21ST REPORT OF THE BOARD OF CONTROL

Special Meeting held on July 16, 2007 commencing at 12:04 p.m.

PRESENT: Mayor A. M. DeCicco-Best (Chair), Deputy Mayor T. C. Gosnell, Controllers G. Barber, W. J. Polhill and G. D. Hume; and L. M. Rowe (Acting Secretary).


I YOUR BOARD RECOMMENDS:

1. That, on the recommendation of the Director of Roads & Transportation, the following actions be taken with respect to entering into a Municipal Infrastructure Agreement with Auburn Developments Inc. for the construction and financing of the Adelaide Street North Reconstruction:

   (a) the attached by-law (Appendix ‘B’) BE INTRODUCED at the Municipal Council meeting on July 16, 2007 to:

      (i) approve the Municipal Infrastructure Agreement between the City of London and Auburn Developments Inc. (39T-99521) for the construction and financing of the Adelaide Street North Reconstruction attached as Schedule ‘A’ to the by-law; and

      (ii) authorize the Mayor and the City Clerk to execute the said agreement; and,

   (b) the amended Sources of Financing for the construction, attached as Appendix ‘A’, BE APPROVED.

II YOUR BOARD REPORTS:

2. That the Board of Control met with The Honourable S. Barnes, M.P. London West, I. Mathyssen, M.P. London-Fanshawe, J. Preston, M.P. Elgin-Middlesex-London and J. Bullbrook and M. Hamou, on behalf of G. Pearson, M.P. London North Centre, to discuss the following issues:

   (a) Policing and Criminal Justice
      (i) Status of Federal Funding of 1,500 new police officers
      (ii) Bail provisions of the Criminal Code

   (b) Big City Mayors' Caucus (BCMC) Update
      (i) Our Cities, Our Futures
      (ii) National Transit Strategy
      (iii) Revenue Sharing Paper

   (c) Southwest Economic Assembly (SWEA) Update
      (i) Regional Economic Development Initiative (REDI)

   (d) Status of Women Funding Cuts

   (e) Canada Builds
      (i) Guidelines for Federal-Municipal Infrastructure Programs;

   it being noted that Members were provided with the attached Institute for Research on Public Policy News Release pertaining to the authority and fiscal capacity of local governments

   (f) HELP Clean Water
      (i) Status of Funding Request

   (g) London Citizenship Court – Appointment of Local Judge

   (h) Affordable Housing Stock – Funding Challenges

The meeting adjourned at 1:50 p.m.
Chair and Members
Board of Control

July 10, 2007

(Revised)

FINANCE AND CORPORATE SERVICES DEPARTMENT REPORT ON THE SOURCES OF FINANCING:

Finance and Corporate Services confirms that the cost of this project cannot be accommodated within the financing available for it in the Capital Works Budget. The additional funding requirement, resulting from the change in Urban Works Reserve Fund eligibility, is available from new debt and development charges. Subject to the adoption of the recommendations of the Director of Roads & Transportation, the detailed source of financing for this project is:

### ESTIMATED EXPENDITURES

<table>
<thead>
<tr>
<th>Estimated Expenditures</th>
<th>Approved Budget</th>
<th>Financing Amendment</th>
<th>Revised Budget</th>
<th>Committed To Date</th>
<th>This Submission</th>
<th>Balance For Future Work</th>
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<tr>
<td>Engineering</td>
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<td>Construction</td>
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<td>2,069,133</td>
<td>20,867</td>
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<td>100,000</td>
<td>64,637</td>
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<tr>
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<td>5,000</td>
<td></td>
<td></td>
<td>25,000</td>
</tr>
</tbody>
</table>

**NET ESTIMATED EXPENDITURES**

| Total | $2,420,000 | $2,420,000 | $1,644 | $1,644 | $2,204,019 | $52,874 |

### SUMMARY OF FINANCING:

1. **Debenture Quota**
   - $593,300
   - $306,696
   - $899,996
   - $794,969
   - $25,604

2. **Drawdown from City Services-Roads R.F.**
   - 1,200,000
   - (732,887)
   - 467,113
   - 467,113
   - 0

3. **Drawdown from Urban Works RF**
   - 626,700
   - 323,893
   - 300,807
   - 300,807
   - 0

4. **Contribution from Developer**
   - 0
   - 202,298
   - 102,238
   - 102,298
   - 0

**TOTAL FINANCING**

| Total | $2,420,000 | $2,420,000 | $1,644 | $1,644 | $2,204,019 | $52,874 |

### NOTE TO CITY CLERK:

1. Administration hereby certifies that the estimated amounts payable in respect of this project do not exceed the annual financial debt and obligation limit for the Municipality as determined by the Ministry of Municipal Affairs in accordance with the provisions of Ontario Regulation 403/02 made under the Municipal Act and, accordingly the City Clerk is hereby requested to prepare and introduce the necessary authorizing by-laws.

