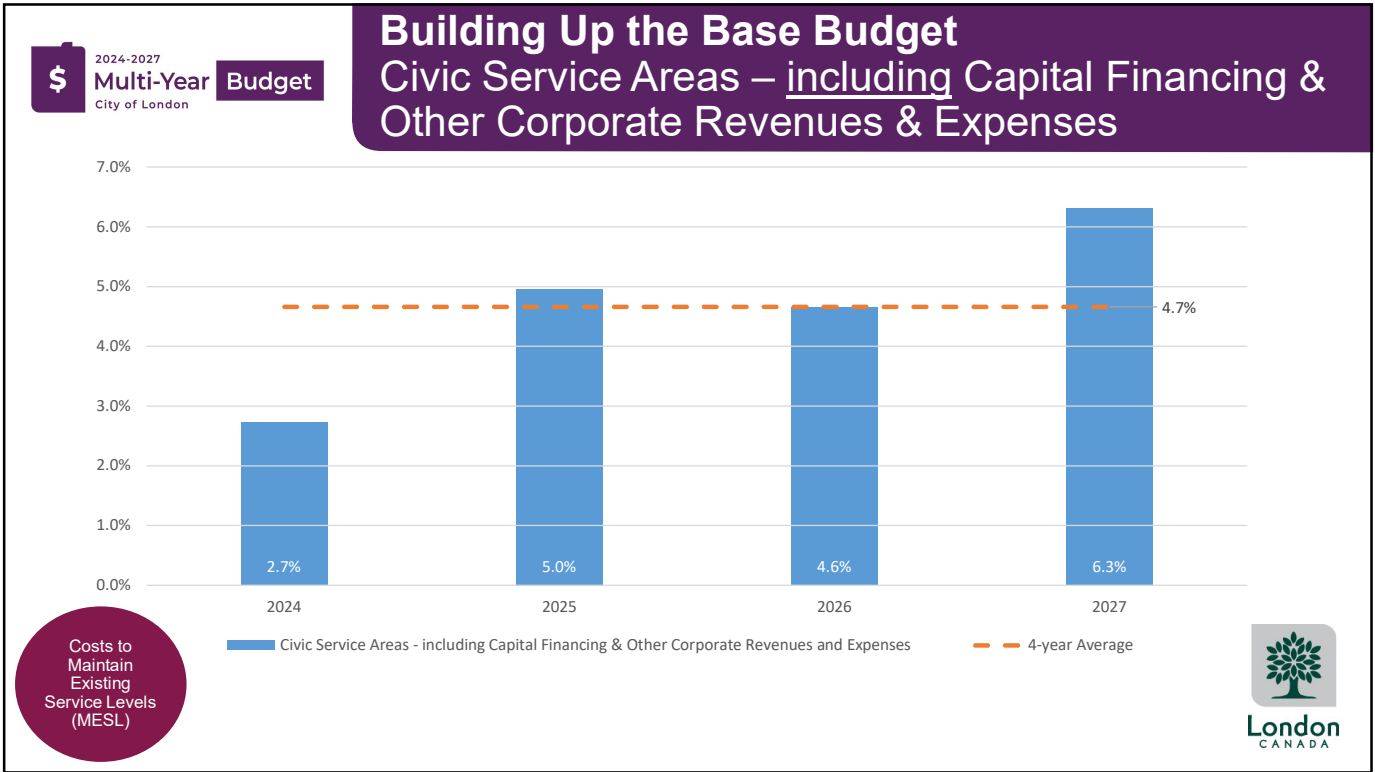


Year	Civic Service Areas - excluding Capital Financing & Other Corporate Revenues and Expenses	4-year Average
2024	4.7%	2.2%
2025	1.9%	2.2%
2026	1.3%	2.2%
2027	0.7%	2.2%

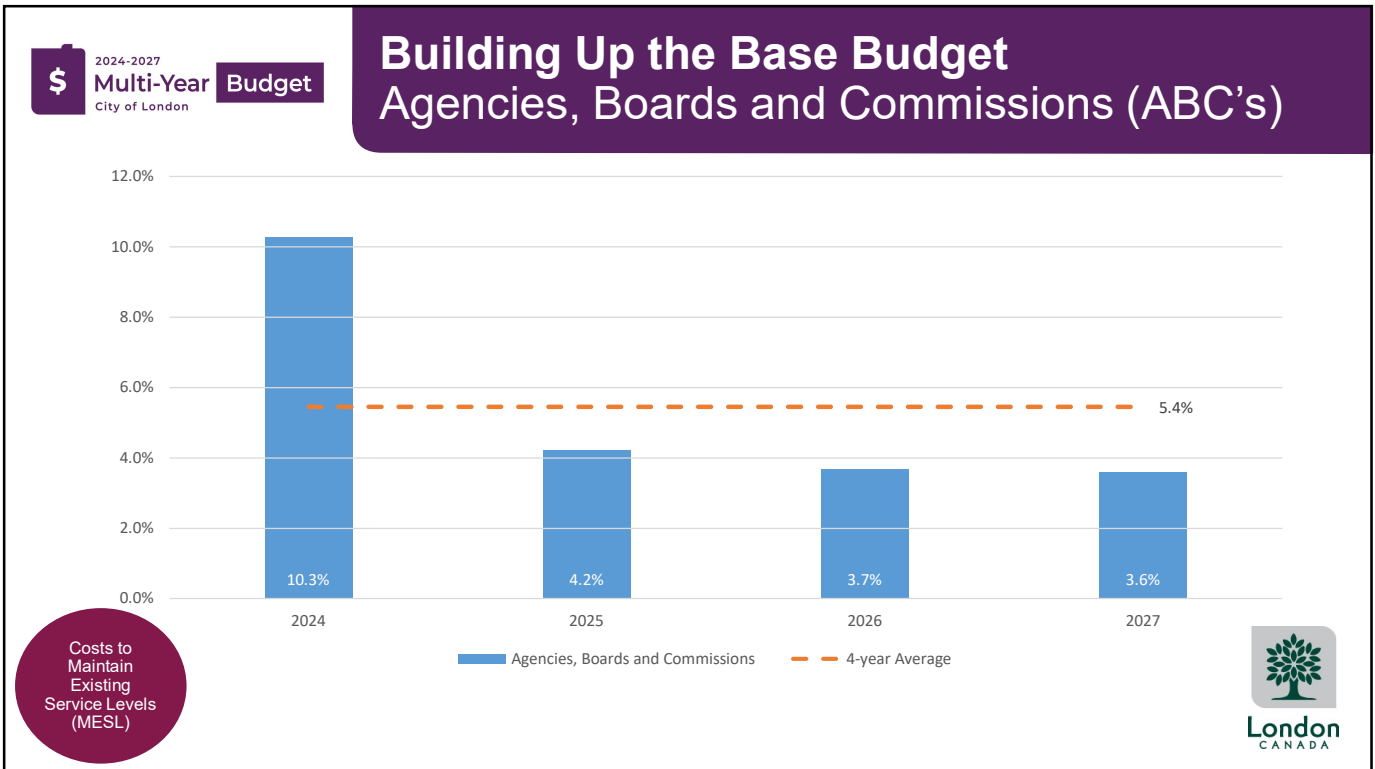
Costs to Maintain Existing Service Levels (MESL)

