

Subject: 2023 Draft Operating and Capital Budgets

File Number: ACS2023-FCS-FSP-0001

Report to

Council 1 February 2023

Submitted on February 1, 2023 by Cyril Rogers, General Manager and Chief Financial Officer (A), Finance and Corporate Services Department

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Ward: Citywide

Objet: Budgets préliminaires de fonctionnement et d'immobilisations de 2023

Dossier Numéro: ACS2023-FCS-FSP-0001

Rapport au

Conseil le 1er février 2023

Soumis le 1 février 2023 par Cyril Rogers, Directeur général par intérim et chef des finances, Direction générale des finances et des services organisationnels

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Quartier: À l'échelle de la ville

REPORT RECOMMENDATION(S)

That City Council:

- 1. Receive and table the Draft 2023 Operating and Capital Budgets at its meeting of February 1, 2023 for subsequent consideration by Council sitting in Committee of the Whole to be held March 1, 2023.**

2. **Refer the relevant portions of the 2023 Operating and Capital Budgets to each Standing Committee of Council and the Transit Commission for their consideration and recommendation to Council sitting in Committee of the Whole to be held March 1, 2023.**
3. **Receive the service review framework as outlined in this report for subsequent consideration by Council sitting in Committee of the whole to be held March 1, 2023**

RECOMMANDATION(S) DU RAPPORT

Que le Conseil municipal:

1. **Reçoive et dépose les budgets préliminaires de fonctionnement et d'immobilisations de 2023 à sa réunion du 1 février 2023 et qu'il les examine subséquemment en comité plénier le 1 mars 2023.**
2. **Transmette les parties pertinentes des budgets de fonctionnement et d'immobilisations de 2023 à chaque comité permanent du Conseil et à la Commission du transport en commun pour que ces derniers les examinent subséquemment et formulent des recommandations au Conseil en comité plénier le 1 mars 2023.**
3. **Reçoive le cadre d'examen des services décrit dans le présent rapport pour en faire l'examen ultérieur au sein du Conseil en Comité plénier le 1 mars 2023.**

EXECUTIVE SUMMARY

This report provides a high-level summary and overview of the Draft 2023 Tax and Rate Supported Operating and Capital Budgets tabled at City Council on February 1, 2023. These budgets are summarized in this report, while the budget books for each Standing Committee provide detailed proposed changes in each service area.

The 2023 Draft Operating and Capital Budget adheres to Council's direction of setting an overall municipal tax increase of 2 to 2.5 per cent, and that the rate-supported budget be set in accordance with the approved 2017 Long Range Financial Plan (LRFP) V – Water, Wastewater and Stormwater supported programs. Ottawa Police Services draft budget reflects a levy increase of 2 to 2.5 per cent.

The 2023 Draft Budget demonstrates a commitment to core investments in physical and social infrastructure, keeping residents safe and secure, supporting affordability and housing, protecting the environment, and promoting quality of life in communities across Ottawa. The 2023 Draft Budget is an affordable approach for responsible growth, mobility, housing, and ensures a balance of affordability and fiscal responsibility while maintaining a prudent approach to long-term financial stability.

The budget includes the continued COVID-19 related budget pressures expected in 2023. These budget pressures are shown separately within each service area, due to the one-time nature of these costs. Any lasting regulatory changes would be considered again in future budgets. As senior levels of COVID-19 funding have not been confirmed at this time, apart from Public Health, all tax-supported COVID-19 pressures identified in the 2023 budget are assumed to be offset by provincial funding and the Tax Stabilization Reserve, if necessary. Transit Services forecast COVID-19 pressures are assumed to be offset with the possibility that funding will be received from senior levels of government. If no funding is received, mitigations will be put forward as per the mitigation framework consistent with previous years approach during the pandemic. The City continues to seek additional funding from senior levels of government for COVID-19 pandemic management and recovery for both citywide municipal and Transit Services.

Service efficiency and competitiveness are part of the City's objectives in all service delivery areas. This is an ongoing exercise alongside the proposed service review framework in this report. When considering the 2023 budget directions report Council emphasized the importance of the continuation of ensuring continuous improvement throughout the organization during this Term of Council. The proposed service review framework, working group and Council will help ensure these principles are embedded in operations across the organization.

As part of the service review framework, policy statements and principles in the areas of competitiveness, and human resources, previously adopted by Council are described in Document 3 - Policy Statements and Principles of the Service Review Framework. These policies and principles form the basis for continuous service improvement and delivery of the best value to taxpayers and ratepayers.

Policies and principles ensure that the City meets its overarching objectives of transparency, good governance, legislative compliance, affordability, and public accountability and that these objectives are clear to all stakeholders involved in the service delivery process.

The service review framework outlined in Document 4 - Service Efficiency and Competitiveness Framework and Methodology is to be used to assess services for review, identify potential improvements, efficiencies, and determine the best way to deliver them.

After the 2023 Draft Budget is tabled on February 1, 2023, the next phase of consultation begins with public delegations at Standing Committee, Transit Commission and Board budget meetings. The draft budget will be available online and reference copies of the budgets will be available in the City's libraries and client service centres.

Council will consider the final 2023 Draft Budget, sitting as Committee of the Whole, on March 1, 2023.

RÉSUMÉ

Le présent rapport fournit un sommaire général et un aperçu des budgets préliminaires de fonctionnement et des immobilisations de 2023 financés par les recettes fiscales et les redevances et déposés au Conseil municipal le 1^{er} février 2023. Ces budgets sont résumés au niveau le plus général dans le présent rapport, tandis que les documents budgétaires remis à chaque comité permanent fournissent le détail des modifications proposées pour chacun des secteurs d'activité.

Les budgets préliminaires de fonctionnement et des immobilisations de 2023 s'inscrivent dans la directive du Conseil de fixer à 2 à 2,5 % l'augmentation globale de l'impôt municipal et d'établir le budget financé par les redevances en fonction du Plan financier à long terme V – Programmes relatifs à l'eau, aux eaux usées et aux eaux pluviales financés par les redevances, approuvé en 2017. Le budget préliminaire du Service de police d'Ottawa correspond à une augmentation de la taxe de 2 à 2,5 %.

Le budget préliminaire de 2023 démontre un engagement soutenu à faire des investissements fondamentaux dans l'infrastructure sociale et physique de la ville. Il vise à assurer la protection et la sécurité des résidents, à soutenir des conditions de vie abordables et l'accès au logement, à protéger l'environnement et à promouvoir la qualité de vie dans les communautés d'Ottawa. Il constitue une approche viable financièrement pour assurer une croissance responsable, soutenir la mobilité et le logement, concilier l'abordabilité des services et la responsabilité financière tout en maintenant une approche prudente au chapitre de la stabilité financière à long terme.

Le budget inclut les contraintes budgétaires continues liées à la COVID-19 qui sont prévues en 2023. Ces contraintes budgétaires sont indiquées séparément pour chaque

secteur d'activité, étant donné le caractère ponctuel de ces dépenses. S'il devait y avoir des modifications réglementaires permanentes, elles seront prises à nouveau en compte dans de prochains budgets. Étant donné que le financement des ordres supérieurs de gouvernement pour la COVID-19 n'a pas encore été confirmé, à l'exception de la Santé publique, nous supposons que toutes les contraintes budgétaires financées par les recettes fiscales liées à la COVID-19 dans le budget de 2023 sont prises en charge par le financement provincial et le fonds de réserve de stabilisation des taxes si nécessaire. Dans le cas du Service de transport en commun, ces contraintes seront possiblement prises en charge par le financement des ordres supérieurs de gouvernement. Faute de recevoir de tels fonds, des mesures d'atténuation seront appliquées conformément au cadre d'atténuation utilisé au cours des années précédentes durant la pandémie. La Ville continue de chercher du financement additionnel auprès des ordres supérieurs de gouvernement afin de gérer la pandémie de COVID-19 et de soutenir le rétablissement des services municipaux et de transport en commun à l'échelle de la ville.

L'efficacité et la compétitivité des services font partie des objectifs de la Ville dans tous les secteurs de prestation de services. Il s'agit d'un exercice continu effectué en parallèle au cadre d'examen des services proposé dans le présent rapport. Lors de l'examen du rapport sur les orientations budgétaires de 2023, le Conseil a souligné l'importance de continuer à favoriser l'amélioration continue dans l'ensemble de l'administration municipale pendant le présent mandat du Conseil. Le cadre d'examen des services proposé, le groupe de travail et le Conseil contribueront à ce que ces principes soient intégrés aux opérations dans l'ensemble de l'administration municipale.

