

**2. PROPOSED 2020 BUDGET DIRECTIONS, TIMELINE AND CONSULTATION
PROCESS**

**ORIENTATION, CALENDRIER ET PROCESSUS DE CONSULTATION
PROPOSÉS POUR LE BUDGET DE 2020**

COMMITTEE RECOMMENDATIONS

That Council approve the following:

1. The approach and timetable for consultation and consideration of the 2020 budget as outlined in the report.
2. The following directions for developing the draft 2020 budget.
 - a. That the municipal tax increase be set at 3 per cent overall including:
 - i. The city-wide tax levy, which includes funding for Library and Public Health, be increased by no more than 2 per cent for 2020 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 no more than 3 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 6.4 per cent which includes a \$9.8 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.
 - b. That the \$57 million one-time increase in Federal Gas Tax revenues be allocated towards addressing the infrastructure renewal gap for roads, bridges and active infrastructure as outlined in this report.
 - c. That the taxation revenues generated from new properties (assessment growth) be estimated at 1.5 per cent of current taxation for 2020 and that Council request that the Police, Public Health and

Library Boards and the Transit Commission develop their draft budgets within this allocation.

- d. That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan V.**
 - e. That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collections Contracts report.**
 - f. That the 2020 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plan V and Fiscal Framework.**
 - g. That the rate supported 2020 draft budget be developed in accordance with the approved 2017 Long Range Financial Plan V – Water, Wastewater and Stormwater.**
- 3. That the 2020 Recreation, Culture and Facility Services User Fees, as detailed in Document 2, be approved in order to allow registrations and rentals sold in 2019 for 2020 to use 2020 rates, as described in this report.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil approuve ce qui suit :

- 1. La méthode utilisée et l'échéancier pour les consultations sur le budget de 2020 et son examen, comme l'indique le rapport.**
- 2. Les directives suivantes pour l'élaboration du budget provisoire de 2020.**
 - a. Que l'augmentation globale de l'impôt municipal soit fixée à 3 %, ce qui suppose :**
 - i. que l'augmentation de la taxe prélevée à l'échelle de la ville, qui sert entre autres à financer la Bibliothèque publique**

- d'Ottawa (BPO) et Santé publique Ottawa (SPO), ne dépasse pas 2 %, et que le Conseil demande au conseil d'administration de la BPO et au Conseil de santé de préparer leur budget provisoire en fonction de la part de cette augmentation qui leur revient, selon un calcul au prorata;
- ii. que l'augmentation de la taxe prélevée pour le Service de police d'Ottawa ne dépasse pas 3 %, et que le Conseil demande à la Commission des services policiers d'Ottawa d'élaborer son budget provisoire en fonction de cette augmentation;
 - iii. que l'augmentation de la taxe prélevée pour le transport en commun soit fixée à 6,4 %, ce qui comprend une augmentation de 9,8 millions de dollars à l'apport en capital en remplacement de l'augmentation de la taxe provinciale sur l'essence, laquelle a été annulée.
- b. Que le surplus ponctuel de 57 millions de dollars en recettes issues de la taxe fédérale sur l'essence soit investi pour combler le retard en matière de renouvellement des infrastructures (routes, ponts et infrastructures de transport actif), comme l'indique le rapport.
 - c. Que les recettes d'imposition générées par les nouvelles propriétés (croissance de l'évaluation foncière) soient estimées à 1,5 % de l'imposition actuelle pour l'année 2020, et que le Conseil demande aux conseils du Service de police d'Ottawa, de Santé publique Ottawa et de la Bibliothèque publique d'Ottawa et à la Commission du transport en commun d'élaborer leur budget en fonction de cette allocation.
 - d. Que tous les frais d'utilisation municipaux soient augmentés conformément à la directive du cadre budgétaire ou du Plan financier à long terme V.
 - e. Que les frais de collecte des déchets soient augmentés conformément au rapport « Renouvellement des contrats de collecte des déchets solides en bordure de rue », qui a été approuvé.

