

**Subject: Proposed 2023 Budget Directions, Timeline and Consultation
Process**

File Number: ACS2022-FSD-FSP-0015

Report to

Council 7 December 2022

**Submitted on December 2, 2022 by Wendy Stephanson, Chief Financial Officer /
Treasurer, Finance Services Department**

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Ward: Citywide

**Objet : Orientation, calendrier et processus de consultation proposés pour
le budget de 2023**

Dossier : ACS2022-FSD-FSP-0015

Rapport au

Conseil le 7 décembre 2022

**Soumis le 2 décembre 2022 par Wendy Stephanson, Cheffe des finances
/Trésorière, Direction générale des services des finances**

**Personne ressource : Cyril Rogers, Trésorier municipal adjoint (T), Les services
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That Council approve the following:

- 1. The approach and timetable for consultation and consideration of the 2023 budget as outlined in the report.**
- 2. The following directions for developing the draft 2023 budget:**
 - a. That the municipal tax increase be set between 2 and 2.5 per cent overall inclusive of the following:**
 - i. The city-wide tax levy, which includes funding for Library and Public Health be increased by 2 to 2.5 percent for 2023 and that Council request that the Library and Public Health Boards develop their draft budgets based on the pro rata share of this tax increase;**
 - ii. The Police Services levy be increased by 2 to 2.5 percent 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 percent 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 the current taxation for 2023 and that Council request that the Library, Public Health, Police Services Boards and the Transit Commission develop their 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.**
 - d. That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collections Contracts report and to address the capital investments required for this service per the four-year capital spending plan.**
 - e. That the draft 2023 Capital Budget be developed in accordance with**

the direction outlined in the 2019 Development Charge (DC) Background Study, Long Range Financial Plans and Fiscal Framework.

- f. That the draft 2023 rate supported budget be developed in accordance with the approved 2017 Long Range Financial Plan V - Water, Wastewater and Stormwater.**

RECOMMANDATION(S) DU RAPPORT

Que le Conseil municipal approuve :

- 1. l'approche et le calendrier établis pour la consultation et l'étude du budget de 2023 selon les modalités exposées dans le rapport;**
- 2. les orientations suivantes pour l'élaboration de la version provisoire du budget de 2023.**
 - a. Que la hausse de l'impôt municipal soit fixée à un pourcentage compris entre 2 % et 2,5 % dans l'ensemble, à savoir :**
 - i. Que les taxes prélevées sur tout le territoire de la Ville, en tenant compte du financement de la Bibliothèque publique d'Ottawa et de Santé publique Ottawa, augmentent de 2 % à 2,5 % pour 2023 et que le Conseil municipal demande, aux conseils d'administration de la Bibliothèque publique d'Ottawa et de Santé publique Ottawa, d'élaborer la version provisoire de leur budget d'après leur part proportionnelle de cette augmentation des taxes;**
 - ii. Que les taxes prélevées pour le Service de police d'Ottawa soient haussées de 2 % à 2,5 % et que le Conseil municipal demande à la Commission de services policiers d'Ottawa d'élaborer la version provisoire de son budget d'après cette hausse des taxes;**
 - iii. Que les taxes prélevées pour le transport en commun soient haussées de 2 % à 2,5 % et que le Conseil municipal demande à la Commission du transport en commun d'élaborer la version provisoire de son budget d'après cette hausse des taxes.**

- b. Que les recettes fiscales générées par la croissance de l'assiette fiscale au titre des nouvelles propriétés soient estimées à 2,2 % de l'assiette fiscale actuelle pour 2023 et que le Conseil municipal demande aux conseils d'administration de la Bibliothèque publique d'Ottawa et de Santé publique Ottawa, à la Commission de services policiers et à la Commission du transport en commun d'élaborer leur budget dans les limites de cette estimation.**
- c. Que les frais d'utilisation et toutes les redevances de la Ville soient haussés conformément à l'orientation exposée dans ses grandes lignes dans le Cadre budgétaire ou dans les plans financiers à long terme.**
- d. Que les frais de collecte des ordures soient haussés conformément au rapport approuvé sur les contrats de collecte des déchets solides en bordure de rue et pour tenir compte des investissements à consacrer aux infrastructures de ces services conformément au plan de dépenses en immobilisations sur quatre ans.**
- e. Que la version provisoire du budget des dépenses en immobilisations de 2023 soit élaborée conformément à l'orientation exposée dans ses grandes lignes dans l'Étude du contexte des redevances d'aménagement (RA) de 2019, dans les plans financiers à long terme et dans le Cadre budgétaire.**
- f. Que la version provisoire du budget financé par les taux de 2023 soit élaborée conformément au Plan financier à long terme V (aqueduc, égouts sanitaires et égouts pluviaux) approuvé pour 2017.**