2. Council should be aware that the addition of new debt to this project in the amount of $306,696 will increase the 2007 approved debt from $30,565 to $30,872.

### OTHER NOTES:

- The Urban Works Reserve Fund (UWRF) claim of $0.47 million is related to works undertaken by the City on behalf of the developer on the recommendation of the Director of Roads & Transportation. This amount has been reduced from $1.2 million as a result of the completion of detailed design work. The City is subject to the rules of the UWRF. As such, the eventual claim will be financed out of the City's working capital for a period of several years. The agreement negotiated between EESD and the developer will see the developer pay all carrying costs at an appropriate interest rate until such time as all UWRF claims have been paid in full.

- Development Charges have been utilized in accordance with the underlying legislation and the Development Charge Background studies completed in previous years. The additional funding requirement of $323,893 is available as a drawdown from City Services-Roads Component Reserve Fund.

- Auburn is required to pay $102,298 for local sewer and private connections based on awarded tender prices.

- There are no anticipated additional operating costs in the Environment and Engineering Services budget in 2007 and subsequent years with the approval of this project.

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Maria Hayward
Director of Financial Planning & Policy
WHEREAS subsection 5(3) of the Municipal Act, 2001 provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Municipal Infrastructure Agreement between The Corporation of the City of London and Auburn Developments Inc. for the financing and construction of the Adelaide Street North Reconstruction Project, attached to this By-law as Schedule 'A', is hereby adopted.

2. The Mayor and the City Clerk are hereby authorized to execute the agreement adopted under section 1 above.

3. This by-law shall come into force and effect on the day it is passed


Anne Marie DeCicco-Best
Mayor

Linda Rowe
Deputy Clerk

First reading -
Second reading -
Third reading -
This Municipal Infrastructure Agreement made in duplicate this ___ day of ___, 2007.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON,
hereinafter called "the City"

- and -

AUBURN DEVELOPMENTS INC.
hereinafter called the "Auburn"

WHEREAS Section 110 of the Municipal Act authorizes the municipality to enter into agreements for municipal capital facilities as provided for in this Agreement;

AND WHEREAS the City has forecasted the need to complete capital road improvements to Adelaide Street North to accommodate growth and maintain safe road conditions;

AND WHEREAS the registered subdivision Agreement for the Auburn Developments Inc., Stoney Creek Subdivision Phase 2, (File 39T-99506), requires Auburn to construct UWRF eligible works along a portion of the east side Adelaide Street North and similar conditions are required of the subdivider on the west side of Adelaide Street North;

AND WHEREAS the City acknowledges the efficiency of constructing contiguous capital and UWRF roadworks for Adelaide Street North under a single contract with the City to assume the role of Project Manager;

AND WHEREAS in recognition of past commitments by Auburn to construct UWRF claimable works on Adelaide Street North, Auburn agrees to reimburse the City for all carrying charges associated UWRF claims until such time as the City receives payment in full of all UWRF claims associated with this project;

AND WHEREAS additional work required to be constructed by Auburn that is not eligible for UWRF claims has been incorporated into the Adelaide Street North project and Auburn shall provide to the City up front financing for the full costs of these works as specified herein;

NOW THEREFORE WITNESSETH that in consideration of the premises and of good and valuable consideration now paid by the City to Auburn (the receipt and sufficiency of which Auburn hereby acknowledges) the City and Auburn covenant, agree and provide with each other as follows:

1. DEFINITIONS
a) The words and phrases defined in this paragraph shall for all purposes of this Agreement and of any subsequent agreement supplemental hereto have the meanings herein specified unless the context expressly or by necessary implication otherwise requires.

"City Engineer" or "Engineer" means that person who, for the time being, is employed by
the City as its Engineer or Acting Engineer.

