

<p>1. PROPOSED 2022 BUDGET DIRECTIONS, TIMELINE AND CONSULTATION PROCESS ORIENTATION, CALENDRIER ET PROCESSUS DE CONSULTATION PROPOSÉS POUR LE BUDGET DE 2022</p>

COMMITTEE RECOMMENDATIONS

That Council approve the following:

1. The approach and timetable for consultation and consideration of the 2022 budget as outlined in the report.
2. The following directions for developing the draft 2022 budget.
 - a. That the municipal tax increase be set at 3 per cent overall inclusive of the following:
 - i. The city-wide tax levy, which includes funding for Library and Public Health, be increased by no more than 2.6 per cent for 2022 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 no more than 4.5 per cent which includes a \$5 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.
 - b. That the assessment growth taxation revenues generated from new properties be estimated at 1.4 per cent of current

taxation for 2022 and that Council request that the Police, Public Health and Library Boards and the Transit Commission develop their draft budgets within this allocation.

- c. That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan, including incremental post COVID cost recovery.
- 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 2022 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plan and Fiscal Framework.
- f. That the rate supported 2022 draft budget be developed in accordance with the approved 2017 Long Range Financial Plan V – Water, Wastewater and Stormwater.

RECOMMANDATIONS DU COMITÉ

Que le Conseil approuve ce qui suit :

- 1. La méthode utilisée et l'échéancier pour les consultations sur le budget de 2022 et son examen, comme l'indique le rapport.**
- 2. Les directives suivantes pour l'élaboration du budget provisoire de 2022.**
 - 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 2,6 % en 2022, 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 de 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 ne dépasse pas 4,5 %, ce qui comprend une augmentation de l'apport en capital de 5 millions de dollars en remplacement de l'augmentation de la taxe provinciale sur l'essence, laquelle a été annulée.**
- b. Que les recettes fiscales générées par les nouvelles propriétés (hausse de l'évaluation foncière) soient estimées à 1,4 % de l'imposition actuelle pour 2022 et que le Conseil municipal demande à la Commission de services policiers, à la Commission du transport en commun, au conseil d'administration de la BPO et au Conseil de santé d'élaborer leur budget provisoire dans les limites de cette attribution.**
 - c. Que tous les frais d'utilisation et redevances de la Ville augmentent conformément à l'orientation présentée dans le cadre financier ou le Plan financier à long terme, y compris le recouvrement des coûts additionnels liés à la COVID-19.**
 - d. Que les frais de collecte des ordures soient augmentés conformément aux orientations du Rapport sur le renouvellement des contrats de collecte des déchets solides**

en bordure de rue et pour tenir compte des investissements en immobilisations requis pour ce service selon le plan de dépenses en immobilisations sur quatre ans.

- e. Que le budget d'immobilisations de 2022 soit élaboré conformément à l'orientation décrite dans l'Étude préliminaire sur les redevances d'aménagement de 2019, le Plan financier à long terme et le cadre financier.**
- f. Que le budget provisoire de 2022 soutenu par les redevances soit élaboré conformément au Plan financier à long terme V – eau, eaux usées et eaux pluviales, approuvé en 2017.**

DOCUMENTATION/DOCUMENTATION

1. Chief Financial Officer's report, Finance Services Department, dated June 24, 2021 (ACS2021-FSD-FIN-0017)

Rapport de la Cheffe des finances, Direction générale des services des finances, daté le 24 juin 2021, (ACS2021-FSD-FIN-0017)

2. Extract of draft Minutes, Finance and Economic Development Committee, 6 July 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 6 juillet 2021.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
6 July 2021 / 6 juillet 2021**

**and Council
et au Conseil
21 July 2021 / 21 juillet 2021**

**Submitted on June 24, 2021
Soumis le 24 juin 2021**

**Submitted by
Soumis par:**

**Wendy Stephanson, Chief Financial Officer, Finance Services Department / Cheffe
des finances, Direction générale des services des finances**

Contact Person

Personne ressource:

