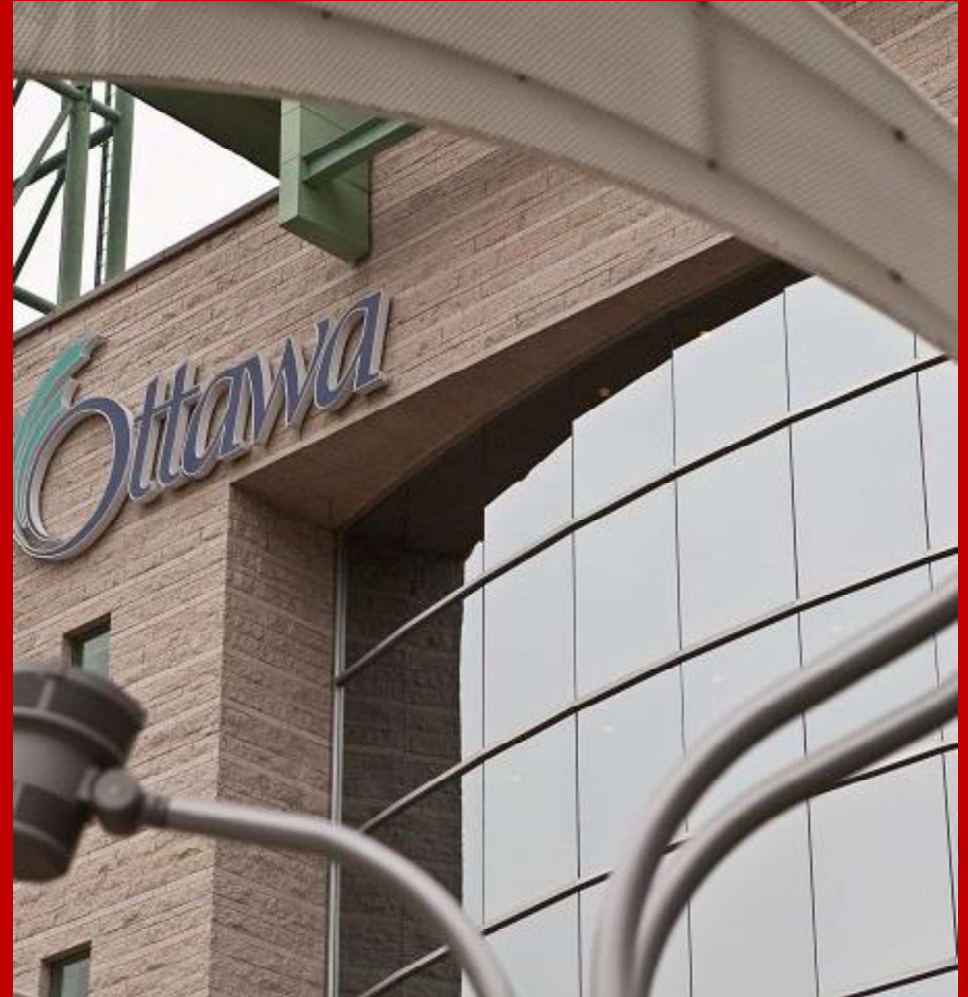




2024 City of Ottawa Budget begins ...

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Agenda

- + Overview: 2023 City Budget
- + Council's Budget Directions
- + Budget Process & Public Participation

City of Ottawa Budget Process

Every year, the City of Ottawa produces a municipal budget - it is the blueprint that defines how resources are collected and allocated. The budget is made up of two main components – the operating budget and the capital budget.

Balancing the Budget

The City is required by the Ontario Municipal Act to balance its budget each year – money spent must be equal to the money raised. To balance the budget, the City can either increase its revenues using tools such as property taxes and fees, or through managing expenses by changing or reducing the services offered or projects completed.

2023 City of Ottawa Operating Budget - \$4.5 b



2023 City of Ottawa Operating Budget - \$4.5 b



2023 City of Ottawa Capital Budget - \$1 b



2023 City of Ottawa Capital Budget - \$1 b



Developing the City's Budget

With direction from Council and based upon legislative requirements, the City's Finance and Corporate Services Department assists all City departments in developing their detailed draft budgets.

Each City department reports to a Council appointed Standing Committee. The City's budget is broken down into a series budgets organized by each of these Standing Committees. Each Standing Committee reviews the draft operating and capital budgets for the City services/departments under their mandate. Each Committee then makes recommendations regarding their draft budgets which are forwarded to Council for consideration.

