

**Subject: 2024 Draft Operating and Capital Budgets**

**File Number: ACS2023-FCS-FSP-0016**

**Report to Council 8 November 2023**

**Submitted on November 8, 2023 by Cyril Rogers, Interim General Manager and Chief Financial Officer, Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Budgets préliminaires de fonctionnement et d'immobilisations de 2024**

**Numéro de dossier : ACS2023-FCS-FSP-0016**

**Rapport présenté au Conseil le 8 novembre 2023**

**Soumis le 8 novembre 2023 par Cyril Rogers, Directeur général et chef des finances par intérim, Direction générale des finances et des services organisationnels**

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**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATIONS**

**That City Council:**

- 1. Receive and table the Draft 2024 Operating and Capital Budgets at its meeting of November 8, 2023, for subsequent consideration by Council sitting in Committee of the Whole to be held December 6, 2023; and,**
- 2. Refer the relevant portions of the 2024 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 December 6, 2023.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil municipal:**

- 1. Reçoive et dépose les budgets préliminaires de fonctionnement et d'immobilisations de 2024 à sa réunion du 8 novembre 2023 et qu'il les examine subséquemment en comité plénier le 6 décembre 2023.**
- 2. Transmette les parties pertinentes des budgets de fonctionnement et d'immobilisations de 2024 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 6 décembre 2023.**

## **EXECUTIVE SUMMARY**

This report provides a high-level summary and overview of the Draft 2024 Tax and Rate Supported Operating and Capital Budgets tabled at City Council on November 8, 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 2024 Draft Operating and Capital Budget adheres to Council's direction of setting an overall municipal tax increase of no more than 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 Police levy increase of no more than 2.5 per cent. Transit Services' draft budget reflects a Transit levy increase of no more than 2.5 per cent.

Since the approval of the 2024 Budget Directions, Timeline and Consultation Process report ([ACS2023-FCS-FSP-0011](#)) on September 13, 2023, an updated assessment growth estimate from 1.5 per cent to 1.7 per cent is reflected in the tabled budgets. This resulted in an overall assumed assessment growth estimate of \$4.125 million, which is being allocated to Transit Services.

The 2024 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 2024 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.

Maintaining service efficiency and competitiveness are main objectives for all City services. This is an ongoing exercise in addition to the Council-approved service review framework ([ACS2023-FCS-FSP-0001](#)). When considering the 2024 budget directions, Council emphasized the importance of maintaining continuous improvement throughout the organization during this Term of Council. The service review framework, its working group, and Council will help ensure these principles are embedded in operations across the organization.

Based on feedback received after the 2023 Budget, staff continue striving to increase municipal budget literacy, improve the navigation of budget documentation, provide enhanced reporting, and are focusing on highlighting investments in services and programs that residents rely on and care about the most. The 2024 Draft Budget will also better identify how programs and services align with the Term of Council Priorities ([ACS2023-CMR-OCM-0008](#)).

Additional enhancements to the 2024 budget process were made to the consultation process with elected officials and residents. Meetings between the Mayor, City Manager and Chief Financial Officer with Councillors were held earlier in the budget process than in prior years. Furthermore, efforts to increase awareness of engagement opportunities using enhanced social media posts, electronic advertisements at City Facilities, and the promotion of in-person, virtual or hybrid councillor-led consultations. Continued promotion of [Engage Ottawa](#), the City's online engagement platform, was used to gather feedback prior to budget tabling.

After the 2024 Draft Budget is tabled on November 8, 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 will be available in the City's libraries and client service centres.

Council will consider the final 2024 Draft Budget, sitting as Committee of the Whole, on December 6, 2023.

## **RÉSUMÉ**

Le présent rapport fournit un sommaire général et un aperçu des budgets préliminaires de fonctionnement et des immobilisations de 2024 financés par les recettes fiscales et

les redevances et déposés au Conseil municipal le 8 novembre 2023. Ces budgets sont résumés 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 2024 s'inscrivent dans la directive du Conseil de fixer jusqu'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, qui a été approuvé en 2017. Le budget préliminaire du Service de police d'Ottawa correspond à une augmentation maximale de 2,5 % de l'impôt prélevé pour les services de police. Le budget préliminaire des Services de transport en commun correspond à une augmentation de la taxe pour le transport en commun ne dépassant pas 2,5 %.

Depuis que le rapport intitulé « Orientation, calendrier et processus de consultation proposés pour le budget 2024 » ([ACS2023-FCS-FSP-0011](#)) a été approuvé le 13 septembre 2023, les budgets déposés reflètent une estimation mise à jour de la hausse de l'évaluation foncière de 1,5 % à 1,7 %. Cette croissance estimée de l'évaluation foncière représente un montant de 4,125 M\$ à allouer aux Services de transport en commun.

Le budget préliminaire de 2024 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. Le budget préliminaire de 2024 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 maintien de l'efficacité et de la compétitivité des services fait partie des objectifs principaux pour tous les services municipaux. Il s'agit d'un exercice continu, qui s'ajoute au cadre d'examen des services approuvé par le Conseil ([ACS2023-FCS-FSP-0001](#)). Lors de l'examen des orientations budgétaires de 2024, le Conseil a souligné l'importance de maintenir l'amélioration continue dans l'ensemble de l'administration municipale pendant le présent mandat du Conseil. Le cadre d'examen des services,

son groupe de travail et le Conseil aideront à faire en sorte que ces principes soient intégrés aux opérations dans l'ensemble de l'administration municipale.

D'après les commentaires reçus après le budget de 2023, le personnel continue de s'efforcer d'accroître les connaissances budgétaires municipales, et d'améliorer la navigation dans les documents budgétaires et la production de rapports, et il s'attache à mettre en évidence les investissements dans les services et les programmes sur lesquels les résidents comptent et auxquels ils tiennent le plus. Le budget préliminaire de 2024 montrera mieux aussi la façon dont les programmes et les services cadrent avec les priorités proposées pour le mandat du Conseil ([ACS2023-CMR-OCM-0008](#)).

D'autres améliorations au processus budgétaire de 2024 ont été apportées au processus de consultation auprès des représentants élus et des résidents. Des réunions avec le maire, la directrice municipale, le chef des finances et les conseillers ont été tenues plus tôt dans le processus budgétaire que par les années passées. En outre, des efforts ont été déployés pour accroître la sensibilisation aux possibilités de participer grâce à des publications améliorées sur les médias sociaux, à des annonces électroniques dans les installations de la Ville, et à la promotion de consultations en personne, virtuelles ou hybrides organisées par les conseillers. La promotion continue de [Participons Ottawa](#), la plateforme de participation citoyenne en ligne de la Ville, a servi à recueillir des commentaires avant le dépôt du budget.

Après le dépôt du budget préliminaire de 2023 le 8 novembre 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 il sera possible de 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 2024 le 6 décembre 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](#)). On September 13, 2023, the following guidelines were approved by Council as part of the 2024 Budget Directions, Timeline and Consultation Process report ([ACS2023-FCS-FSP-0011](#)):

- a. That the municipal tax increase be set at no more than 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 no more than 2.5 per cent for 2024, and that Council request that the Public Library Board and Board of Health develop their draft budgets based on the pro rata share of this tax increase;
  - ii. The Police Services levy be increased by no more than 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 no more than 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 1.5 per cent of the current taxation for 2024 and that Council request that the Public Library Board, Board of Health, Police Services Board, and 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 2024 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 2024 Rate-Supported Budget be developed in accordance with the approved 2017 Long Range Financial Plan V - Water, Wastewater and Stormwater.

The 2024 Draft budgets will be considered by Standing Committees, Boards, and the Transit Commission. They consist of the following:

### City Departmental Submission

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

### Boards and Transit Commission

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

This report provides an overview of all the draft budgets being tabled at Council. The 2024 Draft Operating and Capital Budget Summaries for all Standing Committees, Boards and the Transit Commission are attached as Document 1 - 2024 Draft Operating Budget Summaries and Document 2 - 2024 Draft Capital Budget Summaries. The committee structure per the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)) is reflected in the 2024 Budget.