London CANADA

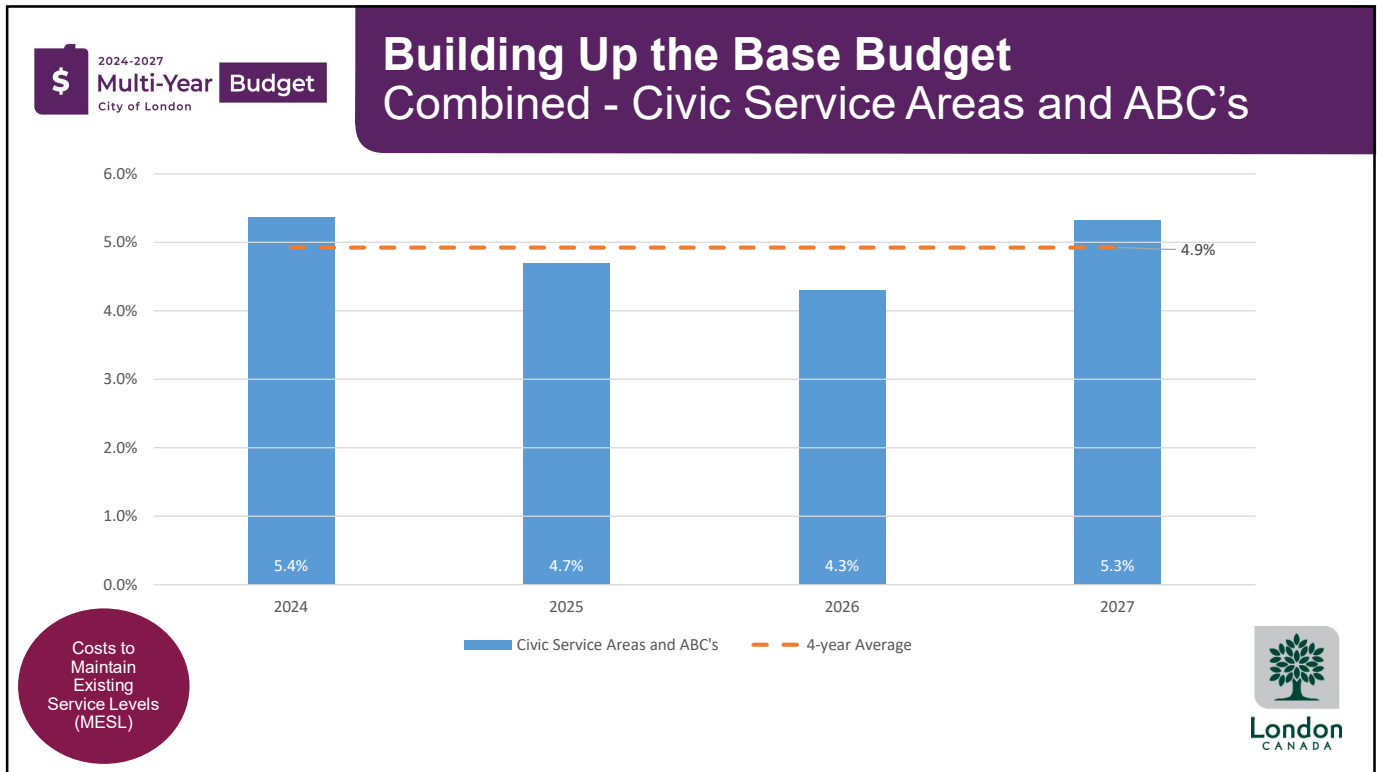
12



13



14



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2024-2027
Multi-Year Budget
City of London

Base Budget – Operating Overview

Operating Budget (\$ Thousands)	2023 Approved Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	Avg. \$ Increase/ Decrease	Avg. % Increase/ Decrease
Expenditure	1,138,250	1,278,783	1,319,643	1,351,768	1,395,470	64,305	
Non-Tax Levy Revenue	401,793	502,757	507,221	504,440	503,003	25,303	
Tax Levy Revenue	736,458	776,026	812,422	847,328	892,467	39,002	
Tax Levy % Increase from Rates		5.4%	4.7%	4.3%	5.3%	N/A	4.9%

