

**3. BUDGET CONSULTATION PROCESS  
PROCESSUS DE CONSULTATION BUDGÉTAIRE**

**COMMITTEE RECOMMENDATIONS**

That City Council adopt the changes to the City's Budget Consultation process as outlined in this report, including, with three-quarters vote at both Committee and Council, the following:

1. That the formal budget consultation period occur prior to the tabling of the Draft Operating and Capital Budgets; and
2. That the four staff-led multi-ward consultation sessions be eliminated and replaced by Councillor-led consultation sessions.

**RECOMMANDATIONS DU COMITÉ**

Que le Conseil municipal adopte les modifications apportées au processus de consultation budgétaire de la Ville, décrites dans le présent rapport, y compris ce qui suit, et ce, par une majorité des trois quarts des membres aux réunions du Conseil et du Comité :

1. que la période de consultation budgétaire officielle ait lieu avant le dépôt des budgets provisoires de fonctionnement et d'immobilisations; et
2. que les quatre séances de consultation de quartiers organisées par les membres du personnel soient éliminées et remplacées par des séances organisées par les conseillers.

**FINANCE AND ECONOMIC  
DEVELOPMENT COMMITTEE  
REPORT 6  
8 JULY 2015**

**120**

**COMITÉ DES FINANCES ET DU  
DÉVELOPPEMENT ÉCONOMIQUE  
RAPPORT 6  
LE 8 JUILLET 2015**

DOCUMENTATION / DOCUMENTATION

Marian Simulik, City Treasurer report dated 22 June 2015 / Trésorière  
municipale, rapport daté du 22 juin 2015 (ACS2015-CMR-FIN-0033)

**FINANCE AND ECONOMIC  
DEVELOPMENT COMMITTEE  
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**121**

**COMITÉ DES FINANCES ET DU  
DÉVELOPPEMENT ÉCONOMIQUE  
RAPPORT 6  
LE 8 JUILLET 2015**

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
29 June 2015 / 29 juin 2015**

**and Council  
et au Conseil  
8 July 2015 / 8 juillet 2015**

**Submitted on June 22, 2015  
Soumis le 22 juin 2015**

**Submitted by  
Soumis par:  
Marian Simulik, City Treasurer / Trésorière municipale**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2015-CMR-FIN-0033**

**SUBJECT: Budget Consultation Process**

**OBJET: Processus de consultation budgétaire**

## **REPORT RECOMMENDATIONS**

**That the Finance and Economic Development Committee recommend that City Council adopt the changes to the City's Budget Consultation process as outlined**

in this report, including, with three-quarters vote at both Committee and Council, the following:

1. That the formal budget consultation period occur prior to the tabling of the Draft Operating and Capital Budgets; and
2. That the four staff-led multi-ward consultation sessions be eliminated and replaced by Councillor-led consultation sessions.

### **RECOMMANDATIONS DU RAPPORT**

**Que le Comité des finances et du développement économique recommande au Conseil municipal d'adopter les modifications apportées au processus de consultation budgétaire de la Ville, décrites dans le présent rapport, y compris ce qui suit, et ce, par une majorité des trois quarts des membres aux réunions du Conseil et du Comité :**

1. **que la période de consultation budgétaire officielle ait lieu avant le dépôt des budgets provisoires de fonctionnement et d'immobilisations; et**
2. **que les quatre séances de consultation de quartiers organisées par les membres du personnel soient éliminées et remplacées par des séances organisées par les conseillers.**

### **BACKGROUND**

At its meeting of December 3, 2014, City Council adopted several elements of a budget process for the Term of Council as part of the 2015-2018 Council Governance Review report (ACS2014-CMR-CCB-0062). The adopted process reflected the practices that had developed over successive terms of Council since amalgamation, based on lessons learned from previous budgets.

Specifically, the following illustrates what City Council has already approved as its budget process, and it is understood that City Council would need to suspend the Rules of Procedure (with three-quarters of those present and voting) to change any of the following:

- Before the budget cycle begins, the City Treasurer will bring forward a report that details the budget timetable and provides budget directions through the Finance and Economic Development Committee and Council;
- The Budget Directions report will recommend budget increases to be allocated to all local Boards (Police, Library and Public Health) and the Transit Commission and the Auditor General's Office based on their individual pro-rated share of revenues derived from the Council directed tax target and any increase in tax revenues resulting from growth in assessment;
- Council will request that the Boards and Commissions develop their draft budgets within this annual allocation;
- The City Manager will work with the Mayor's office to develop draft annual budgets that are consistent with Council's approved budget directions. The draft budgets will also identify any one-time issues and recommend any additional strategies that may be required to achieve Council's direction;
- A consolidated draft budget will be tabled at full Council that reflects all operating and capital pressures and identifies any resulting service implications for referral to Standing Committees and the Transit Commission and for public consultation;
- A period of time will be scheduled to allow for public consultations on the tabled budget prior to committee consideration. The consultation will include a series of four multi-ward meetings with both Members of Council and senior staff in attendance and prepared to both respond to and develop options based on public feedback. Individual ward meetings may be conducted at the Councillor's discretion but without staff attending;
- Each Standing Committee will consider the proposed budget and hear public delegations before deliberating on and approving any revisions.
- Each Standing Committee will work within the budgetary funding envelope allocated to the City departments under their mandate and any increases to the budget will be funded by offsetting reductions.