Council remains to play a leading role in the City's approach to fiscal management and financial sustainability. Strong financial management is a priority for the City, Council, and residents. Over time the City has adopted strong financial oversight, policies and plans including transparency that have led to financial sustainability. Alongside the Term of Council Priorities ([ACS2023-CMR-OCM-0008](#)), the draft 2024 budget looks to achieve its strategic priorities of:

- A city that has affordable housing and is more liveable for all;
- A city that is more connected with reliable, safe and accessible mobility options;
- A city that is green and resilient; and
- A city with a diversified and prosperous economy.

## DISCUSSION

### 2024 Draft Budget

The 2024 Draft Budget increases property taxes at 2.5 per cent. The budgets tabled on November 8, 2023, comply with the approved recommendations as per the Proposed 2024 Budget Directions, Timeline and Consultation Process report ([ACS2023-FCS-FSP-0011](#)), with one exception. Since the approval of the 2024 Budget Directions, Timeline and Consultation Process report in September, an updated assessment growth estimate from 1.5 per cent to 1.7 per cent is reflected in the budgets tabled. This results in an overall assumed assessment growth estimate of \$4.125 million which is being allocated to Transit Services. This allocation recognizes Transit Services' financial challenges primarily due to reduced ridership and inflationary pressures. Table 1 displays this update in the assessment growth estimate.

*Table 1: 2024 Assessment Growth and Tax Increases*

<b>Property Taxes</b>	<b>2024 Update</b>	<b>2024</b>
Assessment Growth	\$34,250	\$30,225
Tax Increases	\$51,230	\$51,130
<b>Total</b>	<b>\$85,480</b>	<b>\$81,355</b>
Assessment Growth	1.7%	1.5%
Tax Increases	2.5%	2.5%
<b>Total</b>	<b>4.2%</b>	<b>4.0%</b>

Each annual budget cycle staff table 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 by Council.

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

- 2024 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;
- Reserve Management Policy;
- Term of Council Priorities; and
- City's Strategic Plan.

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

The citywide tax target is not allocated an automatic 2.5% 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 44 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. Of the 2024 Collective Agreements that are settled to date, most are settled at two per cent;
- Annual LRFP commitments are identified and allocated the respective budget increases to align to these Council endorsed Plans, including construction inflation at three per cent for 2024;
- Any new or changes to funding from senior levels of government or other external sources are identified;

- Utility (natural gas 16 per cent, hydro three per cent, water two per cent) increases, and volume assumptions are reviewed and identified;
- The latest CPI reported by Stats Canada is 3.8 per cent for September 2023. 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, but remain considered where applicable in the City's programs and services. 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;
- Whereas food is not a typical municipal expense, the City recognizes it provides funding to various organizations that purchase groceries in support of the community. A growing number of these organizations are facing increased pressures as food inflation impacts residents. Staff are factoring a food CPI of 8.8 per cent in its development of the 2024 draft budget;
- One time funding cannot be used to fund permanent operating expenditures and departmental management cannot create contingency accounts within the operating program or service budgets;
- Continuous improvements and efficiencies opportunities are reviewed throughout the annual quarterly reporting cycles and identified during the annual budget process;
- Each department is supported by a finance team and collaborates with all levels of the organization who are engaged in the annual budget cycle;
- The City Manager, Acting CFO and Mayor consulted with each Councillor as the draft budget was being developed;
- There are a number of 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 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.

Table 2 summarizes the inflationary assumptions used for various expense categories and the percentage of the 2024 Draft Budget.

*Table 2: Inflationary Assumptions and Percentage of 2024 Draft Budget*

<b>Expense Type</b>	<b>2024</b>	<b>Percentage of 2024 Draft Budget</b>
Compensation / Benefits	2% / 6%	44%
Contracts & Property Leases	2%	2%
Electricity	3%	1%
Heating	16%	< 1%
Water	2%	< 1%
Fuel	8% decrease	2%
PAYG	3%	15%
Food	8.8%	<1%

**Continuous Improvements**

Service efficiency and competitiveness are part of the City’s objectives in all service delivery areas, which is an ongoing exercise alongside the service review framework approved during the 2023 budget.

The City’s continuous improvement efforts seek to enable more financially efficient and responsive operations by driving unnecessary cost and complexity out of the organization’s business processes through a focus on automation, standardization, and simplification. These efforts seek to maximize value to the organization in three core areas: pure financial opportunities (cost savings and cost avoidance); streamlined business processes (creating organizational capacity to help advance Council’s priorities); and leveraging data to improve departmental decision making (enabling departments to make more strategic decisions that will ultimately deliver greater value).

The City continues to work with its partners to ensure investments are made in the most efficient and impactful manner in the community. As such, the 2024 Draft Budget

proposes a one per cent increase to the Municipal Accommodations Tax (MAT) from four per cent to five per cent. This is the first increase to the MAT since its inception in 2018. The purpose of the MAT tax is to promote and grow the tourism industry in Ottawa and the Capital region. The City is grateful for its longstanding partnership with Ottawa Tourism, the Ottawa Gatineau Hotel Association (OGHA), and local hoteliers. Our collaboration ensures additional funds collected from the one per cent increase have a clear and sole purpose to support tourism through increasing visitors to Ottawa and having a positive economic impact with investments in major events, marquee festivals, and destination infrastructure, to name a few.

These continuous improvement efforts are a key strategy for mitigating rising budget pressures and have assisted departments in absorbing growth and improving service delivery to residents.

### **Service Reviews and Efficiencies**

In March 2023, Council approved the Service Review Framework, as outlined in the 2023 Draft Operating and Capital Budgets Report ([ACS2023-FCS-FSP-0001](#)). This Framework outlines the policies and principles 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.

The work of the Service Review Working Group (SRWG) comprised of Councillor Carr, Councillor Curry and the Mayor commenced shortly after the adoption of the 2023 Draft Operating and capital Budgets.

In recognition of Council's consideration of two budgets in 2023 (the 2023 and 2024 budgets), given the election in November of 2022, several service reviews were launched, including the Bus Route Review, Corporate Accommodations and Leases Review, Fleet Optimization Review and Revenue Opportunities Analysis.

In keeping with the Council adopted Service Review Framework, these reviews were launched to ensure savings, cost avoidance and efficiencies were realized in time to be incorporated into the 2024 draft operating and capital budgets tabled in November 2023

for Council consideration. Collectively these reviews have contributed \$19.4 million in base operating budget savings, and \$2.5 million capital savings.

In addition to the Service Review program overseen by the SRWG, \$2.875 million in efficiencies have also been realized by Citywide departments, an additional \$2.6 million by Ottawa Police Services and \$30.6 million by Transit Services through improvement initiatives led by the senior and departmental leadership teams.

The breakdown of savings is outlined in Table 3a and 3b.