EXECUTIVE SUMMARY

In the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)) a term of Council budget process is pending approval. One of the requirements of the budget process is the Chief Financial Officer/Treasurer annually presents a directions report that details the budget timetable and provides budget directions in advance of each budget. While the budget process is routinely delayed in an election year, the deadline for the issuance of final tax bills remains the same, requiring a final budget to be adopted in March.

The purpose of the report is to provide Council with an outline of the projected pressures that the City will be facing in 2023, including a list of projected efficiencies and opportunities, impacts related to Provincial and Federal funding; impacts related to compensation and benefit increases from contract settlements, impacts related to inflationary pressures such as fuel and capital driven by the supply chain and economic conditions and any continuing or post COVID-19 budget pressures; the proposed annual increase in property taxation; outline the budget allocation targets for the Boards and Transit Commission; and will seek Council endorsement of the budget strategies required to achieve the proposed taxation levels. In addition, this report proposes a timetable for the tabling, consultation process, review, and adoption of the 2023 budget.

COVID-19 has put extraordinary pressures on the world, Canada, Ontario and Ottawa, both as a health and economic disaster as the economy has been greatly impacted by social and physical distancing and loss of business continuity. The pandemic has impacted every aspect of how the City works, while continuing to help protect the health and safety of residents. City staff responded immediately to ensure the tools and supports were in place to ensure staff and residents were kept safe while continuing to deliver critical and essential services to the community. Since 2020, COVID-19 resulted in significant financial challenges for the City, challenges never faced before. While the City implemented financial mitigations to close the gaps, funding was received from senior levels of government to fund the COVID-19 deficits through the Safe Restart Agreement and other government funding up until 2022. In 2023, the City is anticipating funding from senior levels of government for some impacted areas, not all. Staff will prepare mitigation measures for consideration by Council.

The Capital program requirements for 2023, and forecasts for 2024-2026, are proposed to be developed in accordance with the Council approved Tax, Rate, Housing and Transit Long-Range Financial Plans (LRFPs), Transportation Master Plan, Infrastructure Services Master Plan, and 2019 Development Charges Background Study. Debt funding used to fund eligible components of the capital program requirements will be in accordance with the constraints as presented in the LRFPs and Fiscal Framework documents.

Financial Implications

The 2023 draft budget will be developed to mitigate and address the financial pressures outlined in the report along with the proposed strategies.

Public Consultation and Input

Consistent with past practice, members of Council will have the opportunity to seek public input prior to budget tabling through Councillor-led virtual and/or public consultation sessions or other means as determined by the individual Councillor. Further opportunities for the public to provide input prior to budget tabling will be available through Engage Ottawa, the City's online engagement platform.

The City will promote the Councillor-led public consultation sessions and online engagement opportunities on ottawa.ca, using communications tools and through the City's social media channels.

Councillor consultations will be conducted as virtual or public meetings and other forms of engagement. Public Information and Media Relations provided supplementary materials to support Councillors in hosting virtual consultations, including templates and guidelines. Additional consultation options will be considered and proposed for the 2024 budget cycle to enhance transparency and improve overall clarity of communications.

RÉSUMÉ

Dans le rapport sur l'Examen de la structure de gestion publique du Conseil municipal pour 2022-2026 ([ACS2022-OCC-GEN-0030](#)), un processus budgétaire pour le mandat du Conseil municipal est en instance d'approbation. Selon l'une des exigences de ce processus budgétaire, la cheffe des finances et trésorerie dépose chaque année un rapport sur les orientations, qui précise le calendrier du budget et qui définit les orientations budgétaires, en prévision du dépôt de chaque budget. Si le processus budgétaire est normalement retardé dans une année d'élection, l'échéance fixée pour l'établissement des factures finales de taxes reste la même, ce qui oblige à adopter en mars la version finale du budget.