Impact to Taxpayer	2023 Approved Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2024 2027 Average
Cost of Municipal Services	3,297	3,474	3,637	3,793	3,995	3,725
Taxpayer Impact		177	163	156	202	175
% Increase from Rates		5.4%	4.7%	4.3%	5.3%	4.9%

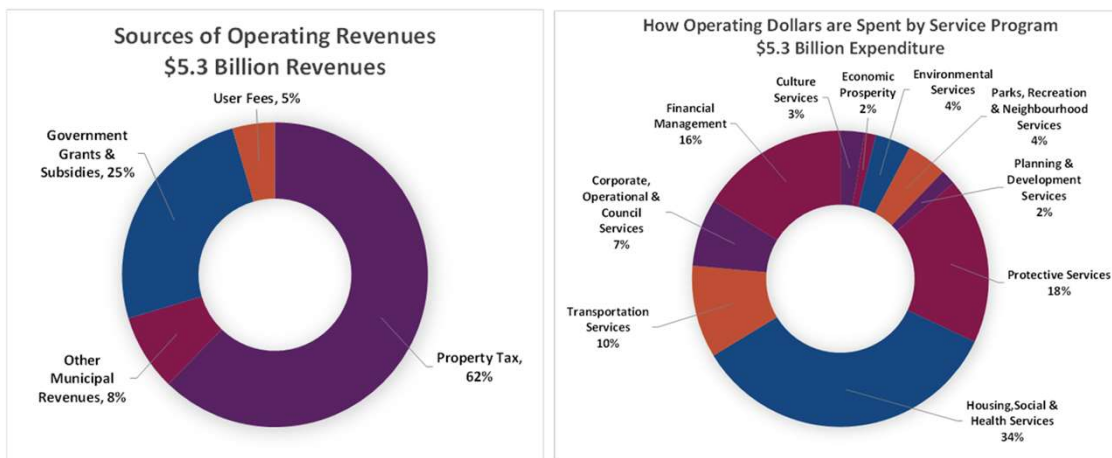
Costs to
Maintain
Existing
Service Levels
(MESL)

Subject to rounding.

Note: Calculated based on the average assessed value of \$252 thousand for a residential property (excludes education tax portion and impacts of tax policy)

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Base Budget – Operating Overview



Costs to Maintain Existing Service Levels (MESL)

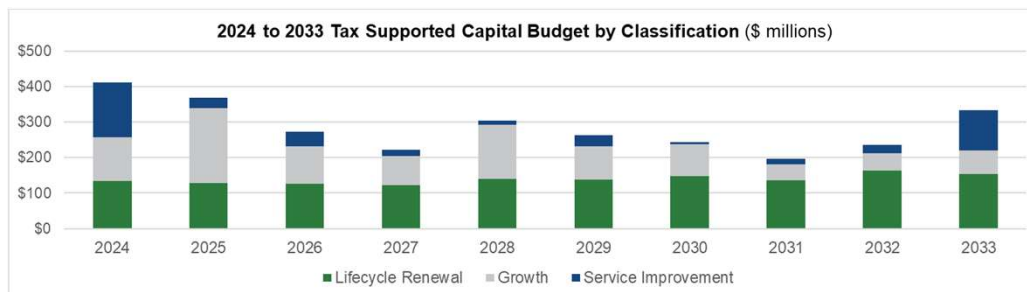


17

Base Budget – Capital Overview

Capital Budget Classification (\$ Millions)	2024 to 2027 Proposed Multi-Year Budget	2024 to 2033 Proposed Capital Plan
Lifecycle Renewal projects maintain infrastructure that is in place today (e.g. road resurfacing and replacing equipment).	\$511	\$1,388
Growth projects extend services into newly developed areas of the City (e.g. a road widening to handle additional traffic from new subdivisions).	\$521	\$1,017
Service Improvement projects provide a new or improved level of service or address an emerging need (e.g. purchasing property for industrial land).	\$242	\$447
Total	\$1,274	\$2,851

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



18

Budget Reductions Measures Incorporated in the 2024-2027 Multi-Year Budget

- 2024-2027 Multi-Year Budget represents an opportunity to 'right-size' budgets where required – evaluate past budget against actual trends, aided by refreshing of estimates and assumptions for expenditures and revenues
- Opportunities for right-sizing generally fall into 3 categories:
 - Additional revenue opportunities
 - Expenditure reduction opportunities
 - Identification of budget capacity available to address other specific pressures/challenges to avoid additional funding asks

Costs to Maintain Existing Service Levels (MESL)



19

Budget Reductions Measures Incorporated in the 2024-2027 Multi-Year Budget

Property Tax Budget Only (\$ Thousands)	One time Savings	Annual Ongoing Savings	Cumulative Savings Over 2024 2027 Multi Year Budget Period
Total Additional Revenues Included in Base Budgets	\$81	\$7,631	\$30,599
Total Expenditure Reductions Included in Base Budgets	\$3,136	\$624	\$5,632
Total Cost Avoidance through Reallocation of Resources	-	\$2,454	\$9,816
TOTALS:	\$3,217	\$10,709	\$46,047



Represents an average annual reduction of 0.4%/year

Refer to pages 37-38 in the budget for more details

Costs to Maintain Existing Service Levels (MESL)



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Property Tax Supported 2024-2027 Multi-Year Budget Overview

Business Cases

Multi-Year Budget

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Business Cases Overview

- Business cases are prepared for budgetary changes that extend beyond normal costs to maintain existing services or service levels
- Business cases can include:
 - Increased service levels for existing programs or services
 - Introducing new programs or services
 - Making permanent a program or service introduced temporarily
 - Financial impacts related to changes in funding sources (e.g. changes to funding from other levels of government)
 - Capital project cost escalations requiring substantial additional funding
 - Reductions to programs, services, service levels and/or funding