*Table 3a: Summary of Operating and Capital Efficiencies (in thousands of dollars)*

	<b>Operating Efficiencies (\$000s)</b>	<b>Capital Efficiencies (\$000s)</b>	<b>Total (\$000s)</b>
<b>2023 Budget Efficiencies Total</b>	<b>\$ 11,268</b>	<b>\$ 42,650</b>	<b>\$ 53,918</b>
<b>2024 Budget Efficiencies</b>			
<b>Service Review</b>			
Bus Route Optimization	\$ 10,000	\$ -	\$ 10,000
Fleet Transformation	\$ 6,270	\$ -	\$ 6,270
Corporate Accommodations & Leases	\$ 505	\$ 2,500	\$ 3,005
Revenue	\$ 2,600	\$ -	\$ 2,600
<b>Service Review Total</b>	<b>\$ 19,375</b>	<b>\$ 2,500</b>	<b>\$ 21,875</b>
<b>City Department Initiatives</b>			
IT - Contract Savings	\$ 1,000	\$ -	\$ 1,000
PRED - Professional Services	\$ 225	\$ -	\$ 225
PW - LED Conversion	\$ 1,395	\$ -	\$ 1,395
Various Department Consulting Savings	\$ 255	\$ -	\$ 255
<b>City Department Initiatives Total</b>	<b>\$ 2,875</b>	<b>\$ -</b>	<b>\$ 2,875</b>
<b>Ottawa Police Services</b>	<b>\$ 2,600</b>	<b>\$ -</b>	<b>\$ 2,600</b>
<b>Transit Services</b>	<b>\$ 30,627</b>	<b>\$ 41,608</b>	<b>\$ 72,235</b>
<b>2024 Service Review and Budget Efficiencies Total</b>	<b>\$ 55,477</b>	<b>\$ 44,108</b>	<b>\$ 99,585</b>
<b>2023 and 2024 Budget Efficiencies Total</b>	<b>\$ 66,745</b>	<b>\$ 86,758</b>	<b>\$ 153,503</b>

*Table 3b: Summary of Continuous Improvements and Cost Avoidance Impacts (in thousands of dollars)*

<b>Continuous Improvement / Cost Avoidance</b>	<b>Total (\$000s)</b>
By-Law Data Processing Centre	\$ 1,000
IT - Workplace Booking Application	\$ 250
Streamlined Business Processes	\$ 800
<b>Continuous Improvement / Cost Avoidance Total</b>	<b>\$ 2,050</b>

Work remains ongoing with the four reviews currently underway, and it is anticipated that additional savings, particularly from the Corporate Accommodations and Leases Review and the Revenue Opportunities Analysis, will be realized in 2024 to contribute to the development of the 2025 draft operating and capital budgets. Capacity to ensure ongoing investment in frontline services to address growth had been created through the re-pointing of over 25 full-time equivalents (FTEs) thereby reducing pressure on the tax supported budget and through cost avoidance such as accommodating the in-house processing centre for automated speed enforcement infractions, which avoided approximately \$1 million in space acquisition and fit up costs.

The 2023 and 2024 capital and operating efficiencies have resulted in a total of just over \$153 million to date.

As outlined in the July 19, 2023, the Service Review Working Group identified three phases of engagement to solicit input on opportunities for consideration as part of the ongoing and evolving service review work program. Phase 1 included the engagement of Members of Council; Phase 2 City staff engagement; and Phase 3. resident engagement.

A comprehensive public engagement strategy has been developed to solicit input from residents on potential service delivery improvements to be launched on November 15, 2023. This includes using the Engage Ottawa platform and offering other accessible modes of engagement to encourage broad participation.

### **Additional Consultation**

In addition to this engagement, the Service Review Working Group also met with key stakeholders including Hydro Ottawa, Ottawa Public Library, Ottawa Community Housing, Ottawa Police Services and Ottawa Public Health, all of whom are committed to participating in their own program and service review process to enhance the client experience and provide the best overall value for taxpayers.

## Term of Council Priorities

The 2023-2026 City Strategic Plan is the key corporate planning document defining what Council plans to accomplish over its four-year term. It contains the Term of Council Priorities (approved by Council on July 12, 2023, ([ACS2023-CMR-OCM-0008](#))) and will serve as the City's roadmap to success, ensuring our programs and services address the changing needs of the diverse community we serve.

The City Strategic Plan does not provide a complete list of all the services and programs the City provides, in contrast to the detailed budget documents that contain details of all City departments, service areas and capital projects and programs; it does, however, capture the significant actions that address the Term of Council Priorities.

To achieve its long-term goals, Council has outlined four areas of focus that will direct the City of Ottawa's efforts over the next four years to make Ottawa:

1. A city that has affordable housing and is more liveable for all;
2. A city that is more connected with reliable, safe, and accessible mobility options;
3. A city that is green and resilient;
4. A city with a diversified and prosperous economy.

Consistent with the annual Budget development, the Term of Council Priorities development were informed by the following key long-term plans and strategies.

Long Range Financial Plans; Official Plan; Climate Change Master Plan; Urban Forest and Greenspace Master Plan; Infrastructure Master Plan; Transportation Master Plan; Parks and Recreation Facilities Master Plan; 10-Year Housing and Homelessness Plan 2020–2030; Reconciliation and Action Plan; Community Safety and Well-Being Plan; Anti-Racism Strategy; Women and Gender Equity Strategy; Solid Waste Master Plan; Comprehensive Asset Management Strategy and Asset Management Plans; Economic Development Plan and the Road Safety Action Plan.

The Draft Budget documents provide additional details, including investments in the various term of council priorities. In addition, the budget tabling presentation and committee budget presentations will include additional details and budget allocations aligned to the various term of council priorities.

## 2024 Draft Budget Overview

### Tax Supported Services

The 2024 Draft Budget, tabled on November 8, 2023, achieves Council's objective of an overall municipal tax increase of up to 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 1.5 per cent increase in property tax revenues from the estimated growth in assessment. Council requested that Boards and the Transit Commission develop their 2024 Draft Budget within their allocations. The budgets tabled on November 8, 2023, comply with the approved recommendations as per the Proposed 2024 Budget Directions, Timeline and Consultation Process report ([ACS2023-FCS-FSP-0011](#)), with the previously noted exception in relation to the estimated assessment growth update.

### Overall Operating Budget Estimates/ Projected Taxation

The 2024 Draft budgets include \$85.5 million in net additional tax. These taxes are being raised from an overall municipal tax increase of up to 2.5 per cent and a revised estimated assessment growth of 1.7 per cent, which includes all Tax-Supported City services, Police and Transit. Table 4 shows the estimated impact on an urban and rural home and commercial property at the average assessed value.

*Table 4 - Property Tax Impacts (in dollars)*

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$415,000	Average Assessment: \$415,000	Average Assessment: \$460,000
<b>2024 Taxation</b>	<b>\$4,293</b>	<b>\$3,450</b>	<b>\$8,927</b>
2024 Increases			
City-Wide	\$67	\$63	\$143
Police	\$17	\$17	\$36
Transit	\$21	\$6	\$44
<b>Total \$ Change</b>	<b>\$105</b>	<b>\$86</b>	<b>\$223</b>
<b>% Change</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

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.

### **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 2024 is 16,500.63 budgeted FTE staff positions. Table 5a, 5b, 5c, 5d and 5e below list the 2024 budgeted FTE request breakdown by each business area and funding type.

### **Citywide Departments FTE Positions**

The tax funded positions within the citywide departments are required to support growth in front-line services, maintaining Council approved programs, and to administer provincially legislated mandates.

These include 42 FTEs for Emergency & Protective Services that consist of 12 FTEs for the new Kanata Fire Station, 28 FTEs for Paramedic Services, and two FTEs for Emergency Operations. Community & Social Services has a net 17 FTE reduction due to a reduction of 25 FTEs in relation to the Ontario Works program offset by three FTEs supporting equity, diversity, and inclusion strategic initiatives, four FTEs in LTC, one FTE to support housing and homelessness programs. Planning, Real Estate & Economic Development 3.50 FTEs are to implement the Ottawa Nightlife Economy Action Plan, support the new Official Plan, and support urban expansion. The Rail Construction Program has a reduction of two FTEs due to reduced staffing requirements in later phases of the project, two FTEs in Recreation, Cultural & Facility Services are in support of the Ādisōke and Trail Road facilities. The Office of the City Clerk is growing with two FTEs in support of the Access and Privacy Office and to support hybrid standing committee meetings, and the Office of the Auditor General includes one new FTE to execute the workplan and additional requests from Council.