- f. Que le budget des immobilisations de 2020 soit établi conformément à la directive de l'étude préliminaire de 2019 sur les redevances d'aménagement, du Plan financier à long terme V et du cadre budgétaire.**
- g. Que le budget provisoire financé par les redevances de 2020, soit élaboré en fonction du Plan financier à long terme V approuvé en 2017 – eau, eaux usées et eaux pluviales.**
- 3. Que soient approuvés les frais d'utilisation de la Direction des loisirs, de la culture et des installations pour l'année 2020, décrits dans le document 2, afin que les inscriptions et les locations effectuées en 2019 pour 2020 puissent être payées aux taux de 2020, comme décrit dans le présent rapport.**

DIRECTION TO STAFF:

Finance Services staff to review options, including the possibility of hiring a company or purchasing a system, to review and assess the City's tax revenues.

INSTRUCTIONS AU PERSONNEL

Demander au personnel de la Direction générale des services des finances d'examiner les options, notamment la possibilité de recruter une entreprise ou d'acheter un système pour examiner et évaluer les recettes fiscales de la Ville.

DOCUMENTATION/DOCUMENTATION

1. Deputy City Treasurer's report, Corporate Services Department dated 29 August 2019 (ACS2019-FSD-FIN-0004).

Rapport de la Trésorière municipale adjointe, Direction générale des services des finances, daté le 29 août 2019 (ACS2019-FSD-FIN-0004).

2. Extract of draft Minutes, Finance and Economic Development Committee, 10 September 2019.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 10 September 2019.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
10 September 2019 / 10 septembre 2019**

**and Council
et au Conseil
25 September 2019 / 25 septembre 2019**

**Submitted on August 29, 2019
Soumis le 29 août 2019**

**Submitted by
Soumis par:
Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance Services
Department / Trésorière municipale adjointe, Finances municipales, Direction
générale des services des finances**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-FSD-FIN-0004

**SUBJECT: PROPOSED 2020 BUDGET DIRECTIONS, TIMELINE AND
CONSULTATION PROCESS**

**OBJET: ORIENTATION, CALENDRIER ET PROCESSUS DE CONSULTATION
PROPOSÉS POUR LE BUDGET DE 2020**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council approve the following:

- 1. The approach and timetable for consultation and consideration of the 2020 budget as outlined in the report.**
- 2. The following directions for developing the draft 2020 budget.**
 - a. That the municipal tax increase be set at 3 per cent overall including:**
 - i. The city-wide tax levy, which includes funding for Library and Public Health, be increased by no more than 2 per cent for 2020 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 no more than 3 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 6.4 per cent which includes a \$9.8 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.**
 - b. That the \$57 million one-time increase in Federal Gas Tax revenues be allocated towards addressing the infrastructure renewal gap for roads, bridges and active infrastructure as outlined in this report.**
 - c. That the taxation revenues generated from new properties (assessment growth) be estimated at 1.5 per cent of current taxation for 2020 and that Council request that the Police, Public Health and Library Boards and the Transit Commission develop their draft budgets within this allocation.**
 - d. That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan V.**

- e. That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collections Contracts report.
 - f. That the 2020 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plan V and Fiscal Framework.
 - g. That the rate supported 2020 draft budget be developed in accordance with the approved 2017 Long Range Financial Plan V – Water, Wastewater and Stormwater.
3. That the 2020 Recreation, Culture and Facility Services User Fees, as detailed in Document 2, be approved in order to allow registrations and rentals sold in 2019 for 2020 to use 2020 rates, as described in this report.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'approuver ce qui suit :

- 1. La méthode utilisée et l'échéancier pour les consultations sur le budget de 2020 et son examen, comme l'indique le rapport.
- 2. Les directives suivantes pour l'élaboration du budget provisoire de 2020.
 - a. Que l'augmentation globale de l'impôt municipal soit fixée à 3 %, ce qui suppose :
 - i. que l'augmentation de la taxe prélevée à l'échelle de la ville, qui sert entre autres à financer la Bibliothèque publique d'Ottawa (BPO) et Santé publique Ottawa (SPO), ne dépasse pas 2 %, et que le Conseil demande au conseil d'administration de la BPO et au Conseil de santé de préparer leur budget provisoire en fonction de la part de cette augmentation qui leur revient, selon un calcul au prorata;
 - ii. que l'augmentation de la taxe prélevée pour le Service de police d'Ottawa ne dépasse pas 3 %, et que le Conseil demande à la Commission des services policiers d'Ottawa

d'élaborer son budget provisoire en fonction de cette augmentation;

