

<b>1. 2000 BUDGET DIRECTIONS</b>
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**COMMITTEE RECOMMENDATIONS AS AMENDED**

**That Council approve the following directions for the development of the 2000 Draft Operating and Capital Estimates:**

- 1. That departments develop their 2000 Draft Estimates assuming no increase in tax requirement over 1999 after adjustments for compensation and police debt service cost increases;**
- 2. That the Community Services Departments (Health, Social Services, Homes for the Aged and Social Housing) develop their 2000 Draft Estimates within the aggregate 1999 funding envelope for Community Services, and that any proposed changes, mandated or otherwise, be highlighted;**
- 3. That other departments develop their 2000 Draft Estimates based on existing programs and service levels and where, if service levels must be adjusted to remain within 1999 funding levels, that these proposed changes be highlighted;**
- 4. That the ten year capital program be developed with continued regard for the ongoing debt management strategy and “pay-as-you-go” policies;**
- 5. That the Region accommodate, through a reduction in the upper tier tax requirement, its share of any property tax mitigation provided to the Corel Centre resulting from any Council decision to use the new professional sports facility property class;**
- 6. A total tax requirement target of \$551.3M which would generate a 2.6% reduction in the total Regional tax rate assuming a net growth in assessment of 0.8%;**
- 7. That the Regional Chair, in consultation with the Chief Administrative Officer and the Committee Chairs, prepare a new schedule which will provide for a final approval of the 2000 budget on or before 31 December 1999.**

Our File/N/Réf.  
Your File/V/Réf.

DATE 1 December 1999

TO/DEST. Co-ordinator  
Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **2000 BUDGET DIRECTIONS**

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### **DEPARTMENTAL RECOMMENDATIONS**

That the Corporate Services and Economic Development Committee recommend Council approve the following directions for the development of the 2000 Draft Operating and Capital Estimates:

1. That departments develop their 2000 Draft Estimates assuming no increase in tax requirement over 1999 after adjustments for compensation and police debt service cost increases;
2. That the Community Services Departments (Health, Social Services, Homes for the Aged and Social Housing) develop their 2000 Draft Estimates within the aggregate 1999 funding envelope for Community Services;
3. That other departments develop their 2000 Draft Estimates based on existing programs and service levels and where, if service levels must be adjusted to remain within 1999 funding levels, that these proposed changes be highlighted;
4. That the ten year capital program be developed with continued regard for the ongoing debt management strategy and "pay-as-you-go" policies;
5. That the Region accommodate, through a reduction in the upper tier tax requirement, its share of any property tax mitigation provided to the Corel Centre resulting from any Council decision to use the new professional sports facility property class;
6. A total tax requirement target of \$551.3M which would generate a 2.6% reduction in the total Regional tax rate assuming a net growth in assessment of 0.8%;
7. That the budget development and review timetable included in this report be used.

## PURPOSE

The purpose of this report is to obtain direction from Council regarding objectives for the 2000 Operating and Capital Budgets. These directions will assist departments in finalizing the development of the detailed 2000 Draft Operating and Capital Estimates for Council consideration.

## BACKGROUND

The 1998 Local Services Realignment (LSR) saw the transfer of over \$257 million in new tax requirements to the Region along with approximately \$207 million in education tax room. Along with one time financial assistance from the Province, Council has worked very hard to accommodate the related shortfall and to absorb these new costs into its total tax requirement. The 1998 and 1999 budgets introduced necessary base expenditure reductions in order to accomplish Council's objective to freeze taxes.

In March of 1999, the Minister of Finance announced further changes to the LSR impacts between the Province and municipalities. The most significant of these changes was the decision by the Province to fund 50% of provincially approved public health and land ambulance expenditures. These expenditures were previously funded 100% by municipalities under the changes imposed by LSR in 1998.

Coincident with this new funding to the Region, the Province withdrew the Community Reinvestment Funding (CRF) made available by the Ministry of Finance in 1999 to assist certain municipalities across the Province.

On April 28, 1999, Regional Council considered a staff report that detailed the impact of the March LSR announcements on the adopted 1999 Budget. Council adopted the staff recommendation regarding a contribution to a Levy Stabilization Reserve, adjusted the 1999 adopted budget to reflect the above-noted changes and set tax rates on a tax requirement of \$560.5 million. (See Schedule A attached).