*Table 5a: Budget FTE Request – Citywide Departments – Tax Funded*

<b>Tax Funded</b>	<b>2024 Budget FTE Request</b>
<b>Citywide Departments</b>	
Office of the Auditor General	<b>1.00</b>
City Clerk	<b>2.00</b>
Community & Social Services	<b>-17.00</b>
Emergency & Protective Services	<b>42.00</b>
Finance & Corporate Services	<b>2.00</b>
Recreation, Cultural & Facility Services	<b>2.00</b>
Public Works & Environmental Services	<b>2.00</b>
Planning, Real Estate & Economic Development	<b>3.50</b>
Rail Construction Program	<b>-2.00</b>
<b>Citywide Departments Total</b>	<b>35.50</b>

*Table 5b: Budget FTE Request – Citywide Department – User Fees, Recoveries and Revenue Funded*

<b>User Fees, Recoveries and Revenue Funding</b>	<b>2024 Budget FTE Request</b>
<b>Citywide Departments</b>	
Legal	<b>6.00</b>
Community & Social Services	<b>55.40</b>
Emergency & Protective Services	<b>4.00</b>
Finance & Corporate Services	<b>34.00</b>
Public Works & Environmental Services	<b>4.00</b>
Planning, Real Estate & Economic Development	<b>2.82</b>
Recreation, Cultural & Facility Services	<b>4.00</b>
<b>Citywide Departments Total</b>	<b>110.22</b>

There are 110.22 FTE positions that are directly funded by revenues generated by user fees, recoveries, and provincial funding. These FTE positions are required to execute provincially mandated services, to support growth and maintain City Services. This includes 55.4 FTE positions in Long-Term Care are for the Provincial commitment of four hours of care of Personal Support and Allied Health Workers. Revenues generated from the Automatic Speed Enforcement program fund 19 FTE positions in support of the

program's expansion (two FTEs for Traffic Services, 12 FTEs for Service Ottawa, and five FTE for Revenue Services). Six FTE positions for Legal Services are required for the processing development applications and are funded by planning fee revenue.

There are eight FTE positions that are funded by ongoing capital programs. Three FTE positions are in continued support of climate change environmental program, one FTE position is in support of the Public Realm Intervention program, and four FTEs are for the support of growth and legislative requirements in Asset Management and Infrastructure Services.

*Table 5c: Budget FTE Request – Citywide Department – Capital Funded*

<b>Capital Funded</b>	<b>2024 Budget FTE Request</b>
<b>Citywide Departments</b>	
Planning, Real Estate & Economic Development	<b>4.00</b>
Infrastructure & Water Services	<b>4.00</b>
<b>Citywide Departments Total</b>	<b>8.00</b>

### **Rate Supported Program FTE Positions**

Wastewater Services and Stormwater Services identified an additional 5.95 FTE positions for 2024. 2.95 FTE positions are in support of new On1Call legislation, and three FTEs are in support growth within rate supported programs.

*Table 5d: Budget FTE Request – Rate Supported and Funded*

<b>Rate Funded</b>	<b>2024 Budget FTE Request</b>
<b>Rate Supported Program</b>	
Wastewater Services	<b>4.95</b>
Stormwater Services	<b>1.00</b>
<b>Rate Supported Program Total</b>	<b>5.95</b>

### **Board and Commission FTE Positions**

Ottawa Public Library (OPL) identified an additional eight FTE positions for the growth in its Central branch operations.

Ottawa Police Services (OPS) identified a total of 34.7 FTE positions, of which 27 FTEs are in support of growth.

Transit Services identified seven FTE positions which are in support of engineering services and additional rail operators for O-Train lines 2 and 4.

*Table 5e: Budget FTE Request – Boards, Agencies and Commission – Tax Funded*

<b>Tax Funded</b>	<b>2024 Budget FTE Request</b>
<b>Boards, Agencies and Commission</b>	
Ottawa Public Library	<b>8.00</b>
Ottawa Police Service	<b>34.70</b>
Transit Commission	<b>7.00</b>
<b>Boards, Agencies and Commission Total</b>	<b>49.70</b>

## **2024 Draft Tax Supported Budget**

### **Operating Budget**

The total 2024 tax supported operating expenses are projected to be \$4.1 billion, a \$110 million increase over 2023. Operating expenses are funded through property taxes (52 per cent), payments in lieu of property taxes (4 per cent), federal and provincial grants (23 per cent), fees and service charges (15 per cent) and other miscellaneous revenue sources (6 per cent).

A summary of the 2024 budgetary requirements shown by Standing Committee, the Boards and Transit Commission is provided in Document 1 - 2024 Draft Operating Budget Summaries.

### **Available Funding**

#### *Growth in Tax Assessment and Tax Increases*

Taxes raised from new developments are projected to increase by 1.7 percent in 2024, which will provide an additional \$34.25 million in tax revenues. The revenues generated from the proposed 2.5 per cent tax increase is \$51.23 million

### *User Fees /Revenue Increases /Provincial Cost Sharing*

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.

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.

Per the 2024 Budget Directions, Timeline and Consultations Process report, the 2024 garbage fee will be increased in accordance with the Solid Waste Residential Collection Contracts Renewal reports ([ACS2022-PWD-SWS-0002](#) and [ACS2023-PWD-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 2024. The 2024 budget includes the revised estimated capital requirements for the next four years which is estimated at \$128 million from 2024 to 2027. The fee increase related to the renewed contracts, additional operating pressures and increased capital needs is \$15 for curbside and \$7.50 for multi-residential. Each \$1 increase in the garbage fee only equates to an additional \$433 thousand since the fee is per household.

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 in 2024 is estimated to be \$7.2 million in support of the growth of approximately 700 childcare spaces.

### **Funding Pressures**

#### *Maintaining existing programs and services*

An increase of \$20.3 million associated with reserve fund contributions to fund capital and other initiatives and inflationary increases of \$22.6 million relate to changes in

purchased services, contracts, utilities, facilities and provincially legislated programs have been included in the budget.

#### *Growth to programs and services*

The cost to manage growth includes a \$41.8M investment in the Automatic Speed Enforcement (ASE) program in support of the Road Safety Action Plan, Temporary Traffic Calming program and the installation of 20 new cameras that is funded by the growth in the ASE program's revenue. In addition, costs for growth include an increase of \$5 million towards the Transitional Housing Sustainability Strategy, \$2.2 million for the Kanata North fire station, \$1.8 million for Paramedic Services to address growing response volumes and post-pandemic protocols, \$1.6 million for the Community Engagement Team to support housing initiatives, \$500 thousand for Long Term Care's multi-year Person-Centred Care implementation, \$435 thousand towards Equity, Diversity and Inclusion implementation to support strategic initiatives, including Anti-Racism Strategy, Women and Gender Equity, Indigenous Relations and Corporate Diversity and Inclusion Plan, \$1 million to support the growth within road and sidewalk networks, \$800 thousand in support of the ByWard Market District Authority, and a \$1 million each to increase to the City Wide and Housing Capital for growth per the Long Range Financial Plans. Transit Services costs to manage growth includes \$5 million of debt servicing for Transit infrastructure, and \$1.6 million for increased maintenance costs for the opening of O-Train Lines 2 and 4.

#### *Service Initiatives/Efficiencies/Continuous Improvement*

As noted previously, under the Service Review Program, \$19.4 million in efficiencies are identified in the 2024 draft budget in relation to bus route integration with new O-Train Lines 2 and 4, fleet transformation, corporate accommodations and leases plus revenue growth. Furthermore, under City department initiatives an additional \$2.9 million in base operating budget savings through IT Services contract savings, consulting and professional services savings, and efficiencies gained through LED conversions from Traffic Services. An additional \$2 million in savings were achieved through continuous improvement or cost avoidance measures.