Business Cases for Adjustments to Funding and/or Service Levels



22

Business Case Categorization – Property Tax Supported Budget

- 1) **Legislative change** – a case in response to new or changed legislation with a financial impact to maintain existing service levels. There is no discretion to avoid the financial impacts of the legislative change and no ability to adjust service levels in response.
- 2) **Administratively prioritized within 0.5%** - business cases prioritized by Civic Administration utilizing the following criteria for civic service areas business cases only given the relatively limited amount of funding that 0.5% represents:
 - Urgent corporate health and life safety needs
 - Imminent risks to mission-critical operational infrastructure and systems
 - Capital projects underway with significant, unavoidable cost pressures and contractual obligations requiring completion in this multi-year budget period
- 3) **All other cases** – all other business cases developed for the strategies of the 2023 to 2027 Strategic Plan requiring additional funding, recognizing that the Strategic Plan would require a level of investment well above the 0.5% target in aggregate. This section also contains cases for potential reductions.

Business Cases for Adjustments to Funding and/or Service Levels



Business Cases – Property Tax Supported Budget

Category	# of Property Tax Budget Business Cases	Average Annual Property Tax Impact (%)
Administratively Prioritized within 0.5%	7	
Council Decisions – All Other Cases	67	TBD up to 3.4%
TOTAL:	87	

- Business case summaries can be found starting on page 63 of budget document; full business cases can be found starting on page 307
- The “administratively prioritized” category is aimed at maintaining the previous guidance of approx. 0.5% as per Apr. 2023 target-setting report
- **Notwithstanding Civic Administration’s categorization, Council can choose to approve any of the business cases**

Business Cases for Adjustments to Funding and/or Service Levels



2024-2027 Multi-Year Budget Impact & Comparisons

Multi-Year Budget

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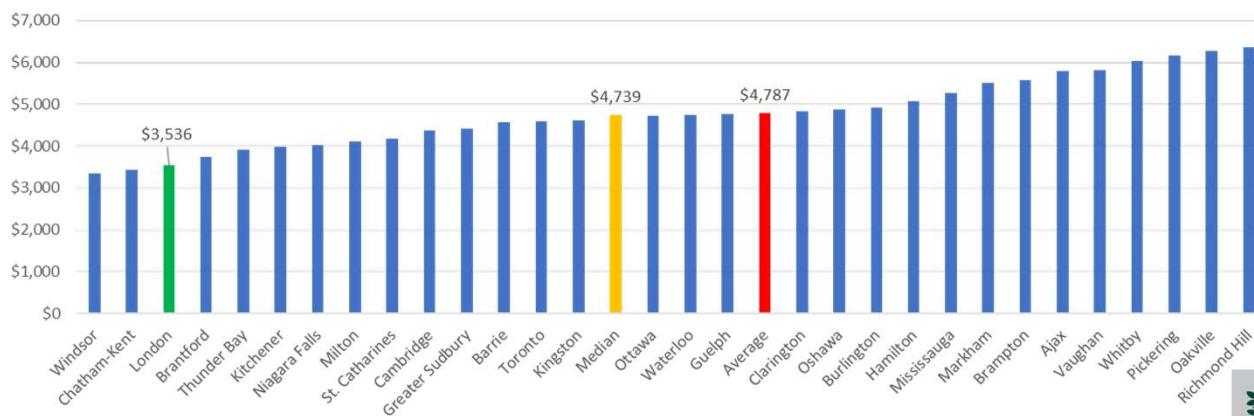
2024-2027
Multi-Year Budget
City of London

How Does London Compare – Residential Source: Draft 2023 BMA Municipal Study

2023 Property Taxes - Residential (average)

(Municipalities with Population over 100,000)

Total residential taxes divided by total number of residential properties; includes education taxes



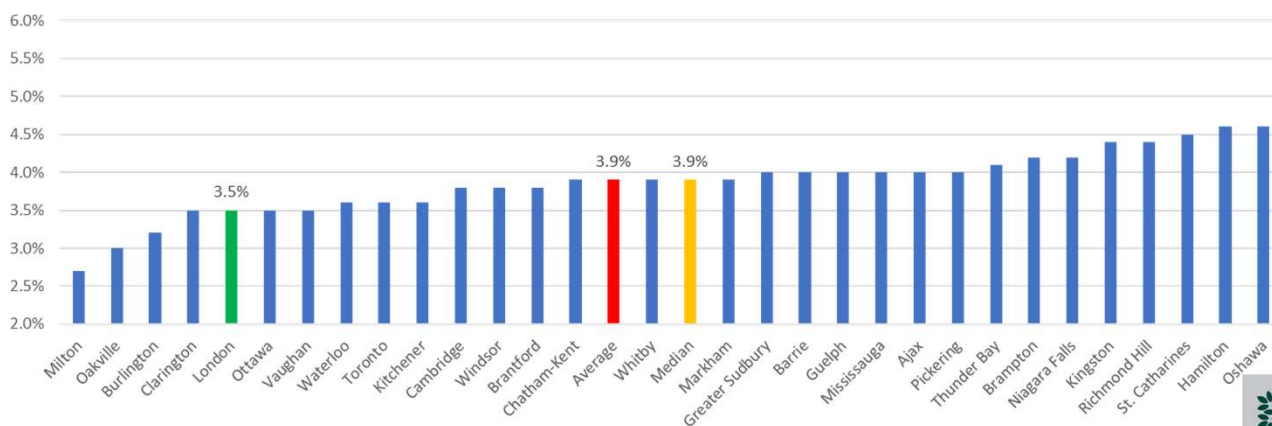
26

How Does London Compare – Property Taxes as a Percentage of Household Income

Source: Draft 2023 BMA Municipal Study

Property Taxes as a Percentage of Household Income

(Municipalities with Population over 100,000)
Average Residential Taxes as a % of Average Household Income