Shortly thereafter, the Province made it known that it expected tax reductions as a result of the new funding it was providing for ambulance and public health. The Ministry of Finance advised municipalities that the new provincial funding should produce the potential for a further reduction in the municipal property tax requirement. The Province has indicated that the new funding should allow the Region to reduce taxes and, by doing so, provide to the Cities of Ottawa, Vanier and Kanata enough tax room to make up for their loss of CRF support. This was confirmed in a letter from the Minister of Finance to all municipalities dated April 28, 1999. This letter, received by Ottawa-Carleton on May 3, 1999, stated that:

*“For some upper tier municipalities, this will require them to pass the benefits to their taxpayers by lowering their upper tier levy and freeing up residential education tax room for lower tier municipalities.”*

And that:

*“Our preference is to provide municipalities with the flexibility to develop a local approach to sharing tax room. In those circumstances where a local solution has not been reached, the province is prepared to take appropriate action to ensure that the benefits of the new cost-sharing arrangements are passed on to taxpayers.”*

Based on this direction, the Council of the City of Ottawa approved 1999 tax rates on May 5, 1999, assuming that the loss of base CRF funding over 1998 of \$9.9 million would, ultimately, be provided to the City. On May 6, 1999, the Mayor of the City of Ottawa wrote the Minister of Finance advising him of this action and requesting that, in the absence of a regulation requiring the Region to transfer savings to the lower-tier, the Province provide the necessary grant funding to the City of Ottawa for 1999.

On August 5, 1999, the Mayor of the City of Ottawa wrote the Regional Chair requesting confirmation that the Region would provide funding for the City’s 1999 CRF budget shortfall created by the loss of CRF support. The Mayor also requested confirmation that the Region would resolve the loss of \$9.9 million in base CRF grants for the year 2000 and beyond.

Finally, on October 18, 1999, after unsuccessful discussions between staff of the Region and City of Ottawa, the Regional Chair submitted a proposed solution to the Minister of Finance for his consideration. The proposal, subject to Council approval, is to provide grants to the Cities of Ottawa, Vanier and Kanata to offset their loss of CRF funding in 1999. It also proposes a reduction in tax rates for all Regional taxpayers in 2000, and by doing so, provides for the necessary offset to increased lower tier tax rates in Ottawa, Vanier and Kanata resulting from the elimination of CRF funding. (A copy of this letter is attached as Schedule B).

## FINANCIAL POSITION OF THE REGION

### Credit Rating

The Region of Ottawa-Carleton is currently rated Aaa by Moody’s Investors Service and AA+ by Dominion Bond Rating Service Limited. These ratings reflect the continued strength of the Region’s overall financial position, notwithstanding the financial pressures imposed in recent years uniquely on this Region and all Regions in Ontario particularly by the Province. In its confirmation of the Region’s Aaa credit rating on October 29, 1999, Moody’s made the following comments to support its rating:

#### Rating Rationale

*“Ottawa-Carleton’s broad financial flexibility is based on its sizable accumulated reserves and significant use of pay-as-you-go capital funding.”*

*“Ottawa-Carleton’s debt ratios are low, reflecting its strong internal funding policies and rapid debt retirement.”*

### Rating Outlook

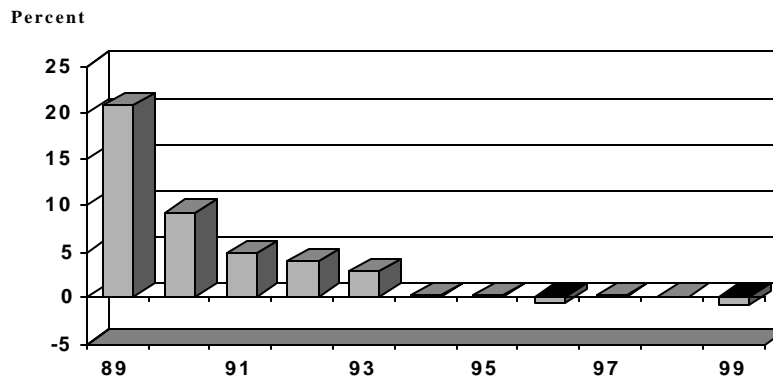
*“Major intergovernmental funding changes which Ontario implemented in 1998 required municipalities to pay a larger share of social services and infrastructure costs, while the Province provides more support for education. Ottawa-Carleton’s credit strengthens position it well to face this challenge.”*

### Tax Rates

Council has managed to absorb the LSR impact on property taxes in 1998 and 1999 while at the same time freezing and in fact reducing taxes.