"Project" means all works required for construction of the Adelaide Street North Road Improvements as annexed to this Agreement and described in Section 4a) of this Agreement.

"UWRF" means the Urban Works Reserve Fund as described in the City of London Development Charges By-Law C.P1440-167.

2. INCONTESTABILITY
a) Auburn will not call into question directly or indirectly in any proceeding whatsoever in law or in equity or before any administrative or other tribunal the right of the City to enter into this Agreement and to enforce each and every term, covenant and condition thereof and this provision may be pleaded by the City in any such action or proceeding as a complete and conclusive estoppel of any denial of such right.

3. THE OPINION OF THE CITY ENGINEER
a) With respect to the construction, installation, repair and maintenance of any work or service required herein to be done by the City, and as to whether or not any works or services, in whole or in part, are being or have been constructed, installed, repaired or maintained strictly in accordance with the terms of this Agreement, and, where applicable, with the specifications of the City Engineer, as hereby required, and as to whether any breach or plans, specifications or requirements of the City Engineer has occurred or has been remedied, the decision of the City Engineer shall be final, conclusive and binding upon the parties hereto and shall not be subject to review in any Court of Law or equity, or before any administrative or other tribunal upon any ground whatsoever, other than upon the ground that the City Engineer has not acted in good faith in forming or giving his decision, the proof of which shall be and remain upon the party seeking to attack the decision of the City Engineer, and wherever in this Agreement work or services are required to be constructed, installed, repaired or maintained within a certain time or in a certain order or in a certain manner, or in conformity with any plans, specifications or other terms, such requirement shall be conclusively deemed to mean so constructed, installed, repaired or maintained as determined and as required and approved by the City Engineer.

4. CONSTRUCTION & ADMINISTRATION:
a) This Project shall include construction of the Adelaide Street North road improvements incorporating all Development Charge roadworks, UWRF eligible minor roadworks and additional non-claimable works required of Auburn within a single construction project as described herein:

i) Development Charge major roadworks on Adelaide Street from approximately 50 m north of Sunningdale Road to 60 m north of Philbrook Drive and on Sunningdale Road East from 90 m west to 20 m east of Adelaide Street to improve these sections to a 2-lane urban cross-section, less road costs associated with UWRF claimable minor roadworks at an estimated cost of $1,699,755.
ii) UWRF eligible minor roadworks as previously required under the Auburn Stoney Creek Phase 2 registered subdivision agreement (File 39T-99506) on the east side of Adelaide Street North from Sunningdale Road East to the South limit of plan 33M-467 including a right-turn channelization and left turn channelization, sidewalks, curbs and boulevard grading at an estimated cost of $177,743.

iii) UWRF eligible minor roadworks as previously required under the Drewlo Holdings Ltd Upland Hills Phase 1 registered subdivision agreement (File 39T-99522) on the west side of Adelaide Street North from Sunningdale Road East to the Philbrook Drive including a right-turn channelization, street lighting, sidewalks, curbs and boulevard grading at an estimated cost of $289,370.

iv) Storm and Sanitary works to service existing lots fronting Adelaide Street North as required under the Auburn Stoney Creek Phase 2 registered subdivision agreement (File 39T-99506) at an estimated cost of $102,298 to be financed by Auburn and not eligible for reimbursement.

The total cost for the full Adelaide Street road improvements are estimated at $2,269,133.

b) The City shall carry out all administration of this project, including review and acceptance of the design and construction plans; advertising, tendering and awarding the contract; and providing all project management, contract administration and on-site supervisory responsibilities in conjunction with the City retained project consultant.

5. FINANCING OF WORKS AND CLAIMS AGAINST THE URBAN WORKS RESERVE FUND:

a) The City shall undertake all works related to this project and submit claims for all costs eligible for claim from the UWRF in accordance with the City of London Development Charges By-law C.P.1440-167 and will invoice Auburn for all applicable costs as noted in Sections 4a)ii) and 4a)iii) for an estimated total of $467,113, on the date the contract is in effect, provided that:

i) The City will calculate and accrue interest charges on the outstanding balance of the receivable based on the Scotiabank prime rate in effect during the period, compounded monthly.