27

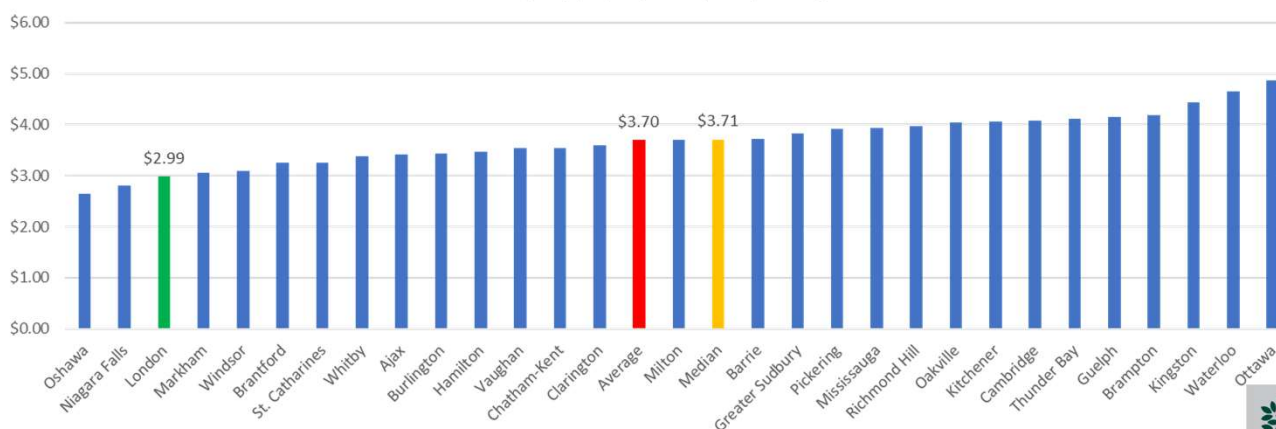
How Does London Compare – Commercial

Source: Draft 2023 BMA Municipal Study

2023 Property Taxes - Commercial

(Municipalities with Population over 100,000)

For commercial office space, property taxes per sq. ft. of gross leaseable area

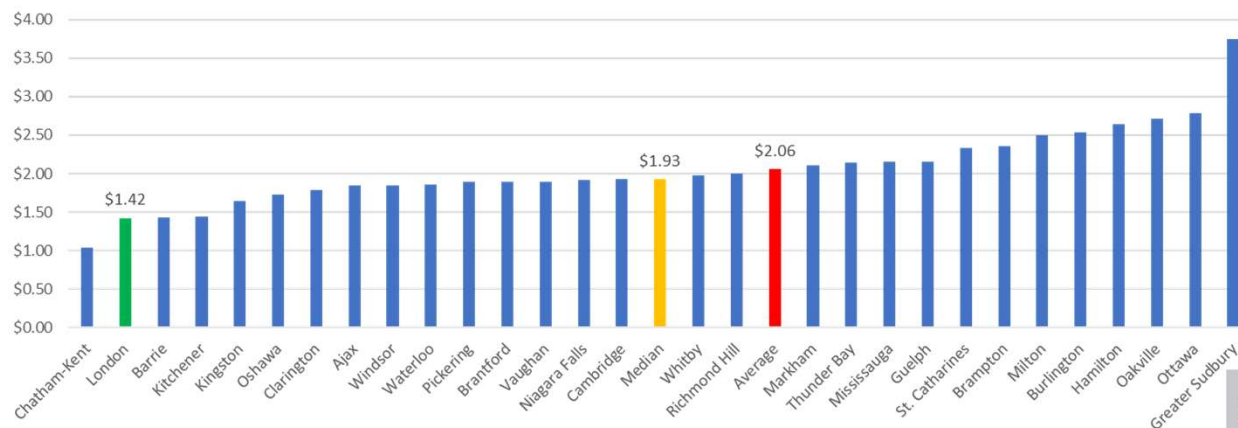


28

How Does London Compare – Industrial

Source: Draft 2023 BMA Municipal Study

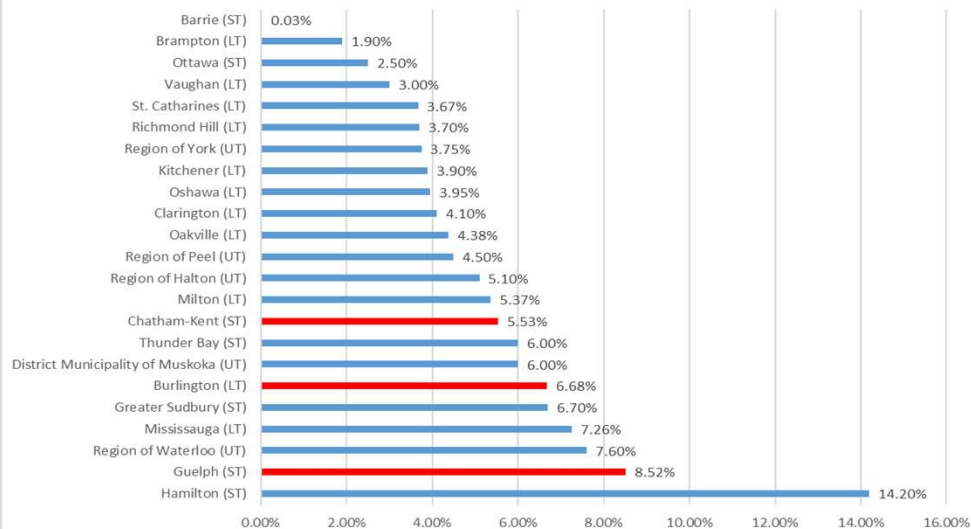
2023 Property Taxes - Industrial
(Municipalities with Population over 100,000)
For standard industrial property - property taxes per sq. ft. of floor area