Figure 1 shows a history of Residential tax and rate changes since 1989:

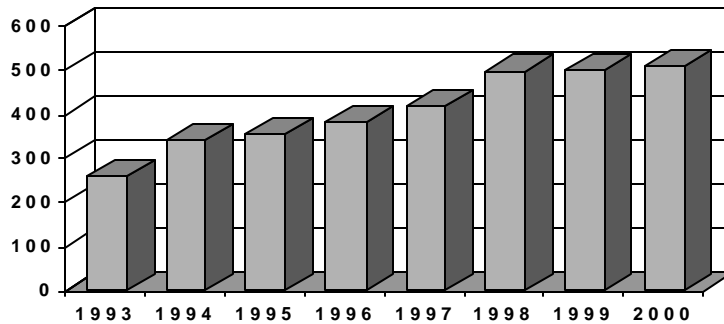
**Figure 1**  
Regional Services  
Changes in Average Residential Taxes and Rates  
1989-1999



### Reserve Funds

Reserve Funds are a fundamental component of the Region’s strong financial position, and the Region’s Reserve Funds continue to grow in spite of the external pressures exerted on them in recent years. Between 1993 and 1999 the Region’s total Reserve Fund position has doubled from \$257 million at the end of 1993 to \$500 million at the end of 1999. Of particular significance is that the balances have continued to grow since 1997 notwithstanding that the last two years have, without doubt, been the most difficult for Council from a budget perspective. The forecast for 2000 is that total reserve funds will increase slightly to approximately \$510 million. Figure 2 illustrates the positive growth in Reserve Funds since 1993:

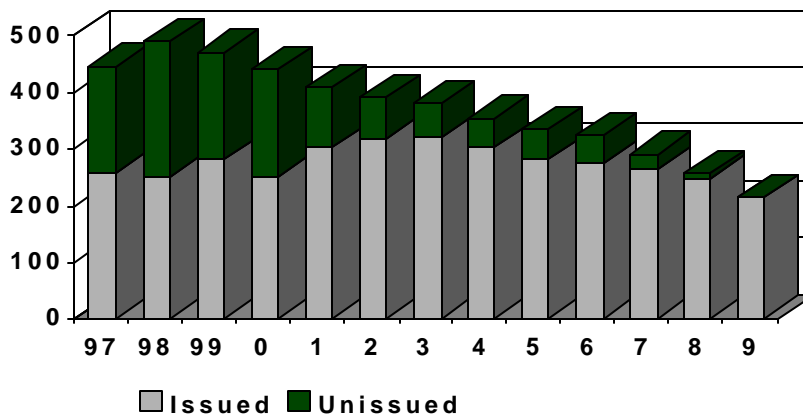
**Figure 2**  
Reserves and Reserve Funds (\$M)



### Debt

Any discussion of debt must be prefaced by a reminder that the Region is in a very capital intensive business. Many of its service responsibilities include very significant and often non-discretionary capital requirements particularly in the areas of transportation, public transit, water, sewer and solid waste. The majority of the services delivered by the Region serve basic human needs and require substantial infrastructure to deliver them. As a consequence of Council's continued commitment to Pay As You Go, debenture debt had been reducing for a number of years. In 1997, Council made a decision to augment the funding of OC Transpo by approving the issue of debentures to fund the acquisition of 290 replacement buses. While this decision was necessary to improve the condition of the bus fleet, it has caused the Region's total debt position to increase by \$55.2M in 1997 and 1998. The total debt however is expected to continue on its downward trend from the current levels to approximately \$200 million within 10 years. Figure 3 presents the Region's total debt position from 1997 to 2009:

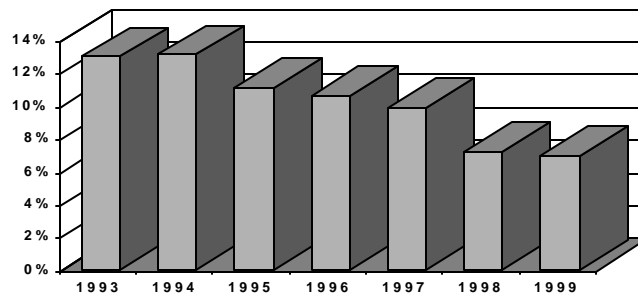
**Figure 3**  
Issued and Unissued Debt (\$M)



While total debt is an important barometer for Council to keep an eye on, it is just as important from a budget and annual tax requirement perspective that Council be aware of its annual requirement to service its debt (principal and interest). Debt Service as a percentage of total own source revenues has continued to fall and is currently at about 7%. The ceiling imposed on municipalities by the Province is 25% of own source revenue.