- iii. que l'augmentation de la taxe prélevée pour le transport en commun soit fixée à 6,4 %, ce qui comprend une augmentation de 9,8 millions de dollars à l'apport en capital en remplacement de l'augmentation de la taxe provinciale sur l'essence, laquelle a été annulée.**
- b. Que le surplus ponctuel de 57 millions de dollars en recettes issues de la taxe fédérale sur l'essence soit investi pour combler le retard en matière de renouvellement des infrastructures (routes, ponts et infrastructures de transport actif), comme l'indique le rapport.**
- c. Que les recettes d'imposition générées par les nouvelles propriétés (croissance de l'évaluation foncière) soient estimées à 1,5 % de l'imposition actuelle pour l'année 2020, et que le Conseil demande aux conseils du Service de police d'Ottawa, de Santé publique Ottawa et de la Bibliothèque publique d'Ottawa et à la Commission du transport en commun d'élaborer leur budget en fonction de cette allocation.**
- d. Que tous les frais d'utilisation municipaux soient augmentés conformément à la directive du cadre budgétaire ou du Plan financier à long terme V.**
- e. Que les frais de collecte des déchets soient augmentés conformément au rapport « Renouvellement des contrats de collecte des déchets solides en bordure de rue », qui a été approuvé.**
- f. Que le budget des immobilisations de 2020 soit établi conformément à la directive de l'étude préliminaire de 2019 sur les redevances d'aménagement, du Plan financier à long terme V et du cadre budgétaire.**
- g. Que le budget provisoire financé par les redevances de 2020, soit élaboré en fonction du Plan financier à long terme V approuvé en 2017 – eau, eaux usées et eaux pluviales.**

- 3. Que soient approuvés les frais d'utilisation de la Direction des loisirs, de la culture et des installations pour l'année 2020, décrits dans le document 2, afin que les inscriptions et les locations effectuées en 2019 pour 2020 puissent être payées aux taux de 2020, comme décrit dans le présent rapport.**

EXECUTIVE SUMMARY

In the 2018-2022 Council Governance Review report ([ACS2018-CCS-GEN-0028](#)) a term of Council budget process was approved. One of the requirements of that process is that the Treasurer would present the Finance and Economic Development Committee and Council with a directions report prior to the development of the draft budgets.

The purpose of the report is to provide Council with an understanding of the projected pressures that the City will be facing in 2020, the impacts related to Provincial funding changes, provide a proposed annual increase in property taxation, outline the budget allocation targets for the Boards and Transit Commission, and to seek Council endorsement of the budget strategies that will be required to achieve the proposed taxation levels. In addition, this report proposes a timetable for the tabling, review and adoption of the 2020 budget.

The Capital program requirements for 2020, and forecasts for 2021-2023, are proposed to be developed in accordance with the Council approved Long-Range Financial Plan 5 (LRFP V), 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 LRFP V and Fiscal Framework documents. As well, the City will continue to increase the contribution to capital over the term in order to bring funding closer to a "good state of repair" level as identified in the LRFP V and outlined in this report.

Financial Implications

The 2020 draft budget will be developed to reflect the financial pressures outlined in the report along with the proposed strategies.

Public Consultation and Input

Members of Council will have the opportunity to seek public input prior to budget tabling through Councillor-led engagement 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 Councillor-led public consultation sessions and online engagement opportunities on ottawa.ca, using traditional communications tools and through the City's social media channels.

RÉSUMÉ

Un processus budgétaire du mandat du Conseil a été approuvé dans le Rapport sur l'examen de la structure de gestion publique du Conseil municipal pour 2018-2022 ([ACS2018-CCS-GEN-0028](#)). L'une des exigences de ce processus veut que la trésorière présente au Comité des finances et du développement économique et au Conseil un rapport sur les orientations avant l'élaboration des budgets provisoires.

Le rapport a pour but d'expliquer au Conseil les futures contraintes que subira la Ville en 2020 et les conséquences des changements apportés au financement provincial, de proposer un taux d'augmentation annuel de l'impôt foncier, de donner un aperçu des affectations budgétaires visées pour les conseils et la Commission du transport en commun et d'obtenir l'approbation du Conseil quant aux stratégies budgétaires qui seront requises pour atteindre les niveaux d'imposition proposés. De plus, le rapport propose un échéancier pour le dépôt, l'examen et l'adoption du budget 2020.