L'objectif du rapport consiste à soumettre au Conseil municipal un exposé des contraintes projetés auxquels la Ville devra répondre en 2023, y compris une liste des gains d'efficacité et des possibilités prévus dont les incidences liées au financement provincial et fédéral, les effets se rapportant à la hausse des salaires et des avantages sociaux dans le cadre des contrats réglés, les impacts liés aux pressions inflationnistes, dont le carburant et les infrastructures de la chaîne logistique, la conjoncture économique et les pressions budgétaires permanentes ou postérieures à la COVID-19, la hausse annuelle proposée de l'impôt foncier, le sommaire des cibles dans

l'affectation des crédits budgétaires pour les conseils d'administration et la Commission du transport en commun, ainsi que la démarche qui consiste à demander au Conseil municipal d'entériner les stratégies budgétaires nécessaires pour atteindre les niveaux d'imposition proposés. En outre, nous proposons dans ce rapport un calendrier pour le dépôt, le déroulement de la consultation, l'examen et l'adoption du budget de 2023.

La COVID-19 a imposé des pressions hors norme au monde entier, au Canada, à l'Ontario et à Ottawa; il s'agit à la fois d'une catastrophe sanitaire et économique, puisque l'économie a été lourdement pénalisée par la distanciation sociale et physique, ainsi que par la discontinuité des activités. La pandémie s'est répercutée sur tous les aspects du mode de fonctionnement de la Ville, puisqu'il fallait continuer de protéger la santé et la sécurité des résidents. Le personnel de la Ville est intervenu sans tarder pour veiller à mettre en place les outils et les programmes d'aide nécessaires pour s'assurer que les employés et les résidents restent en sécurité tout en continuant d'assurer les services critiques et essentiels pour la collectivité. Depuis 2020, la COVID-19 donne lieu à des difficultés financières importantes et sans précédent pour la Ville. Pendant qu'elle mettait en œuvre des mesures financières pour combler les déficits, la Ville a eu droit au financement des ordres supérieurs de gouvernement pour financer jusqu'en 2022 les déficits causés par la COVID-19 dans le cadre de l'Accord sur la relance sécuritaire et d'autres fonds des gouvernements. En 2023, la Ville anticipe un financement de la part des ordres supérieurs du gouvernement pour certains secteurs fragilisés, mais pas tous. Le personnel préparera des mesures d'atténuation à soumettre à l'étude du Conseil municipal.

Nous proposons d'entamer les contraintes du programme de dépenses en immobilisations pour 2023 et en prévision pour 2024-2026 conformément aux plans financiers à long terme (PFLT) approuvés par le Conseil pour les taxes, les taux d'imposition, le logement et les transports en commun, au Plan directeur des transports, au Plan directeur de l'infrastructure et à l'Étude du contexte des redevances d'aménagement de 2019 approuvés par le Conseil municipal. Le financement par emprunt auquel fait appel la Ville pour financer certaines composantes reliés au programme de dépenses en immobilisations sera conforme aux contraintes présentées dans les PFLT et dans les documents se rapportant au Cadre budgétaire.

Répercussions financières

La version provisoire du budget de 2023 sera élaborée afin de répondre aux pressions financières exposés dans leurs grandes lignes dans le rapport, ainsi que dans les stratégies proposées.

Consultation publique et commentaires

Conformément à la pratique antérieure, les membres du Conseil municipal auront l'occasion de consulter le public avant le dépôt du budget dans le cadre des séances de consultations virtuelles ou publiques qui seront animées par les conseillers municipaux ou qui se dérouleront en faisant appel à d'autres moyens déterminés par les différents conseillers. Le personnel offrira au public, sur la plateforme de consultation en ligne "Participons Ottawa" de la Ville, l'occasion d'exprimer son avis avant le dépôt du budget.

La Ville fera la promotion des séances de consultation publique animées par les conseillers municipaux et des activités de consultation en ligne sur le site ottawa.ca, en faisant appel aux outils de communication et aux comptes de la Ville sur les réseaux sociaux.

Les consultations destinées aux conseillers municipaux se dérouleront à l'occasion d'assemblées virtuelles publiques et dans d'autres formes de consultations. Les Services de l'information du public et des relations avec les médias ont fourni des documents complémentaires, dont des modèles et des lignes de conduite, afin d'aider les conseillers municipaux à organiser les consultations virtuelles. D'autres options de consultation seront examinées et proposées pour le cycle budgétaire 2024 afin d'accroître la transparence et d'améliorer la clarté des communications de façon globale.