Figure 4 illustrates the positive direction of debt service costs as a percent of Own Source Revenue:

**Figure 4**  
Debt Service Charges as a Percentage of Own Source Revenue



### Targeted Tax Rate

It is the expectation of the Ministry of Finance that Regional tax rates will be lowered to an extent sufficient to create the tax rate room necessary for the City of Ottawa to offset its loss of CRF funding. This would require the setting of a total Regional tax rate in 2000 of 1.1330%, or .0388 percentage points less than the adjusted adopted 1998 rate of 1.1718%. This represents a 3.3% tax reduction over the two years. This action would also more than offset the much smaller loss of CRF funding to the Cities of Vanier and Kanata. Details of total tax rates and impacts on a \$150,000 residential property for each of the years 1998-2000 are included at Schedule E.

Of importance to this issue is the fact that some Regional tax rate room was already vacated by the Region in the City of Ottawa in 1999. The total Regional tax rate in the City of Ottawa dropped to 1.1631% in 1999, a reduction of .0114 percentage points, primarily as a result of the continued phase-in of a Region-Wide tax rate for police purposes and an adjustment for a small over-levy in the 1998 police tax rate. The City of Ottawa moved into this tax room by increasing its local tax rate from 0.3110% in 1998 to 0.3224% in 1999. The City of Ottawa did not use this increase in tax rate to offset any loss of CRF funding. Rather, it set its tax rate assuming continued receipt of provincial grants thereby using the tax rate increase to meet other budgetary pressures.

To vacate the remaining tax rate room requirement of .0301 percentage points (1.1631-1.1330), a reduction of approximately \$7.7M in the total Regional tax requirement would be required, from \$560.5M in 1999 to \$552.8M in 2000, assuming a growth of 0.8% in weighted current value assessment.

### New Optional Commercial Professional Sports Facilities Property Class

On October 28, 1999, the Minister of Finance announced his intention to create a new Optional Commercial Professional Sports Facilities Property Class. This announcement has created a new property tax policy issue that Council must deal with for the 2000 taxation year and will be the subject of a separate comprehensive report to Council.

Council will have to choose to what extent, if any, it wishes to reduce the property tax burden of the Corel Centre by setting a tax ratio for the new class that is lower than the ratio that currently applies to the Corel Centre as part of the Commercial Residual Class. The Minister's announcement would permit anything from the status quo (no change to the tax ratio) to a virtual exemption (a tax ratio approaching 0.0).

This issue is raised in this report because any decision by Council to mitigate taxation on the Corel Centre will have budgetary implications vis-a-vis targeted tax rates and taxation requirements as a consequence of the preceding discussion with respect to CRF tax room.

Under the Minister's announcements any reduction in the municipal property tax burden of the Corel Centre would be borne by the other commercial property classes through an increase in the tax ratios for those classes. As a result, the targeted tax rates for these commercial classes would not be met. In addition, the tax ratio changes would shift the burden of lower tier taxation requirements between all other property classes. To avoid this, staff recommend that any property tax mitigation provided to the Corel Centre be offset by a reduction in the total regional taxation requirement. This would allow for the maintenance of existing tax ratios for all property classes as well as the targeted tax rate for the commercial property classes. This would require a regulation by the Province to amend existing legislative restrictions on average tax ratios. The Province has committed to offsetting the corresponding reduction in education property taxes by reducing its education levy.

For the purposes of this budget direction discussion, staff have included the scenario that provides the maximum mitigation to the Corel Centre. This would result in a tax ratio approaching 0.0. Since the new property class applies only to the stadium portion of the property, this would reduce the Corel Centre's uncapped tax bill by approximately \$4M from \$4.5M to \$0.5M. The Region's share of this reduction would be approximately \$1.5M.

Consequently, a further reduction of \$1.5M would be required to the targeted tax requirement reducing it to \$551.3M. To the extent that this level of property tax mitigation is not provided to the Corel Centre, the tax requirement would be adjusted accordingly.



## High Level Strategy

A high-level budget strategy that outlines how the total tax requirement target can be met is presented in Schedule C to this report. This schedule identifies the major budgetary issues within each fund, the sum of which results in a total proposed tax requirement of \$551.3M. The following sections describe each of the issues itemized on the schedule including assumptions made about key budget issues.