29

Proposed 2024 Tax Increases in Other Large Ontario Municipalities

Proposed 2024 Tax Levy Increases
Large Ontario Municipalities - Publicly Available as of 12/5/2023



ST = Single Tier
LT = Lower Tier
UT = Upper Tier

Red = Final
Blue = Draft/Proposed



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Water & Wastewater 2024-2027 Multi-Year Budget Overview

Multi-Year Budget

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Water – Base Budget – Operating Overview

Water (\$ Thousands)	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2024 to 2027 Average Annual % Increase/ Decrease
Water Budget	93,695	102,163	105,983	109,992	114,145	
Increase over Prior Year Budget (%)	3.5%	9.0%	3.7%	3.8%	3.8%	5.1%
Increase over Prior Year Budget (\$)	3,166	8,468	3,820	4,010	4,152	
Water Rate Increase	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Total Annual Amount	2023	2024	2025	2026	2027	2024 to 2027 Average
Water	\$537	\$550	\$563	\$577	\$592	\$571
Annual Change	N/A	\$13	\$13	\$14	\$15	\$14

Costs to Maintain Existing Service Levels (MESL)

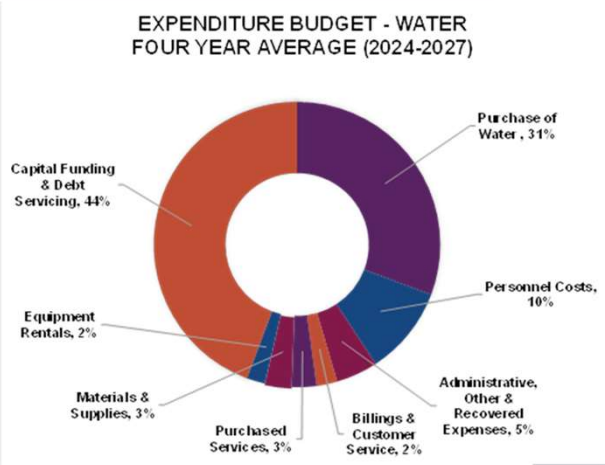
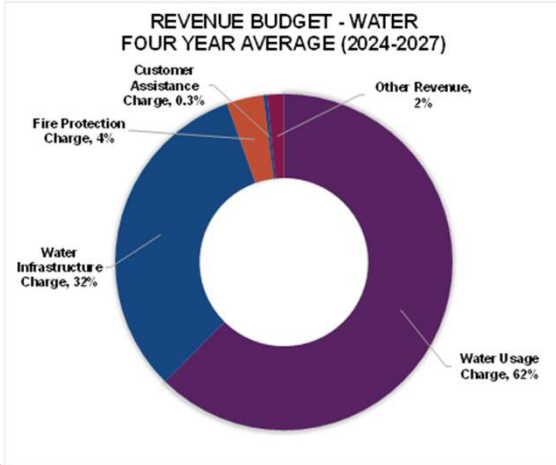
Subject to rounding.

Note: The budgeted residential cost is based on an average residential consumption of 200 m³ (2022 BMA Municipal Study).



32

Water – Base Budget – Operating Overview



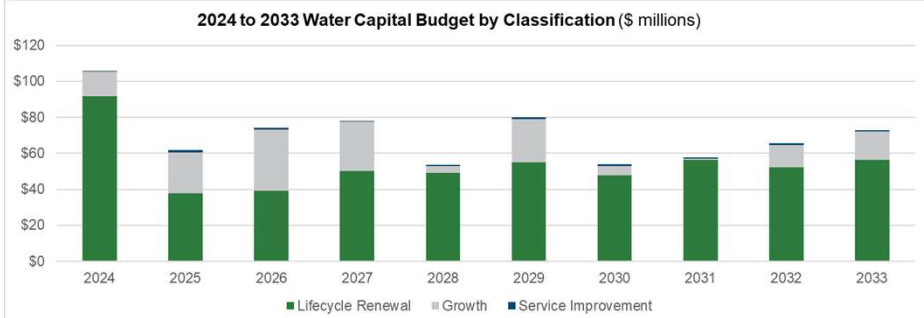
Costs to Maintain Existing Service Levels (MESL)



Water – Base Budget – Capital Overview

Capital Budget Classification (\$ Millions)	2024 to 2027 Multi-Year Budget	2024 to 2033 Capital Plan
Lifecycle Renewal projects maintain infrastructure that is in place today (e.g. reservoirs, watermains, valves, etc.).	\$219	\$535
Growth projects extend services into newly developed areas of the City (e.g. a watermain to service new subdivisions).	\$98	\$160
Service Improvement projects provide a new or improved level of service or address an emerging need (e.g. upgrading equipment in a water pumping station).	\$3	\$8
Total	\$320	\$704

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



Wastewater – Base Budget – Operating Overview

Wastewater and Treatment (\$ Thousands)	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2024 to 2027 Average Annual % Increase/Decrease
Wastewater and Treatment Budget	117,544	126,892	133,727	140,984	148,631	
Increase over Prior Year Budget (%)	3.4%	8.0%	5.4%	5.4%	5.4%	6.0%
Increase over Prior Year Budget (\$)	3,876	9,348	6,835	7,258	7,646	
Wastewater and Treatment Rate Increase	2.5%	4.0%	4.0%	4.0%	4.0%	4.0%