En vertu du cadre d'examen des services, les énoncés de politique et les principes associés à la compétitivité et aux ressources humaines, adoptés précédemment par le Conseil, sont décrits dans le Document 3 - Énoncés de politique et principes sous-tendant le cadre d'examen des services. Ces politiques et principes constituent la base de l'amélioration continue des services, leurs efficacités, et de l'optimisation des fonds des contribuables.

Les politiques et les principes garantissent que la Ville atteint ses objectifs fondamentaux de transparence, de bonne gouvernance, de conformité aux lois, d'abordabilité et de responsabilité publique, et que tous les intervenants participant au processus de prestation de services comprennent bien ces objectifs.

On doit utiliser le cadre d'examen des services décrit dans le Document 4 – Cadre et méthodologie pour l'efficacité et la compétitivité des services pour évaluer les services à

examiner, cerner les améliorations et les gains d'efficacité éventuels et déterminer la meilleure façon de fournir ces services.

Après le dépôt du budget préliminaire de 2023 le 1^{er} février 2023, une prochaine phase de consultation s'amorcera par la présence de délégations publiques aux réunions budgétaires des comités permanents, des conseils et de la Commission du transport en commun. Le budget préliminaire sera affiché en ligne et l'on pourra s'en procurer des exemplaires dans les bibliothèques de la Ville et les centres du service à la clientèle.

Le Conseil municipal examinera en comité plénier la dernière version du budget préliminaire de 2023 le 1^{er} mars 2023.

BACKGROUND

On December 7, 2022, Council approved a Term of Council budget process as part of the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)). The adopted recommendation for the 2022-2026 Term of Council process for the tax and rate supported budgets largely mirrors the budget process approved by the previous Council.

On December 14, 2022, the following guidelines were approved by Council as part of the 2022 Budget Directions, Timeline and Consultation Process report ([ACS2022-FSD-FSP-0015](#)):

- a. That the municipal tax increase be increased by 2 to 2.5 per cent overall inclusive of the following:
 - i. The Citywide tax levy, which includes funding for Library and Public Health, be increased by 2 to 2.5 per cent for 2023 and that Council request that the Library and Public Health Boards develop their draft budgets based on their *pro rata* share of this tax increase;
 - ii. The Ottawa Police Services levy be increased by 2 to 2.5 per cent and that Council request that the Police Services Board develop their draft budget based on this tax increase;
 - iii. That the Transit levy be increased by 2 to 2.5 per cent and that Council request that the Transit Commission develop their draft budget based on this tax increase.

- b. That the assessment growth taxation revenues generated from new properties be estimated at 2.2 per cent of current taxation for 2023 and that Council request that the Police, Public Health and Library Boards and the Transit Commission develop their draft budgets within this allocation.
- c. That City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long Range Financial Plans, including incremental post COVID-19 cost recovery.
- d. That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collections Contracts reports and to address the capital investments required for this service per the four-year capital spending plan.
- e. That the 2023 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plans and Fiscal Framework.
- f. That the rate supported 2023 draft budget be developed in accordance with the approved 2017 Long Range Financial Plan V – Water, Wastewater and Stormwater.

The 2023 Draft budgets will be considered by Standing Committees, Boards, and the Transit Commission. They consist of the following:

City Departmental Submission

- Finance and Corporate Services Committee
- Agriculture and Rural Affairs Committee
- Community Services Committee
- Emergency Preparedness and Protective Services Committee
- Transportation Committee
- Planning and Housing Committee
- Environment and Climate Change Committee
- Audit Committee

Boards and Transit Commission

- Ottawa Police Services Board
- Ottawa Public Library Board
- Ottawa Board of Health
- Committee of Adjustment
- Crime Prevention Ottawa Board
- Transit Commission

This report provides an overview of all the draft budgets being tabled at Council. The 2023 Draft Operating and Capital Budget Summaries for all Standing Committees, Boards and the Transit Commission are attached as Document 1 - 2023 Draft Operating Budget Summaries and Document 2 - 2023 Draft Capital Budget Summaries. The new committee structure per the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)) is reflected in the 2023 Budget.

DISCUSSION

2023 Draft Budget

The 2023 Draft Budget increases property taxes at 2.5 per cent and assessment growth at 2.2 per cent. This represents an increase of 4.7 per cent or \$91.9 million of property tax generated revenue to the City's operating base budget from 2022. As illustrated in Table 1 below, this is an increase from \$87.2 million in 2022.

Table 1: Assessment Growth and Tax Increases from 2019 to 2023

Property Taxes	2023	2022	2021	2020	2019
Assessment Growth	\$42,180	\$31,065	\$26,150	\$24,870	\$23,755
Tax Increases	\$49,765	\$56,115	\$52,760	\$49,715	\$49,605
Total	\$91,945	\$87,180	\$78,910	\$74,585	\$73,360
Assessment Growth	2.2%	1.7%	1.5%	1.5%	1.5%
Tax Increases	2.5%	3.0%	3.0%	3.0%	3.0%
Total	4.7%	4.7%	4.5%	4.5%	4.5%

Each annual budget cycle staff tables a budget that is developed to provide for existing programs and services based on service standards established by Council and to meet statutory or regulatory requirements. The budget shall include all the requirements associated with the delivery of the programs and services. New programs may only be added if they have been approved through the Term of Council Priorities or by Council.

The Budget is guided and directed by the Council endorsed Directions report and Council approved policies, and plans, guided by strong financial management, transparency and sustainability. These include the following:

- 2023 Budget Directions and Timetable Report;
- Budget Development, Monitoring and Reporting Policy;
- Long Range Financial Plans (Tax Supported Assets, Transit, Rate, Housing);
- A Fiscal Framework that sets out a high-level road map to sustainable City finances;
- Development Charge Background Study;
- Strategic Asset Management Plan; and,
- Reserve Management Policy.

Boards and Commissions are allocated their respective tax levy and growth allocations as per the Council approved framework.

The citywide tax target does not allocate an automatic 2.5 per cent increase to each department; the allocation is based on a robust review of departmental pressures to align to continued service delivery requirements and commitments. The following is a high-level overview of the budget planning process in compiling the annual budget pressures:

- Cost of Living Adjustment (COLA) for Compensation and Benefits is the largest annual budget pressure. Approximately 48 per cent of the annual budget is Compensation and Benefits. The compensation budget is developed based on Full Time Equivalent (FTE) positions approved by Council. The majority of the 2023 Collective Agreements are settled below 2 per cent;

- Annual LRFP commitments are identified and allocated the respective budget increases to align to these Council endorsed Plans, including construction inflation at 6.33 per cent for 2023;
- Any new or changes to funding from senior levels of government or other external sources are identified;
- Utilities including increases in natural gas at 17 per cent, hydro at 4 per cent and water at 4.2 per cent as well as volume assumptions are reviewed and identified;
- The latest CPI reported by Stats Canada is 6.3 per cent for December 2022. The City's main services are not directly impacted by the various commodities driven by the CPI indicators, such as food, beverages, clothing, and other consumer products. Inflationary pressures on contracts and goods and services are reviewed and aligned to annual negotiated contract increases where known and other components are based on historical trends or current market pricing increases;
- The current economic projections from the Bank of Canada's Monetary Policy Report state that inflation is expected to fall to around 3 per cent by the middle of 2023 and reach a target of 2 per cent by 2024;
- One time funding cannot be used to fund permanent operating expenditures and departmental management cannot create contingency accounts within the program or service budgets;
- Continuous improvements and efficiencies opportunities are reviewed throughout the annual and quarterly reporting cycles and identified during the annual budget process;
- Each department is supported by a finance team and collaborate with all levels of the organization for engagement in the annual budget cycle;
- The Mayor, interim City Manager, and Acting CFO consulted with each Councillor as the draft budget was being developed;
- There are several departmental reviews completed prior to Senior Management reviews where a robust challenge function is applied with final agreements and risk mitigations applied to develop a balanced budget for tabling while continuing to fund Council directed policies, service standards

and statutory and legislative requirements;

- Individual Members of Council have organized and have or will lead public consultations on the draft budget supported by staff;
- The Committees will hear public delegations before deliberating on the budget and approving any revisions. Each Standing Committee will work with the budgets for the City departments under their mandate and any increases to those budgets will be funded by appropriate offsetting revenues or expenditure reductions that can be funded from within the budgets under committee review as per the budget process approved in the 2022 to 2026 Term of Council Governance Budget Process;

Continuous Improvements and Efficiencies

The Mayor has been working with staff since the beginning of the term to find efficiencies to help make this budget align with the 2023 budget directions adopted by Council in December 2022. The efficiencies that have been included in the preparation of the 2023 draft capital and operating budget estimates are outlined in this report. To continue the momentum in 2023 for the 2024 budget and beyond, service efficiency and competitiveness principles and framework are outlined for Council's consideration.

