



16 MULTI-YEAR BUDGET FOR THE 19 CITY OF LONDON 2016 • 2019

INVESTING IN OUR FUTURE



2016 – 2019 CITY OF LONDON STRATEGIC MULTI-YEAR BUDGET

ADDITIONAL INVESTMENTS BUSINESS CASE #7

STRATEGIC AREA OF FOCUS:	BUILDING A SUSTAINABLE CITY
SUB-PRIORITY:	ROBUST INFRASTRUCTURE
STRATEGY:	ADDRESS AND MANAGE THE INFRASTRUCTURE GAP TO MAINTAIN WHAT WE HAVE NOW AND REDUCE THE TAX BURDEN ON FUTURE GENERATIONS. THIS INCLUDES EVERYTHING FROM ROADS TO PARKS TO BUILDINGS.
INITIATIVE:	STATE OF INFRASTRUCTURE REPORT
INITIATIVE LEAD(S):	MARTIN HAYWARD
SERVICE(S):	CORPORATE FINANCING
TOTAL 2016 – 2019 INVESTMENT REQUESTED (\$000'S):	\$6,000
TOTAL 2016 – 2019 NET BUDGET REQUESTED (\$000'S):	\$6,000

WHAT IS INCLUDED IN THE BASE BUDGET?

BASE BUDGET (\$000'S):	2015	2016-2019 TOTAL
Civic Service Areas:		
Operating	14,812	60,783
Full-Time Equivalents	0	0
Capital		
Transportation	34,832	131,434
Environmental Services	815	8,870
Parks & Recreation	6,556	34,677
Fleet	3,786	19,221
Information Technology	1,179	8,229
Corporate Facilities	2,295	8,400
Cultural Facilities	727	2,908
Other	433	3,970
Total Capital	53,925	226,574
Boards & Commissions:		
London Police Service	1,794	10,767
London Transit Commission	6,335	34,184
London Public Library	2,690	3,780
London & Middlesex Housing Corporation	2,208	8,832
London Convention Centre	2,661	2,450
Other	1,450	2,172

Base Budget Summary:

The base budget and capital plan supports a capital lifecycle renewal program totaling \$288.8 million over the next four (4) years. This supports infrastructure with a replacement value in excess of \$4.2 billion. Despite the planned investment, based on an analysis undertaken as part of the State of Infrastructure Report 2013, an infrastructure gap exists. In 2013, the tax supported gap was identified to be \$50.1 million which could grow to \$405.6 over the next 10 years which takes into consideration the existing plan. While the existing gap is at a manageable level, concern was raised that increased investment is necessary to prevent the gap from reaching unmanageable levels.

For example, in 2013 the City owned the following assets (to name a few):


- 3,717 land kilometres of road
- 101 bridges
- 1,471 kilometres of sidewalk
- 2,436 hectares of park land & natural areas
- 206 km of pathways & trails
- 14 Cultural Facilities
- 35 Corporate Facilities
- 11 Arenas
- 13 Community Centres
- 393 Vehicles

(For the full exhaustive list, please refer to the State of Infrastructure Report 2013)

BASE BUDGET METRICS	2015	2016	2017	2018	2019
Achievement of funding identified in the State of Infrastructure Report (in thousands).	\$3,458 / \$8,827	\$3,458 / \$17,655	\$3,458/\$26,482	\$3,458/\$35,310	\$3,458/\$44,137
Pavement Quality Index ¹	63.1	62.3	61.1	60.0	58.9

¹ Pavement Quality Index (PQI) refers to the condition of pavement rated between 0 – 100, where the higher the number, the better the condition. Based on base planned funding levels, London’s PQI will deteriorate from 63.1 in 2015 to 52.6 by 2025, a 17% reduction.

NOTE: The State of Infrastructure Report 2013 identified the following:

City of London Infrastructure Summary			
2013 Replacement Value	2013 Condition	2013 Infrastructure Gap	2013 Infrastructure Gap In 10 Years
\$ 10.9 Billion		\$ 52.1 Million	\$ 466.1 Million

Note: includes rate supported assets (water and wastewater) – tax supported gap in 2013 was \$50.1 (current) and \$405.6 million (in 10 years)

WHAT INVESTMENT IS REQUIRED FROM PROPERTY TAX?

TAX LEVY IMPACT (\$000'S):	2016	2017	2018	2019	2016-2019 TOTAL	2020-2025
Net Requested Tax Levy <small>(Cumulative)</small>	0	1,000	2,000	3,000	6,000	39,000
Net Incremental Tax Levy	0	1,000	1,000	1,000		
Annual Tax Levy Impact	0.0%	0.19%	0.18%	0.18%		

INITIATIVE DELIVERABLES

As set out in the State of Infrastructure Report 2013, increased investment is required over and above planned budgetary levels in order to mitigate and manage the growth in the infrastructure gap. Additional funding to this initiative would be allocated based on the analysis undertaken in 2013 where Transportation accounted for approximately 67% of the current gap, Corporate Facilities accounted for 19%, and Parks accounted for 10%. It should be highlighted that an increase in funding is just one of many initiatives that the City is utilizing in order to improve its management of its infrastructure.

These initiatives include but are not limited to; the standardization of asset management practices across the corporation; strategic planning; review of service delivery levels; leveraging of technology; and exploring funding opportunities with other levels of government including the viability of Public Private Partnerships (PPP).

CUMULATIVE OPERATING BUDGET (\$000'S):	2016	2017	2018	2019	2016-2019 TOTAL	2020-2025
Expenditure ⁽¹⁾	0	1,000	2,000	3,000	6,000	39,000
Source of Funding:						
Grants						
User Fees						
Savings from Existing Budget						
Other						
Net Tax Levy	0	1,000	2,000	3,000	6,000	39,000
Additional Full-time Equivalents	0	0	0	0	0	0

(1) A contribution to an Infrastructure Gap Reserve Fund will be made and then allocated to capital projects as required to address the gap.

METRICS (CUMULATIVE CHANGES)	2016	2017	2018	2019
Achievement of funding recommendation identified in the State of Infrastructure Report (in thousands).	0	\$1,000	\$2,000	\$3,000
Pavement Quality Index (incremental improvement)	0	0.1	0.3	0.4

WHAT ARE THE RISKS OF NOT PROCEEDING?

Some other specific risks include:
Failure to deliver service
Shortened useful life of assets
Rising maintenance costs
Negative social impacts
Customers unable to carry out on their business
Damage to the environment
Additional unplanned costs

OTHER INFORMATION TO REFER TO

Transportation Infrastructure Gap; Civic Works Committee, October 7, 2013

<http://sire.london.ca/mtgviewer.aspx?meetid=569&doctype=agenda&itemid=22400>

State of the Infrastructure Report 2013; Corporate Services Committee, January 7, 2014

<http://sire.london.ca/mtgviewer.aspx?meetid=616&doctype=agenda&itemid=23731>

Corporate Asset Management Plan 2014; Corporate Services Committee, August 26, 2014

<http://sire.london.ca/mtgviewer.aspx?meetid=740&doctype=agenda&itemid=28487>

Municipal Parking Lot Upgrade Strategy; Civic Works Committee, May 20, 2015

<http://sire.london.ca/mtgviewer.aspx?meetid=911&doctype=agenda&itemid=34148>

Corporate Asset Management Plan 2015 Review; Corporate Services Committee, December 1, 2015

<http://sire.london.ca/mtgviewer.aspx?meetid=1053&doctype=agenda&itemid=37950>