BACKGROUND

On December 7, 2022, Council is pending approval a term of Council budget process as part of the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)). That report included the following:

- The Chief Financial Officer/Treasurer to bring forward a report that details the budget timetable and provides budget directions, in advance of each yearly budget;
- The various Boards and Commissions to be allocated their *pro rata* share of the tax target and any assessment growth;
- Council to direct the various Boards and Commissions to develop their draft budgets within this annual allocation;
- The City Manager will work with the Mayor in the development of the draft budget that is in alignment with the approved direction. Councillors will be consulted as the draft budget is being prepared;
- Individual Members of Council to organize and lead public consultations on the draft budget;
- The Committees to hear public delegations before deliberating on the budget and approving any revisions that can be funded from within the budgets under committee review; and
- Council, sitting as Committee of the Whole to consider, to review and amend the budget.

Experience has shown that providing direction that imposes the fiscal discipline by way of a predefined tax increase helps Council mitigate tax increases to an acceptable level.

The draft budgets will also identify efficiencies and opportunities and any one-time issues and recommend any additional strategies that may be required to achieve Council's direction. A consolidated draft budget that is balanced, as required by legislation, and reflects the directions being proposed within this report will be tabled at Council and referred to Standing Committees and the Transit Commission for further consultation and consideration.

Members may move a Motion at a Standing Committee to increase that Committee's budget envelope by identifying an offsetting reduction from a different Standing Committee's budget. Such Motions would be referred to City Council, sitting as

Committee of the Whole, for consideration as that other Standing Committee's budget may have already been approved. Members would also continue to have the ability to increase budget envelopes/identify offsetting reductions by moving Motions at Committee of the Whole. Identified offsetting reductions must be deemed appropriate by the Finance Services Department, as not all funds can be used for all purposes. For example, Members would not be able to increase a tax-supported program budget by reducing a rate supported program, or one that is funded with provincial dollars.

The public consultation and committee consideration of the budget will also include budgets from the Ottawa Police Services Board, the Ottawa Public Library Board, the Public Health Board, the Committee of Adjustment, and Crime Prevention Ottawa.

DISCUSSION

Federal/Provincial Safe Restart Program

For the purpose of this budget, the City is assuming that grants from senior levels of government will not fully continue into 2023. In 2022, it was presumed that any unused funding from the Safe Restart Agreement (SRA) – Transit Stream and the Social Services Relief Fund allocated to the City in 2021 could not be carried forward into 2022. Subsequent amendments to the agreements allowed unused funding at the end of 2021 to be used in 2022 and some additional funding was provided in 2022 (e.g. Social Services Relief Fund Phase 5 provided an additional \$10.7 million in funding for use until the end of 2022). The 2023 budget will include estimated post COVID-19 pressures. Outside of Ottawa Public Health, at the time of this report there is no confirmed funding for 2023 to offset pressures. Staff will prepare mitigation measures that could include the deferral of capital projects and a discretionary spending pause, further efficiencies and wherever possible one-time reduction in expenditures and various additional mitigation measures for consideration by Council as required.

2023 Budget Directions and Development

As part of the budget development process pending approval by Council on December 7, 2022, specific Council direction is required with respect to a tax target that would guide staff in the development of the 2023 draft budget, that will be tabled at Council.

The tax increase being proposed is between 2 and 2.5 per cent of municipal taxation but is made up of various levies.

- a) That the municipal tax increase be set between 2 and 2.5 per cent overall including:**
- i. The City-wide 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 requests the Transit Commission develop its draft budget within this allocation.**

Staff have completed preliminary reviews to identify 2023 pressures. The projected 2023 expenditures include compensation and benefit increases from contract settlements, minimum wage impacts as a result of the provincial directed increases, along with estimated inflationary increases on fuel, utilities, contracts, and capital construction impacts. The current external economic conditions and supply chain pressures have resulted in unprecedented inflationary pressures impacting all City Services. Significant increases on fuel, construction indices, parts and supplies will have a significant impact to the 2023 Budget pressures. Staff will also include a list of efficiencies and opportunities as part of the tabled 2023 Budget.