Service Reviews

Service efficiency and competitiveness are part of the City's objectives in all service delivery areas. When considering the 2023 budget directions report Council emphasized the importance of the continuation of ensuring continuous improvement throughout the organization during this Term of Council. The proposed service review framework will ensure these principles are embedded in operations across the organization.

In consultation with the Mayor, Staff is recommending the service review framework outlined in Document 3 - Policy Statements and Principles of the Service Review Framework be used to assess services for review, identify potential improvements and determine the best way to deliver those services.

This Framework includes monitoring the performance of all services through ongoing benchmarking and performance measurement. Performance measurement will ensure that services and programs are regularly measured against external and internal benchmarks and well-defined targets that align to the City's overall goals and with strengthening the transparency and accountability to Council and the public.

Service Review - Policies and Principles

As part of the Service Efficiency and Competitiveness Review Framework, policy statements and principles in the areas of competitiveness, human resources, previously adopted by Council are described in Document 4 - Service Efficiency and Competitiveness Framework and Methodology. These policies and principles form the basis for continuous service improvement to deliver the best value to taxpayers and ratepayers. The policies and principles described emphasize achieving a cost-effective service delivery environment and complement the current Collective Agreements, corporate policies and principles, including those related to Public-Private Partnerships, Service Level Agreements, Human Resources, Finance and Procurement. Policies and principles help ensure that the City meets its overarching objectives of transparency, good governance, legislative compliance and public accountability and that these objectives are clear to all stakeholders involved in the service delivery process. All necessary approvals required as part of existing corporate policies and delegations of authority will be followed as part of this process.

Service Review - Governance, Standing Committee and Council Involvement and Oversight

In consultation with the Mayor and to ensure independent oversight and direction a service review working group comprised of the Mayor, the Chair of the Audit Committee and a Councillor at large is proposed.

The working group will consider and oversee direct targeted reviews. Reports will be brought to the respective Standing Committee as warranted for the services reviewed that align to the Committee's mandate. Additionally, staff will report back to Council on an annual basis for this term of Council through the budget process on the overall results from the reviews carried out that year.

Finally, the results will be integrated into the annual budget transmittal report tabled at Council and include the ongoing outcome of the review including opportunities for improvement and the cost of any redesign efforts prior to finalization and implementation.

Service Review - Framework

The service review framework consists of several steps that will enable the review(s) to be conducted in a systematic and streamlined process, as outlined in Document 3 - Policy Statements and Principles of the Service Review Framework. The working group will oversee the reviews and where warranted key decision points will be reported to the

appropriate Standing Committee and/or Council. This will provide Council with the opportunity to receive information, ask questions and approve the proposed plans.

In all cases, the review will respect all requirements of collective agreements. Management will engage the unions in structured discussions to canvass them on potential service and savings opportunities. Additionally, management will involve the unions in the process by advising them of the areas under review, sharing information to identify potential opportunities and ensuring proper notice on the service review results. The current employee engagement program will be expanded. Ideas are welcome from Councillors, Committee Chairs and the public. Management will be reaching out to all branches to solicit staff input on ideas for business process improvements, organizational change, administrative efficiencies and new revenue opportunities. All staff suggestions will be considered against a set of principles in order to ensure that opportunities are pursued strategically, rather than on an ad-hoc basis. Staff suggestions must:

- Fit within the direction and priorities that Council has adopted for the City and its Term of Council;
- Be consistent with the City of Ottawa's commitment to mitigating climate change, equity, diversity and inclusion and leadership and innovation in municipal financial management and governance;
- Support a sustainable City, helping to ensure we are delivering services efficiently and effectively;
- Align to the Fiscal Framework and the Long Range Financial Plans that all will be updated this term;
- Be in step with leading practices from other municipalities; and,
- Outline how benefits could be achieved.

The steps in this Framework allow the City to establish and maintain a cost-effective service delivery environment that reflects the values of all stakeholders – including residents, elected officials, regulators,, users, staff, and unions – while providing a balance between the economic, social and environmental objectives of Council and the community.

The intent is to conduct several targeted service reviews annually as determined by the working group. However, a service review may also be initiated, as required, in

response to evolving policy direction, legislative changes, contract renewals, performance issues or changes in cost structure, or staff availability.

Each review will be carried out by a small core staff team with a mix of relevant operational experience, and financial and process review expertise. The reviews will be completed within existing resources. The make-up and time commitment required of the project team will vary depending upon the scope and size of the service, program, or branch under review.

Wherever feasible each review will incorporate a strong challenge function by volunteer industry experts from external public and private organizations to ensure that the review has been comprehensive and, to draw upon their knowledge and experience in developing new and innovative ways to deliver service. The external challenge will draw upon professionals who are knowledgeable in the specific areas or services being reviewed and will therefore be unique to each review project.

The City Manager's Office will be responsible for coordinating the activities (conducting, implementing, and tracking) related to the service review program as identified by the working group.

The reviews will focus on how the City can deliver its existing programs and services more efficiently and effectively and maintain service. Service reviews are also linked to the objective of advancing management oversight through indicators, tools and processes that support accountability and transparency.

The reviews will serve as a management control to help ensure efficiency and effectiveness of services, programs, and branch operations. The reviews will take into consideration the risk profiles associated with the respective service under review.

The Auditor General employs a risk-based approach to the development of the annual audit program. The Auditor General looks at the City's risk framework and the effectiveness of management controls. The service reviews will include consideration of any recommendations identified by the Auditor General related to the area being reviewed, and the audit findings will be taken into account in preparing the annual update, and in determining which services, programs or branches to review in subsequent years. The working group will be supported by the City Manager's Office who will also liaise with the Auditor General to ensure that work is coordinated, as appropriate and that the Auditor General is kept informed of the status of the service review program.

2023 Efficiencies

The 2023 Draft budget includes additional efficiencies not impacting front line services. Table 2 provides a list of these efficiencies by department for Tax, Rate and Transit Services.

Table 2: 2023 Budget Summary of Operating Efficiencies

Operating Efficiencies	Amount (\$000)
Discretionary Spending	\$820
Hydro Volume Savings	\$400
Building Lease Savings	\$350
LED Conversion Savings	\$2,210
Organizational Alignment Savings	\$2,200
City Wide Total	\$5,980
Rate Program - Hydro Savings	\$400
Transit	
Capital Program Alignment	\$42,650
Bus Fleet reduction ~117 buses	\$4,368
Total Transit	\$47,018
Police	\$520
Total	\$53,918

Transit Services have reviewed all areas of the operating and capital budgets to achieve savings and align services with the delivery of the Stage 2 LRT west extension of O-Train Line 1. Transit services in 2023 will continue to be cautious in spending given the ongoing impacts of the pandemic.

The specific alignment in capital spending in 2023 include:

- Aligned spending on bus refurbishment, based on the aligned fleet size, as explained in more detail below;
- Aligning transition and readiness costs in preparation for the Stage 2 west extensions of O-Train Line 1, based on later delivery by the contractor (now expected in 2026);
- Spending alignment on bus service detours for Stage 2 construction;
- Alignment of spending on customer service improvements, based on actual 2022 spending and current customer contact volumes;
- Alignment of spending on bus shelters and station improvements, based on supply chain constraints and the delivery of planned 2022 projects that will proceed in 2023 instead; and
- Removing the current temporary scaffolding over walkways at Hurdman and Tunney's Pasture Stations.

Bus Fleet Reduction

Staff are recommending that the conventional bus fleet size be reduced from 855 buses to 738 buses by retiring 117 buses that either are beyond their economic life or that have high maintenance costs and have not yet had a mid-life rebuild. This change will achieve savings of \$4.4 million in 2023. The current fleet of 855 buses was sized for service levels in early 2020, after the opening of O-Train Line 1 but before the COVID-19 pandemic came to Ottawa. These buses have been retained in the fleet and held in reserve in anticipation of ridership levels returning to pre-pandemic levels. Now that the federal government has announced that their workers will be required to return to on-site work only about half the time, the ridership return will be slower than anticipated, and by the time ridership does grow to pre-pandemic levels, these buses will be beyond their normal economic and operational life. When additional buses are required in the future, staff will bring recommendations to Council as part of the annual budget process. This fleet reduction will not affect Para Transpo service and will not affect the City's plans to purchase zero-emission buses.

2023 Draft Budget Overview

Tax Supported Services

The 2023 Draft Budget, tabled on February 1, 2023, achieves Council's objective of an overall municipal tax increase of 2.5 per cent.

Council also approved a budget direction requiring all local Boards and the Transit Commission to be assigned a pro-rated share of the increase in property tax revenues from the estimated growth in assessment. Council requested that Boards and the Transit Commission develop their 2023 Draft budget within their allocations.

The budgets tabled on February 1, 2023, comply with the approved recommendations as per the Proposed 2023 Budget Directions, Timeline and Consultation Process report ([ACS2022-FSD-FSP-0015](#)).