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

613-580-2424 ext. / poste 21312, Isabelle.Jasmin@ottawa.ca

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-FSD-FIN-0017

**SUBJECT: PROPOSED 2022 BUDGET DIRECTIONS, TIMELINE AND
CONSULTATION PROCESS**

**OBJET: ORIENTATION, CALENDRIER ET PROCESSUS DE CONSULTATION
PROPOSÉS POUR LE BUDGET DE 2022**

REPORT RECOMMENDATIONS

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

1. The approach and timetable for consultation and consideration of the 2022 budget as outlined in the report.
2. The following directions for developing the draft 2022 budget.
 - a. That the municipal tax increase be set at 3 per cent overall inclusive of the following:
 - i. The city-wide tax levy, which includes funding for Library and Public Health, be increased by no more than 2.6 per cent for 2022 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 no more than 4.5 per cent which includes a \$5 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.
 - b. That the assessment growth taxation revenues generated from new properties be estimated at 1.4 per cent of current taxation for 2022 and that Council request that the Police, Public Health and Library Boards and the Transit Commission develop their draft budgets within this allocation.
 - c. That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan, including incremental post COVID cost recovery.
 - 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 2022 Capital Budget be developed in accordance with the direction outlined in the 2019 DC Background Study, Long Range Financial Plan and Fiscal Framework.
- f. That the rate supported 2022 draft budget be developed in accordance with the approved 2017 Long Range Financial Plan V – Water, Wastewater and Stormwater.

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 2022 et son examen, comme l'indique le rapport.
2. Les directives suivantes pour l'élaboration du budget provisoire de 2022.
 - 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 2,6 % en 2022, 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 de 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 ne dépasse pas 4,5 %, ce qui comprend une augmentation de l'apport en capital de 5 millions de dollars en remplacement de l'augmentation de la taxe provinciale sur l'essence, laquelle a été annulée.**

- b. Que les recettes fiscales générées par les nouvelles propriétés (hausse de l'évaluation foncière) soient estimées à 1,4 % de l'imposition actuelle pour 2022 et que le Conseil municipal demande à la Commission de services policiers, à la Commission du transport en commun, au conseil d'administration de la BPO et au Conseil de santé d'élaborer leur budget provisoire dans les limites de cette attribution.**

- c. Que tous les frais d'utilisation et redevances de la Ville augmentent conformément à l'orientation présentée dans le cadre financier ou le Plan financier à long terme, y compris le recouvrement des coûts additionnels liés à la COVID-19.**

- d. Que les frais de collecte des ordures soient augmentés conformément aux orientations du Rapport sur le renouvellement des contrats de collecte des déchets solides en bordure de rue et pour tenir compte des investissements en immobilisations requis pour ce service selon le plan de dépenses en immobilisations sur quatre ans.**

- e. Que le budget d'immobilisations de 2022 soit élaboré conformément à l'orientation décrite dans l'Étude préliminaire sur les redevances d'aménagement de 2019, le Plan financier à long terme et le cadre financier.**

- f. Que le budget provisoire de 2022 soutenu par les redevances soit élaboré conformément au Plan financier à long terme V – eau, eaux usées et eaux pluviales, approuvé en 2017.**

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 multi-year budget process is the Chief Financial Officer/Treasurer annually presents 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 outline of the projected pressures that the City will be facing in 2022, including; impacts related to Provincial and Federal funding; any continuing or post COVID-19 budget pressures; the proposed annual increase in property taxation; outline the budget allocation targets for the Boards and Transit Commission; and, will seek Council endorsement of the budget strategies required to achieve the proposed taxation levels. In addition, this report proposes a timetable for the tabling, consultation process, review and adoption of the 2022 budget.

COVID-19 has put extraordinary pressures on the world, Canada, Ontario and Ottawa, both as a health and economic disaster as the economy has been greatly impacted by social and physical distancing and loss of business continuity. The pandemic has impacted every aspect of how the City works while continuing to help protect the health and safety of residents. Staff responded immediately to ensure the tools and supports were in place to ensure staff and residents were kept safe while continuing to deliver critical and essential services to the community. In 2020 and 2021, COVID-19 resulted in significant financial challenges for the City, challenges never faced before. While the City implemented financial mitigations to close the gaps for 2020 and 2021, funding was received from senior levels of government to fund the COVID deficits through the Safe Restart Agreement and other government funding. In 2022, the City is not anticipating funding from senior levels of government.

Staff will prepare mitigation measures that could include the use of city reserves, possible reductions in service levels and various additional mitigation measures for consideration by Council.

The Capital program requirements for 2022, and forecasts for 2022-2024, are proposed to be developed in accordance with the Council approved Long-Range Financial Plan (LRFP), 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 and Fiscal Framework documents. As well, the City will continue to increase the contribution to capital over the remainder of the term of Council in order to bring funding closer to a “good state of repair” level as identified in the LRFP and outlined in this report.