Total Annual Amount	2023	2024	2025	2026	2027	2024 to 2027 Average
Sanitary	\$458	\$476	\$495	\$515	\$536	\$506
Storm	\$221	\$231	\$240	\$250	\$259	\$245
Total	\$679	\$707	\$735	\$765	\$795	\$751
Annual Change	N/A	\$28	\$28	\$30	\$30	\$29

Costs to Maintain Existing Service Levels (MESL)

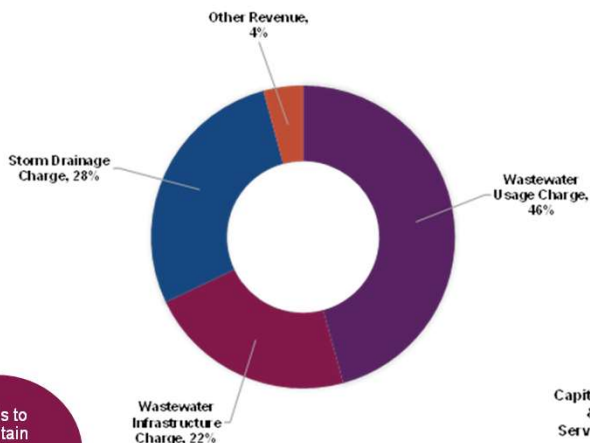
Subject to rounding.

Note: The budgeted residential cost is based on an average residential consumption of 200 m³ (2022 BMA Municipal Study).

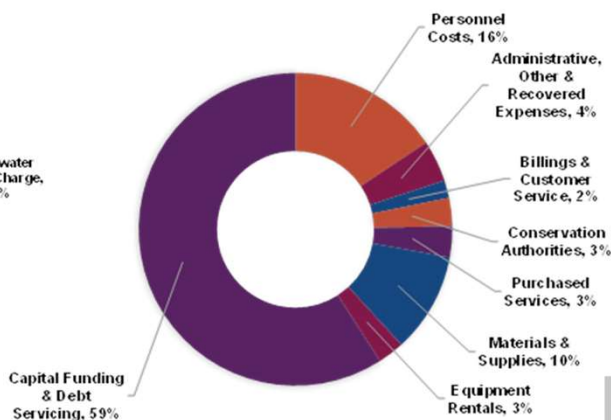


Wastewater – Base Budget – Operating Overview

REVENUE BUDGET - WASTEWATER
FOUR YEAR AVERAGE (2024-2027)



EXPENDITURE BUDGET - WASTEWATER
FOUR YEAR AVERAGE (2024-2027)



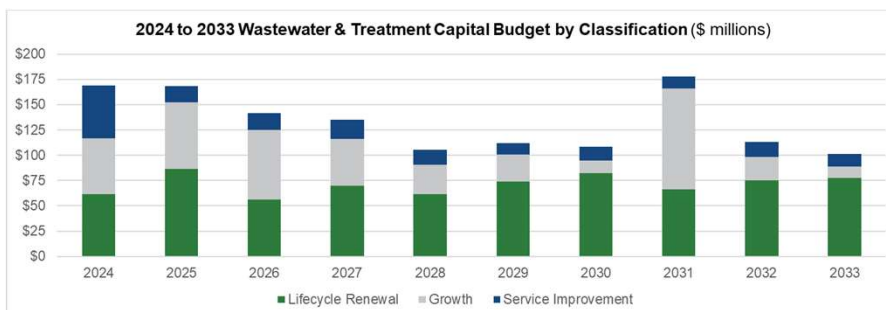
Costs to Maintain Existing Service Levels (MESL)



Wastewater – Base Budget – Capital Overview

Capital Budget Classification (\$ Millions)	2024 to 2027 Multi-Year Budget	2024 to 2033 Capital Plan
Lifecycle Renewal projects maintain infrastructure that is in place today (e.g. local and trunk sewers, wastewater treatment plants and equipment).	\$275	\$712
Growth projects extend services into newly developed areas of the City (e.g. a trunk sewer to service new subdivisions).	\$235	\$437
Service Improvement projects provide a new or improved level of service or address an emerging need (e.g. upgrading equipment in a wastewater treatment plant).	\$104	\$183
Total	\$614	\$1,332

Subject to rounding.



Costs to Maintain Existing Service Levels (MESL)



37

Business Case Categorization – Water and Wastewater Budgets

- 1) Legislative change** – a case in response to new or changed legislation with a financial impact to maintain existing service levels. There is no discretion to avoid the financial impacts of the legislative change and no ability to adjust service levels in response.
- 2) All other cases** – all other business cases developed for the strategies of the 2023 to 2027 Strategic Plan requiring additional funding. This section also contains cases for potential reductions.

Business Cases for Adjustments to Funding and/or Service Levels



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Business Cases – Water and Wastewater Budgets

Category	# of Water Budget Business Cases	Average Annual Water Rate Impact (%)	# of Wastewater Budget Business Cases	Average Annual Wastewater Rate Impact (%)
Council Decisions – All Other Cases	1	0.0%	9	
TOTAL:	3		13	

- Business case summaries can be found starting on page 140 (Water) and 165 (Wastewater) of budget document
- Full business cases can be found starting on page 793

Business Cases for Adjustments to Funding and/or Service Levels



Key Dates & Upcoming Public Engagement

Key Budget Dates

Event/Milestone	Date
Formal Budget Release at SPPC	December 12 – 4:00 p.m.
Public Participation Meeting #1 at Budget Committee	January 29 – 4:00 p.m.
Budget Deliberations at Budget Committee	February 1, 2, 8, 9, 15, 16, 22, 23 – all at 9:30 a.m. as required
Public Participation Meeting #2 at Budget Committee	February 27 – 4:00 p.m.
Final Approval of 2024-2027 Multi-Year Budget By-law at Council	March 5 – 1:00 p.m.

