

Assessment Growth Policy

BY-LAW NUMBER

CPOL.-47(b)-183

AS AMENDED BY

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Last Review Date: July 25, 2023

Service Area Lead: Director, Financial Planning and Business Support

1. Policy Statement

The purpose of this policy is to establish a priority framework for the allocation of assessment growth funds.

2. Definitions

- 2.1 **Authorized Debt** – Council approved debt financing as a source of funding for capital projects.
- 2.2 **City** – The Corporation of the City of London.
- 2.3 **City Treasurer** – The individual appointed by the municipality as treasurer.
- 2.4 **Development Charges** – A fee charged by the City to recover capital costs associated with residential and non-residential growth. Development charges do not pay for operating costs or infrastructure renewal.
- 2.5 **Lifecycle Renewal** - Rehabilitation or renewal of existing infrastructure due to obsolescence, health and safety concerns, or general deterioration of assets related to age.

3. Applicability

This policy applies to the property tax supported budget.

4. The Policy

4.1 Principles

4.1.1. Civic service areas, boards and commissions that incur one-time or permanent costs to extend existing services due to growth in the City are required to submit business cases to the City Treasurer or designate.

4.1.2. Business cases must be supported by strong metrics that clearly indicate a growth need for the service in question. Strong metrics typically include those that refer to growth in number of households, geographical area (e.g., hectares) or physical assets (e.g., lane-kilometres of roads). Population-based metrics may be suitable depending on the service. Metrics that address growth in demand or changes in demographics are generally not as strong as the aforementioned examples but may be appropriate in some cases.

4.1.3. Business cases will be considered eligible for funding and prioritized by the following categories:

- 1) Operating or one-time capital costs directly linked to the extension of existing services to new development;
- 2) Operating costs associated with developer-constructed capital assets assumed by the City or new Development Charges-funded growth-related capital assets constructed by the City of London or associated agencies, boards or commissions;
- 3) Future lifecycle replacement capital costs for developer-constructed capital assets assumed by the City or new Development Charges-funded growth-related assets constructed by the City or associated agencies, boards or commissions;
- 4) Support services and activities required to support the delivery of services related to items 1), 2) and 3) above;

5) Operating or one-time capital costs related to pressures of a growing city (supported by appropriate metrics at the sole discretion of the City Treasurer or designate).

4.1.4. For greater clarity, the following requests will not be eligible for funding:

- Requests related to the introduction of a new service or program, either on a permanent or one-time basis;
- Requests for permanent funding of an existing program implemented temporarily (i.e., a “pilot program”);
- Requests related to the enhancement or expansion of existing service levels (i.e., service improvement);
- Requests related to the maintenance, renewal, or rehab of existing capital assets on a permanent or one-time basis.

4.1.5. Assessment growth funds are applied to approved business cases at the discretion of the City Treasurer or designate.

4.1.6. If funding requests through approved business cases exceed available assessment growth funding then:

a) Business cases will be allocated funding according to the following priority order:

i) Flow through costs for business cases approved but not fully funded in a prior year or that require funding over multiple years;

ii) In accordance with the prioritized categories outlined in section 4.1.3 above; and,

iii) Business cases will be evaluated as to whether the service and/or funding could be deferred to next year and whether significant service disruptions would occur if the service did not receive the current year assessment growth funding.

b) Unfunded business cases may be resubmitted for consideration in the following year and will be subject to prioritization alongside newly submitted cases in the subsequent year(s).

4.1.7. If assessment growth funding exceeds the accumulated growth costs (approved business cases) of civic service areas, boards and commissions in any one budget year, the balance available will be applied in that year as follows:

a) 50% to reducing debt financing in the capital plan on a one-time basis; and,

b) 50% to the Capital Infrastructure Gap Reserve Fund on a one-time basis to mitigate growth in the infrastructure gap.

4.1.8. Assessment growth funding not allocated permanently, will be carried forward to the following year as a permanent source for future growth costs.

4.1.9 Business cases not approved in a given year will be summarized in the annual Assessment Growth Allocation report provided to Committee.

4.2. Budgeting for Assessment Growth

4.2.1. For budgeting purposes, assessment growth will be assumed to be fully allocated to growth costs. Assessment growth and its allocation will be reported annually.

Last modified: Tuesday, April 09, 2024