At its meeting of December 11, 2019, Council also approved a motion that directed the Chief Financial Officer/Treasurer to review and report back this term on participatory budgeting for the City of Ottawa (explaining what it is, its use in other jurisdictions, and areas in the City budget where a participatory budgeting component may be desirable). This report addresses the motion regarding the staff research conducted on participatory budgeting.

Financial Implications

The 2022 draft budget will be developed to mitigate and address the financial pressures outlined in the report along with the proposed strategies.

Public Consultation and Input

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

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

Consistent with the changing and evolving provincial guidance on gatherings due to COVID, Councillor consultations will be conducted as virtual public meetings and other forms of engagement. Public Information and Media Relations provided supplementary materials to support Councillors in hosting virtual consultations, including templates and guidelines.

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 budgétaire pluriannuel veut que la cheffe des finances et trésorière présente chaque année 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 2022, y compris les répercussions liées au financement provincial et fédéral ainsi que les contraintes pendant ou après la pandémie de COVID-19, de proposer une augmentation annuelle 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 taux d'imposition proposés. De plus, le rapport propose un échéancier pour le dépôt, le processus de consultation, l'examen et l'adoption du budget de 2022.

La pandémie de COVID-19 a exercé des pressions extraordinaires sur Ottawa, l'Ontario, le Canada et le monde entier en tant que catastrophe sanitaire, mais aussi économique, l'économie ayant été durement touchée par la distanciation physique et l'arrêt des activités commerciales. Bien que tous les aspects de son fonctionnement aient été perturbés, la Ville a continué à assurer la santé et la sécurité des résidents. Le personnel a réagi immédiatement en veillant à ce que des outils et des mesures de soutien soient en place pour assurer la sécurité des employés et des résidents tout en continuant à fournir des services critiques et essentiels à la communauté. En 2020 et 2021, la pandémie de COVID-19 a entraîné des défis financiers considérables pour la Ville, défis qui n'avaient jamais été rencontrés auparavant. La Ville a mis en œuvre diverses stratégies d'atténuation financière afin de combler les écarts pour 2020 et 2021, et les ordres de gouvernement supérieurs ont attribué des fonds afin de couvrir les déficits liés à la COVID-19 par l'intermédiaire de l'Accord sur la relance sécuritaire et d'autres fonds gouvernementaux. En 2022, la Ville ne prévoit pas de recevoir de financement de la part des ordres de gouvernement supérieurs.

Le personnel préparera des mesures d'atténuation, lesquelles pourraient inclure l'utilisation des réserves de la Ville, la réduction potentielle des niveaux de service et diverses mesures d'atténuation supplémentaires qui seront présentées au Conseil.

Les exigences du programme d'immobilisations de 2022 et les prévisions pour 2022 à 2024 sont fondées sur le Plan financier à long terme (PFLT) approuvé par le Conseil, 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 et le cadre financier. De plus, la Ville continuera d'augmenter son apport en capital durant le reste du 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 et dans le présent rapport.

Lors de la réunion du 11 décembre 2019, le Conseil a également approuvé une motion qui chargeait la cheffe des finances et trésorière d'examiner la question du budget participatif pour la Ville d'Ottawa et d'en rendre compte durant le présent mandat (en expliquant de quoi il s'agit, son utilisation ailleurs et les éléments du budget municipal pour lesquels un budget participatif pourrait être souhaitable). Le présent rapport traite

de la motion concernant les recherches réalisées par le personnel sur le budget participatif.

Répercussions financières

Le budget provisoire de 2022 sera élaboré dans le but d'atténuer et d'éliminer les contraintes financières décrites dans le rapport, conjointement avec les stratégies proposées.

Consultation publique et commentaires

Conformément à la pratique antérieure, les membres du Conseil pourront solliciter l'avis du public avant le dépôt du budget en organisant des séances publiques virtuelles ou par d'autres moyens qu'ils jugeront utiles. 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 virtuelles des conseillers et conseillères et les possibilités de participer en ligne sur le site ottawa.ca au moyen des outils de communication habituels et par l'intermédiaire de ses réseaux sociaux.

Conformément aux directives provinciales changeantes concernant les rassemblements en raison de la pandémie de COVID-19, les consultations des membres du Conseil seront organisées sous forme de réunions publiques virtuelles et d'autres formes de participation. Les Services de l'information du public et des relations avec les médias fourniront de la documentation supplémentaire, notamment des modèles et des lignes directrices, pour appuyer les conseillers et conseillères dans l'organisation des consultations virtuelles.