Additional operational requirements associated with the cost of operating and maintaining new infrastructure such as roads and winter maintenance costs, continued investment in Long Term Care, Affordable Housing and increasing the investment in City tax supported capital assets as per the Long Range Financial Plan-Tax Supported Capital ([ACS2017-CSD-FIN-0017](#)) have also been considered. Estimated post COVID-

19 financial pressures will continue into 2023 and are described in the next section of this report.

As the municipal tax bill is made up of several different levies, it is recommended that in order to achieve a 2 to 2.5 per cent increase, the City-wide levy, which is the largest portion of the tax bill, be increased by 2 to 2.5 per cent. The City-wide levy funds most City services including the Library and Public Health Boards. Each Board would be allocated their individual pro-rated share of 2 to 2.5 per cent.

The Police Levy is a separate levy and is recommended to increase by 2 to 2.5 per cent overall.

For Transit Services, staff recommends a Transit Levy increase of 2 to 2.5 per cent for the 2023 budget.

A 2023 transit fare increase of 2.5 per cent will be included in the budget for consideration as it is consistent with Council direction provided through the 2017 Transit LRF ([ACS2017-CSD-FIN-0002](#)).

The yearly impact of the proposed tax increases on average homes in the urban and rural areas plus an average commercial property is shown below in Tables 1a and 1b.

Table 1a: Impact of Proposed Tax Directions at 2 per cent Tax Increase

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$415,000	Average Assessment: \$415,000	Average Assessment: \$460,000
2023 Taxation	\$4,167	\$3,432	\$8,668
City wide @ 2.0%	52	49	109
Police @ 2.0%	13	13	27
Transit @ 2.0%	16	5	34
Total \$ Change	82	67	170
% Change	2.0%	2.0%	2.0%

Table 2b: Impact of Proposed Tax Directions at 2.5 per cent Tax Increase

	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
City wide @ 2.5%	66	62	138
Police @ 2.5%	17	17	35
Transit @ 2.5%	21	6	43
Total \$ Change	104	85	216
% Change	2.5%	2.5%	2.5%

Post COVID-19 Impacts

Some post COVID-19 related impacts are expected to continue in 2023, although to a lessened extent for a few service areas, particularly Transit Services and Community and Social Services. For example, the City is anticipating a continued reduction in the transit impacts as ridership is not expected to return to 100 per cent in 2023. Impacts that may continue into 2023 are:

- Reductions in revenue from Federal and airport payments in lieu of taxes, transit fares, and parking fees and fines, and
- Continuing costs may be required for expenditures such as enhanced cleaning, personal protective equipment (PPE) and staffing costs for increase in health, safety, and service delivery standards.

The following pressures will be addressed in the budget when tabled:

- b) That the assessment growth in 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 plus the Transit Commission develop their draft budgets within this allocation.**

The assessment growth in 2022 was approximately 1.6 per cent and the forecast for 2023 is 2.2 per cent. The 2023 forecast is based on information provided by the Municipal Property Assessment Corporation (MPAC).

As per the process pending approval by Council on December 7, 2022, the services governed by the Police, Health and Library Boards, and Transit Commission, will be allocated their individual pro-rated share of revenues resulting from growth in assessment. In addition, the annual increase to the budget for the Office of the Auditor General will also be in accordance with the budget strategy applied to Boards and Commissions. The remaining balance will be available to fund other tax supported City services.

For purposes of developing the target envelopes for 2023, assessment growth of 2.2 per cent, a tax increase of 2 to 2.5 per cent City wide, 2 to 2.5 per cent for Police, and 2 to 2.5 per cent for Transit have been included. The taxation targets are summarized below in Table 2. This allocation does not include any revenue from increasing user fees.

Table 3: Tax Targets - 2022 Budgetary Funding Allocations

Allocation Areas	Amount (\$000) at 2 per cent	Amount (\$000) at 2.5 per cent
Assessment Growth	42,180	42,180
Tax Increases	39,185	49,675
Total	81,365	91,945
Target Allocation		
Police	13,415	15,160
Transit	15,095	17,060
Health	1,100	1,240
Library	2,390	2,700
Auditor General	95	110
Total	32,095	36,270
Balance for City Services	49,270	55,675

Total taxation revenues are projected to increase in 2023 by up to \$91.945 million. After allocating a proportional share of the 2023 increase to Police, Transit, Health, Library and the Office of the Auditor General, the remaining balance of up to \$55.675 million is available to fund all other tax supported City services.