- At the conclusion of their review, the Standing Committees will recommend the budget for their service areas, including any amendments made by the Committee to full Council for consideration, review and adoption.
- Sitting as Committee of the Whole, Council will consider, review and amend the budgets as a whole.
- The Ottawa Police Services Board, the Ottawa Public Library Board, the Public Health Board, the Committee of Adjustment and Crime Prevention Ottawa will prepare their own budgets for submission to their respective Boards. These budgets will be tabled with Council at the same time as various Standing Committees of Council table recommended draft budget amendments.

City Council amended the recommendations as follows:

**Moved by Councillor R. Brockington**

**Seconded by Councillor M. Qaqish**

**WHEREAS Part I, Section C, Recommendation 1 of the 2014-2018 Council Governance Review recommends that City Council approve the 2015-2018 Tax- and Rate-Supported budget process, as outlined in the report; and**

**WHEREAS the recommended process for the 2015-2018 tax-supported budgets is outlined in the report by way of a bulleted list of 11 steps, and the fourth bullet in the recommended process states: “The City Manager will be directed to work with the Mayor’s office to develop draft annual budgets that are consistent with Council’s approved budget direction. The draft budgets will also identify any one-time issues and recommend any additional strategies that may be required to achieve Council’s direction”; and**

**WHEREAS the recommended process for the 2015-2018 tax-supported budgets does not specifically provide Members of Council with a formal opportunity to give direct individual input to the Mayor’s office before the Mayor’s office works with the City Manager to develop the draft annual budgets, even if that is the intent;**

**THEREFORE BE IT RESOLVED that the recommended process for the 2015-2018 tax-supported budgets as outlined on page 68 in the 2014-2018 Council Governance Review report be amended such that the Mayor will consult with each Member of Council with respect to the Member's individual budget priorities and concerns before the Mayor's office works with the City Manager to develop draft annual budgets.**

The 2014 Municipal Election resulted in eight new Members of Council, many of whom expressed their concerns about establishing a four-year budget process within the Governance Review. Later, many of these Members articulated the challenges they experienced with the budget documents and the budget process. As part of the Committee of the Whole consideration of the 2015 Draft Operating and Capital Budgets – Tax and Rate Supported report (ACS2015-CMR-FIN-0005), on March 11, 2015, the following motion was presented and approved:

**Moved by Councillor R. Brockington**

**Seconded by Councillor T. Nussbaum**

**WHEREAS, although it is recognized that the City's budget process has been developed and refined over a number of years based on past practice and experience, there is always value in reviewing those practices to see if there can be further improvement; and**

**WHEREAS there may be useful lessons learned from this year's process especially for those Members of Council who have gone through the City's budget process for the first time, such as (but not limited to) the desirability for budget documents to be more user-friendly, the identification of unfunded pressures and consideration to improving the budget public consultation process and initiating it before the budget directions are set, and**

**WHEREAS it is expected that the process for the development of the 2016 Draft Operating and Capital Budget will begin within a matter of months;**

**THEREFORE BE IT RESOLVED that staff be directed to conduct a budget survey (electronic or in-person) for all Members of Council about all aspects of the 2015 budget process, and report back to Council on the results as part of the 2016 Budget Directions report or earlier, if possible.**

In preparation for this report, the City Treasurer and staff from the City Clerk and Solicitor Department consulted with every Member of Council on the themes of Budget Consultation, Budget Documentation and Legislative Processes. Members were provided documentation with respect to the various consultation methods that have been used by City Council since amalgamation.

The individual consultations largely reflected the discussions that occurred about the budget process during Council consideration of the 2014-2018 Governance Review, such that, in general, returning Members of Council believed that the current process was preferable to the approaches taken in the past, while new Members brought forward ideas that they were unaware had been tried in the recent past and not worked as intended. That said, there was a general consensus that budget consultations were occurring at the wrong time, that the four staff-led town halls did not work as well as some of the Councillor-led consultations, and there were ways the budget documentation could be improved.