#### **2024 Draft Capital Budget and 2024-2027 Capital Forecast**

The capital program requirements for 2024 and forecasts for 2024 to 2027 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 2024 Draft Capital Budget also includes an additional budget for the advancement of housing initiatives, the Climate Change Master Plan, and renewal of sidewalks, pathways and roads works.

## **Climate Change**

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. The 2024 Draft Budget 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. This is the second consecutive budget cycle where a climate lens has been applied to new capital budget requests, building on the baseline established in Budget 2023.

In this exercise, capital budget requests were rated on a qualitative scale from no contribution to minor, moderate, or major contribution to reducing GHG emissions or building climate resiliency. Each investment was rated as one of the following options:

- No contribution if no climate considerations were included or where climate considerations did not apply to the budget request.
- A minor contribution if the contributions 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 the contributions were considered to go beyond business-as-planned to reducing GHG emissions or directly addressed a climate risk.
- A major contribution if the contributions were considered in line with Energy Evolution's 100 per cent scenario or significantly addressed a climate risk.

Overall, 155 capital budget requests were rated as having a climate contribution in the 2024 Draft Budget. Of these, 24 were identified as going beyond business-as-planned or business-as-usual and were rated as having a moderate or major contribution, totalling more than \$278 million of new investments. This is an increase of \$226 million from Budget 2023.

<b>Climate Contributions<sup>1,2</sup></b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Difference</b>
<b>Total</b>	\$52M	\$278M	<b>+\$226M</b>
<b>Reduces GHG emissions</b>	\$26M	\$188M	<b>+162M</b>
<b>Builds climate resiliency</b>	\$21M	\$86M	<b>+\$65M</b>
<b>Reduces GHG emissions and Builds climate resiliency</b>	\$5M	\$5M	<b>\$0M</b>

Of this total, almost \$188 million of investments are expected to go beyond business-as-planned and have a moderate or major contribution to reduce greenhouse gas emissions, of which almost \$180 million is for the Zero-Emission Bus (ZEB) program. Almost \$86 million of investments are expected to make a moderate or major contribution to building climate resiliency, of which over \$21 million is for the ROPEC Electrical Reliability project and over \$48 million is for integrated infrastructure rehabilitation projects on Bank Street and Carling Avenue that will reduce the risks of basement flooding. Where possible, the City is also using these investments to leverage money from senior levels of government. For a detailed breakdown of the projects that were identified as having moderate or major contributions, refer to the Climate Implications section of this report.

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.

## **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.

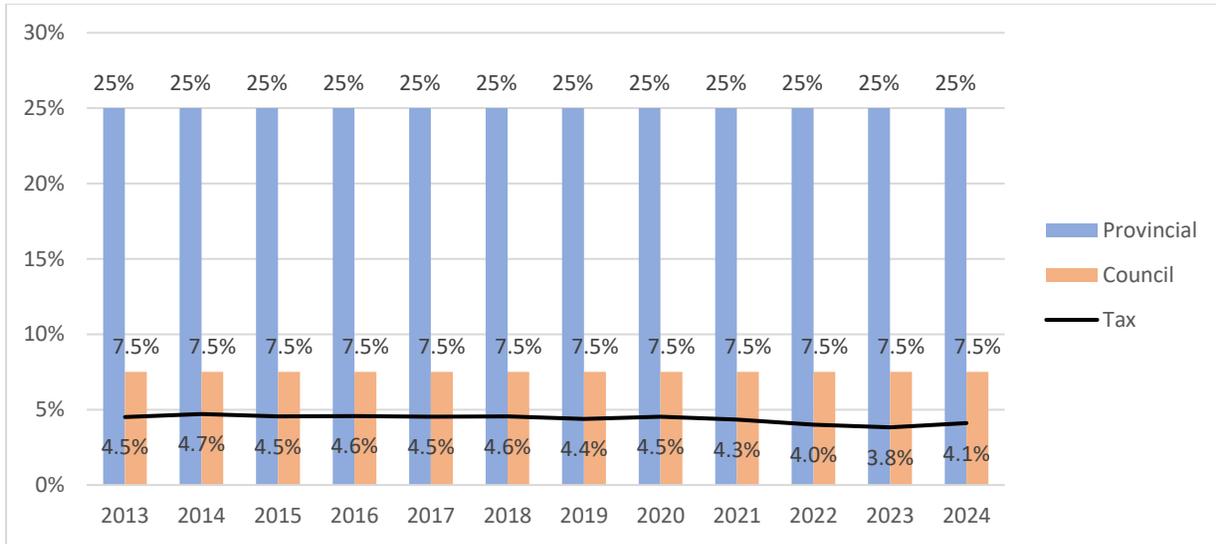
Council's approved Fiscal Framework guidelines limit the use of debt as follows:

- Principal and interest for tax-supported debt is not to exceed 7.5 per cent of own source revenues.

<sup>1</sup> Represents major and moderate contributions only.

<sup>2</sup> Includes total capital budget request of a project with the exception of the 2024 Vehicle and Equipment Replacement Plan (refer to Climate Implications section for further details)

Chart 1: 2013 to 2024 Tax Supported Debt Servicing Ratio



**2024 Draft Capital Budget – Tax Supported**

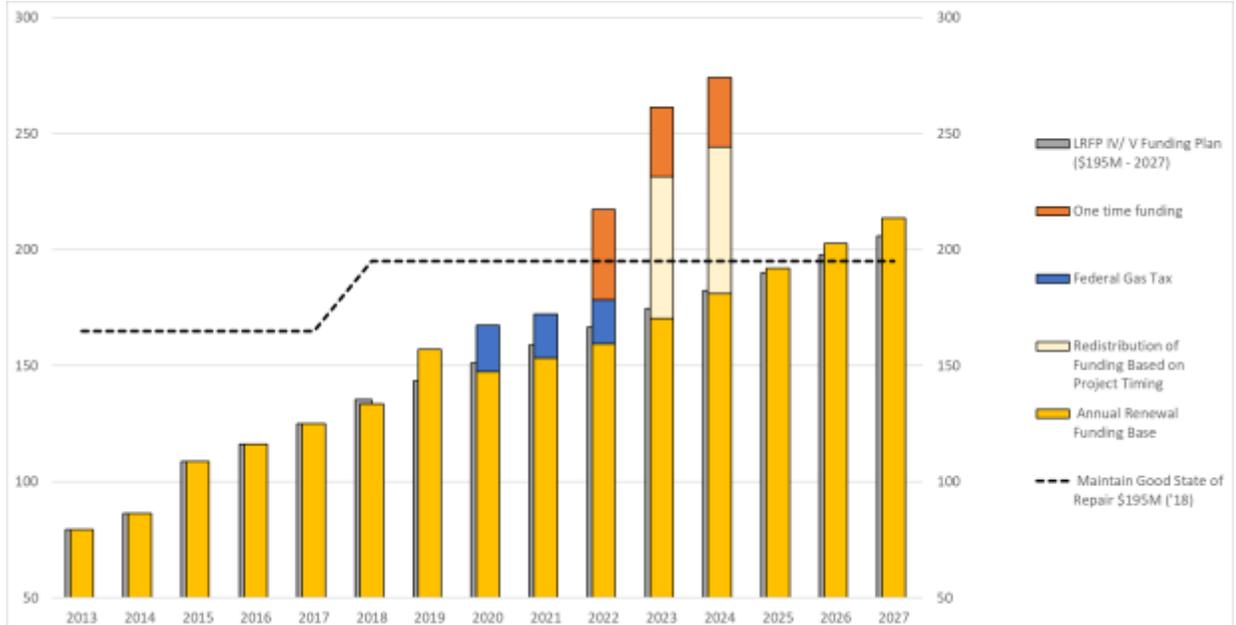
The total combined capital authority being requested for rate and tax in 2024 is \$1.236 billion. The capital authority requested for tax-supported capital works in 2024 is \$865.4 million. This includes the tax-supported component of the integrated water, wastewater and roads program, and the draft 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 2024. 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 below 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: 2024 Tax-Supported Capital Program Funding Summary (in thousands of dollars)*