Les exigences du programme d'immobilisations de 2020 et les prévisions d'immobilisations de 2021 à 2023 sont fondées sur le Plan financier à long terme V (PFLT V), le Plan directeur du transport, le Plan directeur de l'infrastructure et l'étude préliminaire de 2019 sur les redevances d'aménagement. Le financement par emprunt utilisé pour financer les volets admissibles du programme d'immobilisations sera établi en fonction des contraintes présentées dans le PFLT V et le cadre budgétaires. De plus, la Ville continuera d'augmenter ses contributions au fonds de réserve général pour immobilisations durant le présent mandat du Conseil afin de rapprocher le niveau de financement du niveau nécessaire pour maintenir ses actifs en « bon état », comme indiqué dans le PFLT V et dans le présent rapport.

Répercussions financières

Le budget provisoire de 2020 tiendra compte des pressions financières décrites dans le rapport ainsi que des stratégies proposées.

Consultation publique et commentaires

Les membres du Conseil pourront solliciter l'avis du public, avant le dépôt du budget, à l'occasion de séances de mobilisation organisées par les conseillers ou par d'autres moyens jugés utiles par chacun d'entre eux. Le public aura également l'occasion de s'exprimer sur le sujet avant le dépôt par l'intermédiaire de Participons Ottawa, la plateforme de participation citoyenne de la Ville.

La Ville annoncera les séances de consultation publique des conseillers et les possibilités de participer en ligne sur le site ottawa.ca à l'aide des outils de communication habituels et par l'intermédiaire de ses réseaux sociaux.

BACKGROUND

On December 5, 2018, Council approved a term of Council budget process as part of the 2018-2022 Council Governance Review report ([ACS2018-CCS-GEN-0028](#)). That report included the following:

- The City 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 to work with the Mayor and each committee chair to develop draft budgets that are in alignment with the approved direction.
- The Councilors 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.
- Council, sitting as Committee of the Whole to consider, to review and amend the budget.

Past experience has shown that providing direction that imposes the fiscal discipline of a pre-defined tax increase helps Council mitigate tax increases to an acceptable level.

The draft budgets will identify any one-time issues and recommend any 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.

Like the 2019 budget process, 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 Finance, 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 by provincial dollars.

The public consultation 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.

The purpose of the report is to provide Council with an understanding of the projected pressures that the City will be facing in 2020, provide a proposed annual increase in property taxation, and to seek Council endorsement of the required budget strategies. In addition, this report proposes a timetable for the tabling, consultations, consideration and adoption of the 2020 budget.

DISCUSSION

2019 Ontario Budget

The 2019 Ontario Budget released on April 11, 2019 outlined a number of funding changes that would impact the City of Ottawa's 2020 budget. Since that time, a number of announcements have been made that provide more clarity around the impact of those announcements and further clarifications are being sought on issues around transition funding. The announcement that there is no longer a reduction in the funding formula for paramedic services in 2020 was key for the City. The remaining direct funding impacts are related to cost sharing adjustments for public health, children services, and long term care. The 2020 funding impacts that will be included in the budget are summarized in the table below.

Table 1 – Impact of Changes in Provincial Funding

Allocation Areas	Amount (\$000)
<u>Operating Funding Impact</u>	
Public Health	6,300
Children's Services	6,300
Long-term Care	1,200
Total	13,800

Starting January 1, 2020, municipalities will transition to a 70/30 cost sharing model (province/municipality) for Public Health. The Province also stated that despite the provincial-municipal cost-sharing funding formula, health units are expected to maintain current service levels and accountabilities under the Ontario Public Health Standards. The Province has indicated there will be one-time funding for transition in 2020. The details of the transition are still to be announced.

Effective January 1, 2020, municipalities will be required to cost-share the operating portion of the Child Care Expansion Plan at a rate of 80/20 (province/municipality), which was previously 100 per cent provincially funded. In addition, the threshold for allowable administration funding the City can use will be reduced from 10 per cent to 5 per cent, and this cost will be cost-shared at a rate of 50/50.

The Long-Term Care impact is a result of the cancellation of the High Wage Transition Fund and funding reductions for capital related works.

The 2020 budget will provide strategies to address these funding impacts.

2020 Budget Directions and Development

As part of the budget development process approved by Council on December 5, 2018, specific Council direction is required with respect to a tax target to guide staff in the development of the 2020 draft budget that will be tabled with Council. The tax increase being proposed is 3 per cent of municipal taxation but is made up of various levies at different percentage increases.