Overall Operating Budget Estimates/ Projected Taxation

The 2023 Draft budgets include \$91.9 million in net additional tax. These taxes are being raised from an overall municipal tax increase of 2.5 per cent and assessment growth of 2.2 per cent, which includes all Tax-Supported City services, Police and Transit. Table 3 shows the estimated impact on an urban and rural home and commercial property at the average assessed value.

Table 3 - Property Tax Impacts (in dollars)

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$415,000	Average Assessment: \$415,000	Average Assessment: \$460,000
2023 Taxation	\$4,189	\$3,450	\$8,714
2023 Increases			
City-Wide	\$66	\$62	\$138
Police	\$17	\$17	\$35
Transit	\$21	\$6	\$43
Total \$ Change	\$104	\$85	\$216
% Change	2.5%	2.5%	2.5%

These estimated increases are based on the current draft budget's funding requirements. The actual increases on the property tax bill will depend on the Council-

adopted budget, assessment data from MPAC, and any changes to tax policy adopted by Council before tax rates are finalized. Per MPAC, the Ontario government has postponed the 2020 Assessment Update. Property assessments for the 2022 and 2023 property tax years will continue to be based on the fully phased-in January 1, 2016 current values. This means your property assessment will be the same as in the prior year unless there were changes to your property.

Full-Time Equivalent

The draft budgets being tabled include the number of full-time equivalent (FTE) positions that are required to deliver City services. For all services (including Rate-Supported), the total number of budgeted full-time equivalent staff positions that are required to deliver services for City Operations, the Boards and Transit Commission in 2023 is 16,241.68 budgeted FTE staff positions. Table 4a, 4b, 4c, 4d and 4e below list the 2023 budgeted FTE request breakdown by each business area and funding type.

Citywide Departments FTE Positions

There is a net increase of 34.98 FTE tax funded positions within the citywide departments to support growth in front-line services, maintaining Council approved programs, and to administer provincially legislated mandates.

The 34.98 FTE positions are cost pressures in 2023. These include 14 FTE for Paramedic Services to address response volume which are 50 per cent funded by the province, 8.32 FTE in relation to the operations and maintenance of the Deschatelets Facility, two FTE is in support of the City’s Secure City Roadmap, one FTE for the implementation of the Anti-Racism Strategy and the Women and Gender Equity Strategy, one FTE in support of Indigenous Relations, one FTE in support of housing and homelessness programs, one FTE in support of Community and Safety Well Being, four FTE for registered nurses for infection prevention and control management within Long Term Care, two FTE for fleet maintenance by Fleet Services supporting Ottawa Police Services (OPS) in which costs are recovered from OPS, and 0.66 FTE within Public Works for works at the Trail Road facility. Table 4a below lists the 2023 budgeted FTE request by Citywide department that is tax funded.

Table 4a: Budget FTE Request – Citywide Departments – Tax Funded

Tax Funded	2023 Budget FTE Request
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Citywide Departments	
Community & Social Services	8.00
Emergency & Protective Services	14.00
Recreation, Cultural & Facility Services	8.32
Public Works	0.66
Innovative Client Services	4.00
Citywide Departments Total	34.98

There are 123.4 FTE positions that are directly being funded by revenues generated from user fees and provincial funding. These FTEs are required to support growth, maintaining City services and are provincially mandated. This includes 37 FTE positions in Children's Services primarily related to the implementation of the Canada-Wide Early Learning and Child Care (CWELCC) Agreement. In Long-Term Care, 66.4 FTE positions are for the provincial commitment of four hours of care of Personal Support and Allied Health Workers. 14 FTE positions for Revenue Services are fully funded from the Vacant Unit Tax Program (eight FTE), the Red Light Camera Program (four FTE) and additional rate funding (two FTE). Two FTE positions for Infrastructure Services are to increase the project delivery capacity for the growth of the road and sidewalk rehabilitation program fully funded from capital. There are two FTE positions for Facility Operations; one FTE in support of the Workplace Strategy and one FTE to assess building automation systems (BAS) and energy reduction measures funded from other operational savings. One FTE in support of the Motor Vehicle Accident recovery process in Traffic Services will be funded by additional revenues. One FTE for Right of Way, Heritage and Urban Design Services is to support growth related enhanced enforcement under the Ontario Heritage Act, Road Activity By-law, and Private Approaches By-law funded by other operational savings and two FTE for the Committee of Adjustment is funded by user fee increases. Table 4b below lists the 2023 budgeted FTE request by each business area that are non-tax funded.

Table 4b: Budget FTE Request –Citywide Department – Non-Tax Funded

User Fees and Provincial Funding	2023 Budget FTE Request
Citywide Departments	
Community & Social Services	103.4
Finance Services	14.0
Recreation, Cultural & Facility Services	1.0

Public Works	2.0
Planning, Real Estate & Economic Development	1.0
Infrastructure & Water Services	2.0
Citywide Departments Total	123.4

Rate Support Program FTE Positions

Drinking Water Services and Wastewater Services identified an additional ten FTE positions for 2023. Of the ten FTE positions, two FTE positions are to support response to the mandatory timelines related to the legislative requirements of Bill 93 and six FTE to deliver technical training and support to meet the departmental licensing service standards, legislative and mandatory requirements. Table 4c lists the 2023 budgeted FTE request by each service area that are rate funded.

Table 4c: Budget FTE Request –Rate Supported and Funded

Rate Funded	2023 Budget FTE Request
Rate Supported Program	
Drinking Water Services	6
Wastewater Services	4
Rate Supported Program Total	10

Board and Commission FTE Positions

Ottawa Public Library (OPL) identified an additional nine FTE positions for 2023 in support of its growth in future operations.

Ottawa Police Services (OPS) identified a total of 29 FTE, of which 25 FTE are in support of growth with 20 sworn officers and five civilian FTE for corporate support. The remaining four FTE are to maintain services with one sworn officer and three civilian FTE for corporate and board support.

Transit has a net increase of 112 FTE positions for 2023. There were base adjustments of totaling five FTE which were 59 FTE in relation to the annualization of the service hours for Stage 2 construction detours offset by a reduction of 38 FTE for one-time related COVID-19 impacts, and a reduction of 16 FTE in relation to the bus refurbishment program. In support of growth from the opening of O-Train Line 2 and 4, Transit will see an increase of 96 FTE and 11 FTE to support growth in service to high schools.

The Committee of Adjustment identified two FTE that are funded by user fee increases.

Table 4d and 4e below list the 2023 budgeted FTE request by each business area that are funding type.

Table 4d: Budget FTE Request – Boards, Agencies and Commission – Tax Funded

Tax Funded	2023 Budget FTE Request
Boards, Agencies and Commission	
Ottawa Public Library	9
Ottawa Police Service	29
Transit Commission	112
Boards, Agencies and Commission Total	150

Table 4e: Budget FTE Request – Boards, Agencies and Commission – Non Tax Funded

Non-Tax Funded	2023 Budget FTE Request
Committee Of Adjustment	2
Boards, Agencies and Commission Total	2

2023 Tax-Supported Budget

Operating Budget

The total 2023 tax supported operating expenses are projected to be \$4.0 billion, a \$219 million increase over 2022. Operating expenses are funded through property taxes

(52 per cent), payments in lieu of property taxes (four per cent), federal and provincial grants (26 per cent), fees and service charges (13 per cent) and other miscellaneous revenue sources (five per cent).

A summary of the 2023 budgetary requirements shown by Standing Committee, the Boards and Transit Commission is provided in Document 1 - 2023 Draft Operating Budget Summaries.

Table 5 below outlines changes to the 2023 budget expense estimates and the source of their funds. For the 2023 budget, some COVID-19 cost pressures are expected to continue in 2023. These are one-time pressures, and any lasting regulatory changes would be considered again in future budgets. The City's financial strategy for 2023 assumes that some COVID-19 pressures identified in the 2023 budget are to be offset by the financial mitigation strategies that were put in place since 2020, which have resulted in surpluses contributed to the Tax Stabilization Reserve Fund. Ottawa Public Health has confirmed funding available to offset COVID-19 pressures and other provincial funding that is included in the budget. Transit Services forecast COVID-19 pressures must rely on the likelihood that the total projected Transit COVID-19 pressures in 2023 are offset by government funding. The City continues to pursue additional funding from senior levels of government for continued COVID-19 pandemic response and recovery for both municipal and Transit Services. If funding isn't received the City will have to leverage reserves and other spending mitigations consistent with previous years.