2024 Request	Renewal of City Assets	Growth	Regulatory/ Service Enhancements	Grand Total
<b>Total Authority</b>	<b>569,243</b>	<b>235,246</b>	<b>60,954</b>	<b>865,443</b>
<b>Funding Requirement</b>				
Revenue	836	0	550	<b>1,386</b>
Reserves	341,037	60,328	42,939	<b>444,304</b>
Development Charges (Cash/Debt)	547	154,634	0	<b>155,181</b>
Debt Funding	226,823	20,284	17,465	<b>264,572</b>
<b>Total</b>	<b>569,243</b>	<b>235,246</b>	<b>60,954</b>	<b>865,443</b>

## 2024 Draft Rate-Supported Operating Budget

### *Rate Supported Services*

The 2024 Draft Rate Budget is consistent with the Long Range Financial Plan V approved by Council in September 2017. The Rate-Supported 2024 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 4.3 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 4.3 per cent. The average water bill will increase by \$40.91 per year or \$3.41 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 from forecasted consumption. The revenue projections for 2024 use water consumption projections of 82.2 million cubic metres. 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 6.

*Table 7: Rate Annual Bill Impacts (in dollars)*

Area	Urban Connected			Rural Non-Connected		
	2023	2024	% Change	2023	2024	% Change
Water	\$389.59	\$397.39	2.0%	N/A	N/A	N/A
Wastewater	\$354.11	\$364.74	3.0%	N/A	N/A	N/A
Storm	\$187.38	\$209.86	12.0%	\$93.69	\$104.93	12.0%
<b>Total</b>	\$931.08	\$971.99	4.3%	\$93.69	\$104.93	12.0%
<b>\$ Change</b>		<b>\$40.91</b>			<b>\$11.24</b>	

The changes to the 2024 budget estimates and the source of their funds are shown by category in the following table.

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

	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>Available Funding:</b>				
Revenue / User Fee Increase	\$4.3	\$5.7	\$9.9	\$19.9
<b>Funding Pressures:</b>				
Maintain Services	\$3.5	\$4.7	\$9.7	\$17.9
Growth	\$0.7	\$0.7	\$0.2	\$1.6
Provincial Legislated	\$0.0	\$0.1	\$0.0	\$0.1
Capital Contributions	\$0.1	\$0.2	\$0.0	\$0.3
<b>Total</b>	<b>\$4.3</b>	<b>\$5.7</b>	<b>\$9.9</b>	<b>\$19.9</b>

### **Available Funding**

Based on the 2024 consumption levels and the Council-approved revenue increases, the rate increases for 2024 will generate additional revenues of \$19.9 million, \$4.3 million for water, \$5.7 million for wastewater, and \$9.9 million for stormwater services.

### **Funding Pressures**

*Maintaining existing programs and services: \$17.9 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: \$1.6 million*

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

*Provincial Legislated: \$0.1 million*

The increase is primarily a result of requirements to address timelines in new On1Call legislation.

*Capital Contributions: \$0.3 million*

An overall increase to the contribution to capital of \$0.3 million, supports the capital-intensive nature of delivering rate-supported services with assets that last for multiple generations.

### **2024 Water, Wastewater and Stormwater Capital Program**

The capital authority requested for 2024 is \$682 million. This includes the rate-funded component of the integrated road, water, and sewer program. A list of the proposed work for 2024 is included in the draft budget.

*Table 9: 2024 Rate-Supported Capital Program Funding Summary (in thousands of dollars)*

<b>2024 Request</b>	<b>Renewal of City Assets</b>	<b>Growth</b>	<b>Regulatory/ Service Enhancements</b>	<b>Grand Total</b>
<b>Total Authority</b>	<b>341,877</b>	<b>28,795</b>	<b>0</b>	<b>370,672</b>
<b>Funding Requirement</b>				
Revenue	600	696	0	<b>1,296</b>
Reserves	251,759	5,321	0	<b>257,080</b>
Development Charges (Cash/Debt)	718	22,578	0	<b>23,296</b>
Debt Funding	88,800	200	0	<b>89,000</b>
<b>Total</b>	<b>341,877</b>	<b>28,795</b>	<b>0</b>	<b>370,672</b>

Infrastructure renewal makes up 92 per cent of the total 2024 Rate-Supported Capital Budget. The Capital Budget is funded from water, wastewater and stormwater reserves, development charges, new debt, and government grants. In 2024, annual debt repayments for water, wastewater and stormwater services will be 12 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 2024 Rate Supported Debt Servicing Ratio

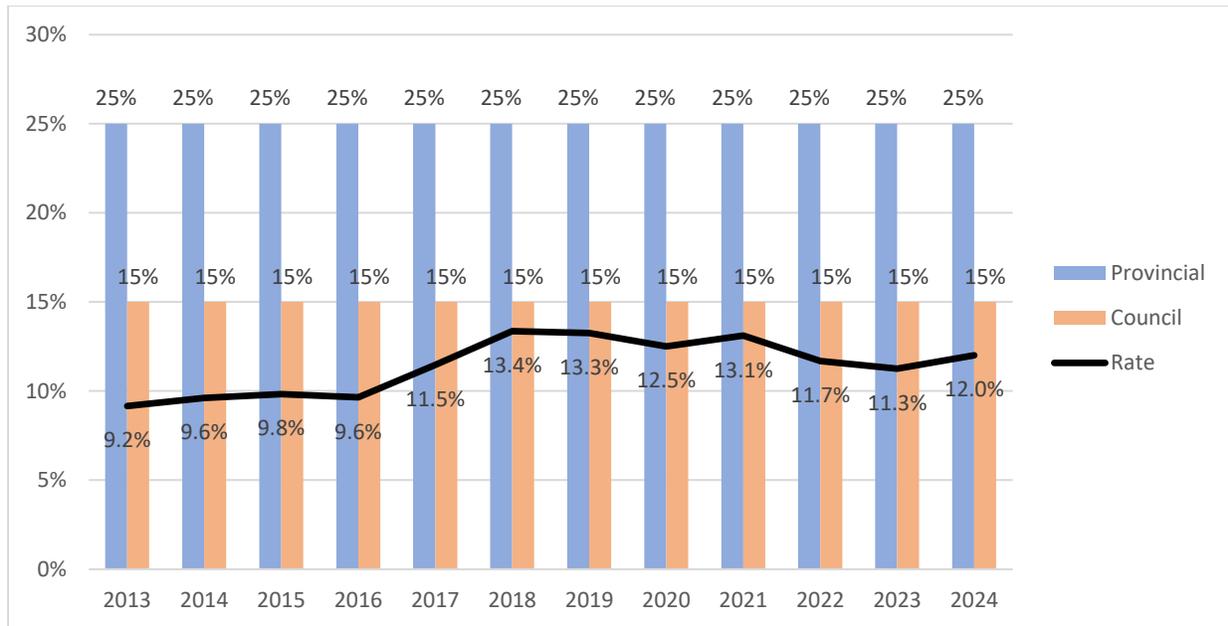
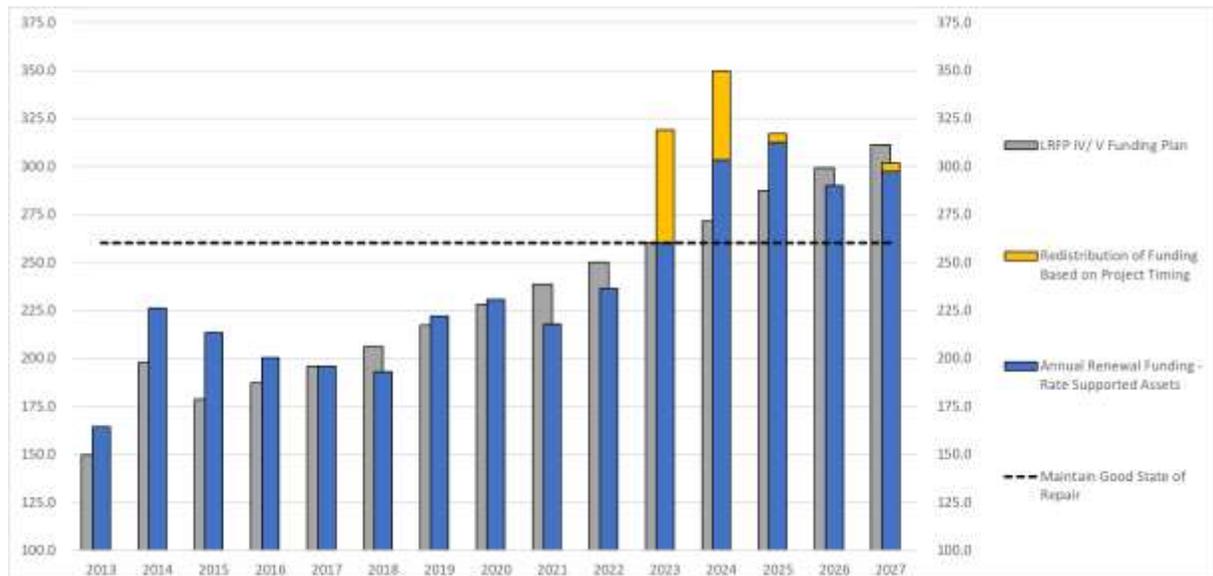