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 Chief Financial Officer/Treasurer to bring forward a report that details the budget timetable and provides budget directions, in advance of each yearly budget;

- The various Boards and Commissions to be allocated their *pro rata* share of the tax target and any assessment growth;
- Council to direct the various Boards and Commissions to develop their draft budgets within this annual allocation;
- The City Manager to work with the Mayor and each committee chair to develop draft budgets that are in alignment with the approved direction;
- Individual Members of Council to organize and lead public consultations on the draft budget;
- The Committees to hear public delegations before deliberating on the budget and approving any revisions that can be funded from within the budgets under committee review; and
- Council, sitting as Committee of the Whole to consider, to review and amend the budget.

Experience has shown that providing direction that strives to achieve 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 strategies that may be required to achieve Council's direction. A consolidated draft budget that is balanced, as required by legislation, and reflects the directions being proposed within this report will be tabled at Council and referred to Standing Committees and the Transit Commission for further consultation and consideration.

Like the 2021 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 with provincial dollars.

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

COVID-19 has put extraordinary pressures on the world, Canada, Ontario and Ottawa, both as a health and economic disaster as the economy has been greatly impacted by social and physical distancing and loss of business continuity. The pandemic has impacted every aspect of how the City works. Staff responded immediately to ensure the tools and supports were in place to ensure residents were kept safe and each other healthy while continuing to deliver critical and essential services to the community. In 2020 and 2021, COVID-19 resulted in significant financial challenges for the City, challenges never faced before. While the City implemented financial mitigations to close the gaps for 2020 and 2021, funding was received from senior levels of government to fund the COVID deficits through the Safe Restart Agreement and other government funding.

DISCUSSION

Federal/Provincial Safe Restart Program

For the purpose of this budget, the City is assuming that grants from senior levels of government will not continue into 2022. Any unused funding from the Safe Restart Agreement (SRA) – Transit Stream and the Social Services Relief Fund allocated to the City in 2021 cannot be carried forward into 2022. Any unused funds from the SRA – Municipal Stream can be carried forward, but current projections show that most of this funding will be required in 2021. The 2022 budget will include estimated post COVID-19 pressures. To offset pressures, staff will prepare mitigation measures that could include the use of city reserves set aside in 2020 (e.g. deferred capital and discretionary spending pause), and wherever possible one-time reduction in expenditures, reductions in service levels and various additional mitigation measures for consideration by Council as required.

2022 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 2022 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.

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 2.6 per cent for 2022 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 no more than 4.5 per cent which includes a \$5 million increase to the contribution to capital to replace the cancelled provincial gas tax increase.**

Staff have completed preliminary reviews to identify 2022 pressures. The projected 2022 expenditures include legislative changes to the Canada Labour Code, 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, Affordable Housing and increasing the investment in City tax supported capital assets as per the Long Range Financial Plan ([ACS2017-CSD-FIN-0017](#)) have also been considered. In addition, the impact of the changes in Provincial funding for Children Services and other impacted programs has been included. Estimated post COVID financial pressures will continue into 2022 and are described in the next section of this report. 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 2.6 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 2.6 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 4.5 per cent for the 2022 budget, which includes a \$5 million increase in the capital contribution. This is consistent with the Council approved 2020 budget directions to address the cancellation of the doubling of the provincial gas tax.

A 2022 transit fare increase of 2.5 per cent will be included in the budget as it is consistent with Council direction provided through the 2017 Transit LRFP ([ACS2017-CSD-FIN-0002](#)).

Transit Services has undertaken an exercise to revise the 2019 Transit LRFP to better reflect the operating and financial trends experienced by Transit pre- and post-COVID. The revised LRFP will be presented to Committee and Council in the third quarter of 2021, and any recommended changes in financial strategy will be included in the 2022 Budget to be tabled in November. Post-COVID financial pressures are expected to continue into 2022 and are described in the next section of this report.

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 1.

Table 1: Impact of Proposed Tax Directions

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$415,000	Average Assessment: \$415,000	Average Assessment: \$460,000
2022 Taxation	\$4,086	\$3,363	\$8,312
City wide @ 2.6%	65	61	132
Police @ 3%	19	19	40
Transit @ 4.5%	35	11	70
Total \$ Change	119	91	242
% Change	3.0%	2.8%	3.0%

POST COVID-19 Impacts

Some post COVID related impacts are expected to continue in 2022, although to a lessened extent for a few service areas, particularly Recreation Cultural and Facility Services, Transit Services and Community and Social Services. For example, the City is anticipating a continued reduction in the transit and recreation revenues as ridership and recreation program registration is not expected to return to 100 per cent in 2022. Impacts that may continue into 2022 are:

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

These pressures will be addressed in the budget when tabled.