1. That the municipal tax increase be set at 3 per cent overall including:

- i. The city-wide tax levy, which includes funding for Library and Public Health, be increased by no more than 2 per cent for 2020 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 no more than 3 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 6.4 per cent which includes a \$9.8 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.**

Staff have completed preliminary reviews to identify 2020 pressures. The projected 2020 expenditures include increases for labour contract settlements, legislative changes to the Canada Pension Plan, along with estimated inflationary increases on contracts and purchased services. 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, and increasing the investment in City tax supported capital assets as per the Long Range Financial Plan V ([ACS2017-CSD-FIN-0017](#)) have also been considered. In addition, the impact of the changes in Provincial funding for the impacted programs has been included. Based on this preliminary analysis, a 3 per cent overall tax increase is being proposed.

As the municipal tax bill is made up of several different levies, it is recommended that in order to achieve a 3 per cent increase, the city-wide levy which is the largest portion of the tax bill be increased by 2 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 per cent.

The Police Levy is a separate levy and is recommended to increase by the 3 per cent overall.

For Transit Services, staff recommends a Transit Levy increase of 6.4 per cent for the 2020 budget, which includes a \$9.8 million contribution to capital. The transit levy should not be confused with the transit fare, which is the cost of a ride and is paid by the users of the system, whereas the levy is part of the municipal tax bill. The increase in the contribution to capital is discussed in the following section. Transit Services has undertaken an exercise to identify 2020 pressures. 2020 will continue to be a transition year for Transit Services as it relates to the launch of the Confederation Line in 2019. The projected 2020 expenditure increases include full year impacts related to transition related costs, in addition to labour contract settlements, legislative changes to the Canada Pension Plan, estimated inflationary increases on contracts, purchased services, and significant impacts related to the forecasted increases in fuel pricing.

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 Table 2.

Table 2 – Impact of Proposed Tax Directions

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$404,000	Average Assessment: \$404,000	Average Assessment: \$460,000
2019 Taxation	\$3,672	\$3,057	\$7,630
City Wide @ 2%	49	46	101
Police @ 3%	18	18	38
Transit @ 6.4%	42	13	90
Total \$ Change	109	77	229
% Change	3%	2.50%	3%

Infrastructure Funding and Provincial Gas Tax

- b) That the \$57 million onetime increase in Federal Gas Tax revenues be allocated towards addressing the infrastructure renewal gap for roads, bridges and active infrastructure as outlined in this report.**

As part of the 2019 budget, the Province of Ontario announced that it will not be doubling the provincial gas tax contribution to municipalities, as had been announced by the previous administration. The gas tax was to double over the next four years and, as per agreement with the Province, is required to be used for transit. The doubling of the gas tax was built into the City's Transit Affordability Plan ([ACS2017-CSD-FIN-0002](#)) and therefore must be addressed to ensure that the Transit Plan approved by Council is still affordable. At the same time as the Province announced the gas tax was not doubling, the Federal Government announced a one-time additional gas tax contribution of \$57 million. The Federal Gas tax can be used on more than Transit-related projects but must be allocated towards capital investments which includes roads, bridges and active infrastructure.

The proposal to address the cancellation to the increase in the provincial gas tax involves using the additional \$57 million in federal gas tax over the next three years (\$19 million per year) for local roads, bridges and active transportation. As a result of using federal gas tax for roads, bridges and active transportation renewal projects, all or a portion of the \$9.8 million that was previously approved to be raised every year to eliminate the infrastructure funding gap, will now be transferred to the Transit levy to replace the expected provincial gas tax revenue increase that is no longer happening.

The plan ensures that the funds will be in place to continue with Council's aggressive road rehabilitation plan and long-term transit plan. The plan that is being proposed results in the total tax-supported capital renewal program increasing by \$13 million more during this Term of Council (\$98M vs. \$111M), compared to the original plan which increased by \$9.8 million each year. The plan also provides Transit with a base increase to its contribution to capital of \$19.8M by 2022. The plan ensures that the funds are in place to continue with Council's long-term Transit Plan, including Stage 2 Light Rail, and allow for continued expansion of service to meet the future needs of the transit system.