Chart 4: 2013 to 2027 Renewal Funding – Rate Supported Assets



**2024 Draft Budget – Multi Year Budget**

At its meeting of March 1, 2023, Council approved the following motion [2023-09/15](#) that directed the Chief Financial Officer to report on the assessment of benefits, costs, and other implications of including a multi-year budget or multi-year forecast.

When considering the implementation of a multi-year budget or multi-year forecast, several considerations were taken. Specifically, the *Municipal Act, 2001*, (the "Act") sets the direction for the City to prepare and adopt a balanced annual or multi-year budget. The City shall define the budget period to align with the Term of Council.

When adopting a multi-year budget, the Act requires that in the second year, and each subsequent year, to which the multi-year budget applies, the City shall:

- Review the budget in the year or the immediately preceding year;
- Make required changes to comply with the Act;
- Re-adopt the budget for that year and for subsequent years to which the budget applies.

Additional factors were also considered, specifically and as outlined in this report, the annual budget is directed by a number of Council mandated policies, financial plans, legislative plans and a significant number of uncontrollable legislative impacts driven by our provincial and federal partners that are continuously changing and in some cases the impacts are not known in advance of building the annual budget, or span several years resulting in future budget assumptions being "speculative" or based on very high level estimates.

As an example, in this current term, 2023 – 2026 there are a number of plans that will be refreshed at various times impacting the respective annual budgets at different stages. For example, the Solid Waste Master Plan, Infrastructure Master Plan, various Asset Management Plans, the Housing LRFP was developed in 2021 and refreshed in 2023 which impacts the previous 2024 – 2026 budget estimates, DC Background study update in 2024, various legislative Bills such as Bill 23 and 109, in which the total budget implications are still not finalized, in addition to a number of other departmental initiatives that will be brought forward at different times of this term which will significantly impact any multi-year budget or forecast.

Staff have introduced a number of additional enhancements as part of the 2024 budget process, including a number of performance measures for a number of departments and programs. These have been included as part of the new budget Magazine that provides additional details including Councils strategic priorities and associated performance measures.

Staff have included a number of forecasted operating budgets for those respective areas where the respective financial plans are more current such as Housing Services and Rate Supported Services. Staff have included a four year operating budget as part of the 2024 Draft Budget. Tables 10 summarizes the operating budget forecasts. Additional details are found in supporting document 3.

Staff will continue its development of presenting a multi-year forecast, including further enhancements and details of the Term of Council priorities and associated performance measures for consideration in future budgets.

*Table 10: Summary of Operating Budget Forecast 2024 to 2027 (in thousands of dollars)*

	2024	2025	2026	2027
Housing Services	\$ 131,261	\$ 134,936	\$ 138,715	\$ 142,599
Affordable Housing	\$ 10,363	\$ 11,389	\$ 12,415	\$ 13,443
<b>Total Housing Net Expenditure</b>	<b>\$ 141,624</b>	<b>\$ 146,325</b>	<b>\$ 151,130</b>	<b>\$ 156,041</b>
Drinking Water	\$ 207,703	\$ 211,953	\$ 216,313	\$ 220,753
Wastewater	\$ 179,701	\$ 184,851	\$ 190,151	\$ 195,611
Stormwater	\$ 92,383	\$ 103,403	\$ 113,683	\$ 124,993
<b>Total Rate Supported Net Expenditure</b>	<b>\$ 479,787</b>	<b>\$ 500,207</b>	<b>\$ 520,147</b>	<b>\$ 541,357</b>

### **2024 Draft Budget - Recreation, Cultural, and Facility Services Considerations**

As part of the 2023 budget consideration, Recreation, Cultural, and Facility Services (RCFS) received the direction from Council to review options to increase the wading pool operating season and washroom operating hours in advance of the 2024 budget.

#### Wading Pools

Historically, wading pools have staggered seasonal start and end dates between two cohorts. The start dates align with the end of the elementary school year in late June as young children are the primary users of wading pools. There are two proposed options to extend wading pool hours in 2024.

Option 1 – Open as many pools as staffing will allow on the two weekends leading up to the end of the elementary and high school academic year. Operating the wading pool program requires the recruitment of more than 300 summer students. These employees

are primarily high school students and are not available for work during the week prior to the end of the school year. The two weekends prior to the end of the school year are June 15/16, 2024, and June 22/23, 2024. If staffing permits for all wading pools to be opened on these dates, the additional budget of \$213,000 is required. Important to note, opening the pools prior to June 15 is not possible as hiring, onboarding, and training will not be completed.

Option 2 – Eliminate the staggered opening and closed dates and open as many wading pools as staffing will permit beginning on June 22, 2024, and close all pools on August 24, 2024. This would provide the former cohort A an additional seven days of operation at the end of the season and former cohort B an additional seven days at the beginning of the season, for an overall one-week extension of the program. This option would require an additional \$293,500.

In 2022, one-time funding was provided for Option 2, but there were inadequate staffing levels to open all pools early as many employees were still in school writing exams and/or attending prom. Similarly, the program was unable to keep all pools open at the end of the season due to employees ending their contract early to travel to university or attend family vacations. The staffing variable remains the most difficult to predict and has direct implications on the department's ability to implement an extended season. Base funding was allocated in the 2023 budget to open wading pools on Canada Day and the August Civic Holiday, and this is now an ongoing service enhancement.

### Park Washrooms

Park Comfort Stations are for the most part unheated and can only be in service from April through to October. New for the 2023 season, staff promoted the availability of these washrooms for extended hours before and after the opening of the pools during opening and closing maintenance periods. This will continue in 2024. Additionally, 78 key agreements were issued at 21 fieldhouses to provide washroom access to groups who regularly host activities in City parks. Washrooms at the City's three beach pavilions open seasonally for the Victoria Day long weekend and remain open seven days a week until the end of summer.

Park Comfort Stations require staff when they are open to the public to maintain safety and security in and around the washrooms, to provide regular maintenance and cleaning, to maintain sanitary conditions, and to stock paper and soap products. For 2024, the weekly cost to provide 8 hours of dedicated service at a park site is \$2,238 including wages, cleaning supplies and paper products. Costs could be moderated by

reducing the number of service hours per day or week, or the number of service locations.

