

**Report to
Rapport au:**

**Council
au Conseil**

3 November 2021 / 3 novembre 2021

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**Submitted by
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2021-FSD-FIN-0025

SUBJECT: 2022 DRAFT OPERATING AND CAPITAL BUDGETS

**OBJET: BUDGETS PRÉLIMINAIRES DE FONCTIONNEMENT ET
D'IMMOBILISATIONS DE 2022**

REPORT RECOMMENDATIONS

- 1. That City Council receive and table the Draft 2022 Operating and Capital Budgets at its meeting of November 3, 2021 for subsequent consideration by Council sitting in Committee of the Whole to be held December 8, 2021.**

2. That City Council refer the relevant portions of the 2022 Operating and Capital Budgets to each Standing Committee of Council, IT Sub-Committee and the Transit Commission for their consideration and recommendation to Council sitting in Committee of the Whole to be held December 8, 2021.

RECOMMANDATIONS DU RAPPORT

1. Que le Conseil municipal reçoive et dépose les budgets préliminaires de fonctionnement et d'immobilisations de 2022 à sa réunion du 3 novembre 2021 et qu'il les examine subséquemment en comité plénier le 8 décembre 2021.
2. Que le Conseil municipal transmette les parties pertinentes des budgets de fonctionnement et d'immobilisations de 2022 à chaque comité permanent du Conseil, au Sous-comité de la technologie de l'information et à la Commission du transport en commun pour que ces derniers les examinent subséquemment et formulent des recommandations au Conseil en comité plénier le 8 décembre 2021.

EXECUTIVE SUMMARY

This report provides a high-level summary and overview of the Draft 2022 Tax and Rate Supported Operating and Capital Budgets tabled at City Council on November 3, 2021. These budgets are summarized at the highest level, while the budget books for each Standing Committee provide detailed proposed changes in each service area.

The 2022 Draft Operating and Capital Budget adheres to Council's direction of setting an overall municipal tax increase at 3 per cent, and that the rate-supported budget be set in accordance with the approved 2017 Long Range Financial Plan (LRFP) V – Water, Wastewater and Stormwater supported programs. Ottawa Police Services draft budget reflects a levy increase of 2.86 per cent. The unallocated portion of \$435 thousand is included in the draft budget as a contribution to the Community Safety and Well Being Plan toward the mental health pillar with a focus on mental health crisis response.

The 2022 Draft Budget demonstrates a continued commitment to important investments in physical and social infrastructure, keeping residents safe and secure, supporting affordable living and housing, enhancing prosperity, and fostering widespread economic growth and development, protecting the environment, and promoting quality of life in communities across Ottawa. The 2022 Draft Budget is an affordable approach for

responsible growth, mobility, and housing, and ensures a balance of affordability and fiscal responsibility while maintaining a prudent approach to long-term financial stability.

Consistent with this prudent approach, the budget includes the COVID-19 related budget pressures expected in 2022. These budget pressures are shown separately within each service area, due to the one-time nature of these costs. Any lasting regulatory changes would be considered again in future budgets. As senior levels of COVID-19 funding have not been confirmed at this time, all tax-supported COVID-19 pressures identified in the 2022 budget are assumed to be offset by the Tax Stabilization Reserve and provincial funding. Financial mitigation measures were put in place in 2020 and 2021 to cover the forecasted municipal COVID-19 pressures in 2022 where funding is not available. However, for Transit Services the forecast COVID-19 pressures exceed the projected transit reserves available and the 2022 Draft Budget must rely on the possibility that COVID-19 funding will be received from senior levels of government. The City continues to seek additional funding from senior levels of government for COVID-19 pandemic management and recovery for both citywide municipal and Transit Services.

After the 2022 Draft Budget is tabled on November 3, 2021, the next phase of consultation begins with public delegations at Standing Committee, Transit Commission and Board budget meetings. The draft budget will be available online and reference copies of the budgets will be available in the City's libraries and client service centres.

Council will consider the final 2022 Draft Budget, sitting as Committee of the Whole, on December 8, 2021.

RÉSUMÉ

Le présent rapport est un sommaire général et un survol des budgets de fonctionnement et d'immobilisations préliminaires de 2021 financés par les taxes et les redevances et déposés au Conseil municipal le 3 novembre 2021. Ces budgets sont résumés au niveau le plus général, tandis que les documents budgétaires remis à chaque comité permanent fournissent le détail des changements proposés pour chacun des secteurs d'activité.

Les budgets de fonctionnement et d'immobilisations préliminaires de 2022 s'inscrivent dans la directive du Conseil de fixer à 3 % la majoration des taxes foncières et d'établir le budget financé par les redevances en fonction du Plan financier à long terme V – Programmes relatifs à l'eau, aux eaux usées et aux eaux pluviales financés par les tarifs, approuvé en 2017. Le budget préliminaire du Service de police d'Ottawa

correspond à une augmentation de taxe de 2,86 %. Le montant non attribué de 435 000 \$ est inscrit dans le budget préliminaire au titre de contribution au Plan de sécurité et de bien-être dans les collectivités pour le pilier « santé mentale » et notamment les services d'urgence en santé mentale.

Le budget préliminaire de 2022 démontre un engagement soutenu à investir substantiellement dans l'infrastructure sociale et physique de la ville. Il vise à assurer la protection et la sécurité des résidents, à soutenir des conditions de vie abordables et l'accès au logement abordable, à accroître la prospérité, à favoriser la croissance économique et le développement généralisés, à protéger l'environnement et à promouvoir la qualité de vie dans les collectivités d'Ottawa. Il constitue une approche viable financièrement pour assurer une croissance responsable, soutenir la mobilité et le logement, concilier l'abordabilité des services et la responsabilité financière tout en maintenant une approche prudente au chapitre de la stabilité financière à long terme.

Conformément à cette approche prudente, le budget inclut les contraintes budgétaires reliées à la COVID-19C qui sont prévues en 2022. Ces contraintes budgétaires sont indiquées séparément pour chaque secteur d'activité, étant donné le caractère ponctuel de ces dépenses. S'il devait y avoir des modifications réglementaires permanentes, elles seront prises à nouveau en compte dans de prochains budgets. Étant donné que le financement des ordres supérieurs de gouvernement pour la COVID-19 n'a pas encore été confirmé, nous supposons que toutes les contraintes budgétaires financées par les taxes reliées à la COVID-19 dans le budget de 2022 sont prises en charge par le fonds de réserve de stabilisation des taxes et du financement provincial. Des mesures d'atténuation financière ont été mises en place en 2020 et 2021 pour tenir compte des pressions financières exercées par la COVID-19 prévues en 2022 lorsqu'il n'y a pas de financement disponible. Par contre, dans le cas du Service de transport en commun, ces pressions excèdent les réserves disponibles pour le transport en commun. Cela étant, le budget préliminaire de 2022 doit reposer sur la possibilité de recevoir des ordres supérieurs de gouvernement du financement pour la COVID-19. La Ville continue de chercher du financement additionnel auprès des ordres supérieurs de gouvernement afin de gérer la pandémie de COVID-19 et de soutenir le rétablissement des services municipaux et de transport en commun.