- b) That the assessment growth in taxation revenues generated from new properties be estimated at 1.4 per cent of current taxation for 2022 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 2021 was approximately 1.29 per cent and the forecast for 2022 is 1.4 per cent. The 2022 forecast is based on preliminary information provided by the Municipal Property Assessment Corporation (MPAC). Final 2022 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 2022, assessment growth of 1.4 per cent, a tax increase of 2.6 per cent City wide, 3 per cent for Police, and 4.5 per cent for Transit have been included. The taxation targets are summarized below in Table 2. This allocation does not include any revenue from increasing user fees.

Table 2: Tax Targets - 2022 Budgetary Funding Allocations

Allocation Areas	Amount (\$000)
Assessment Growth	25,580
Tax Increases	55,165
Total	80,745
<u>Target Allocation</u>	
Police	13,535
Transit	19,875
Health	985
Library	2,165
Auditor General	85
Total	36,645
Balance for City Services	44,100

Total taxation revenues are projected to increase in 2022 by \$80.75 million. After allocating a proportional share of the 2022 increase to Police, Transit, Health, Library and the Office of the Auditor General, the remaining balance of \$44.1 million is available to fund all other tax supported City services.

User Fees and Charges

- c) That all City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plan, including incremental post-COVID cost recovery.**

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

As noted above, the 2022 transit fare increase of 2.5 per cent will be included in the budget as it is consistent with Council direction provided through the 2019 Transit LRFP ([ACS2018-CSD-FIN-0003](#)).

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

The 2022 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 once it is fully implemented will benefit municipalities and taxpayers through reduced costs of the recycling program.

The 2022 increases are based on the factors outlined within the Solid Waste Residential Collection Contracts Renewal report. The initial contract increases will stabilize by the third year where increases will be equal to standard inflationary contract increases.

Per the four-year spending plan for Solid Waste identified in the 2021 budget, the capital investments for the Solid Waste program are expected to increase in 2022 and over the next several years. Staff are planning to bring forward a Solid Waste Long Range Financial Plan in October 2021 to recommend financial strategies to address the current funding gap and as input to the 2022 fee increase.

Capital Budgets

- e) That the 2022 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 2022 Capital Budget will be developed in accordance with the Council approved Transportation Master Plan, Infrastructure Master Plan, 2019 Development Charges Background Study, and the LRFP. The City funds its capital program through a combination of tax funds from reserves, development charges on the growth portion of eligible projects, and debt and grants from senior levels of government. Debt funding used to fund eligible components of the capital program will be in accordance with the Fiscal Framework and are well below the provincial debt limit.

The 2022 budget will include an increase for municipal construction inflation as calculated by Statistics Canada. The rate to be used in 2022 is 3.7 per cent and is based on the increases incurred in 2020.

Rate Supported Budgets

- f) That the rate supported 2022 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 2022 draft budget will be developed and presented in accordance with the 2017 LRFP V – Water, Wastewater and Stormwater programs ([ACS2017-CSD-FIN-0023](#)). The LRFP Water, Wastewater and Stormwater reflects the financial strategies that balance the need to maintain and build the capital assets that support these essential services recognizing that the assets last for multiple generations. Staff recommended the following increases as per the LRFP: Water revenue increase of 3 per cent, Wastewater revenue increase of 4 per cent, and Stormwater revenue increase of 12 per cent, with an overall average increase of 4.86 per cent for the rate-supported services. These percentage increases are a target increase for revenue overall for each service. Percentage increases to individual volumetric and fixed rates will be lower due to year over year changes in number of households and projected consumption levels and will be detailed in the budget when tabled.

The Standing Committee on Environment Protection, Water and Waste Management Tax & Rate will receive public delegations and deliberate on both the tax and rate supported budgets on November 16, 2021. The Standing Committee on Environment Protection, Water and Waste Management Tax & Rate report would then rise to Council for final consideration.

Proposed 2022 Budget Timetable and Public Consultation Plan

Council Budget Tabling (November 3)

The City's 2022 draft operating and capital budget is proposed to be tabled at a Special Meeting of City Council on November 3. This report includes the draft budgets for all City services, including services that report to the Transit Commission or a Board / special purpose body, namely Police, Library, Public Health, Crime Prevention, and the Committee of Adjustment. It should be noted that in addition to the budget tabling at Council, the Transit Commission, Police Services Board, Library Board and Board of Health, also hold their own meetings to table their respective budgets. These Proposed 2022 Budget Meeting Schedule is included in Document 1 of this report.