The recommendations within this report reflect the general consensus from these consultations. Where there was no consensus, no recommendation is being made and the adopted process will be followed. As well, the Mayor has reviewed the recommendations in this report and provided direction in accordance with his statutory duties. One of the fundamental responsibilities of the Head of Council under Section 225(c) and (c.1) of the Municipal Act, 2001 is to “provide leadership to the council; [and]...to provide information and recommendations to the council with respect to the role of council described in clauses 224 (d) and (d.1)”. Clauses 224 (d) and (d.1) relate specifically to ensuring administrative and controllership “policies, practices and procedures ... are in place to implement the decisions of council; [and] to ensure the accountability and to implement the decisions of council; [and] to ensure the accountability and transparency of the operations of the municipality...”

For the most part, the recommendations being made will only require a majority vote of those present and voting to be adopted; however, the change from four City-led consultations to Councillor-led consultations, and changing the time of the consultation from after the tabling of the draft budget to prior to the tabling of the draft budget will require a three-quarter vote of those present and voting in favour for the process to change.

## **DISCUSSION**

At its meeting of March 11, 2015, City Council approved Motion No. 7/6, directing staff to conduct a budget survey of all Members of Council concerning aspects of the 2015 budget process. The City Treasurer and staff from the City Clerk and Solicitor Department consulted with Members of Council on the themes of Budget Consultation, Budget Documentation and Legislative Process. As indicated above, the recommendations in this report largely reflect the consensus of these consultations.

### Budget Consultation

Since 2007, the City's budget consultation process has remained largely unchanged. Multi-ward budget consultation sessions facilitated by City Staff have been conducted in the east, west, south and central areas of the City over a one-week period following Budget tabling; past practice has also included a rural budget consultation session. Limited staff support has been available to Members of Council who conduct their own ward-based consultation sessions. Traditional consultation mechanisms – Ottawa.ca submissions, phone, fax, e-mail and written correspondence – were also available to the public. Public delegations and Budget reviews have been undertaken at both Committee of the Whole and through Standing Committees.

In 2012, the Mayor's Office launched a budget e-mail box in order to engage the public prior to budget tabling and to take advantage of the web-based tools that facilitate such engagement. Suggestions or ideas generated from that e-mail, which could be incorporated into the budget, were provided to management prior to tabling and were identified to Council as part of the Draft Budget report.

Prior to 2007, the City employed a variety of public engagement tools to solicit feedback on the budget, culminating in a three-phase, \$230,000 consultation process in 2005.

Consultation was conducted before Council set its priorities (Priority Setting Phase), before Budget Guidelines were approved (Budget Guidelines Phase) and before the Budget was approved (Draft Budget Phase). This process also included a \$50,000 citizen satisfaction survey conducted by an external consulting firm. Before the Draft Budget was tabled, there was a web-based budget priority setting workbook, as well as 19 Councillor-led consultations, three community-led consultations and nine departmental roundtables.

In consulting Members of Council, the common opinion expressed was that the budget consultation process occurs too late. Members felt that public consultation should occur before the Draft Budget is established and tabled and that consultation should be Council-led, rather than staff-led.

#### *Budget Consultation Timing*

There was a general consensus among Members of Council that because the budget consultation occurs after the budget has been tabled, priorities are not incorporated or reflected in the Draft Budget. Some Members expressed their belief that this has created the perception that consultation is being done on a completed document.

The broad consensus among Members of Council is to conduct consultations before the Budget Tabling stage. This would allow Members of Council to solicit feedback from residents on ward-specific and citywide priorities, which would then be provided to the Mayor and staff for possible inclusion in the Draft Budget.

#### *Budget Consultation Format*

Several Members of Council identified the inherent challenge of seeking input from the public on a complex budget where the public have limited knowledge on the limitations over legislatively mandated expenditures. There was consensus among Members that providing education to the public on the City Budget outside of the annual Draft Budget process would help residents prepare for budget consultations and be able to focus on providing input into the budget in the consultation phase rather than trying to understand the budget.

To support this, the Mayor has recommended the City Treasurer conduct a Budget Primer, similar to the Planning Primer offered by the Planning and Growth Management Department. As of the writing of this report, it is intended that this Primer will be held at the end of June between the release of this report and deliberations at FEDCO. Other web based educational initiatives will be undertaken as resources become available throughout the year.

Since 2007, four multi-ward budget consultation sessions facilitated by City Staff have been held in the east, west, south and central areas of the City over a one-week period following Budget tabling; past practice has also included a rural budget consultation session.

Members of Council observed that the number of participants that attended these sessions has remained low.

There was general consensus among Members that participation might increase if the consultation sessions were Councillor-led. In an effort to support the Councillor-led consultation sessions, it is recommended that the four multi-ward consultation sessions be eliminated in favour of Councillor's holding ward-based consultation sessions prior to the Budget Tabling stage.

In consulting Members of Council, a number of different ideas emerged on how Members would choose to consult their residents – some wished to hold traditional town hall-style meetings, while others wanted to leverage social media. The underlying message from Members was that the current four-meeting, citywide approach to public consultation does not reflect or respond to the individual needs of each ward.