Après le dépôt du budget préliminaire de 2022 le 3 novembre 2021, une prochaine phase de consultation s'amorcera par la présence de délégations publiques aux réunions budgétaires des comités permanents, des conseils et de la Commission du transport en commun. Le budget préliminaire sera affiché en ligne et l'on pourra s'en

procurer des exemplaires dans les bibliothèques de la Ville et les centres du service à la clientèle.

Le Conseil municipal examinera en comité plénier le budget préliminaire une dernière fois avant son adoption le 8 décembre 2021.

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](#)). The adopted recommendation for the 2018-2022 Term of Council process for the tax and rate supported budgets largely mirrors the budget process approved by the previous Council.

On July 21, 2021, the following guidelines were approved by Council as part of the 2022 Budget Directions, Timeline and Consultation Process report ([ACS2021-FSD-FIN-0017](#)):

- a. That the municipal tax increase be set at 3 per cent overall inclusive of the following:
 - i. The Citywide tax levy, which includes funding for Library and Public Health, be increased by no more than 2.6 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.

The 2022 Draft budgets will be considered by Standing Committees, Boards, and the Transit Commission. They consist of the following:

City Departmental Submission

- Finance and Economic Development Committee
- Agriculture and Rural Affairs Committee
- Community and Protective Services Committee
- Transportation Committee
- Planning Committee
- Standing Committee on Environmental Protection, Water and Waste Management
- Audit Committee
- Information Technology Sub-Committee

Boards and Transit Commission

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

This report provides an overview of all the draft budgets being tabled at Council. The 2022 Draft Operating and Capital Budget Summaries for all Standing Committees, Boards and the Transit Commission are attached as Documents 1 and 2 to this report.

Council has played a leading role in the City's approach to fiscal management and financial sustainability. Strong financial management is a priority for the City, Council, and residents. Throughout the years, the City has adopted strong financial oversight, policies and plans including transparency that have led to financial sustainability including:

- Long Range Financial Plans;
- A Fiscal Framework that sets out a high-level road map to sustainable City finances;
- Strategic Asset Management Plan; and
- Reserve Management Policy.

Throughout this time the City has conducted many operations reviews ensuring our administration staff is as lean as possible and that our growth investment is directed at front line services. From 2001 to 2018 the City has achieved \$361 million in efficiency savings and eliminated 1,658 FTEs. These savings have been achieved through a series of structured, continuous improvement initiatives in areas such as business process improvements, organizational and administrative efficiencies, technological improvements, and enhanced revenues using best-practice programs. Initiatives included organizational redesign and management streamlining, process redesign and refinement, a universal program review, service reviews, branch process reviews, administrative reviews, the application of focused productivity targets, staff engagement in service improvement ideas and initiatives, opportunity logs and the Service Excellence Program.

In addition to the formal efficiency programs, staff implemented staffing pauses and discretionary spending freezes in 2020 and 2021 to mitigate non-COVID and COVID pressures. Staff efforts resulted in a non-COVID surplus in 2020 and a forecasted non-COVID-surplus in 2021.

DISCUSSION

2022 Draft Budget Overview

TAX-SUPPORTED SERVICES

The 2022 Draft Budget, tabled on November 3, 2021, achieves Council's objective of an overall municipal tax increase of 3 per cent.

Council also approved a budget direction requiring all local Boards and the Transit Commission to be assigned a pro-rated share of the increase in property tax revenues from the estimated growth in assessment. Council requested that Boards and the Transit Commission develop their 2022 Draft budget within their allocations.

The budgets tabled on November 3, 2021, comply with the approved recommendations as per the Proposed 2022 Budget Directions, Timeline and Consultation Process report ([ACS2021-FSD-FIN-0017](#)), with two exceptions. Since the approval of the 2022 Budget Directions, Timeline and Consultation Process report in July, the most recent information received from the Municipal Property Assessment Corporation (MPAC) reflects an updated assessment growth estimate from 1.4 per cent to 1.7 per cent. This resulted in an overall assumed assessment growth estimate of \$31.1 million shared across all business areas.

The Ottawa Police Service's tax increase was tabled at a 2.86 per cent tax increase, not 3 per cent. This yielded capacity in the Citywide tax increase of 0.04 per cent in the amount of \$435 thousand which will be allocated to the Community and Safety Well Being Plan toward the mental health pillar with a focus on mental health crisis response. COVID-19 has exacerbated the community impacts of problematic substance use and has exposed some gaps in mental health services for residents in need. This has been particularly evident in our City's downtown core and Lowertown. Funding will support a pilot program specific to the Lowertown area. This program will provide services which focus on preventing harms to individuals and the surrounding community related to substance use and will facilitate low-barrier access to a wide range of treatment options. The model of care that will be developed will be rooted in data, best practices and local evidence. The pilot will be spearheaded by Ottawa Inner City Health in collaboration with City staff and Ottawa Public Health. This pilot also aligns with Council's recently approved Community Safety and Well-Being Plan, specifically the objectives to address mental well-being and integration of services.

The information provided above addresses the referral motions tabled by Councillors Hubley (FEDCO Motion 2/27) and El-Chantiry (Council Motion 58/3) when the 2022 Budget Directions, Timeline and Consultation Process report was being considered by the Finance and Economic Development Committee and Council in July, which directed the Chief Financial Officer/Treasurer to include an update on Ottawa Police Services budget and the potential funding available as part of the tabling of the 2022 Draft Budget.

OVERALL OPERATING BUDGET ESTIMATES/PROJECTED TAXATION

The 2022 Draft budgets include \$87.2 million in net additional tax. These taxes are being raised from an overall municipal tax increase of 3 per cent and assessment growth of 1.7 per cent, which includes all Tax-Supported City services, Police and Transit. Table 1 below shows the estimated impact on an urban and rural home and commercial property at the average assessed value.