In 2021 the provincial government reduced the education tax rate for taxable commercial and industrial properties to provide financial relief to taxable businesses struggling due to the COVID-19 pandemic and spur job creation. The province kept the Payment In Lieu of Taxation (PILT) education rate the same as it was in 2020. The federal PILT Act states that "the applicable PILT rate is the rate of real property that, in the opinion of the Minister, would be applicable to any federal property if that property were taxable property". Provincial regulation allows Municipalities to retain the education component of PILTs, and the revenue is included as part of the annual budget. The decision to pay on the lower rate has negatively impacted municipalities across Ontario that have PILT properties and depend on this revenue. The impact for 2021 and 2022 was a revenue shortfall of \$11.5 million per year with a further \$11.5 million expected in 2023. Discussions are ongoing at the staff and political levels between the three levels of government to resolve this issue and maintain PILT revenues at existing levels. Staff have also filed an application before the federal court as reported memorandum to Mayor and Council on January 19, 2023.

Available Funding

Growth in Tax Assessment and Tax Increases: \$91.9 million

Taxes raised from new developments are projected to increase by 2.2 per cent in 2023, which will provide an additional \$41.2 million in tax revenues. The revenues generated from the proposed 2.5 per cent tax increase is \$49.8 million.

User Fees /Revenue Increases /Provincial Cost Sharing: \$153.1 million

The draft budget increases user fees in line with the increased cost to deliver services, in accordance with the Fiscal Framework approved by Council and in accordance with provincial legislation. Revenues from all other sources are reviewed annually to determine if they require adjustment. The user fees and revenue adjustments together are projected to generate \$20.9 million.

Included in the \$20.9 million are annual increases across all departments to user fees and an increase to the Solid Waste single family and multi residential fee as per the new collection contracts and to address the increasing capital requirements for this service detailed in the four-year spending plan.

On March 28, 2022, Ontario signed onto the new Canada-wide Early Learning and Child Care (CWELCC) Agreement initiated and funded by the Government of Canada. CWELCC is a five-year plan to reduce the cost of childcare to an average of \$10 per day for eligible families. Childcare fee reduction is available for eligible families whose childcare service providers have opted into the CWELCC System. Families are to contact their childcare providers for fee reduction. The anticipated funding from this agreement is estimated to be \$123.7 million.

The 2023 budget includes a Transit fare freeze as approved through a Council approved motion amending the 2023 Budget Directions, Timeline and Consultations Process report.

Per the 2023 Budget Directions, Timeline and Consultations Process report, the 2023 garbage fee will be increased in accordance with the Solid Waste Residential Collection Contracts Renewal reports ([ACS2019-PWE-GEN-0001](#) and [ACS2021-PWE-SWS-0002](#)) Staff have also been working on a Solid Waste Long Range Financial Plan as a companion report to the Solid Waste Master Plan that will be presented to Council in 2023. The 2023 budget includes the revised estimated capital requirements for the next four years which is estimated at \$146.1 million from 2023 to 2026. The fee increase related to the renewed contracts, additional operating pressures and increased capital

needs is \$12 for curbside and \$6 for multi-residential. Each \$1 increase in the garbage fee only equates to an additional \$425 thousand since the fee is per household.

Funding Pressures

Base Adjustments: -\$21.5 million

The base adjustments to City service budgets include reductions totaling approximately \$18.8 million in relation to the reversal of COVID-19 impacts, a reduction of \$3.2 million for the reversal of one-time funding approved in 2022, a reduction of \$2 million related to lower energy costs within Traffic Services, offset by approximately \$2.5 million in the annualization of costs supporting Paramedic Services, the Automatic Speed Enforcement (ASE) program, the enforcement and administration of the Vacant Property by-law and Vacant Unit Tax program. In Transit, there was also a reduction of \$11.7 million primarily due to the reversal of COVID-19 expenditure and fare revenue losses.

Maintain Services: \$113.2 million

An increase of \$29.1 million associated with reserve fund contributions to fund capital and other initiatives and inflationary increases of \$31.6 million relate to changes in fuel pricing, purchased services, facility, contracts, and provincially legislated programs have been included in the budget. In addition, compensation, benefit increases from contract settlements and legislative changes to Canada Pension Plan require \$44.4 million in 2023.

Growth Needs: \$41.7 million

The cost to manage growth includes a \$4.4 million contribution to Affordable Housing from the VUT Program, \$1.8 million towards 14 paramedics and two ambulances to address response volume, \$0.9 million towards the Anti-Racism Strategies, Indigenous Relations and the Community Funding Framework, \$0.5 million to meet the increasing needs of the housing and homelessness programs, \$0.6 million to support waste diversion, \$1 million to support the growth within road and sidewalk networks, and a \$1 million increase to the City Wide Capital for growth per the Long Range Financial Plans. In Transit, a \$22.5 million contribution to support the opening of operations and capital financing of Line 2 and 4.

Service Initiatives/Efficiencies: -\$50.0 million

The efficiencies are the overall organization's efficiencies primarily from Transit's capital program changes, and reduction to its bus fleet for \$47 million in efficiencies. Other organizational savings are on building leases, discretionary spending, Hydro usage and

an organizational alignment as depicted in Table 2 - 2023 Budget Summary of Operating Efficiencies.

2023 COVID-19 Pressures (net): \$24.6 million

The 2023 Draft Budget includes the COVID-19 related budget pressures expected in 2023. These budget pressures are shown separately within each service area, due to the one-time nature of these costs. The City continues to seek additional funding from the senior levels of government for its COVID-19 pandemic response and recovery. If funding isn't received, these costs may need to be offset by the Tax Stabilization Reserve Fund/ Other Reserves for municipal services.

The 2023 COVID-19 pressures for Municipal services are expected to be \$3.7 million for Long Term Care, \$6.6 million for Housing Services, \$0.7 million for Children's Services and \$1 million for vaccine distribution support. COVID-19 pressures are \$51.1 million for Ottawa Public Health and a net impact of \$13.7 million for Transit with a request of \$39 million for government funding. Ottawa Public Health COVID-19 pressures are assumed to be fully funded by the Province. Transit COVID-19 related budget pressures are assumed to be funded by senior levels of government. Additional measures such as, one-time borrowing from the reserves can be put in place if government funding is not available for Transit to the end of the year in 2023.

2023 Draft Capital Budget and 2023-2026 Capital Forecast

The capital program requirements for 2023 and forecasts for 2023 to 2026 were developed in accordance with the Council-approved Transportation Master Plan, Infrastructure Services Master Plan, 2019 Development Charges Background Study and Long-Range Financial Plan for both Tax and Rate supported services. Debt funding, used to fund eligible components of the capital program requirements, will be used in accordance with Long Range Financial Plans and Fiscal Framework.

The City's 2023 Draft Capital Budget also includes an additional budget for the advancement of renewal of sidewalks, pathways and roads works.

Climate Change

The 2023 Draft Capital Budgets were enhanced with the application of a climate change lens to provide information on relevant impacts from climate related capital investments. The purpose is to better understand how the City is investing to implement the [Climate Change Master Plan](#), reduce greenhouse gas (GHG) emissions and increase Ottawa's resilience to current and future impacts of climate change. This is the first year that a climate lens has been applied to new capital budget requests and is the first step

towards building a climate change accounting framework to support decision makers. Future budgets will build upon this exercise, including establishing a carbon budget.



In this exercise, capital budget requests were rated on a qualitative scale of no contribution to minor, moderate or major contribution to reducing GHG emissions or building climate resiliency. Investments were rated as making:

- A minor contribution if they were considered in line with Energy Evolution’s business-as-planned scenario or the project had been modified to consider climate impacts.
- A moderate contribution if they were considered to go beyond business-as-planned to reducing GHG emissions or directly addressed a climate risk.
- A major contribution if they were considered in line with Energy Evolution’s 100 per cent scenario or significantly addressed a climate risk.

Overall, the 2023 Draft Budget includes more than \$52 million of new investments with moderate or major climate contributions. Of these, more than \$30 million of investments are expected to reduce greenhouse gas emissions beyond the Energy Evolution business-as-planned scenario and \$22 million of investments are expected to make a moderate or major contribution to build climate resiliency. The City is also leveraging funding from other levels of government over the coming years, including a \$350 million grant from Infrastructure Canada’s Zero Emission Transit Fund and \$75 million loan from the Canada Infrastructure Bank for the purchase of zero-emission buses and related infrastructure.

Most investments that were identified as making a climate contribution were rated as minor because they were either considered in line with Energy Evolution’s business-as-planned scenario or they reflect modifications to a project to consider climate impacts. Staff expect to see more projects with moderate or major contributions in future years as climate considerations are embedded more fully in projects, policies, and master plans, and the Climate Resiliency Strategy is completed.