It is recommended that a funding envelope of \$250 per Councillor be provided from the Elected Officials' Administration Budget to assist Councillors with direct meeting costs. Further, advertising for these meetings would be done centrally, funded from the same account. Funding for this initiative will come from existing resources within the City Clerk's Office and expenses will be subject to the Council Expense Policy and public disclosure.

Due to limited staff resources, priority for Finance staff to attend consultation sessions will be given to those Members who choose to merge sessions with three or more

neighbouring wards. In order to ensure adequate staffing resources are assigned to these consultation sessions, ward groupings and meeting dates will need to be provided to the City Treasurer by the end of July.

In recognition of the Mayor's citywide focus, the Mayor will be conducting a 'teletown hall' session prior to Budget Tabling. Residents will have an opportunity to call in and those who wish to provide feedback on budget priorities to the Mayor and staff will be able to enter an electronic queue to do so. Residents do have the opportunity of listening to the conversation without posing questions or providing input. A brief introduction will be provided at the outset before feedback is received and questions are fielded by the Mayor and staff.

As indicated above, a three-quarters vote of Council will be required to approve the recommended amendments to the budget consultation process related to the elimination of the City-led area consultations and the shift in the consultation period.

The period following Budget Tabling will change from formal Council-led public consultation sessions to a public information campaign, with consultation occurring at the Standing Committee, IT Sub-Committee and Transit Commission meetings and through written correspondence and other online feedback mechanisms. To assist with the public information campaign, Members of Council will be provided with customizable ward-focused and citywide-focused documentation and educational materials.

### Budget Documentation

In preparation for this report, Members of Council were consulted on the level of detail provided in the Draft Budget as well as the supporting documentation.

Consensus among Members was they were satisfied with the level of detail provided in the budget book; however, some additional details were requested that will be incorporated into the 2016 Tax- and Rate-Supported Budgets. Chief among them was a request to include variances in the capital budget that provide a brief description of why a project was either deferred to another year or why the funding requirement increased or decreased.

In response to a number of requests from the public for translated budget documents, and in keeping with the City's commitment to bilingual services, all decisionable pages contained in the tax- and rate-supported budgets will be translated. The move to translate only the decisionable pages ensures the Draft Budget will be available in a bilingual format.

### Legislative Process

At its meeting of October 6, 2010, City Council approved the 2011 Proposed Budget and Long-Range Financial Plan Process and Timetable report (ACS2010-CMR-FIN-0064). While the proposed 2011 process mirrored the 2010 process, it was recommended that public delegations no longer be received at Committee of the Whole.

As public delegations are received at the Standing Committee review stage and during the multi-ward consultation session, and because there are other mechanisms in place for residents to share their views on the budget, such as electronic media, staff recommended that public delegations at Committee of the Whole be eliminated.

While this process question was raised by a new Member of Council during the discussions on the Governance Report, consensus among Members is that the current practice works well, as residents and stakeholder groups can speak directly to the Standing Committee most knowledgeable about the corresponding mandate and priorities.

When Council considered the 2011 Budget Process and Timetable report (ACS2010-CMR-FIN-0074) on December 15, 2010, it approved Motion No. 2/9, which included the recommendation that each Standing Committee work within the funding envelope for the budgets in their mandates, and that any additions to the budget require an offsetting reduction.

The general consensus among Members that, while the process was not perfect, it was necessary to ensure that the conflicts of the past were not repeated, where Committees added significantly to their own budgets (creating expectations for those citizens' concerns the additions addressed), which resulted in a budget pressure at Council that often took days and significant conflict to largely end up where the Draft Budget started. Further, it was widely recognized that there still exists an opportunity to change the draft

Budget at Committee of the Whole, if Council so determines. Overall, Members felt that by conducting public consultation on the budget prior to tabling, discretionary spending priorities may be better reflected in the budgets presented to Standing Committees.

In light of the broad consensus among Members of Council, there are no recommended changes to the legislative process.

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

### **CONSULTATION**

Members of Council were consulted in advance of this report. The recommended public consultation process as it relates to the 2016-2018 tax-supported budgets is outlined in this report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a citywide report.

### **LEGAL IMPLICATIONS**

As noted in the report, the adoption of the budget process changes will require an affirmative vote at Committee and Council of three-quarters of those present and voting.

### **RISK MANAGEMENT IMPLICATIONS**

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

### **FINANCIAL IMPLICATIONS**

If approved, the recommendations will be accomplished within existing budgets.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

The recommendations in this report support the 2011-2014 Term of Council priorities, and in particular, GP1 (“Improve the public’s confidence in and satisfaction with the way Council works”), and FS2 (“Maintain and enhance the City’s financial position”).

### **DISPOSITION**

Staff will implement the 2016-2018 Tax- and Rate-Supported budget process in accordance with the report recommendations.