Table 1 - Property Tax Impacts (in dollars)

	Urban Home	Rural Home	Commercial Property
	Average Assessment: \$415,000	Average Assessment: \$415,000	Average Assessment: \$460,000
2021 Taxation	\$3,964	\$3,272	\$8,070
2022 Increases			
Citywide	\$65	\$61	\$132
Police	\$19	\$19	\$38
Transit	\$35	\$11	\$70
Total \$ Change	\$119	\$91	\$240
% Change	3.0%	2.8%	3.0%

These estimated increases are based on the current draft budget's funding requirements. The actual increases on the property tax bill will depend on the Council-adopted budget, assessment data from MPAC, and any changes to tax policy adopted by Council before tax rates are finalized.

Full-Time Equivalent

The draft budgets being tabled include the number of full-time equivalent (FTE) positions that are required to deliver City services. For all services (including Rate-Supported), the total number of budgeted full-time equivalent staff positions that are required to deliver services for City Operations, the Boards and Transit Commission in 2022 is 15,788.45 budgeted FTE staff positions. This represents a net increase of 142.13 FTEs when compared to 2021; of which 21.5 FTE positions were approved by Council through various reports in 2021. Ten FTE positions in citywide services and 32 FTE positions in Library and Transit are an additional cost pressure in 2022, the remainder are funded primarily by additional revenues. Table 2 below lists the 2022 budgeted FTE request breakdown by each business area.

Table 2: Budget FTE Request

	2022 Budget FTE Request
Citywide Departments	
Office of the Auditor General	2
Community & Social Services	3.63
Emergency & Protective Services	19
Recreation, Cultural & Facility Services	1
Public Works & Environmental Services	8
Planning, Infrastructure & Economic Development	3
Innovative Client Services	1
Citywide Departments Total	37.63
Rate Supported Program	
Drinking Water Services	7.5
Wastewater Services	5.5
Rate Supported Program Total	13
Boards, Agencies and Commission	
Ottawa Public Library	9
Ottawa Police Service	0
Ottawa Public Health	0
Transit Commission	61
Boards, Agencies and Commission Total	70
Total	120.63

Citywide Departments FTE Positions

There is a net increase of 37.63 FTE positions within the citywide departments to support growth in front-line services, maintaining Council approved programs, and to administer provincially legislated mandates.

There are 11 FTE positions that have no budget pressure in 2022 as the funding has been provided for in 2021 however, the FTEs are being administratively added in this budget process. These FTE positions continue to be required for the ongoing support of various Council approved directives summarized in table 2.1 below.

Table 2.1: Budget FTE Request – Funding Approved in 2021

Number of FTEs	Council Report/ Resource
4	Tree By-law Review Project Report ACS2019-PIE-EDP-0052 Tree Protection By-Law 2020-340
2	Public Bike Parking Strategy Report ACS2021-PWE-RPS-0001
2	Precise Parklink Contract Update Report ACS2020-PWE-RPS-0001
2	Film By-Law Report ACS2020-PIE-EDP-0005
1	Bill 108, The More Homes, More Choice Act

There are 16.63 FTE positions that are directly being funded by revenues generated from user fees, efficiency savings and provincial funding. These FTEs are required to support growth, maintaining City services and are provincially mandated. This includes 14 FTE positions in Paramedic Services to maintain Council approved response times; of which the cost is 50 per cent funded by the Province. In Long-Term Care, 1.63 FTE positions for the Adult Day Program is fully funded permanently by the Province. In Recreation and Cultural Facilities Services, 1 FTE position is for a monitoring and compliance officer, fully funded by efficiency savings.

As mentioned above, 10 FTE positions are cost pressures in 2022. These include 4 FTE positions for the Community Safety and Well-Being Team, 2 FTE positions to support the increased volume in the Fraud and Waste Hotline reports in the Auditor General's office, and 4 FTE positions to support various programs such as the Housing and Homelessness initiative, Diversity and Equity related programs, hiring support for Councillors Assistants and Indigenous consultation.

Outside of the budget process 21.5 FTE positions have been previously approved by Council in-year and are being reported through this budget process. On October 13, 2021, Council approved the Automated Speed Enforcement and School Bus Camera Pilot projects report ([ACS2021-TSD-TRF-0005](#)), in the report 19 FTE positions were identified to support the Automated Speed Enforcement (ASE) program associated with the implementation of 15 new cameras by the end of 2022. Of the 19 FTE positions, 1 FTE position is in the Information Technology Services to support the ongoing technical solutions, 3 FTE positions are in Legal Services to support the increased number of charges and prosecution process, 7 FTE positions are in Revenue Services to support payment inquiries and collections, and 8 FTE positions are to deliver the Pedestrian

Crossover and Temporary Traffic Calming Programs. These 19 FTE positions are fully funded from the revenues generated from ASE. In By-law Services, 2.5 FTE positions are being reported through this budget process but was previously approved by Council. These positions are required to support the new towing regulations and are offset by user fee revenues as identified in the Towing Services Regulatory Review and Licensing Regime Report ([ACS2021-EPS-PPD-0002](#)).

Rate Support Program FTE Positions

Drinking Water Services and Wastewater Services identified an additional 13 FTE positions for 2022. Of the 13 FTE positions, 3 FTE positions are to support the Water Linear System at the water treatment plants and pumping stations to keep up pace with the increased requirement in infrastructure renewal. There are 5 FTE positions required to support Information Technology (IT) Security that was identified in the IT audit, 2 FTE positions to support the new combined sewage storage tunnel, and 3 FTE positions have funding provided for in 2021 with no 2022 budget pressure.

Board and Commission FTE Positions

Ottawa Public Library (OPL) identified an additional 9 FTE positions for 2022. Of the 9 FTE positions, 8 FTE positions are required for Sunday hours and harmonization of the east urban branches and 1 FTE is dedicated to OPL's virtual programming.

Transit has a net increase of 61 FTE positions for 2022. In 2021 there was a reduction of 70 FTE positions due to service hour reductions however, the annualized cost of 83 FTE positions are identified in 2022 to address the regulatory requirement for paid 30-minute breaks for operators after five consecutive hours of work. There are 38 FTE positions required for fleet and facilities to address enhanced cleaning requirements due to COVID-19. These costs are assumed to be offset by senior government funding as the City continues to seek additional COVID-19 pandemic recovery funds in 2022. There are 10 FTE positions to support other requirements such as the Safety Management Systems and O-Train Line 2/4.