### *Loss of One Time PIL Revenues*

The 1999 Budget contained a revenue provision for additional PIL revenues received in 1998 that had been reserved to be used to reduce the 1999 tax requirement in each of the funds. This revenue source is not available for use in the 2000 Budget.

### *Compensation Costs*

The 2000 Budget must contain provisions for the increased compensation costs resulting from collective bargaining. The estimates identified on the schedule include provisions for collective agreements previously negotiated and those remaining to be negotiated.

### *Police Debt Service Costs*

An increase in this budget provision is required in the Police Fund to support the cost associated with the revised capital plan for regional police. This has resulted in an increase in the debt servicing costs within the police fund.

### *Drawdown from Levy Stabilization Reserves*

As discussed previously in this report, the 1999 Budget provided for a contribution to a levy stabilization reserve totaling \$15.1M across all funds. It is expected that \$9M of these funds will be required to fund one-time grants to the Cities of Ottawa, Vanier and Kanata with respect to lost CRF funding in those municipalities in 1999. It is recommended that the residual funds be used to reduce the tax requirement in 2000.

### *Contribution to Levy Stabilization Reserves*

In addition to the above, it is proposed that the contribution to the levy stabilization reserve not be made in the 2000 Budget.

### *Remission Costs-Base Provision*

The 1999 Budget contained an increased provision for remission costs (tax write-offs) to adjust for known problems with the assessment roll returned for 1999 taxation purposes. Specifically, the returned roll overstated occupied commercial assessment and understated vacant commercial assessment. This distortion should be corrected in the assessment roll returned for 2000 taxation purposes as commercial property owners file for the appropriate classifications. The loss of weighted current value assessment from these corrections will be netted against additions to the assessment roll.

### *Provision for 1998 Remissions*

As part of the 1998 year-end, staff was required to estimate and make a provision for remission costs against 1998 property taxes that would eventually result from the many assessment appeals filed by property owners. This estimate was made with regard given to the number of appeals outstanding and the expectation that many of these appeals would be successful. Based on updated information subsequently received from the Ontario Property Assessment Corporation, staff now believes that an excess of \$9.9M exists in this provision. Staff recommend that these funds be applied against the tax requirement in the 2000 budget.

### *Payments-In-Lieu of Taxation*

Additional payments-in-lieu of taxation will be made by many commercial properties in 2000 over 1999 as a result of the increased cap under the 10-5-5 capping program. In addition, the 1999 base budget did not include increased revenues from payments-in-lieu of taxation on railway and hydro corridor properties as they were not known at the time.

### *Departmental Budgets*

It is important for Council to understand that this high-level budget strategy assumes **no net increase to any departmental budget envelope other than those increases that have been provided for separately.** This means that departments will attempt to absorb the impacts of anticipated inflation and system growth in the development of their 2000 Draft Estimates without significant changes to service delivery. Departments will highlight information on how this has been accomplished in the related documents.

The Social Services Departmental budget is most exposed to uncontrollable budget pressures, particularly in the form of changes in welfare caseload and legislated program changes. Discussions with the department indicate that anticipated changes in these areas can be accommodated with the potential for a net decrease in the departmental tax requirement.

The Finance Department has been advised by the Medical Officer of Health that there are also pressures within the Health Department related to new mandatory standards.

It is recommended that the Community Services Departments (Health, Social Services, Homes for the Aged) be directed to develop their 2000 Draft Estimates within the aggregate 1999 funding envelope for these departments. It is also recommended that other departments develop their 2000 Draft Estimates based on existing programs and service levels and where, if service levels must be adjusted to meet 1999 funding levels, that these proposed changes be highlighted.

### *Contributions to Capital Reserve Funds*

Departments are currently updating their ten-year capital forecasts. These forecasts are not expected to be significantly different than those included in the 1999 Budget except for OC Transpo. Consequently, the required capital reserve fund contributions over the ten-year period will also not change

significantly. No increases in capital reserve fund contributions are planned for 2000, other than the shift in contributions between the Transit Capital Reserve Fund and the Bus Depreciation Reserve Fund identified in the 1999 Capital Forecast.

During 1999, the Community Services Committee approved recommendations contained in a policy report dealing with future Child Care capital requirements. The report recommended that a contribution of \$1.5 million to the Child Care Capital Reserve Fund be considered in the context of the 2000 Budget. For the year 2000, staff recommends that, should Council approve the contribution to the Child Care Capital Reserve Fund that it be funded from the Child Care Contingency Reserve Fund.