Table 3 – Revised Infrastructure Gap Funding Plan

	2019 \$M	2020 \$M	2021 \$M	2022 \$M	Total \$M
Current Plan					
Contribution to capital – City Wide	9.8	19.6	29.4	39.2	98
Revised Plan					
Contribution to capital – City Wide	9.8	9.8	14.8	19.8	54.2
One-time Federal Gas Tax		19	19	19	57
TOTAL	9.8	28.8	33.8	38.8	111.2
Increase to Transit Capital	0	9.8	14.8	19.8	44.4

- c) That the taxation revenues generated from new properties (assessment growth) be estimated at 1.5 per cent of current taxation for 2020 and that Council request that the Police, Public Health and Library Boards and the Transit Commission develop their draft budgets within this allocation.**

The assessment growth in 2019 was approximately 1.5 per cent and the same increase is forecasted for 2020. The 2020 forecast is based on preliminary information provided by the Municipal Property Assessment Corporation (MPAC). Final 2020 assessment growth will not be available until the end of December once the final tax roll is received.

As per the process approved by Council on December 5, 2018, 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 2020, assessment growth of 1.5 per cent, a tax increase of 2 per cent City wide, 3 per cent for Police, and 6.4 percent for Transit have been included. The taxation targets are summarized below in Table 4. This allocation does not include any revenue from increasing user fees.

Table 4: Tax Targets – 2020 Budgetary Funding Allocations

Allocation Areas	Amount (\$000)
Assessment Growth	24,870
Tax Increases	49,715
Total	74,585
<u>Target Allocation</u>	
Police	12,685
Transit	22,755
Health	475
Library	1,775
Auditor General	75
Total	37,765
Balance for City Services	36,820

Total taxation revenues are projected to increase in 2020 by \$74.6 million. After allocating a proportionate share of the 2020 increase to Police, Transit, Health, Library and the Office of the Auditor General, the remaining balance of \$36.8 million is available to fund all other tax supported City services.

User Fees and Charges

- d) That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan V.**

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.

A 2020 transit fare increase of 2.5 per cent will be included in the budget as it is consistent with Council direction provided through the LRFP Transit ([ACS2017-CSD-FIN-0002](#)).

- e) That the Garbage Fee be increased in accordance with the approved Solid Waste Residential Collection Contracts Renewal report.**

The 2020 garbage fee increase will be increased in accordance with the Solid Waste Residential Collection Contracts Renewal report ([ACS2019-PWE-GEN-0001](#)). 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 Provincial government plans to make product manufactures and retailers responsible for the Blue Box program. The program will encourage industry to change how it packages products to reduce waste and harmonize the blue box programs. The Province expects that changes to this program will benefit municipalities and tax payers through reduced costs of the recycling program.

The 2020 increases are based on the factors outlined within the Solid Waste Residential Collection Contracts Renewal report, which highlighted that since 2013 the per household rate has held steady for four of the past six years and has only increased by \$6 over this time. The initial contract increases will stabilize by the third year where increases will be equal to standard inflationary increases. The short-term increases are anticipated to further decrease as the provincial government transitions the new Blue Box program by 2023.

Capital Budgets

- f) That the 2020 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 2020 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 V. 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.

Construction inflation continues to be a source of concern with Ottawa having some of the highest construction inflation rates in the Province. The 2020 budget will include an increase for municipal construction inflation as calculated by Statistics Canada. The rate to be used in 2020 is 5.8% and is based on the increases incurred in 2018.

Rate Supported Budgets

- g) That the rate supported 2020 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 2020 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 V 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 V: Water revenue increase of 3 per cent, Wastewater revenue increase of 4 per cent, and Stormwater revenue increase of 12 per cent, with an overall average increase of 5.2 per cent for the rate-supported services.

The Standing Committee on Environment Protection, Water and Waste Management Tax & Rate will receive public delegations and deliberate on both the tax and rate supported budgets on November 19, 2019. The Standing Committee on Environment Protection, Water and Waste Management Tax & Rate report would then rise to Council for final consideration.

Approval of 2020 Fees for Recreation and Culture

- 2. That the 2020 Recreation, Culture and Facility Services User Fees, as detailed in Document 2, be approved to allow registrations and rentals sold in 2019 for 2020 to use 2020 rates.**

All fees and charges must be approved by Council before they can be implemented. The recreation and cultural services area begin selling registrations or booking rentals for the fall/winter season in late summer every year. As the winter season carries over into the next calendar year, but the budget process does not conclude until December, registrations for the following year must use current year prices. This results in lost

revenue for the City which is needed to support the costs of the program which increase on January 1st each year. This aligns with the fiscal framework which sets the principles and recovery targets for municipal user fees, which in general aligns the rate increases with the cost increases in providing the service. In order to align the decisions around pricing with the timing of sale, the Recreation, Culture and Facility Services Department has attached their User Fee schedule to this report as Document 2 and will be proposing the 2021 fees as part of the budget to be tabled in November.