2022 Tax-Supported Budget

OPERATING BUDGET

The total 2022 tax-supported operating expenses are projected to be \$3.7 billion, a \$148.4 million increase over 2021. Operating expenses are funded through property taxes (53 per cent), payments in lieu of property taxes (5 per cent), federal and

provincial grants (23 per cent), fees and service charges (14 per cent) and other miscellaneous revenue sources (5 per cent).

A summary of the 2022 budgetary requirements shown by Standing Committee, the Boards and Transit Commission is provided in Document 1.

Table 3 below outlines changes to the 2022 budget expense estimates and the source of their funds. For the 2022 budget, some COVID-19 cost pressures are expected to remain in 2022. These are one-time pressures, and any lasting regulatory changes would be considered again in future budgets. The City's financial strategy for 2022 assumes that some COVID-19 pressures identified in the 2022 budget are to be offset by the financial mitigation strategies that were put in place in 2020 and 2021, which have resulted in surpluses contributed to the Tax Stabilization Reserve Fund. Community and Social Services has confirmed funding available to offset COVID-19 pressures from the Social Services Relief Fund and other provincial funding that is included in the budget. However, for Transit Services the forecast COVID-19 pressures exceed the projected transit reserves available and the 2022 Draft Budget must rely on the likelihood that COVID-19 funding will be received from senior levels of government and assumes that the total projected Transit COVID-19 pressures in 2022 are offset by government funding. The City continues to pursue additional funding from senior levels of government for continued COVID-19 pandemic response and recovery for both municipal and Transit Services.

The provincial government reduced the 2021 education tax rate for taxable commercial and industrial properties to provide financial relief to taxable businesses struggling due to the COVID-19 pandemic and spur job creation. The province kept the 2021 Payment In Lieu of Taxation (PILT) education rate the same as it was in 2020. The federal PILT Act states that PILTs are to be paid at the rate applicable to other taxable properties, and PILT corporations are leaning toward making PILTs at the lower rate. Provincial regulation allows Municipalities to retain the education component of PILTs, and the revenue is included as part of the annual budget. The decision to pay on the lower rate will negatively impact municipalities across Ontario that have PILT properties and depend on this revenue. The potential impact is a revenue shortfall of \$13 million in 2022. Discussions are ongoing at the staff and political levels between the three levels of government to resolve this issue and maintain PILT revenues at existing levels.

Table 3: Budget Changes (in millions of dollars)

	City Services	Transit	Police	Library	Public Health	Total
Available Funding:						
Assessment Growth	18.8	5.7	5.2	0.9	0.4	31.1
Tax Increase	30.0	15.2	8.9	1.4	0.6	56.1
User fees / Revenues	34.1	5.4	0.8	0.0	0.0	40.3
Federal/Provincial Cost Sharing	1.5	0.0	0.0	0.0	0.0	1.5
Funding Envelope	84.5	26.3	14.8	2.3	1.1	129.1
Funding Pressures:						
Base Adjustments	4.8	(6.5)	0.0	0.2	0.0	(1.5)
Maintain services	60.7	31.8	14.7	1.4	1.1	109.7
Growth needs	19.0	1.0	0.0	0.7	0.0	20.7
Service Initiatives/Efficiencies	0.0	0.0	0.1	0.0	0.0	0.1
Funding Pressures	84.5	26.3	14.8	2.3	1.1	129.1
Net Requirement	0.0	0.0	0.0	0.0	0.0	0.0
COVID-19 Pressures	51.7	60.6	1.6	0.0	47.7	161.6
One-Time Reserve Funding	(23.2)	0.0	(1.6)	0.0	0.0	(24.8)
COVID Provincial/Federal Funding	(28.5)	(60.6)	0.0	0.0	(47.7)	(136.8)
COVID-19 Net Requirement	0.0	0.0	0.0	0.0	0.0	0.0

Available Funding

GROWTH IN TAX ASSESSMENT AND TAX INCREASES: \$87.2 MILLION

As noted in the Memo to Council dated October 19, 2021, the forecast assessment growth for 2022 has increased from 1.4 to 1.7 per cent. Taxes raised from new developments are projected to increase by 1.7 per cent in 2022, which will provide an additional \$31.1 million in tax revenues. The revenues generated from the proposed overall 3 per cent tax increase is \$56.1 million.

The OPS tabled draft budget on November 3, 2021 reflects a Police tax levy of 2.86 per cent, plus the pro rata share of the 1.7 per cent assessment growth resulting in a submission of \$14.04 million budget increase.

USER FEES /REVENUE INCREASES /PROVINCIAL COST SHARING: \$41.8 MILLION

The draft budget increases user fees in line with the increased cost to deliver services, in accordance with the Fiscal Framework approved by Council. Revenues from all other sources are reviewed annually to determine if they require adjustment. The user fees and revenue adjustments together are projected to generate \$40.3 million.

Included in the \$40.3 million are annual increases across all departments to user fees and an increase to the Solid Waste single family and multi residential fee as per the new collection contracts and to address the increasing capital requirements for this service detailed in the four-year spending plan. A temporary COVID-19 surcharge of 1.95 per cent has been included in the recreational fees to recover the additional cost of delivering these services in a pandemic.

Revenue from the Automated Speed Enforcement (ASE) program is budgeted at \$15.8 million with the implementation of 15 new ASE cameras by the end of 2022.

The Province of Ontario has announced that providers of Long-Term Care services will need to provide 4.0 hours of care per resident by March 31, 2025 with gradually increasing targets provided for the interim years. Based on information available at the time, the Draft 2022 Budget, includes an estimate of the impact of the transition to the March 31, 2022 target of 3.0 hours of care of \$1,607 thousand, offset by expected provincial funding of \$1,285 thousand and a net budget pressure of \$322 thousand. Subsequently, the Province announced specific funding levels on October 22, 2021. The funding allocated to the City's four Long-Term Care Homes is a total of \$6,194 thousand for the full year in 2022, likely eliminating the budget pressure in 2022. Staff will report to the Community and Protective Services Committee in 2022 regarding staffing plans related to this funding.

The 2022 budget includes a Transit fare increase of 2.5 per cent as approved through the 2022 Budget Directions, Timeline and Consultations Process report. The 2.5 per cent 2022 Transit fare increase is effective January 1 and is based on 2021 rates. Transit user fee and revenue increases total \$5.4 million and do not include service growth adjustments. The fare increase represents less than a ten-cent increase per day on an adult monthly pass. The 2022 Draft Budget continues to hold the Equipass and Community Passes at 2018 rates, which is reflected as a budget pressure of \$415 thousand in the Employment and Social Services budget.