### Porta Pottie Alternative

In an effort to increase washrooms facilities in parks, RCFS has a number of rental porta potties deployed to parks across the City. These units are a cost-effective way of providing washroom facilities without the cost pressures of staffing a facility. Current locations are primarily focused on supporting programming in busy parks, such as sports field tournament sites, District splash pads, etc. In addition to units installed under City contract, some sports organizations and Community Associations also rent units for park locations where their activities are focused. In 2023, 206 porta potties were placed in 122 City parks from April to September. City Council may wish to consider this approach to further increase access to public washrooms in parks. An additional two units per ward would require new funding.

The portable units are priced as monthly rentals and can include one or multiple service calls per week to empty and clean the unit, depending on volume of use. Costs increase with the number of service calls required. The average cost of an accessible unit with one service call per week is \$121.64. Each additional weekday service call is \$25.32, and \$63.32 on weekends. The 2023 budget approved an increase to base budget to fund an additional two accessible porta potties in every ward, with one weekly service call, from April to September (six months).

### **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 2024 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 November 8, 2023. To support accessibility in the 2024 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 2024 finalization on December 6, 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 October and continue into November 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 2024 Budget through the City's public engagement website Engage Ottawa. Once the 2024 Draft Budget is tabled, all budget documents are posted on [Ottawa.ca/budget](http://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, and the Transit Commission at public meetings held from November 9 to December 5. 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 11 – Proposed 2024 Budget Meeting Schedule*

Board of Health - Budget Tabling	Monday, November 6, 2023
Public Library Board - Budget Tabling	Tuesday, November 7, 2023
Police Services Board – Budget Tabling (special meeting)	Wednesday, November 8, 2023
Council – Budget Tabling: City Services *Police Services *Library Services *Public Health Office of the Auditor General Committee of Adjustment	Wednesday, November 8, 2023
<i>*In addition to this Council meeting, the Boards hold their own meetings to table their respective budgets</i>	
Transit Commission	Tuesday, November 14, 2023
Transportation Committee	Thursday, November 16, 2023
Environment and Climate Change Committee	Tuesday, November 21, 2023
Police Services Board	Monday, November 27, 2023

Audit Committee	Monday, November 27, 2023
Community Services Committee	Tuesday, November 28, 2023
Planning and Housing Committee	Wednesday, November 29, 2023
Agriculture and Rural Affairs Committee	Thursday, November 30, 2023
Emergency Preparedness and Protective Services Committee	Friday, December 1, 2023
Board of Health	Monday, December 4, 2023
Finance and Corporate Services Committee	Tuesday, December 5, 2023
Public Library Board	Tuesday, December 5, 2023
Council – Budget Consideration / Adoption	Wednesday, December 6, 2023

*\*Meeting dates are subject to change at the discretion of the respective Chair*

## **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.

## **ADVISORY COMMITTEE(S) COMMENTS**

The applicable portions of the 2024 Draft Budget will be forwarded to the Accessibility Advisory Committee and the French Language Services Advisory Committee for their review and input prior to the final budget being considered by Council on December 6.

## **CONSULTATION**

Public engagement on the 2024 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 October and November. Of special note, on November 1, 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](http://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](http://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 nonvisible, and permanent or temporary disabilities. Budget 2024 document has allocated significant budget to advance accessibility actions across City services, information, facilities, and public spaces. Budget 2024 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. The 2024 Draft Budget 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 second consecutive time that a climate lens has been applied to all new capital budget requests, building on the baseline established in Budget 2023. Future budgets will build upon this exercise, including establishing a carbon budget and accounting framework.

Overall, 155 capital budget requests were rated as having a climate contribution in the 2024 Draft Budget. Of these, 24 were identified as going beyond business-as-planned or business-as-usual and were rated as a moderate or major contribution, totalling more than \$278 million of new investments. This is an increase of \$226 million from the 2023 Budget.

Of this, almost \$188 million of capital investments that are expected to make significant contributions beyond business-as-usual or business-as-planned to reducing greenhouse gas emissions including:

- \$179,683,000 to replace existing 40-foot buses with a new fleet of zero-emission buses.
- \$4,600,000 of the \$31,000,000 for the 2024 Vehicle and Equipment Replacement Plan to transition the City's municipal fleet to lower-emission vehicles (as pricing and availability permits).
- \$2,964,000 for the Energy Management and Investment Strategy to implement energy conservation measures in City facilities.
- \$400,000 to purchase, implement and maintain new bike parking facilities.

Almost \$86 million of capital investments that are expected to make significant contributions to building climate resiliency include:

- \$21,700,000 for the ROPEC Electrical Reliability project, a critical initiative that will build resiliency to power outages expected with increased extreme weather events.
- \$1,060,000 to install permanent generators at 16 Emergency Reception and Lodging locations to assist residents in the event of a power outage caused by a natural disaster or other emergency.
- \$48,224,000 for integrated infrastructure rehabilitation projects on Bank Street and Carling Avenue that will reduce the risks of basement flooding expected to increase with climate change.

- \$3,000,000 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.
- \$2,500,000 for the emerging natural assets management program to support the assessment and rehabilitation of creeks, rivers and ravines which are at risk of flooding and erosion from increased volume and intensity of precipitation.
- \$335,000 to continue to update the City's flood plain mapping with conservation authorities, including mapping of more severe flooding expected with climate change.
- \$4,500,000 to continue slope stabilization of the Ottawa River along Ottawa Road 174 to protect against erosion during significant spring runoff.
- \$250,000 for acquisition of greenspace, which builds resiliency to changing temperatures and precipitation levels.
- \$150,000 for the Residential Protective Plumbing Program to protect homeowners against the risk of basement flooding.
- \$100,000 for the municipal childcare centre upgrades, including the addition of shade structures which will protect children and staff during extreme heat events.
- \$2,170,000 for the design of the William Street and ByWard Market streetscaping projects, which will include shade and other measures to reduce the urban heat island effect and manage increased rainfall.
- \$1,700,000 for the conservation of the former Hintonburg Pumping Station which includes measures to protect visitors from heat and rainfall at this public site and restore natural vegetation and the shoreline.

There is also one project that will have major contributions to both reducing greenhouse gas emissions and building climate resiliency and that is the \$5M annual commitment for the implementation of the Climate Change Master Plan.

### **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 2024 Budget includes investments that directly support the City's indigenous, gender, race, and equity strategic priorities. Included is just over \$1 million for a multi-year implementation of the Anti-Racism Strategy ([ACS2022 CSS GEN 012](#)), Women and Gender Equity Strategy ([ACS2021-CSS-GEN-0002](#)) and Indigenous Relations and Corporate Diversity and Inclusion Plans. Furthermore, an increase of \$1.2 million is provided towards community funding agencies. An investment of \$2.3 million from the Community and Safety Well-Being Plan is to scale up and strengthen existing community services focusing on mental health promotion, Indigenous mental health supports, prevention of violence against Indigenous women and girls and programs for racialized youth.

### **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 ongoing commitments to the current Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy. The report also promotes the City's commitment to financial sustainability and transparency.

### **SUPPORTING DOCUMENTATION**

Document 1 – 2024 Draft Operating Budget Summaries

Document 2 – 2024 Draft Capital Budget Summaries

Document 3 – Multi Year Budget

Document 4 – Budget Document Guide

Document 5 – 2024 Draft Budget – Advancing Ottawa: A Plan for a Resilient, Affordable and Connected City

Document 6 – 2024 Draft Operating and Capital Budgets Books by Standing Committee, Boards, Transit Commission

**DISPOSITION**

The 2024 Draft Budgets will be reviewed by the respective Standing Committees, Boards, and the Transit Commission at public meetings held from November 9 to December 5. The recommendations stemming from these reviews will be forwarded for Council consideration at the meeting on December 6.