ii) The City will invoice Auburn at the end of the City’s fiscal year for all interest accrued and outstanding. Interest will accrue and be payable by Auburn until all UWRF claims for this Project have been paid in full;

iii) Upon substantial completion of the project, the City shall provide Auburn with a detailed “Certified Statement” setting out the total actual project costs for UWRF eligible contract items and adjust Auburn’s receivable by the difference between the actual costs and $467,113;

iv) Auburn shall reimburse the City for the full balance of interest charge invoices within 30 days of receipt or be subject to additional interest charges.

v) Upon full payment of the UWRF claim by the fund to the City, a credit note will be issued to Auburn for the claim amount and a statement will be issued to Auburn detailing interest owed. This final statement will be payable within 15 days.
b) Project costs for works to be financed by Auburn as described in Section 4a)iv) of this Agreement shall be paid up front by Auburn in accordance with the following:

i) Auburn shall pay to the City the required non-refundable project costs based on awarded tender prices for applicable contract items as described in Section 4a)iv), prior to issuance of the first contract payment certificate or no later than August 30, 2007;

ii) Upon substantial completion of the project, the City shall provide Auburn with a detailed "Certified Statement" setting out the total actual construction costs for applicable contract items to be carried by Auburn as described in Section 4a)iv) and the City will reimburse Auburn for the unused portion of the amount provided in Section 5b)i);

iii) Should the Certified Statement of actual project costs for these works exceed the amount provided in Section 5b)i), the City will bill Auburn for the difference.

iv) All works associated with Section 4a)iv) will be borne by Auburn and not eligible for reimbursement from the City;

6. SECURITIES:

a) Securities were provided by Auburn to the City as a requirement of the Stoney Creek Phase 2 registered subdivision agreement (File 39T-99522) to protect against default on works required in that agreement including the works described in Section 4a)iv) of this Agreement. Auburn will not be required to provide additional securities as part of this Municipal Infrastructure Agreement. Auburn acknowledges and agrees that the City will withhold further reductions to securities collected under the Stoney Creek Phase 2 registered agreement (File 39T-99522) until such time as this Project reaches substantial completion after which security reductions will be limited to retain minimum securities in the amount of $100,000 until all UWRF claims for this Agreement have been paid in full and Auburn has reimbursed the City for all invoiced interest charges. The City shall reserve the right to liquidate said security to cover any unsatisfied reimbursement to the City for carrying charges billed for this project.

7. GENERAL:

b) Auburn, its successors and affiliates shall not assign this Agreement in whole or in part without the written consent of the City.

b) Notwithstanding any of the provisions herein, Auburn shall be subject to all by-laws of the City. In the event of a conflict between the provisions of this Agreement and the provisions of any by-law of the City, the provisions of the by-law shall prevail.

d) All of the provisions of this Agreement are to be construed as covenants and agreements as though the words, importing such covenants and agreements were used in each separate clause hereof. Should any provision of this Agreement be adjudged unlawful or not enforceable, it shall be considered separate and severable from the Agreement and its remaining provisions as though the unlawful or unenforceable provision had not been included.

e) Words importing the singular only shall include the plural; words importing the masculine
only shall include the female, and words importing a person shall include corporation.

f) This Agreement shall enure to the benefit of and be binding on the parties and their respective successors and assigns.

g) If any term of this Agreement shall be found to be "ultra vires" of the City, or otherwise unlawful, such term shall conclusively be deemed to be severable and the remainder of this Agreement "mutatis mutandis" shall remain in full force and effect.

h) Any notices required or permitted to be given pursuant to the terms of this Agreement shall be given in writing sent by prepaid registered post, addressed in the case of notice given by the City to:

Auburn Holdings Ltd.
560 Wellington Street, 2nd Floor
London, Ontario, N6A 3R4

And, in the case of notice given by Auburn, addressed to:

The City Clerk
P. O. Box 5035
London ON
N6A 4L9

Notice shall conclusively be deemed to have been given on the day that the same is posted. Wherever in this Agreement the City Engineer is permitted or required to give direction, exercise supervision, or require work to be done or work to cease in respect of the construction, installation, repair and maintenance of works and services, he shall be deemed to have done so if he communicates such direction, supervision or requirement, orally or in writing, to any person purporting or appearing to be a foreman, superintendent of Auburn, and if the City Engineer shall have made such communication orally, he shall confirm such communication in writing as soon as conveniently possible.

i) Auburn irrevocably agrees that all conditions and requirements herein contained have been imposed by the Approval Authority prior to registration of this Agreement upon the title of the lands as a condition of his approval, and Auburn irrevocably agrees that this provision may be pleaded as a complete estoppel in any action or proceeding in which it is otherwise alleged. Auburn further acknowledges and agrees that the Approval Authority may impose additional conditions on his granting approval of the plan, including the requirement to enter into one or more additional agreements.