A Council Member Inquiry OCC 21-05 was submitted at the June 9, 2021 Council meeting regarding updates to the Urban Transit Area (UTA) requesting staff to identify

opportunities as part of the annual budget consultation process to provide a briefing to Members of Council who residents' property taxes are impacted by changes to the UTA. Staff recommended specific outreach to the Councillors for the wards where the future proposed changes would apply. The 2022 Draft Budget does not propose any expansion or change to the Urban Transit Boundary and there are no impacts to report.

Per the 2022 Budget Directions, Timeline and Consultations Process report, the 2022 garbage fee will be increased in accordance with the Solid Waste Residential Collection Contracts Renewal report ([ACS2019-PWE-GEN-0001](#)). Staff have also been working on a Solid Waste Long Range Financial Plan as a companion report to the Solid Waste Master Plan that will be presented to Council in 2023. The 2022 budget includes the revised estimated capital requirements for the next four years which is estimated at \$122.9 million from 2022 to 2025. The fee increase related to the renewed contracts, additional operating pressures and increased capital needs is \$12 for curbside and \$6 for multi-residential. Each \$1 increase in the garbage fee only equates to an additional \$423 thousand since the fee is per household. Even with these increases, the City of Ottawa's garbage fee is one of the lowest in comparison to other comparable municipalities across Canada.

Funding Pressures

BASE ADJUSTMENTS: -\$1.5 MILLION

The base adjustments to City service budgets include an addition of \$1.5 million for the Automated Speed Enforcement (ASE) program. Other additions to the base include \$0.7 million in Paramedic Services with an offset by Provincial revenue, increase of \$0.3 million in By-law Services to support the new towing regulations, \$0.3 million for Parks for increased water costs at the splash pads, \$0.9 million in Solid Waste Services utility costs, bin program, and landfill operations, and a \$2.0 million reversal of one-time allocations provided in the 2021 budget for affordable housing to replace with more stable base budget increases. Some other offsetting reductions include \$0.6 million decrease in energy costs due to LED conversion. In Transit, there was a reduction of \$11 million due to service hour reductions along with a \$4.5 million increase for the annualized cost of the regulatory requirement for paid 30-minute breaks for operator after five consecutive hours of work and increased Workplace Safety and Insurance Board (WSIB) costs.

MAINTAIN SERVICES: \$109.7 MILLION

Increase of \$38.1 million associated with reserve fund contributions to fund capital and other initiatives and inflationary increases of \$25.4 million relate to changes in fuel pricing, purchased services, facility, contracts, and provincially legislated programs have been included in the budget. In addition, compensation, benefit increases from contract settlements and legislative changes to Canada Pension Plan require \$46.2 million in 2022. To continue to close the infrastructure funding gap per the Tax LRFP, there is a \$5 million increase to Citywide Capital Reserve base budget contribution. Per the Housing LRFP, 2022 budget includes a \$1 million increase to the Affordable Housing base budget contribution to capital increasing it to a total of \$7 million annually, and additional \$525 thousand for operating and \$500 thousand to increase the development charge exemption budget to cover the cost of exemptions for increased affordable housing units. There is a decrease of \$3 million in Child Care funding as the result of the implementation of the 5 per cent administrative cost cap and municipal share of administration set at 50 per cent for all programs.

GROWTH NEEDS: \$20.7 MILLION

The cost of growth includes a contribution to the Safer Road Reserve Fund of \$8.7 million for road safety capital initiatives, 14 paramedics, 12 ambulances and adult school crossing guards to support 10 new locations. In addition, \$0.6 million to support waste diversion, \$1.5 million in By-law Services, \$1.6 million related to costs to the outcome of the new Community Funding Framework, and \$1 million increase to the Citywide Capital Reserve for growth per the Long Range Financial Plan.

SERVICE INITIATIVES: -\$5.05 MILLION

The OPS have included \$5.175 million of new investments that will contribute to the ongoing OPS strategy to rebuild public trust, demonstrate a greater duty of care for all community members and OPS members while improving community safety and well-being. These new investments are funded with offsetting efficiencies of \$5.05 million as OPS continues to focus on continuous improvement through strategic initiatives, such as the Back Office Integration initiative, the Re-organization and the Facilities Strategic Plan, Fleet rationalization, equipment rationalization, Capital review, outsourcing, civilianization, and management efficiency targets on spending will enable the Service to maintain a lean operating environment now and in the future.

EFFICIENCIES: -\$600 THOUSAND

The Innovative Client Services department has put in place an Operational Excellence program that will look at ways to drive unnecessary cost and complexity out of the

organization's business processes through automation, standardization, and simplification. The 2022 budget includes an initial goal of \$600 thousand in savings from various initiatives.

2022 COVID-19 PRESSURES: \$161.6 MILLION

The 2022 Draft Budget includes the COVID-19 related budget pressures expected in 2022. These budget pressures are shown separately within each service area, due to the one-time nature of these costs. These costs are assumed to be offset by the Tax Stabilization Reserve Fund/ Other Reserves for municipal services however, the City continues to seek additional funding from the senior levels of government for its COVID-19 pandemic response and recovery. Table 4 below summarizes the projected COVID-19 pressures and funding assumptions for 2021 and 2022.

Table 4: COVID-19 Pressures (in millions of dollars)

	2021 Forecast COVID Costs	2021 COVID Funding	Remaining 2021 COVID Pressure	2022 Forecast COVID Costs	2022 Funding
Municipal	59.1	(65.0)	(5.9)	23.3	Tax Stabilization Reserve.
Long Term Care	20.9	(7.3)	13.6	16.4	Provincial funding.
Housing	56.3	(56.3)	0.0	12.0	Provincial funding.
Ottawa Public Health (OPH)	61	(61)	0.0	47.7	Provincial funding.
Transit	141.6	(115.3)	26.3	60.6	Provincial funding.
Police	2.5	(2.5)	0.0	1.6	One-time funding from OPS reserve.
Total	341.4	(307.4)	34.0	161.6	

The financial mitigation strategies implemented in 2020 and in 2021 will help to fund these pressures. Additional operational and financial mitigation measures including service reductions, deferral of capital spending, and second capital close exercise can be utilized as required. The discretionary spending and minimizing new FTE budget pressures will continue in 2022 to assist in lowering expenses and mitigating these pressures. Staff have conducted a thorough review of financial mitigation measures and has leveraged those that do not have a front-line service impact to absorb base budget pressures, offset growth-related pressures and certain COVID-19 costs. Budget reduction strategies have been initiated in parallel to this budget process should the need be required. These will be implemented and where warranted brought forward for

Council consideration if offset funding from senior levels of government does not fully address 2022 COVID-19 budget pressures. Further mitigation measures will have impacts on reserves, capital projects and service levels.