Staff are committed to continuing to enhance the application of the climate lens in all areas of the budget. Some of these considerations for future budgets will consider the following:

- Maintaining a consistent rating between investments, including ratings for programs that include multiple projects but only a portion of the program or projects reduces emissions or builds climate resiliency.
- Difficulty in quantifying an investment's projected energy savings or GHG reduction contribution due to lack of program or project details.
- Requiring detailed project planning and costing to determine the portion of an investment that can be allocated towards climate improvements
- Not considering climate implications early enough in the project or program's scope.
- Lack of policy, direction, or sufficient funding to go beyond business-as-planned.
- Lack of a comprehensive plan to address climate risks as the Climate Resiliency Strategy is under development.
- Supply chain issues potentially hindering meeting climate objectives.
- Not rating investments that potentially increase emissions or increase climate risks.
- The risk of overestimating an investment's contribution

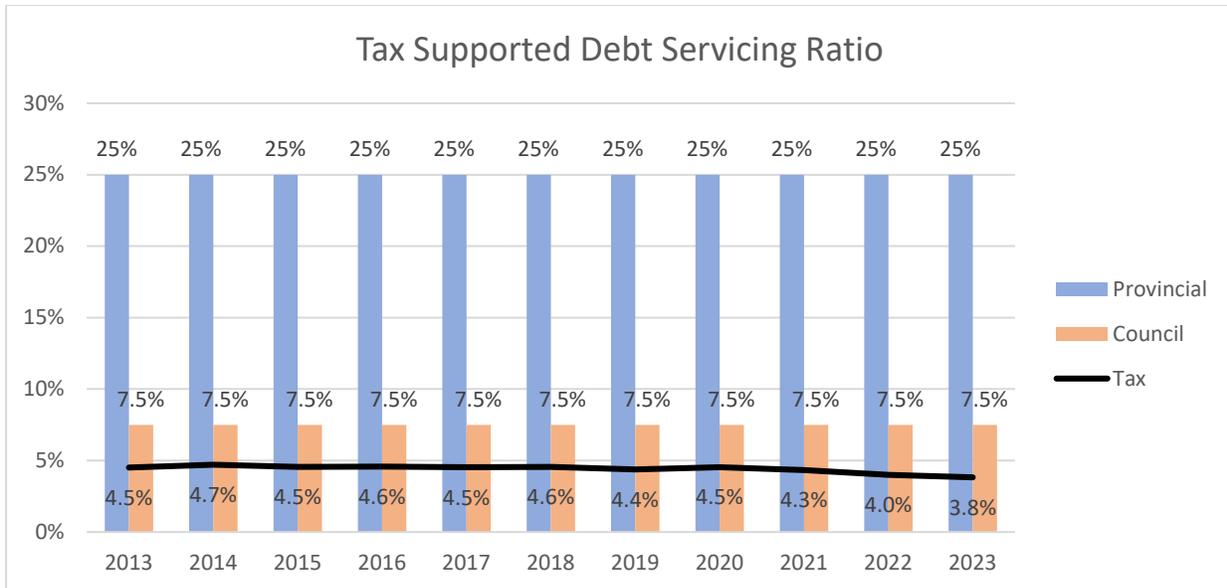
Debt and Reserves

The City funds its capital program through a combination of tax funds from reserves, development charges on the growth portion of eligible projects, grants from senior levels of government and debt.

Council's approved Fiscal Framework guidelines limit the use of debt as follows:

- The increase in debt servicing for non-legacy projects will not be greater than one-quarter of one per cent of taxes from property.
- Additional debt is permitted for legacy projects.
- Principal and interest for tax-supported debt is not to exceed 7.5 per cent of own source revenues.

Chart 1: 2013 to 2023 Tax Supported Debt Servicing Ratio



The capital program developed and tabled with Council adheres to these principles.

2023 Draft Capital Budget – Tax-Supported

The total combined capital authority being requested for rate and tax in 2023 is \$1.06 billion. The 2023 Draft Capital budget continues the City’s commitment to close the infrastructure funding gap and there are no impacts to this plan in 2023. The capital authority requested for tax-supported capital works in 2023 is \$714.4 million. This includes the tax-supported component of the integrated water, wastewater and roads program, and the draft capital submissions from the Transit Commission, Police and Library Boards. The water and wastewater capital projects, which are funded entirely from water, wastewater and stormwater revenues, development charges and debt, are presented later in this report. The Solid Waste program is currently addressing regulatory pressures that are required at the Trail Road Waste Facility. While continuing efforts to extend the life of the landfill, as well as other long-term planning and regulatory requirements, the Solid Waste Reserve is in a deficit position, and will continue to be in the short term. Debt funding has been applied to those projects that qualify in 2023. Staff are currently preparing a Solid Waste Master Plan, and Solid Waste Long Range Financial Plan to develop financial and non-financial strategies that will allow the City to continue to provide solid waste services to City residents and return the reserve to a surplus position. The integrated program of capital works requires funding from both tax-supported (Citywide Capital Reserve Fund or tax-supported debt) and rate-supported sources (Water, Wastewater or Stormwater Capital Reserve Funds or rate-supported debt). Although these projects have both tax and rate funding

components, they are included in the Transportation Committee’s budget book as they fall under its legislative mandate. Table 6 shows the tax-supported annual base budget funding plan as per the approved LRFP for tax supported assets.

Chart 2: 2013 to 2027 Renewal Funding – Tax Supported Assets

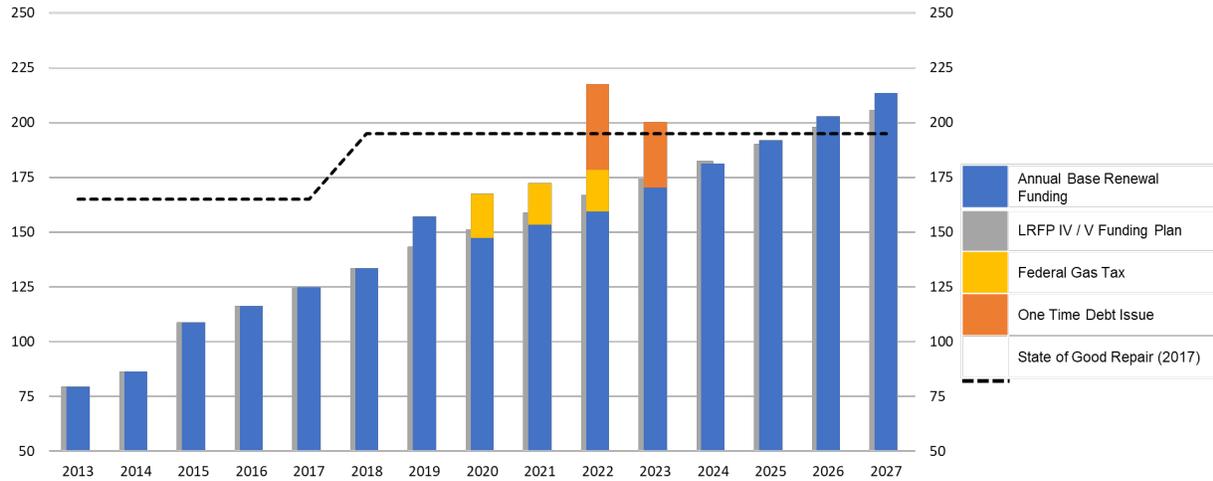


Table 6: 2022 Tax-Supported Capital Program Funding Summary (in thousands of dollars)

2023 Request	Renewal of City Assets	Growth	Regulatory/ Service Enhancements	Grand Total
Total Authority	420,152	205,025	89,206	714,383
Funding Requirement				
Revenue	1,367	0	5,050	6,417
Reserves	317,493	33,349	66,486	417,328
Development Charges (Cash/Debt)	2,692	136,304	0	138,996
Debt Funding	98,600	35,372	17,670	151,642
Total	420,152	205,025	89,206	714,383

2023 Draft Rate-Supported Operating Budget

Rate Supported Services

The 2023 Draft Rate Budget is consistent with the Long Range Financial Plan V approved by Council in September 2017. The Rate-Supported 2023 Draft Budget, which includes water, wastewater and stormwater services, was developed within the Council-adopted revenue increases: two per cent for water, three per cent for wastewater and 12 per cent for stormwater with an overall average revenue increase of 4.2 per cent for rate supported services. The overall revenue increase is in part from additional revenues brought in from new accounts, which reduces the increase required from existing users of the system. As a result, the impact on the average bill will be an increase of 4.2 per cent. The average water bill will increase by \$38.03 per year or \$3.17 per month.

In the new rate structure, which was implemented in 2019, 20 per cent of the revenue raised is from a fixed charge based on the size of the water meter, with the remaining 80 per cent raised based on the forecasted consumption. The revenue projections for 2023 use water consumption projections of 82.2 million cubic meters. The stormwater fee is a fixed fee based on the property type, service area and service type.