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

Public Consultations

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

Due to the changing and evolving provincial guidance on gatherings due to COVID, Councillor consultations will be conducted as virtual public meetings and other forms of engagement. Public Information and Media Relations will provide supplementary materials to support hosting virtual consultations including templates and guidelines.

Further opportunities for the public to provide input prior to budget tabling will be available through Engage Ottawa, the City's online engagement platform. Suggestions and ideas that are generated through the engagement process will be shared with

Council and management prior to budget tabling and will be considered in the development of the draft budget.

The City will promote Councillor-led virtual 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 2022 webpage will be created that will include all relevant budget information, including information about the engagement opportunities.

Budget Meetings – Standing Committees / Transit Commission / Boards / Advisory Committees (November 1 – December 8)

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

All Standing Committees of Council including with the Transit Commission, Police Services Board, Library Board, and Advisory Committees will hold meetings to consider the 2022 draft budget for their respective areas and receive public delegations.

The Proposed 2022 Budget Meeting Schedule is included in Document 1 of this report.

Council Budget Consideration / Adoption (December 8)

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 8. Once approved, Council would then adopt the 2022 Budget.

Participatory Budgeting

At its meeting of December 11, 2019, Council approved the following motion (No. 25/15) that directed the Chief Financial Officer/City Treasurer to “*review and report back to the Finance and Economic Development Committee this term of Council on participatory budgeting for the City of Ottawa, including:*

- *“An explanatory note of what participatory budgeting is for Councillors and its use in Canada and Internationally”*
- *“A review of areas in the city budget where a participatory budgeting component may be desirable”*
- *“And report back on the findings regarding participatory budgeting during this term of Council, within existing budgets”*

The following sections serve to report back on the motion and outlines staff research conducted on participatory budgeting.

Defining Participatory Budgeting

Participatory Budgeting (PB) is a form of deliberative budgeting, whereby residents or elected delegates decide or propose how to spend a defined allocation of spending. Four core components are:

1. Residents brainstorm ideas about how the money should be spent;
2. Budget delegates develop proposals based on the community’s initial ideas;
3. The community is invited to vote on their top projects; and
4. The government implements the winning projects.

Participatory Budgeting in Other Jurisdictions

Staff reviewed the use of PB by other Canadian and international cities. The cities selected for review include Hamilton, Toronto, Guelph, Halifax, Montreal and Vancouver. For the international examples, Chicago and New York were selected for their broad implementation of PB at the ward level, and Madrid and Paris for their implementation of PB at the ward and city-wide level.

In the cities reviewed, PB was typically implemented on a pilot basis, and funding sources varied, from City-allocated funds (Guelph, Paris, Madrid, Toronto, Montreal), single-source revenue (Vancouver), and from Councillors’ discretionary budgets (Halifax, Hamilton, Chicago, New York). The approaches to PB also varied greatly

amongst all cities. For example, when voting on projects, this could occur either by delegates elected by residents, or by residents themselves.

Each city, province and country is governed differently with respect to funding from other levels of government, the responsibilities for programs and services and the budget process. As a result, a budget to budget comparison is not possible as no two cities are the same.

Table three below provides a comparison and high-level summary of PB amongst the cities reviewed. The Cities of Toronto, Hamilton, and Guelph no longer perform PB for various reasons, among them low participation of residents as a proportion of eligible population and the extensive staff time and resources required to implement PB. In the case of Hamilton, a decision was made not to continue the practice as it was found to be inequitable, in that it favoured those with higher economic means who were more successful at promoting and advocating for their ideas.

Amongst the cities reviewed, as a percentage of combined operating and capital budgets, PB was allocated less than one tenth of a percentage point to less than 2 per cent. It should be noted that the Cities examined currently have or had some form of PB, but the majority of Canadian municipalities do not include PB such as Calgary, Edmonton, Winnipeg and Mississauga.

Table 3: Participatory Budgeting in other Cities

City	Amount	Criteria	Background
Halifax	Up to \$94,000 available per District	Capital and Operating	Active in 3-4 of 16 Districts
Hamilton	Various	Capital	No longer active
Guelph	Various	Capital and Operating	No longer active
Toronto	Various	Operating	No longer active

City	Amount	Criteria	Background
Montreal	\$10 M	Capital, limited Operating	Commenced in 2020 for 2021 budget The Borough of LaSalle has also allocated \$150K for its own PB initiative
Vancouver	\$100,000	Capital	In-person deliberations; funded for set geographic area from parking revenue
Chicago	\$1.36 million per Ward	Capital	Active in 8 of 50 Wards
New York City	\$1 million per district	Capital	Active in 31 of 51 Districts
Paris	\$100 million EUR/year	Capital and Operating	Includes online and in-person deliberations
Madrid	\$100 million EUR/year	Capital and Operating	Via online platform

Benefits of Participatory Budgeting and Best Practices

Benefits of PB include: a direct, deliberative role for citizens, integrating participant feedback into the budget process and improving transparency. Furthermore, the deliberative process may provide learning opportunities on how to participate in the political process. The process also serves as a feedback loop to Council and municipal staff, whereby understanding of what constitute priorities for participants.