The additional revenue generated by approving the fees at this time is approximately \$250,000.

Proposed 2020 Budget Timetable and Public Consultation Plan

Tabling of 2020 Draft Budgets with Council (November 6)

The City's 2020 draft operating and capital budgets is proposed to be tabled at Council on November 6. This includes the draft budgets for services that report to a Commission, Board or special purpose body, namely Police, Transit, Library, Crime Prevention, and Committee of Adjustment.

The City budget will be presented by both the Mayor and the City Manager. Each of the Board and Commission budgets will be presented by the Chair and the Head of the service. The draft budget will be available on-line and reference copies of the budgets will be available in the City's libraries and client service centres.

The draft budget documents will be available in both English and French on Ottawa.ca.

The proposed 2020 Budget Timetable has been appended to the report in Document 1.

Public Consultation

Members of Council will have the opportunity to seek public input prior to budget tabling through Councillor-led engagement 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 upon request.

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 considered by management prior to budget tabling and will be identified to Council as part of the Draft Budget report tabled November 6.

The City will promote Councillor-led 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 2020 webpage will be created that will include all relevant budget information, including information about the in-person and online engagement opportunities.

**Committee / Commission / Board Budget Meetings / Advisory Committees
(November 6 – December 10)**

The draft operating and capital budget documents for each Committee and Transit commission, will be reviewed by the Chair and Vice Chair of that committee, as part of the agenda clearing meetings, with input from the General Manager(s) of the respective departments.

All Standing Committees of Council along with the Transit Commission, Police Services Board, Library Board, and Advisory Committees will hold meetings to consider the 2020 draft budget for their respective areas and receive public delegations.

To meet current timelines, it is recommended that a special meeting be held for both Finance and Economic Development Committee and Transportation Committee as per the dates identified in Document 1.

**Council Consideration of Committee / Commission / Board Recommended 2020
Draft Budgets (Council meeting December 11)**

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 December 11. Once approved, Council would then adopt the 2020 Budget.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Not applicable

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable

ADVISORY COMMITTEE(S) COMMENTS

There are no comments by an advisory committee required for this report.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

ACCESSIBILITY IMPACTS

There are no accessibility impact implications with this report.

TERM OF COUNCIL PRIORITIES

This report meets Council's priority with respect to financial responsibility.

SUPPORTING DOCUMENTATION

Document 1 - Proposed 2020 Budget Timetable

Document 2 - Recreation, Cultural and Facility Services User Fees *(Held on file with the City Clerk)*

DISPOSITION

Staff will develop the 2020 draft budget in accordance with the report recommendations and implement the budget process as outlined in the report.

Document 1 – Proposed 2020 Budget Timetable

Proposed 2020 Budget Timetable	
1 - <u>Tabling of Draft Budgets with Council</u>	
City Services	November 6, 2019
Police Services	
Library Services	
Transit Services	
Public Health	
Committee of Adjustment	
Crime Prevention	
2 - <u>Advisory Committee Meetings</u>	
Accessibility Advisory Committee	TBD
Environmental Stewardship Advisory Committee	TBD
Arts, Culture, Heritage and Recreation Advisory Committee	TBD
French Language Services Advisory Committee	TBD
3 - <u>Committee / Boards / Commissions</u>	
Agriculture & Rural Affairs Committee	December 5, 2019
Planning Committee	November 28, 2019
IT Sub-committee	November 25, 2019
Standing Committee on Environmental Protection, Water and Waste Management - Tax and Rate	November 19, 2019
Audit Committee	November 26, 2019

Transit Commission	November 20, 2019
Finance and Economic Development Committee	December 3, 2019
Transportation Committee	December 4, 2019
Community & Protective Services Committee	November 21, 2019
Ottawa Public Library	November 12, 2019
Police Services Board	November 25, 2019
Public Health Board	TBD
4 - Review / Adoption by Council	December 11, 2019