### *Assessment Growth*

Based on the most recent information from the Ontario Property Assessment Corporation staff projects an increase in weighted current value assessment of about 0.8% over the returned roll for 1999 taxation purposes. Schedule D identifies projected assessment data for the year 2000 by municipality.

### Municipal Restructuring -Programs and Service Levels

On September 24, 1999 and again on October 8, 1999, the Minister of Municipal Affairs and Housing wrote to the Heads of Councils within Ottawa-Carleton regarding terms of reference for municipal government reform. In the latter correspondence, the Minister provided guidance with regard to spending decisions. Specifically the Minister stated:

*“In the area of municipal spending, you should continue operating within approved operating and capital budgets, and avoid starting new programs or activities that would strain current and future budgets. I would urge you not to spend reserve funds for any purpose other than that for which the fund was established, nor any sooner than originally projected..”*

While this stops short of directing 2000 budgets, it does suggest that 2000 budgets for municipalities who are about to undergo restructuring should not provide for significant departures from existing programs and service levels. This is further support for the recommendation that departments be directed to develop their 2000 Draft Estimates based on existing programs and service levels.

### Proposed Timetable

The following timetable is proposed for the 2000 Budget process.

Council Approves Budget Directions	08 December 1999
2000 Draft Estimates Tabled with Council	12 January 2000
Public Consultation Period	12 January-26 January 2000
Committee Reviews	26 Jan, 01 February-09 February 2000
Council Approves 2000 Budget	23 February 2000
Council Approves 2000 Tax Rates	22 March 2000

The above is subject to clarification on December 1, 1999, as a result of the following recommendation in the report to the Minister on Local Government Reform dated November 25, 1999:

**“Recommendation 32 (f) to monitor and control the existing municipalities to ensure there is no deviation from approved budgets. If no approved budget for the year 2000 is in place by January 1, 2000, the approved 1999 budget will be deemed by the Transition Board to be the approved 2000 budget.”**

*Approved by  
J.C. LeBelle  
Finance Commissioner*

**Region of Ottawa-Carleton**  
**Summary of 1999 Budget as adopted by Council February 24, 1999**  
**Related Tax Rates set by Council on April 28, 1999**

	<b>Total Expenditure</b>	<b>Provincial Subsidy</b>	<b>Other Revenue</b>	<b>Net Expenditures</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b><u>Property Tax Supported</u></b>				
Administration	41,895		2,911	38,984
Transportation	47,888	700	4,215	42,973
Emergency Services	1,812			1,812
Public Health	23,105	12,607	352	10,146
Land Ambulance	14,944	7,132		7,812
Social Services	381,949	253,831	401	127,717
Social Housing	60,615			60,615
Homes for the Aged	30,274	13,722	9,529	7,023
External Agencies	7,101			7,101
Police	114,346	422	9,439	104,485
Child Care	50,609	35,323	2,890	12,396
Transit	165,206		88,659	76,547
Solid Waste	31,824	125	8,644	23,055
Capital Financing				
- Pay As You Go	72,876			72,876
- Debt Charges	45,703		369	45,334
Levy Stabilization Reserve	15,093			15,093
<b><u>Non-Departmental</u></b>				
General Administrative Costs recovered from:				
- Utility Rate Supported Funds	(15,375)			(15,375)
All Other Expenditures/Revenues	13,823	45	7,831	5,947
Payments-in-lieu of Taxes (Base)			70,050	(70,050)
Payments-in-lieu of Taxes (1 Time)			14,000	(14,000)
<b>Total Property Tax Supported</b>	<b>1,103,688</b>	<b>323,907</b>	<b>219,290</b>	<b>560,491</b>
<b><u>Utility Rate Supported</u></b>				
<b><u>Water</u></b>				
Operations	27,209		1,325	25,884
Capital Financing				
- Pay As You Go	21,752			21,752
- Debt Charges	550			550
General Administration & Overhead Allocation	8,433		1,229	7,204
Other Fiscal Charges	4,232			4,232
Fire Supply Revenues - Taxable Properties			7,622	(7,622)
- PIL Properties			3,000	(3,000)
<b>Total Water</b>	<b>62,176</b>		<b>13,176</b>	<b>49,000</b>
<b><u>Sewer</u></b>				
Operations	15,325		489	14,836
Capital Financing				
- Pay As You Go	7,353			7,353
- Debt Charges	16,395			16,395
General Administration & Overhead Allocation	6,942			6,942
Other Fiscal Charges	2,522		48	2,474
<b>Total Sewer</b>	<b>48,537</b>		<b>537</b>	<b>48,000</b>
<b>Total Region</b>	<b>1,214,401</b>	<b>323,907</b>	<b>233,003</b>	<b>657,491</b>