The 2022 COVID-19 pressures for Municipal services are expected to be \$23.3 million, \$16.4 for Long Term Care, \$12 million for Housing Services, \$47.7 million for Ottawa Public Health, \$60.6 million for Transit, and \$1.6 million for Police Services. OPH COVID-19 pressures are assumed to be fully funded by the Province. Transit COVID-19 related budget pressures are assumed to be funded by senior levels of government. Additional measures such as, one-time borrowing from the rate reserves can be put in place if government funding is not available for Transit to the end of the year in 2022.

The daily rate for patio fees remains at zero dollars in 2022 in consideration of the COVID-19 impacts to businesses.

ONE-TIME CONTRIBUTIONS: \$360 THOUSAND

The 2022 tax-supported operating budget includes other non-COVID one-time contributions funded from the tax stabilization reserve. These one-time costs include \$100 thousand to support Long Term Care's Dementia Strategy Framework and initial training cost related to the Person-Centre Care model as per report [ACS2021-CSS-GEN-015](#). Also included is \$130 thousand for temporary staff to conduct the Markets review and \$130 thousand for temporary staff to develop the Heritage Plans required to comply with provincial legislation.

2022 Draft Capital Budget and 2022-2025 Capital Forecast

The capital program requirements for 2022 and forecasts for 2022 to 2025 were developed in accordance with the Council-approved Transportation Master Plan, Infrastructure Services Master Plan, 2019 Development Charges Background Study and Long-Range Financial Plan for both Tax and Rate supported services. Debt funding, used to fund eligible components of the capital program requirements, will be used in accordance with Long Range Financial Plans and Fiscal Framework.

The \$58 million one-time increase in Federal Gas Tax revenue received in 2020 has been allocated to the infrastructure renewal gap for roads. Of the \$58 million, \$20 million was allocated in 2020, \$19 million in 2021, and the remaining \$19 million is included in the 2022 Draft Capital Budget. Allocation of the \$58 million one-time increase in Federal Gas Tax revenue received in 2021 has not been allocated pending the proposed financial strategy and funding requirements that will be identified as part

the revised and more up to date Transit affordability model planned for Q1 2022. All previous Transit LRFPs have identified provincial and federal gas tax as critical sources of funding to ensure the affordability of the City's Transit services and capital program and have been built into the funding strategy and affordability model for Transit for the next thirty years. Any increases to gas tax funding now and in the future help to improve the affordability of these plans moving forward.

The City's 2022 Draft Capital Budget also includes an additional budget for the advancement of renewal of sidewalks, pathways and roads works in the amount of \$39 million, mostly funded by tax-supported debt. The debt servicing impact of approximately \$5 million will be decreased from the contribution to capital in 2023 when the debt servicing is required, which will extend the time to close the annual funding gap per the LRF by one year to 2026 instead of 2025.

Debt and Reserves

The City funds its capital program through a combination of tax funds from reserves, development charges on the growth portion of eligible projects and grants from senior levels of government and debt.

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

- The increase in debt servicing for non-legacy projects will not be greater than one-quarter of one per cent of taxes from property.
- Additional debt is permitted for legacy projects.
- Principal and interest for tax-supported debt is not to exceed 7.5 per cent of own source revenues.

The capital program developed and tabled with Council adheres to these principles.

2022 Draft Capital Budget – Tax-Supported

The capital authority requested for tax-supported capital works in 2022 is \$725.1 million. This includes the tax-supported component of the integrated water, wastewater and roads program, and the draft capital submissions from the Transit Commission, Police and Library Boards. The water and wastewater capital projects, which are funded entirely from water, wastewater and stormwater revenues, development charges and debt, are presented later in this report. The total combined capital authority being requested for rate and tax in 2022 is \$989.5 million.

The Solid Waste program is currently addressing regulatory pressures that are required at the Trail Road Waste Facility. While continuing efforts to extend the life of the landfill, as well as other long-term planning and regulatory requirements, the solid waste reserve is in a deficit position, and will continue to be in the short term. Debt funding has been applied to those projects that qualify in 2022. Staff are currently preparing a solid waste master plan, and solid waste long range financial plan to develop financial and non-financial strategies that will allow the City to continue to provide solid waste services to City residents and return the reserve to a surplus position.

In Fleet Services, there are several vehicles that are past their useful life and are running higher than normal maintenance costs due to not having sufficient Fleet Reserve renewal funds available in previous capital budgets. As a result, Fleet Services has requested additional capital renewal funding in 2022 and 4-year forecast to help with current needs in addressing the aging fleet and reduce unnecessary maintenance costs. In order to address the backlog, the financing strategy includes borrowing on vehicles with a useful life of 15 years or more, and only borrowing in the short term for a small portion of the fleet capital requirement in the next four years. Staff have assessed the costs and benefits of doing so, and this was the optimal strategy per the fleet affordability model.

The integrated program of capital works requires funding from both tax-supported (Citywide Capital Reserve Fund or tax-supported debt) and rate-supported sources (Water, Wastewater or Stormwater Capital Reserve Funds or rate-supported debt). Although these projects have both tax and rate funding components, they are included in the Transportation Committee's budget book as they fall under its legislative mandate. Table 5 below shows the tax-supported portion of the integrated program.

Table 5: 2022 Tax-Supported Capital Program Funding Summary (in thousands of dollars)

2022 Request	Renewal of City Assets	Growth	Regulatory/ Service Enhancements	Grand Total
Total Authority	465,010	149,302	110,814	725,126
Funding Requirement				
Revenue	534	6,521	550	7,605
Reserves	321,127	24,748	69,539	415,414
Development Charges (Cash/Debt)	1,070	108,330	0	109,400
Debt Funding	142,279	9,702	40,725	192,706
Total	465,010	149,302	110,814	725,126

2022 Draft Rate-Supported Operating Budget

RATE-SUPPORTED SERVICES

The 2022 Draft Rate Budget is consistent with the Long Range Financial Plan V approved by Council in September 2017. The Rate-Supported 2022 Draft Budget, which includes water, wastewater and stormwater services, was developed within the Council-adopted revenue increases: 3 per cent for water, 4 per cent for wastewater and 12 per cent for stormwater with an overall average revenue increase of 4.86 per cent for rate supported services. The overall revenue increase is in part from additional revenues brought in from new accounts, which reduces the increase required from existing users of the system. As a result, the impact on the average bill will be an increase of 4.2 per cent. The average water bill will increase by \$36 per year or \$2.99 per month.