The user rates, service charges and growth in new accounts fund the operating requirements of the water, wastewater and stormwater system, and provides the funds for capital works either as cash financing or repayment of debt.

The impact of the change in rates on a household with an average consumption of 180 cubic meters of water per year is identified in Table 7.

Table 7: Rate Annual Bill Impacts (in dollars)

	Urban Connected			Rural Non-Connected		
Area	2022	2023	% Change	2022	2023	% Change
Water	\$381.96	\$389.60	2.0%	N/A	N/A	N/A
Wastewater	\$343.80	\$354.11	3.0%	N/A	N/A	N/A
Storm	\$167.30	\$187.42	12.0%	\$83.65	\$93.69	12.0%
Total	\$893.06	\$931.13	4.2%	\$83.65	\$93.69	12.0%
\$ Change		\$38.07			\$10.04	

The changes to the 2023 budget estimates and the source of their funds are shown by category in Table 8.

Table 8: Operating Budget Changes in Rate Operations (in millions of dollars)

	Water	Wastewater	Stormwater	Total
Available Funding:				
Revenue / User Fee Increase	\$4.1	\$4.8	\$8.8	\$17.6
Funding Pressures:				
Maintain Services	\$3.7	\$4.0	\$0.3	\$8.0
Growth	\$0.1	\$0.1	\$0.0	\$0.1
Capital Contributions	\$0.3	\$0.8	\$8.4	\$9.6
Total	\$4.1	\$4.8	\$8.8	\$17.6

Available Funding

Based on the 2023 consumption levels and the Council-approved revenue increases, the rate increases for 2023 will generate additional revenues of \$17.6 million, \$4.1 million for water, \$4.8 million for wastewater, and \$8.8 million for stormwater services.

Funding Pressures

Maintaining existing programs and services: \$8.0 million

The increase is primarily a result of projected labour contract settlements, increments, and increases in the cost of benefits.

Growth to programs and services: \$0.1 million

The increase is primarily a result of increasing base funding to manage system growth in line with the Long-Range Financial Plan V.

Capital Contributions: \$9.6 million

An overall increase to the contribution to capital of \$9.6 million, supports the capital-intensive nature of delivering rate-supported services with assets that last for multiple generations.

2023 Water, Wastewater and Stormwater Capital Program

The capital authority requested for 2023 is \$342.8 million. This includes the rate-funded component of the integrated road, water and sewer program. A list of the proposed work for 2023 is included in the draft budget.

Table 9: 2023 Rate-Supported Capital Program Funding Summary (in thousands of dollars)

2023 Request	Renewal of City Assets	Growth	Regulatory/ Service Enhancements	Grand Total
Total Authority	310,486	25,517	6,868	342,871
Funding Requirement				
Revenue	0	476	4850	5,326
Reserves	231,486	10,042	2,018	243,546
Development Charges (Cash/Debt)	260	14,999	0	15,259
Debt Funding	78,740	0	0	78,740
Total	310,486	25,517	6,868	342,871

Infrastructure renewal makes up 91 per cent of the total 2023 Rate-Supported Capital Budget. The Capital Budget is funded from water, wastewater and stormwater reserves, development charges, new debt, and government grants. In 2023, annual debt repayments for water, wastewater and stormwater services will be 11 per cent of the City's own source revenues for these service areas. This is within the 15 per cent debt limit established by Council for rate-supported programs.

Chart 3: 2013 to 2023 Rate Supported Debt Servicing Ratio

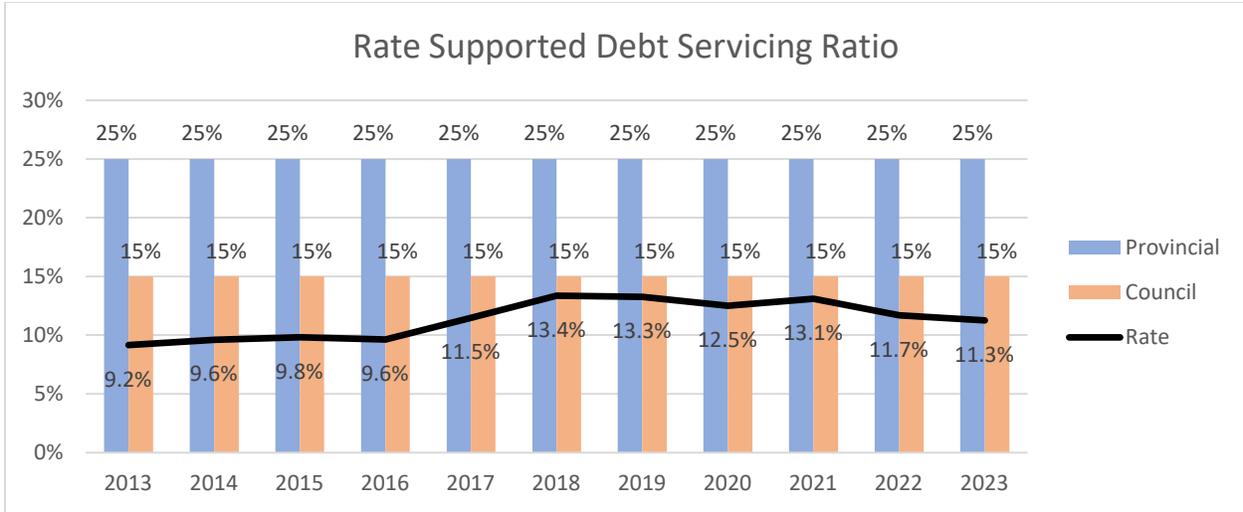
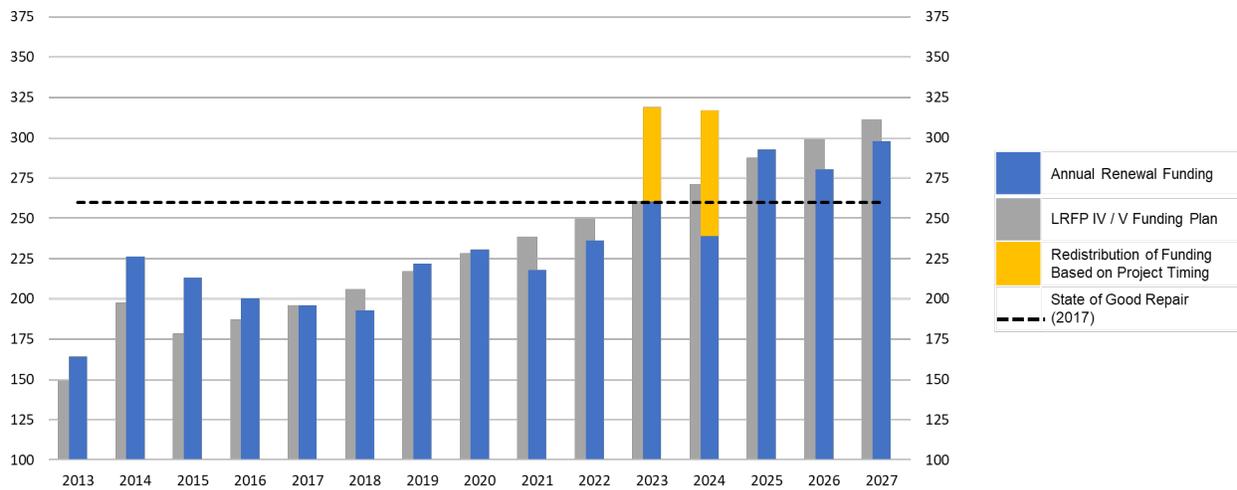


Chart 4: 2013 to 2027 Renewal Funding – Rate Supported Assets



Budget Reviews and Consultation

The draft operating and capital budget documents for each Committee will be reviewed by the Chair and Vice Chairs of each Committee as part of the agenda review meetings, with input from the respective departments.

All Standing Committees of Council along with the Transit Commission, Police Services Board, Library Board, and Board of Health, will hold meetings to consider the 2023 Draft budget for their respective areas and receive public delegations.

A corporate-wide overview of accessibility budget line items was compiled for the City’s Accessibility Advisory Committee (AAC) following the tabling of the budget on February 1, 2023. To support accessibility in the 2023 Budget process, AAC members convened

a working group to review the budget lines related to accessibility. The AAC members created submissions for the relevant Standing Committees to offer questions, comments and support for accessibility budget items. These submissions were delivered through community delegations and/or written submissions to the relevant Standing Committee meetings prior to the Budget 2023 finalization on March 1, 2023.

Residents have various ways they can provide input on the draft budget. Residents are encouraged to provide feedback directly to their local Ward Councillor. Many Councillors also hold public budget consultations to collect feedback from their constituents. This year, public consultations began in January and continue into February across the City. Input from these sessions is forwarded to members of Council and senior management for their consideration. Residents can also submit questions and comments on the Draft 2023 Budget through the City's public engagement website [Engage Ottawa](#).