User Fees and Charges

- c) That all 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.**

The Fiscal Framework sets the principles and recovery targets for municipal user fees. In general, the rate of increase in user fees is to be in relation to the cost increases associated with providing the service within the cost recovery framework.

As noted above, the 2023 transit fare increase of 2.5 per cent will be included in the budget as it is consistent with Council direction provided through the 2019 Transit LRFP ([ACS2018-CSD-FIN-0003](#)).

- d) That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collection Contracts Renewal report and to address the capital investments required for this service per the four-year capital spending plan.**

The 2023 garbage fee increase will be increased in accordance with the Solid Waste Residential Collection Contracts Renewal report ([ACS2019-PWE-GEN-0001](#) and [ACS2021-PWE-SWS-0002](#)). The use of short-term contracts was approved to best position Council to define and execute on the future of solid waste collections via an update to the City's Solid Waste Master Plan. Short term collection contracts provide flexibility to accommodate future changes to municipal waste management, which includes a shift to Extended Producer Responsibility (ERP) for the blue box recycling program by 2023.

The 2023 increases are based on the factors outlined within the Solid Waste Residential Collection Contracts Renewal reports.

Per the four-year spending plan for Solid Waste identified in the 2022 budget, the capital investments for the Solid Waste program are expected to increase in 2023 and over the next several years. Staff will bring forward the draft Solid Waste Master Plan and Long-Range Financial Plan for Committee and Council approval in 2023.

Capital Budgets

- e) That the 2023 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plan V and Fiscal Framework.**

The 2023 Capital Budget will be developed in accordance with the Council approved Transportation Master Plan, Infrastructure Master Plan, 2019 Development Charges Background Study, and the LRFP. The City funds its capital program through a combination of tax funds from reserves, development charges on the growth portion of eligible projects, and debt and grants from senior levels of government. Debt funding used to fund eligible components of the capital program will be in accordance with the Fiscal Framework and are well below the provincial debt limit.

The 2023 budget will include an increase for municipal construction inflation. The rate to be used in 2023 is 6.33 per cent and is aligned to the council approved interest rates on Development Charges.

The 2023 Capital Budget will pilot the application of the climate lens to its projects. The purpose of the pilot is to better understand how the City is investing towards implementing the [Climate Change Master Plan](#), reduce greenhouse gas (GHG) emissions and increase Ottawa's resilience to current and future impacts of climate change.

Rate Supported Budgets

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 budget for the services supported by the water, wastewater and stormwater rate is proposed to be considered at the same time as the tax supported budget. This allows for the Integrated Works Capital Program (combined road/water/sewer/storm capital works funded by tax and rate supported services) to be considered and approved at the same time.

The 2023 draft budget will be developed and presented in accordance with the 2017 LRFP V – Water, Wastewater and Stormwater programs ([ACS2017-CSD-FIN-0023](#)). The LRFP Water, Wastewater and Stormwater reflects the financial strategies that balance the need to maintain and build the capital assets that support these essential services recognizing that the assets last for multiple generations. Staff recommended the following increases as per the LRFP: Water revenue increase of 2 per cent, Wastewater revenue increase of 3 per cent, and Stormwater revenue increase of 12 per cent, with an overall average increase of 4.2 per cent for the rate-supported services. These percentage increases are a target increase for revenue overall for each service. Percentage increases to individual volumetric and fixed rates will be lower due to year over year changes in number of households and projected consumption levels and will be detailed in the budget when tabled.

The Standing Committee on Environment and Climate Change will receive public delegations and deliberate on both the tax and rate supported budgets on February 21,

2023. The Standing Committee Environment and Climate Change report would then rise to Council for final consideration.

Proposed 2023 Budget Timetable and Public Consultation Plan Council Budget Tabling (February 1, 2023)

Given the compressed timelines for Budget 2023, the City's draft operating and capital budget is proposed to be tabled at a Special Meeting of City Council on February 1, 2023. This report includes the draft budgets for all City services, including services that report to the Transit Commission or a Board / special purpose body, namely Police, Library, Public Health, Crime Prevention, and the Committee of Adjustment. It should be noted that in addition to the budget tabling at Council, the Transit Commission, Police Services Board, Library Board and Board of Health, also hold their own meetings to table their respective budgets. These Proposed 2023 Budget Meeting Schedule is included in Document 1 of this report.