Region of Ottawa-Carleton  
Ottawa-Carleton Centre

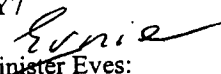


Région d'Ottawa-Carleton  
Centre Ottawa-Carleton

**Bob Chiarelli**  
Chair/Président

18 October 1999

Honourable Ernie Eves  
Deputy Premier and Minister of Finance  
Office of the Minister  
Frost Building South  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

  
Dear Minister Eves:

I am writing to provide you with information regarding our attempts to resolve the CRF funding issue with the City of Ottawa.

As you will recall, on April 28, 1999 you sent a letter to all municipalities clarifying your expectation with regard to this issue. In particular, you stated that:

*"The province requests municipalities to share residential education tax room and trusts that municipalities will pass on savings from significantly reduced LSR program costs to their taxpayers."*

And that:

*"Our preference is to provide municipalities with the flexibility to develop a local approach to sharing tax room. In those circumstances where a local solution has not been reached, the province is prepared to take appropriate action to ensure that the benefits of the new cost-sharing arrangements are passed on to taxpayers."*

Last week my Chief Administrative Officer and Finance Commissioner proposed a solution to their colleagues at the City of Ottawa. I believe meets your stated expectations.

Specifically, the Region has proposed the following, subject to Council approval:

- To address the City of Ottawa's 1999 budget problem by paying a grant of \$8.1 million. This amount represents the City's loss of base CRF funding of \$9.9 million less \$1.8 million for tax rate room already vacated within the City of Ottawa by a reduced total Regional tax rate in 1999. While the City of

Ottawa increased taxes by the full amount vacated by the 1999 regional tax rate of \$2.7 million, thereby increasing its own tax revenue by \$2.7 million, the Region has offered to credit \$1.8 million of this \$2.7 million in tax room for the purpose of the CRF offset in order to solve the City of Ottawa's 1999 budget problem.

- For 2000, to achieve budget reductions that would result in a further reduction in the total Regional tax rate in order to make available to the City of Ottawa the tax rate room necessary to eliminate its budgetary provision for CRF funding. This would require the setting of a total Regional tax rate in 2000 of about 1.1330%, or .0388 percentage points less than the 1998 rate. This, in fact, is the tax rate that if set in 1999, would have offset the impact of the elimination of CRF funding.

While Regional staff have made every good faith effort to resolve this situation in accordance with your wishes, the City of Ottawa has responded that this proposal is not acceptable. I believe that while they would accept the proposed solution for 1999, it is their position that, for 2000, the Region should vacate the .0388% from the established 1999 regional tax rate. This, of course, ignores the tax rate room already vacated by the Region in 1999.

I understand that your Ministry is contemplating directing a resolution to this issue through the issuance of a regulation. I would request that the wording of that regulation be such that the preceding proposal would constitute a complete resolution. i.e. that the Region be required to vacate the tax rate points, from 1998 rates, necessary for the City of Ottawa to offset their loss of total CRF funding.

In closing, Minister, I believe our proposal fully meets your expectations. I would hope, consequently, that any pending regulation would also find it a satisfactory solution.