In the new rate structure, which was implemented in 2019, 20 per cent of the revenue raised is from a fixed charge based on the size of the water meter, with the remaining 80 per cent raised based on the forecasted consumption. The revenue projections for 2022 use water consumption projections of 82.2 million cubic metres. The stormwater fee is a fixed fee based on the property type, service area and service type.

The user rates, service charges and growth in new accounts fund the operating requirements of the water, wastewater and stormwater system, and provides the funds for capital works either as cash financing or repayment of debt.

The impact of the change in rates on a household with an average consumption of 180 cubic meters of water per year is identified in Table 6.

Table 6: Rate Annual Bill Impacts (in dollars)

Area	Urban Connected			Rural Non-Connected		
	2021	2022	% Change	2021	2022	% Change
Water	\$370.80	\$381.96	3.0%	N/A	N/A	N/A
Wastewater	\$331.56	\$343.80	3.7%	N/A	N/A	N/A
Storm	\$154.80	\$167.30	8.1%	\$77.40	\$83.65	8.1%
Total	\$857.16	\$893.06	4.2%	\$77.40	\$83.65	8.1%
\$ Change		\$35.90			\$6.25	

The changes to the 2022 budget estimates and the source of their funds are shown by category in the following table.

Table 7: Operating Budget Changes in Rate Operations (in millions of dollars)

	Water	Wastewater	Stormwater	Total
Available Funding:				
Revenue / User Fee Increase	\$5.7	\$7.3	\$9.6	\$22.6
Funding Pressures:				
Maintain Services	(\$0.6)	\$2.6	(\$0.1)	\$1.9
Growth	\$0.5	\$0.4	\$0.0	\$0.9
Capital Contributions	\$5.7	\$4.3	\$9.8	\$19.8
Total	\$5.7	\$7.3	\$9.6	\$22.6

Available Funding

Based on the 2022 consumption levels and the Council-approved revenue increases, the rate increases for 2022 will generate additional revenues of \$22.6 million, \$5.7 million for water, \$7.3 million for wastewater, and \$9.6 million for stormwater services.

Funding Pressures**MAINTAINING EXISTING PROGRAMS AND SERVICES: \$1.9 MILLION**

The increase is primarily a result of projected labour contract settlements, increments, and increases in the cost of benefits.

GROWTH TO PROGRAMS AND SERVICES: \$0.9 MILLION

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

CAPITAL CONTRIBUTIONS: \$19.8 MILLION

An overall increase to the contribution to capital of \$19.8 million, supports the capital-intensive nature of delivering rate-supported services with assets that last for multiple generations.

2022 Water, Wastewater and Stormwater Capital Program

The capital authority requested for 2022 is \$264.4 million. This includes the rate-funded component of the integrated road, water and sewer program. A list of the proposed work for 2022 is included in the draft budget.

Table 8: 2022 Rate-Supported Capital Program Funding Summary (in thousands of dollars)

2022 Request	Renewal of City Assets	Growth	Regulatory/ Service Enhancements	Grand Total
Total Authority	223,179	40,014	1,163	264,356
Funding Requirement				
Revenue	250	1,400	550	2,200
Reserves	162,523	14,428	613	177,564
Development Charges (Cash/Debt)	406	24,186	0	24,592
Debt Funding	60,000	0	0	60,000
Total	223,179	40,014	1,163	264,356

Infrastructure renewal makes up 84 per cent of the total 2022 Rate-Supported Capital Budget. The Capital Budget is funded from water, wastewater and stormwater reserves, development charges, new debt, and government grants. In 2022, annual debt repayments for water, wastewater and stormwater services will be 12 per cent of the City's own source revenues for these service areas. This is within the 15 per cent debt limit established by Council for rate-supported programs.

Budget Reviews and Consultation

The draft operating and capital budget documents for each Committee will be reviewed by the Chair and Vice Chairs of each Committee as part of the agenda review meetings, with input from the respective departments.

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

City residents have various ways they can provide input on the draft budget. Residents are encouraged to provide feedback directly to their local Ward Councillor. Many Councillors also hold public budget consultations to collect feedback from their constituents. This year, public consultations began in October and continue into November across the City. Input from these sessions is forwarded to members of Council and senior management for their consideration. Residents can also submit questions and comments on the Draft 2022 Budget through the City's public engagement website [Engage Ottawa](#).

Once the 2022 Draft Budget is tabled, all budget documents are posted on [Ottawa.ca/budget](#) and available in hard copy at public libraries and client service centers.

The draft budgets will be reviewed by the respective Standing Committees, Boards, Transit Commission and Advisory Committees at public meetings held from November through December 7. Residents can attend these meetings and provide input by registering to speak as a public delegation. The schedule for these meetings is listed below in Table 9.

Table 9 – 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
Council – Budget Tabling (special meeting) <ul style="list-style-type: none"> • City Services • *Transit Services • *Police Services • *Library Services • *Public Health • Committee of Adjustment • Crime Prevention 	Wednesday, November 3

<i>*In addition to this Council meeting, the Boards and Transit Commission hold their own meetings to table their respective budgets</i>	
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
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
Audit Committee	Friday, December 3
Finance & Economic Development Committee	Tuesday, December 7
Council – Budget Consideration / Adoption	Wednesday, December 8

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

Council will meet on December 8, 2021 to consider the 2022 Draft Budget and any recommendations from the budget meetings held by the Committees, Boards, Transit Commission, and Advisory Committees, and will then adopt the 2022 Budget.

Use of Delegated Authority by the Finance Services Department in 2020

This section provides information to Council on the use of delegated authority in 2020 by the Finance Services Department specific to Schedule “B” of *By-law 2020-360, as amended by By-law 2021-8*.

The *Delegation of Authority By-law* authorizes General Managers and various officers of the City to approve, amend, extend, and execute agreements. Schedule “B” of the by-law provides further detail on the delegation of authority as it relates to the Finance Services Department including the delegated authority of the Chief Financial Officer/Treasurer and other specific positions within the department.

Summarized below are the instances throughout 2020 where the Finance Services Department exercised delegated authority under the applicable sections of the *Delegation of Authority By-law*.

Section 3 – Authority to approve, amend, extend and execute agreements with the provincial or federal government.