Council then reviews all budget recommendations at the same time. Council has flexibility in reallocating or reprioritizing funds between programs and services to address emerging issues. After Council has reviewed, deliberated and voted on all the budget recommendations, the City's final budget is adopted.

The Operating Budget (2023 \$4.5 b)

The operating budget is designed to ensure the delivery of programs and services that residents rely on every day.

Ottawa's municipal government is responsible for emergency services (fire, police and paramedics), roads and sidewalks, clean water, parks and recreation, public health programs, garbage and recycling programs, libraries, and public transit.

Components of the Operating Budget: Expenses

- Compensation – including wages & salaries covered by union agreements
- Statutory benefits
- OMERS – municipal pension plan
- Group insurance
- Materials & services
- Transfers/grants/financial charges
- Fleet
- Program facility costs
- Other – including internal recoveries & allocations

Components of the Operating Budget: Revenues

- Federal – e.g. the Federal Gas Tax revenue
- Provincial – for such shared-cost programs as Public Health, Paramedics, etc.
- Own Funds – eg transfers from reserves
- Fees – eg transit fares, recreation fees, etc.
- Fines – Provincial Offences Act fines, penalties
- Investment Income
- Payments in lieu of Taxes (PILs) – from the federal & provincial government for their properties
- Development Charges – from new development to pay for infrastructure costs
- Property Taxes

The Capital Budget (2023 \$1.06 b)

The capital budget is developed in accordance with the Council approved Transportation Master Plan, Infrastructure Master Plan, 2019 Development Charges Background Study, and the Long Range Financial Plans.

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.

Components of the Capital Budget: Expenses



- Renewal of existing assets through refurbishment, upgrade or replacement
- Growth – to respond to the needs of a growing population
- Service Enhancements – Refurbish or replace components to enhance service

Components of the Capital Budget: Revenues

- Revenues – from federal or provincial governments for specific capital projects
- Tax Supported & Other Reserve Funds – yearly contributions from tax revenues (eg pay-as-you-go) plus contributions from cash-in-lieu. Some reserves are restricted by legislation, others are discretionary
- Rate Supported Reserve Funds – from water, sewer & storm sewer rates
- Development Charges – charges levied on new development to pay for related infrastructure costs (subject to provincial regulation)
- Debt

Funding the City's budget

Municipal Property Taxes:

The City's major source of revenue is property tax. This includes payments in lieu of taxes paid by other levels of government. City Council is responsible for setting the property tax rate each year. The City's property tax base is the value of all property as assessed in accordance with legislation set by the province. Total property taxes are the amount of revenue generated by this rate placed on the value of assessed property. These taxes account for 57 per cent of the City's operating budget, which includes contributions to the City's capital program and debt charges.

Residential property taxes make up over two-thirds (67%) of Ottawa's municipal taxes.

Funding the City's budget

User Fees:

Fees are charged to users of City services to cover part or all of the costs associated with the service. These include transit fares, library fees, recreation fees & rentals, childcare fees, etc. User fees fund 22% of the operating budget.

One important factor in determining user fee amounts is whether all residents, regardless of income, have access to these services.

Funding the City's budget

Rate Supported Programs:

Rate supported services include utility charges such as water rates and sewer surcharges that are included on residents' water bills. Funding sources for capital, operating, and maintenance costs for water and sewer systems include:

- Water bill revenues - per cubic meter rate charged on water consumption
- Sewer surcharge revenues - percentage rate charged on the amount of water consumed and billed
- Water service charge (replaces former fire hydrant charge) - based on the size of the water meter, this charge contributes to the funding of the infrastructure costs needed to ensure adequate water supply to properties in the event of a fire

Your Ottawa Municipal Tax Bill

Your Ottawa municipal tax bill is calculated by applying the appropriate tax levy against your property's assessment (as determined by MPAC). It is broken down by various components:

- General (City-wide) Property Tax Levy
- Ottawa Police Services Levy
- Transit Levy (by service zone)
- Fire Services (by service zone)
- Solid Waste (by service – curb pickup, bin, no service)

Other levies on your tax bill include Education (provincial) and local Conservation Authorities. These are not controlled by Ottawa City Council.

2024 Budget Directions: context

On September 5 the City's Finance & Corporate Services Committee considered & approved a staff report "Proposed 2024 Budget Directions, Timeline & Public Consultation Report", which was subsequently approved (by a vote of 17-8) at the September 13 City Council meeting.