Best practices for implementing PB include:

1. Driven by local champions

The intent of PB is to provide democratization “from the bottom up” with considered input from residents. Also, PB seeks to reduce the likelihood that many of the same residents that participate in the municipal consultation process do not dictate a PB process. Outreach and support from local organizations is essential.

2. Defined scope

Whatever approach is taken, it must clearly outline what it will address and what it won't. Questions include:

- Will it address capital projects currently not addressed in existing expenditure plans, or will it include operational funding?
- Will it address part of a ward, an entire ward, or City-wide?
- Will funding be one-time, or on-going?

3. Begins with a pilot

Pilots allow implementers to identify and address problems as they emerge and help to inform what went well and what could be improved prior to a next stage of roll-out, if applicable.

4. Clear process

By establishing clear processes, trust is more likely to be sustained with participants and staff. Questions include:

- What are the roles of community members, City staff and elected officials respectively?
- What will deliberation look like?
- Who may vote?
- How will projects be ranked?
- How will funds be disbursed?

5. Transparent

Participants should be informed as to where the funds come from within the City's overall budget. From an equity standpoint, it is worth considering how funds can be further allocated to ensure some distribution of funds to groups that may benefit from prioritization. Furthermore, it is helpful to not only show which projects were funded, but also the participants involved, and amounts allocated.

6. **Evaluated**

Evaluation against pre-determined criteria is essential to help determine effectiveness of process and outcomes.

Limitations of Participatory Budgeting

PB is intended to be driven from the bottom up. Such an approach, however, does have limitations:

1. **High resource requirements**

Establishing a deliberative framework is labour intensive both for community-based volunteers and city staff. Tasks include, but are not limited to: communications and outreach, pre-screening (where applicable), deliberation sessions, voting sessions, allocation processes, implementation, and evaluation.

2. **Limited participation**

Where PB has been open to all or a large number of residents to participate, participation is generally low as a percentage of eligible participants.

3. **Limited scope**

PB has typically not been allocated to large portions of either capital or operating budgets, with the higher allocations being between 5-15 per cent.

4. **Potential to limit equity**

PB does not ensure equity in the distribution of funds. While PB can enhance equity, especially if allocated towards the needs of specific equity-seeking groups in specific geographic areas, it can be undermined depending on eligibility criteria. For example, in the City of Toronto, the PB evaluation found that, "Idea sharing and voting is competitive, which reinforces some existing demographic divisions in neighborhoods and feelings of inequity, with investments being seen to benefit only part of a neighborhood over other areas."

Areas in the City Budget Where Participatory Budgeting may be Applied

While the City does not have a formal, deliberative participatory budgeting mechanism, Councillors do have multiple discretionary budgets where they can use some mechanism of deliberative approach with their constituents to prioritize and select capital expenditures in their ward.

As the elected representative for their wards, Councillors are responsible to receive input from their constituents and act on behalf of their constituents when prioritizing these discretionary funds. Once Councillors have determined their local priorities, they in turn provide direction to City staff to implement their selected projects. However, as noted above, establishing and implementing a formal PB process and framework is labour and resource intensive for Councillors' staff.

Current discretionary funding envelopes that every Ward Councillor has, and where some mechanism of deliberative approach could be applied, include:

1. Cash-in-Lieu of Parkland

Broad discretionary funding for infrastructure needs in every City Ward are available through Cash-in-Lieu of Parkland (CILP) funding. These funds are collected from developers under Sections 42 and 51.1 of the Planning Act, whereby cash payments may be made, under certain provisions, in lieu of constructing parks in developments. As per the City's CILP Funds Policy, "Cash-in-lieu funds collected through the development review will be allocated as follows:

- "Sixty percent (60%) of the funds paid will be allocated to use in the Ward in which the development is located and forty percent (40%) of the funds paid will be allocated for citywide purposes."
- "In a special administrative area identified in the Parkland Dedication By-law, one hundred per cent (100%) of the funds paid will be allocated to use in the special administrative area where the development is located."