The City budget will be presented by the Mayor, the City Manager and the Chief Financial Officer/Treasurer. The budgets for each of the Boards and the Transit Commission will be presented by the Chair and the head of each service. The draft budget will be available online on ottawa.ca shortly after it has been tabled.

Public Consultations

Members of Council will have the opportunity to seek public input prior to budget tabling through Councillor-led in person or virtual public consultation sessions or other means as determined by the individual Councillor. These sessions allow residents to express their views and budget priorities to their Ward Councillor and help residents become more involved in the budget development process. Staff will canvass Members of Council regarding their plans to conduct public consultations sessions and will be available to attend individual ward meetings as required.

Councillor consultations will be conducted as virtual or in person public meetings and other forms of engagement. Public Information and Media Relations will provide supplementary materials to support hosting virtual consultations including templates and guidelines.

Further opportunities for the public to provide input prior to budget tabling will be available through Engage Ottawa, the City's online engagement platform. Suggestions

and ideas that are generated through the engagement process will be shared with Council and management prior to budget tabling and will be considered in the development of the draft budget.

The City will promote Councillor-led virtual or in person public consultation sessions and online engagement opportunities on ottawa.ca, using traditional communications tools and through the City's social media channels. A Draft Budget 2023 webpage will be created that will include all relevant budget information, including information about the engagement opportunities. Efforts will be made to strengthen public communications by using plain language to enhance engagement and improve feedback.

Budget Meetings – Standing Committees / Transit Commission / Boards / Advisory Committees (February 2 to February 28, 2023)

The draft operating and capital budget documents for each Standing Committee and the Transit Commission will be reviewed by the Chair and Vice Chair of each Standing Committee as part of their regular agenda review meetings, with input from the General Manager(s) that report to those Committees.

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

The Proposed 2023 Budget Meeting Schedule is included in Document 1 of this report.

Council Budget Consideration / Adoption (March 1, 2023)

It is proposed that Council consider the final budget recommendations from all the Committees of Council and local Boards at its regularly scheduled meeting of March 1. Once approved, Council would then adopt the 2023 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 city-wide report.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable.

CONSULTATION

Consistent with past practice, members of Council will have the opportunity to seek public input prior to budget tabling through Councillor-led virtual or public consultation sessions or other means as determined by the individual Councillor. Further opportunities for the public to provide input prior to budget tabling will be available through Engage Ottawa, the City's online engagement platform.

The City will promote the Councillor-led virtual or public consultation sessions and online engagement opportunities on ottawa.ca, using communications tools and through the City's social media channels.

ACCESSIBILITY IMPACTS

There are no accessibility impact implications to implementing the recommendations in this report.

CLIMATE IMPLICATIONS

The 2023 Budget will pilot the application of a capital lens to its capital projects. The purpose is to better understand how the City is investing in implementing the [Climate Change Master Plan](#), reduce greenhouse gas (GHG) emissions and increase Ottawa's resilience to current and future impacts of climate change.

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 are developing their annual draft operating and capital budgets, City leadership and staff should apply the gender and racial 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. Staff are directed to apply an equity lens as part of this budget process to ensure sufficient resource requirements are available to execute on the commitments made within the Council approved equity plans and strategies.

RISK MANAGEMENT IMPLICATIONS

There are no risk impediments to implementing the recommendations in this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Proposed 2023 Budget Meeting Schedule

DISPOSITION

Staff will develop the 2023 draft budget in accordance with the report recommendations and implement the budget process as outlined in the report.

Note: A minor correction was made to the report pursuant to the City Clerk's Delegated Authority to correct clerical, spelling, or minor errors of an administrative nature as set out in Schedule C, Subsection 7 of Delegation of Authority By-Law (being By-Law No. 2022-29) to correct a date within Document 1 for the Board of Health.

Document 1

Board of Health - Budget Tabling	<u>Monday, January 30, 2023</u>
Public Library Board - Budget Tabling	Tuesday, January 31, 2023
Council – Budget Tabling (special meeting)	Wednesday, February 1, 2023
City Services *Police Services *Library Services *Public Health Committee of Adjustment Crime Prevention <i>*In addition to this Council meeting, the Boards hold their own meetings to table their respective budgets</i>	
Police Services Board – Budget Tabling (special meeting)	Wednesday, February 1, 2023
Agriculture & Rural Affairs Committee	Thursday, February 2, 2023
Finance & Economic Development 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
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