Once the 2023 Draft Budget is tabled, all budget documents are posted on [Ottawa.ca/budget](#) and available in hard copy at public libraries and client service centers.

The draft budgets will be reviewed by the respective Standing Committees, Boards, Transit Commission and Advisory Committees at public meetings held in February. Residents can attend these meetings and provide input by registering to speak as a public delegation. The schedule for these meetings is listed below in Table 10.

Table 10 – Proposed 2023 Budget Meeting Schedule

Board of Health - Budget Tabling	Monday, January 30, 2023
Public Library Board - Budget Tabling	Tuesday, January 31, 2023
Council – Budget Tabling (special meeting)	Wednesday, February 1, 2023
<ul style="list-style-type: none"> • City Services • Transit Services • Police Services* • Library Services* • Public Health* • Committee of Adjustment • Crime Prevention <p><i>*In addition to this Council meeting, the Boards hold their own meetings to table their respective budgets</i></p>	

Police Services Board – Budget Tabling (special meeting)	Wednesday, February 1, 2023
Finance & Corporate Services Committee	Tuesday, February 7, 2023
Transit Commission	Thursday, February 9, 2023
Audit Committee	Monday, February 13, 2023
Planning and Housing Committee	Wednesday, February 15, 2023
Emergency Preparedness & Protective Services Committee	Thursday, February 16, 2023
Environment & Climate Change Committee	Tuesday, February 21, 2023
Transportation Committee	Thursday, February 23, 2023
Agriculture & Rural Affairs Committee	Friday, February 24, 2023
Police Services Board	Monday, February 27, 2023
Board of Health	Monday, February 27, 2023
Community Services Committee	Tuesday, February 28, 2023
Public Library Board	Tuesday, February 28, 2023
Council – Budget Consideration / Adoption	Wednesday, March 1

**Meeting dates and times are subject to change and the discretion of the respective Chair*

Council will meet on March 1, 2023 to consider the 2023 Draft Budget and any recommendations from the budget meetings held by the Committees, Boards, Transit Commission, and Advisory Committees, and will then adopt the 2022 Budget.

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report and does not require comments by Ward Councillors.

ADVISORY COMMITTEE(S) COMMENTS

The applicable portions of the 2023 Draft Budget will be forwarded to the Advisory Committees of Council for their review and input prior to the final budget being considered by Council on March 1.

CONSULTATION

Public input on the 2023 Draft Budget has or will take place by Councillor-led virtual or in-person public consultation sessions organized by individual Councillors throughout the months of January and February. Of special note, on February 9, Councillor King organized a budget consultation session geared specifically towards black, Indigenous, and racialized residents to share comments and provide input on what the City's priorities should be for the upcoming budget.

Further opportunity for residents to provide input on the draft budget was made available through [Engage Ottawa](#), the City's online engagement platform. Suggestions and ideas that were generated through the engagement process were shared with Council and senior management prior to the budget being tabled and were considered in the development of the draft budget.

The City promoted the Councillor-led virtual and in-person public consultation sessions and online engagement opportunities on [ottawa.ca](#), using traditional communications tools, and through the City's social media channels. Budget related information and resources are also available on [Ottawa.ca/budget](#).

ACCESSIBILITY IMPACTS

The City of Ottawa is committed to providing equal treatment to people with disabilities with respect to the use and benefit of City services, programs, goods, and facilities in a manner that respects their dignity and that is equitable in relation to the broader public. This commitment extends to residents, visitors, and employees with visible or non-visible, and permanent or temporary disabilities.

Budget 2023 document has allocated significant budget to advance accessibility actions across City services, information, facilities, and public spaces. Budget 2023 demonstrates a clear policy commitment to equity and inclusion and is focused on reducing barriers and ensuring full participation in alignment to the City of Ottawa's Accessibility Policy and *AODA - Integrated Accessibility Standard Regulation*.

All of these improvements will have a positive impact on increasing accessibility for persons with disabilities and the general public in the City. The City will continue to look for opportunities within City budgets to increase accessibility for older adults and people with disabilities in future budgets.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives. The implementation of

the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

CLIMATE IMPLICATIONS

On April 24, 2019, Ottawa City Council declared a climate emergency. Action and investments towards reducing greenhouse gas emissions and building climate resiliency to the current and future impacts of climate change are critical in transitioning Ottawa into a clean, renewable, and resilient city by 2050. Draft Budget 2023 invests in initiatives that take Ottawa further toward the goals outlined in the Climate Change Master Plan and supporting priorities like Energy Evolution and the Climate Resiliency Strategy. It is the first year that a climate lens has been applied to all new capital budget requests, establishing a baseline that will be built on over the coming years. Future budgets will build upon this exercise, including establishing a carbon budget.

For the first time, Draft Budget 2023 introduced a \$5 million annual commitment to support implementation of the Climate Change Master Plan which will support initiatives to reduce GHG emissions and build climate resiliency.

Draft Budget 2023 also includes new investments that are expected to make greater contributions to reducing greenhouse gas emissions including, for example:

- \$23.3 million to purchase zero emission 40-foot buses (bus replacement)
- \$3 million for the Energy Management and Investment Strategy to implement energy conservation measures in City facilities
- \$320,800 to transition fire services equipment to battery powered
- Investments to improve electrical vehicle charging stations at parking lots and garages
- Investments to transition the City's municipal fleet to zero emission, including \$240,000 for four new electric vehicles for building code services.

New investments that are expected to make greater contributions to building climate resiliency include, for example:

- \$582,000 to continue to update the City's flood plain mapping with conservation authorities

- \$1 million for the Wet Weather Program to continue to develop a coordinated approach to wet weather flow management within the urban area and reduce flood risks
- \$4.1 million for slope stabilization of the Ottawa River along Ottawa Road 174 to protect against erosion during significant spring runoff
- \$12.2 million for integrated infrastructure renewal projects that reduce combined sewer overflows in heavy rains, protect the Ottawa River and reduce the risks of basement flooding
- \$725,000 for the Bear Brook Watershed Study which will recommend measures to reduce risks from flooding and build resiliency to other future climate conditions
- \$725,000 for acquisition of greenspace to build resiliency to increasing temperatures and precipitation levels
- \$1.7 million for forestry tree planting programs to enhance the City's forest canopy.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

The City is committed to gender equity, anti-racism, reconciliation with Indigenous peoples and addressing other equity and inclusion impacts on communities experiencing marginalization when planning and delivering its programs and services. In recent years, Council has approved the City of Ottawa's women and gender equity strategy, the Anti-Racism Strategy, and the City's Corporate Diversity and Inclusion Plan. These strategies and plans will enable the City to be more deliberate and impactful in making sustainable progress to address equity at the individual, organizational, and systemic level. When staff were developing their annual draft operating and capital budgets, City leadership and staff were directed to apply an equity lens throughout this process to ensure that groups or individuals at high risk of exclusion are taken into consideration and to prevent inequitable outcomes of disparity. As part of this budget process, staff were directed to assess resource requirements to execute on the commitments made within the Council approved equity plans and strategies.

The Draft 2023 Budget includes investments that directly support the City's indigenous, gender, race, and equity strategic priorities. Included is \$250 thousand for a multi-year implementation of the Anti-Racism Strategy ([ACS2022-CSS-GEN-012](#)) and Women and Gender Equity Strategy ([ACS2021-CSS-GEN-002](#)). In addition, \$150 thousand for investments to work in collaboration with Indigenous Leadership, establish relationship agreements protocols and engagement frameworks to support the City's approved Indigenous Reconciliation policy objectives. To support the new Community Funding

Framework Policy (report [ACS2020-CSS-GEN-0003](#)) which funds non-profit groups that work with Ottawa residents experiencing the greatest needs and vulnerabilities gain equitable access to programs and services that reduce poverty, support community development and enhance the City's social infrastructure, an additional \$1.3 million is also included in this budget.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

RURAL IMPLICATIONS

This report is citywide report and no specific rural implications are associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's on-going commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – 2023 Draft Operating Budget Summaries

Document 2 – 2023 Draft Capital Budget Summaries

Document 3 – Policy Statements and Principles of the Service Review Framework

Document 4 – Service Efficiency and Competitiveness Framework and Methodology

Document 5 – Budget Document Guide

Document 6 – 2023 Draft Operating and Capital Budgets Books by Standing Committee, Boards, Transit Commission

DISPOSITION

The 2023 Draft Budgets will be reviewed by the respective Standing Committees, Boards, Transit Commission and Advisory Committees at public meetings held from January through February. The recommendations stemming from these reviews will be forwarded for Council consideration at the meeting on March 1.