Cash-in-lieu funds collected and allocated to both Ward and city-wide use shall not be used to offset, or as a substitute for, normal yearly budgets for parks and recreation growth, repair or renewal. CILP funds are to be viewed as

supplemental to regular budgeting to support more projects or projects with larger scope than would have been possible using regular budgets. Subject to the limitations in the City's CILP Policy, Councillors have delegated authority to approve the disbursement of CILP funds for parks and recreation investments in their ward.

2. Temporary Traffic Calming Measures Program

In this Term of Council each Ward Councillor was allocated an annual budget of \$50,000 per year for the Temporary Traffic Calming Measures Program (TTCM). The TTCM Program facilitates the installation of effective, low cost traffic calming measures that are temporary and/or seasonal in nature, examples include: speed display devices, pavement markings, signage, cycling delineators, warranted Gateway Speed Limit Signs, and warranted Pedestrian Crossovers (PXOs). These measures are quickly and easily installed and can be easily modified where applicable. TTCM offer safety solutions for areas that often do not meet criteria for permanent roadway modifications. The type of measure along with the implementation location is selected by the Ward Councillor following consultation with Ward residents and technical TTCM Program staff.

Engagement Opportunities in the Budget Process

As part of its annual budgetary cycle, the City of Ottawa engages in cross-City outreach via, in part, its Engage Ottawa portal. Through the Engage Ottawa budget webpage, residents can participate in interactive surveys and other online engagement tools aimed at increasing resident participation in the City's budget process. Residents can also submit budget related feedback/suggestions and ask questions which are forwarded directly to the appropriate City staff for a response. Residents can also follow and communicate with the City through its social media channels on Facebook and Twitter using the hashtag #ottbudget.

Another way residents can actively participate in the City's the budget process are through public budget consultation sessions held by Councillors for constituents in their ward. All Councillors may hold public meetings (in person or online) in order to gather feedback, suggestions, or answer questions pertaining to the City's annual draft budget. City staff are often present at these meetings to receive feedback, answer questions,

and support these sessions. Councillors also routinely receive feedback from constituents by email, in person, and by telephone.

Lastly, residents can register as a public delegation to speak or present at the budget deliberation meeting for a particular Committee/Board. To register as a public delegation, residents must contact the respective Committee Coordinator. Residents can also provide a written submission to the Committee Coordinator which is forwarded to all members of that Committee/Board. The budget meeting schedule is typically finalized by September and is posted on the City's website.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

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

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

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable.

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 to implementing the recommendations in this report.

TERM OF COUNCIL PRIORITIES

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

SUPPORTING DOCUMENTATION

Document 1 - Proposed 2022 Budget Meeting Schedule

DISPOSITION

Staff will develop the 2022 draft budget in accordance with the report recommendations and implement the budget process as outlined in the report.

Document 1 – Proposed 2022 Budget Meeting Schedule

Board of Health - Budget Tabling	Monday, November 1
Public Library Board - Budget Tabling	Tuesday, November 2
Police Services Board – Budget Tabling (special meeting)	Wednesday, November 3
<p>Council – Budget Tabling (special meeting)</p> <ul style="list-style-type: none"> • City Services • *Transit Services • *Police Services • *Library Services • *Public Health • Committee of Adjustment • Crime Prevention <p><i>*In addition to this Council meeting, the Boards and Transit Commission hold their own meetings to table their respective budgets</i></p>	Wednesday, November 3
Transit Commission – Budget Tabling (special meeting)	Wednesday, November 3
Environmental Stewardship Advisory Committee	Thursday, November 4
Arts, Culture, Heritage & Recreation Advisory Committee	Tuesday, November 9
French Language Services Advisory Committee	Monday, November 15
Standing Committee on Environmental Protection, Water & Waste Management	Tuesday, November 16
Accessibility Advisory Committee	Tuesday, November 16
Transit Commission	Wednesday, November 17
Community & Protective Services Committee	Thursday, November 18
Police Services Board	Monday, November 22
Audit Committee	Tuesday, November 23
Planning Committee	Thursday, November 25
IT Sub-Committee	Monday, November 29
Board of Health	Monday, November 29
Public Library Board	Tuesday, November 30
Transportation Committee	Wednesday, December 1
Agriculture & Rural Affairs Committee	Thursday, December 2

Finance & Economic Development Committee	Tuesday, December 7
Council – Budget Consideration / Adoption	Wednesday, December 8

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