Public Engagement – Upcoming Events

Event	Date
Online Budget Information Session	November 25 – 10:00 a.m. (Recording Available Online)
Budget Open House – City Hall Committee Room 1	January 10 – 4:00 p.m. to 8:00 p.m.
Pop Up Events:	
South London Community Centre	January 13 – 10:00 a.m. to 12:00 p.m.
East Lion's Community Centre	January 16 – 10:00 a.m. to 12:00 p.m.
Canada Games Aquatic Centre	January 17 – 5:30 p.m. to 7:30 p.m.
Kiwanis Senior's Centre	January 19 – 11:00 a.m. to 1:00 p.m.
Stoneycreek Community Centre	January 22 – 4:00 p.m. to 6:00 p.m.
Startech.com Community Centre	January 25 – 10:00 a.m. to 12:00 p.m.

Other Public Engagement Activities

- Attendance at councillor ward meetings/townhalls – as requested
- Attendance at community group events – as requested
- Presentations to council advisory committees – as requested
- “Prioritize” online business case feedback application
- Online property tax breakdown calculator tool:
<https://apps.london.ca/ColTaxCalculator>
- “Finance Flicks” available online: <https://getinvolved.london.ca/budget>
- Advertising through a variety of formats – newspaper, digital, bus, e-mail distributions, community facilities, social media, etc.
- All materials to be available online and at library branches



Budget Chair Requests

Budget Chair Requests

- Please reach out to the appropriate Deputy City Manager or Agency, Board or Commission representative with any questions you wish to ask regarding the 2024-2027 Multi-Year Budget
 - Ensures that an answer will be available
 - Also ensures that the right person will be in attendance to respond
- If you are planning to declare a conflict on particular parts of the budget, please advise the Budget Chair, City Clerk and City Treasurer **in advance** so that the budget recommendations can be separated accordingly
- If you are planning to propose any budget amendments, please work with Civic Administration and the Clerk's Office and circulate them **in advance**
- Info sessions will be scheduled in January to provide an opportunity for Councillors to ask questions of Finance staff – further details to come
- Finance staff, working with the Budget Chair, will canvass Council in January to understand business case priorities



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“Strong Mayor” Legislation – Impact on the Budget Process

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“Strong Mayor” Legislation – Impact to Budget Process

- “Strong Mayor” legislation has now been extended to 46 of Ontario’s larger municipalities, including London
- This new legislation dictates that:
 - The Mayor is to propose a budget by February 1st, or
 - Council prepares and adopts a budget if the Mayor fails to propose a budget on or before February 1st
- This new legislation does not provide for a mechanism for the Mayor to ‘opt out’ of this new process or for the Mayor to delegate these responsibilities
- The draft budget formally released today is the draft budget prepared by Civic Administration to facilitate public input, and is not the “Mayor’s budget”
- The legislation includes defined processes for council amendments to the Mayor’s budget, associated mayoral veto power and council overrides of mayoral vetoes



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Mayoral Budget Direction/Decisions Issued to Date

Mayoral Direction #2023-001 (Oct. 5, 2023) directs the Deputy City Manager, Finance Supports to take the following actions:

- Proceed with the preparation of the 2024-2027 Multi-Year Budget in accordance with the direction previously provided by Council on April 25, 2023 and to support the implementation of strategies as part of Council’s approved 2023-2027 Strategic Plan
- Proceed with the release of staff’s draft budget on December 12, 2023 in order to facilitate the public engagement plan previously outlined by civic administration
- Collaborate with Budget Chair Pelosa to provide support for councillors’ engagement activities with their constituents; and,
- Periodically brief myself and Budget Chair Pelosa on the progress of the staff draft budget as requested.



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Mayoral Budget Direction/Decisions Issued to Date

Mayoral Decision #2023-003 (Oct. 10, 2023) outlines:

- The establishment of the 2024-2027 Multi-Year Budget Committee (“Budget Committee”) for the purposes of overseeing the development of the 2024-2027 Multi-Year Budget, ensuring alignment with our city’s strategic goals
- Councillor Pelosa is appointed Chair of the Budget Committee
- The Budget Committee shall be comprised of all members of Council
- The Budget Committee shall report to Council and work closely with civic administration to facilitate a transparent and inclusive budgeting process
- The City Clerk or designate shall support the Budget Committee
- The Council Procedure By-law, being a by-law to provide for the Rules of Order and Procedure for the Council of The Corporation of the City of London, and any other applicable legislation shall govern the proceedings of the Budget Committee



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“Strong Mayor” Legislation – Impact to Budget Process

Mayor proposes a budget on or before Feb. 1st

- Otherwise Council shall prepare and adopt budget for the municipality

* Council may pass resolution to shorten this time period

30 day* period for Council amendments** to the proposed budget

- If no amendments (or not within 30 days), budget is deemed adopted as proposed by Mayor

** Council meeting is not required to approve Council amendments

10 day*** period for Mayor to provide written veto of Council amendments

- If no veto, budget deemed adopted with council amendments

*** Mayor may provide written document to shorten this time period

15 day* period for Council to override Mayor's veto with two thirds majority

- If no two thirds majority or not within 15 days, budget deemed adopted as proposed by Mayor

Budget deemed adopted with Council amendments



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City of London Budget Contact:

budget@london.ca

519-661-4638

www.london.ca/budget

<https://getinvolved.london.ca/budget>

Multi-Year **Budget**