Table 10 – Funding Agreements Related to Safe Restart Program

Program	Description	Amount
Municipal Operating Stream – Phase 1	Funding allocated on a per household basis to cover municipal COVID-19 operating costs and pressures. Full amount allocated to 2020 COVID-19 pressures.	\$49,348,500
Municipal Operating Stream – Phase 2	Funding available to municipalities whose COVID-19 municipal costs and pressures in 2020 exceeded Phase 1 Funding. \$4,875,000 used in 2020 and \$29,394,000 held in reserves for use in 2021.	\$34,269,000

Municipal Transit Systems Stream – Phase 1	Funding allocated to municipalities with transit systems to provide immediate relief from financial pressures related to COVID-19 up to September 30, 2020. \$70,309,842 was claimed for that period and the City applied for Phase 2 funding to address financial pressures from October 1, 2020 to the end of March 31, 2021.	\$74,980,842
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RURAL IMPLICATIONS

This report is citywide report and no specific rural implications are associated with this report.

CONSULTATION

Public input on the 2022 Draft Budget took place largely through Councillor-led virtual public consultation sessions organized by individual Councillors throughout the months of October and November. Of special note, on October 20, Councillor King organized the City's first budget consultation session geared specifically towards black, indigenous and racialized residents to share comments and provide input on what the City's priorities should be for the upcoming budget.

Further opportunity for residents to provide input on the draft budget was made available through [Engage Ottawa](#), the City's online engagement platform. Suggestions and ideas that were generated through the engagement process were shared with Council and senior management prior to the budget being tabled and were considered in the development of the draft budget.

The City promoted the Councillor-led virtual public consultation sessions and online engagement opportunities on [ottawa.ca](#), using traditional communications tools, and through the City's social media channels. Budget related information and resources are also available on [Ottawa.ca/budget](#).

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report and does not require comments by Ward Councillors.

ADVISORY COMMITTEE(S) COMMENTS

The applicable portions of the 2022 Draft Budget will be forwarded to the Advisory Committees of Council for their review and input prior to the final budget being considered by Council on December 8.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

FINANCIAL IMPLICATIONS

The financial implications are outlined in this report.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

The Draft 2022 Budget includes investments that directly support the City's indigenous, gender, race, and equity strategic priorities. Included is \$125 thousand in additional resource to support Diversity and Equity-related programs. In addition, \$120 thousand for an Indigenous Consultation Intern Position to support the City's approved Indigenous Reconciliation policy objectives for property acquisition at 1010 Somerset Street (report [ACS2021-PIE-CRO-0003](#)). To support the new Community Funding Framework Policy (report [ACS2020-CSS-GEN-0003](#)) which funds non-profit groups that work with Ottawa's most vulnerable residents gain equitable access to basic needs and services, \$1.6 million is also included in this budget.

CLIMATE IMPLICATIONS

The 2022 Draft Budget includes several programs, initiatives and capital projects that will help to advance the City's Ottawa's objectives under the Climate Emergency, Climate Change Master Plan, Energy Evolution, and/or the Climate Resiliency Strategy. The operating budget in 2022 for Resiliency and Climate Change is \$889 thousand. The operating budget in 2022 for Natural Systems is \$1.3 million, Within this operating budget 1 FTE was added for tree protection and \$120 thousand for an infill forester resource.

The draft capital budget also includes several projects that will help to advance the City's climate change goals. \$3 million will be invested again in 2022 through our Energy Management and Investment Strategy project intended for various facility enhancements designed to reduce overall building energy intensity, energy costs and greenhouse gas emissions.

The 2022 Budget includes \$1M to support the transition to a greener municipal fleet in line with the Council-approved target established in the 2020 Climate Change Master Plan.

The pedestrian and cycling programs and investments in sidewalks and multi-use pathways, attract more active transportation and contribute to reduced GHG through a favourable modal split. The 2022 Budget includes \$11.5 million for sidewalks and pathways; an additional \$2.9 million for pedestrian facilities, \$4.9 million for cycling facilities; \$1.2 million for Active Transportation Missing Links; and, \$2.2 million for Major Active Transportation Structures.

The work on the Transportation and Infrastructure Master Plans is considering capital requirements for the future and staff are applying a climate lens to all components of these plans.

The 2022 Budget also includes \$228 thousand for Floodplain Mapping which will include the delineation of 1 in 350 year flood lines that identify areas that would be flooded in an event that is larger than the regulatory 1 in 100 year event.

The 2022 Budget also includes \$55 million for the replacement of 74 40-foot diesel buses. The City is working with Canada Infrastructure Bank and Infrastructure Canada to purchase 74 zero emission buses instead. Once fully implemented, these buses are anticipated to reduce GHG emissions by approximately 7,000 tonnes annually. The business case for this purchase and financing arrangement will be brought to Council for approval in the first or second quarter of 2022.

The Stage 2 light rail Project made significant progress in 2021 throughout the three extensions. Lessons learned and experiences from the Stage 1 Project are continuously being implemented on the Stage 2 Project, including vehicle retrofits and improvements to stations. The Stage 2 Project is estimated to reduce GHG emissions by over 110,000 tonnes and CACs by over 3,000 tonnes by 2048 annually. These reductions are in addition to GHG and CAC reductions estimated from the Stage 1 Confederation Line 1. \$963 million of previously approved budget authority will be spent in 2022 on Stage 2 of our Light Rail System. Budget 2022 also includes transit capital projects like \$17,400 million to prepare for expanded rail service on Line 1 and Line 2 and \$23.9 million to implement the fare control system for Stage 2 stations.

Although Energy Evolution projects are funded outside the budget process through the \$800K Hydro Ottawa Dividend Surplus, a spending plan was approved by Council October 27, 2021. Examples of projects include \$100 thousand for EV Charging Infrastructure and \$70 thousand for a District Energy Study to assess district energy options for the new Gladstone Village development.

ACCESSIBILITY IMPACTS

The City of Ottawa is committed to providing equal treatment to people with disabilities with respect to the use and benefit of City services, programs, goods, and facilities in a manner that respects their dignity and that is equitable in relation to the broader public. This commitment extends to residents, visitors, and employees with visible or non-visible, and permanent or temporary disabilities.

TERM OF COUNCIL PRIORITIES

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

SUPPORTING DOCUMENTATION

Document 1 – 2022 Draft Operating Budget Summaries

Document 2 – 2022 Draft Capital Budget Summaries

Document 3 – 2022 Draft Operating and Capital Budgets Books by Standing Committee, Boards, Transit Commission

DISPOSITION

The 2022 Draft Budgets will be reviewed by the respective Standing Committees, Boards, Transit Commission and Advisory Committees at public meetings held from November through December 7. The recommendations stemming from these reviews will be forwarded for Council consideration at the meeting on December 8.