The Budget Directions report recommended that the 2024 draft City budget be based on the following premise:

Assessment growth of 1.5% for 2024: \$30 million

Increase in property taxes of 2.5%: \$51 million

Total expected additional funds for 2024: \$81 million

2024 Budget Directions: context

The 2024 budget assumptions include:

1. Growth in Ottawa's property tax base (assessment growth) of 2.5%
2. Increase in inflation (based on CPI) of 3.3%
3. A savings of 8% from lower fuel costs.
4. A Transit operating deficit from 2023 of \$39 million
5. No federal or provincial funding to mitigate impact of COVID in Ottawa

2024 Budget Directions: context

Included in the proposed budget directions:

1. A pro-rated share of assessment growth allocated to City agencies
2. Ottawa Police Services Board requested to develop a budget based on a 2.5% increase in the Ottawa Police Levy
3. A 2.5% increase in the Transit Levy, accompanied by a 2.5% increase in transit fares (EquiPass & Community Bus Pass excepted)
4. A 2% increase in recreation fees
5. An increase in solid waste collection fees will be established when the 2024 draft City budget is released in November
6. Water, wastewater and stormwater rates to increase (on average) 4.3%

2024 Budget Directions: Impact

Impact of the proposed 2024 tax directions:

	Urban Home	Rural Home
	Ave. Assessment \$415,000	Ave. Assessment \$415,000
2024 Taxation	\$4,293	\$3,340
Citywide @ 2.5%	67	63
Police @ 2.5%	17	17
Transit @ 2.5%	21	6
Total \$ Change	105	86
% Change	2.5%	2.5%

2024 Budget Timeline

Budget tabling:

Monday Nov. 6 – Board of Health

Tuesday Nov. 7 – Public Library Board

Wednesday Nov. 8 – Ottawa Police Services Board
– City Council (City Services)

The draft budget will be made available online at *engage Ottawa*. While there will be an overview for public consumption, the actual document is over 300 pages long(!).

2024 Budget Consideration (incl. public delegations)

Tuesday Nov. 14 – Transit Commission

Thursday Nov. 16 – Emergency Preparedness & Protective Services Committee

Tuesday Nov. 21 – Environment & Climate Change Committee

Thursday Nov. 23 – Transportation Committee

Monday Nov. 27 – Police Services Board, Audit Committee

Tuesday Nov. 28 – Community Services Committee

Wednesday Nov. 29 – Planning & Housing Committee

Thursday Nov. 30 – Agriculture & Rural Affairs Committee

Monday Dec. 4 – Board of Health

Tuesday Dec. 5 – Finance & Corporate Services Committee, Public Library Board

Wednesday Dec. 6 – City Council consideration & adoption *(no public delegations)*

Factors to consider:

1. There is are a number of City service reviews that are expected to impact the 2024 budget: Recreation Facility Use Optimization Review, Bus Route Review, Fleet Service Review. These reviews will go to the appropriate committee/board when the budget is being considered.
2. The Budget Directions report acknowledges the pressure that OC Transpo is under: a \$39 million deficit from 2023 and ridership not meeting expectations. This (plus the proposed 2.5% fare increase) will likely be the biggest issue.
3. Other budget pressures will be identified in the 2024 draft budget when it is tabled on November 8, and will be addressed in staff reports to the various standing committees when they consider their portion of the budget.

Factors to consider:


4. The Ottawa Police Services Board has been “requested” to adhere to a 2.5% increase in its levy, but is not bound by this request. By law, the OPSB can submit a budget which City Council can only accept or reject. If rejected by Council the OPSB budget would go to arbitration(!).
5. The 2024 Budget Directions report continues the practice that if a Committee wishes to increase spending in its portfolio, it must identify a corresponding funding decrease elsewhere in its portfolio(!). Only at the December 6 Council meeting to finalize the budget can adjustments be made to programs that could impact the tax rate (or other rates, charges, fees, etc.).

Talking budget with your City Councillor



Between the November 8 tabling of the 2024 draft City budget and the final vote on December 6, City Councillors are expected to hold public consultation meetings with their constituents on the City budget, programs, services, fees, taxes and rates. With the scope of City services and the challenge of making sense of the budget documents, these have not been very successful in informing both the Councillor and the public on what decisions to make.

However, your City Councillor needs to know what is important to you, and this is the opportunity to let him or her know. One way or the other – at meetings, through an e-mail or phone call – make your voice heard. Others will.



Questions?