IN WITNESS WHEREOF the City has executed this Agreement by its Mayor and Clerk and Auburn has hereunto set his hand and seal and/or affixed his corporate seal attested by the hands of its duly authorized officers.

THE CORPORATION OF THE CITY OF LONDON

_________________________
Mayor (seal)

_________________________
Clerk (seal)
Canada's Cities Lack the Means to Prosper in the Global Knowledge Economy

To reach their potential, large cities must have the authority and fiscal capacity to implement knowledge-based growth policies, says Thomas J. Courchene

Montreal — Cities are the key players in the global knowledge economy in which Canada competes. However, despite their importance, Canadian cities are cash-starved compared with other cities around the globe and have no jurisdictional authority under the Constitution. This, says an IRPP study published today, means that our cities are ill equipped to attract the skilled workers and high-tech industries that are the new ingredients for economic success.

IRPP Senior Scholar Thomas J. Courchene (Queen's University) argues that in order to compete in the global knowledge economy Canada's large cities need money to fund education, immigrant settlement, health care and a host of other programs that would help attract and develop a skilled and educated workforce. Without this money and the ability to design policies to address these needs, our cities risk losing out to their international counterparts.

Considering that Canadians' standards of living are a function of how well our cities perform in an international context, this study serves as a clear warning that the time for change is now. Looking at the current situation of Canada's large cities relative to other global players, Courchene sees problems in terms of per capita spending and revenue-raising capacity.

- Canadian cities rely on property taxes for more than 90 percent of their revenue, and these revenues (unlike income and sales taxes) do not increase with a growing economy. The problem is that the effective political limit to property-tax financing — in the range of 3 percent of GDP — is far too low to allow Canadian cities to reach their potential in the knowledge economy.
- Cities in continental Europe, which rely to a much greater extent on sales and income taxes, are not only much stronger fiscally but able to shoulder greater responsibilities. Municipal governments in Stockholm, Berlin, Vienna and Helsinki spend twice as much per capita as those in Copenhagen and Amsterdam and three times as much as that in Toronto.
US cities are also more fiscally diverse. For example, in comparison with Edmonton and Calgary, Seattle has access to eight additional sources of revenue, not to mention several other tax options it has elected not to use.

Ottawa’s decision to share a portion of federal gas tax revenues with municipalities could have helped shore up big-city finances, but was poorly designed, argues Courchene. While these revenues are disproportionately collected from large cities, they are re-allocated on an equal per-capita basis to all municipalities, which means big cities end up being the financial losers. What was meant to be a revenue-sharing mechanism between two levels of government has translated into an equalization transfer from large cities to small cities. These revenues should be allocated on the basis of where they were collected in the first place, contends the author.

To allow Canadian cities to become players in the knowledge economy, Courchene proposes some fundamental changes to city governance and financing:

- **Provincial-municipal relations**: The Greater Toronto Charter is an example of a blueprint for constructive rethinking, says Courchene. Its key provision is to empower greater Toronto to exercise responsibility over strategic functions such as economic development, immigrant resettlement and education. Large Canadian cities have the critical mass needed to design and deliver programs, and adopting such charters (or even going one step further and achieving status as city-provinces) would allow them to exploit this ability.

- **Diversifying revenue**: Courchene argues that there is ample scope for large cities to be granted access to income- or sales-tax revenues. He notes that Canada’s “piggyback model” (by which Ottawa collects income taxes on behalf of all provinces except Quebec and remits the proceeds) is the envy of other federations. For starters, provincial transfers to large cities could be converted into equivalent income- or sales-tax points, which would allow their revenues to grow with the economy. Later on, cities could be given authority to set their own rates.

Global Futures for Canada’s Global Cities by Thomas J. Courchene is available free of charge from www.irpp.org.

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For more information or to request an interview, please contact the IRPP.

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