Yours truly,



Bob Chiarelli  
Regional Chair

Attachments: correspondence

**HIGH LEVEL 2000 BUDGET STRATEGY SUMMARY  
FOR TAX SUPPORTED FUNDS**

	<b>Region Wide \$000</b>	<b>Police \$000</b>	<b>Child Care \$000</b>	<b>Transit \$000</b>	<b>Solid Waste \$000</b>	<b>Total Taxes \$000</b>
<b>1999 Adopted Tax Requirements</b>	<b>303,167</b>	<b>98,749</b>	<b>13,293</b>	<b>119,708</b>	<b>25,574</b>	<b>560,491</b>
<b><u>Additional Provisions for 2000</u></b>						
Loss of one time 1999 PIL revenues	11,769	784	32	1,360	55	14,000
Compensation costs	3,600	5,500	1,192	1,622	90	12,004
Debt Service Costs	-	1,134	-	-	-	1,134
<b>Total Additional requirements</b>	<b>15,369</b>	<b>7,418</b>	<b>1,224</b>	<b>2,982</b>	<b>145</b>	<b>27,138</b>
<b><u>Reductions</u></b>						
Drawdown from Levy Stabilization Reserves	(6,000)	-	-	-	-	(6,000)
Contributions to Levy Stabilization Reserves	(12,862)	(784)	(32)	(1,360)	(55)	(15,093)
Remission Costs-Base Provision	(1,342)	(534)	(79)	(650)	(139)	(2,744)
Provision for 1998 Remissions	(9,875)	-	-	-	-	(9,875)
Payments-In-Lieu of Taxation	(1,995)	(289)	(38)	(248)	(70)	(2,640)
Departmental Budgets	-	-	-	-	-	-
Contributions to Capital	-	-	-	-	-	-
<b>Total Reductions</b>	<b>(32,074)</b>	<b>(1,607)</b>	<b>(149)</b>	<b>(2,258)</b>	<b>(264)</b>	<b>(36,352)</b>
<b>Estimated 2000 Tax Requirements</b>	<b>286,462</b>	<b>104,560</b>	<b>14,368</b>	<b>120,432</b>	<b>25,455</b>	<b>551,277</b>
<b>Change in Tax Requirements</b>	<b>(16,705)</b>	<b>5,811</b>	<b>1,075</b>	<b>724</b>	<b>(119)</b>	<b>(9,214)</b>



**Assessment Data**

<b>Municipality</b>	<b>1999 Actual</b>		<b>2000 Estimate</b>		<b>Difference</b>	<b>%</b>
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Gloucester	5,248,446,656	12.9%	5,312,917,042	12.9%	64,470,385	1.23%
Kanata	3,027,587,340	7.4%	3,091,298,292	7.5%	63,710,952	2.10%
Nepean	6,561,270,001	16.1%	6,665,870,721	16.2%	104,600,720	1.59%
Ottawa	18,387,329,631	45.2%	18,487,465,727	45.0%	100,136,096	0.54%
Vanier	659,244,985	1.6%	657,226,925	1.6%	(2,018,061)	-0.31%
Rockcliffe	325,819,000	0.8%	324,853,639	0.8%	(965,361)	-0.30%
Cumberland	2,383,975,969	5.9%	2,413,860,611	5.9%	29,884,642	1.25%
Goulbourn	1,235,576,890	3.0%	1,269,560,414	3.1%	33,983,524	2.75%
Osgoode	932,497,789	2.3%	943,392,975	2.3%	10,895,186	1.17%
Rideau	827,329,155	2.0%	831,136,025	2.0%	3,806,870	0.46%
West Carleton	1,076,438,918	2.6%	1,074,589,125	2.6%	(1,849,793)	-0.17%
<b>Total</b>	<b>40,665,516,335</b>	<b>100%</b>	<b>41,072,171,495</b>	<b>100%</b>	<b>406,655,160</b>	<b>1.00%</b>

**Tax Rates****Impact on a \$150,000 Residential Property**

<b>Region</b>	<b>Gloucester</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.1904	0.1967	9	0.2045	12	21
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1550</b>	<b>1.1582</b>	<b>4</b>	<b>1.1330</b>	<b>(38)</b>	<b>(34)</b>
Local	0.3728	0.3717	(2)	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.9878	1.9439	(67)	Not available		

<b>Region</b>	<b>Kanata</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.1627	0.1806	27	0.2045	36	63
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1273</b>	<b>1.1421</b>	<b>22</b>	<b>1.1330</b>	<b>(14)</b>	<b>8</b>
Local	0.3272	0.3338	10	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.9145	1.8899	(37)	Not available		

<b>Region</b>	<b>Nepean</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.1924	0.1938	2	0.2045	16	18
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1570</b>	<b>1.1553</b>	<b>(3)</b>	<b>1.1330</b>	<b>(34)</b>	<b>(37)</b>
Local	0.3753	0.3743	(1)	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.9923	1.9436	(73)	Not available		

## Tax Rates

### Impact on a \$150,000 Residential Property

Region	Ottawa					
	1998 %	1999 %	\$ Impact 1999 vs 1998	2000 %	\$ Impact 2000 vs 1999	\$ Impact 2000 vs 1998
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.2099	0.2016	(12)	0.2045	4	(8)
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1745</b>	<b>1.1631</b>	<b>(17)</b>	<b>1.1330</b>	<b>(46)</b>	<b>(63)</b>
Local *	0.3110	0.3224	17	0.3142	(12)	5
Education	0.4600	0.4140	(69)	Not available		
<b>Total Tax Rate</b>	<b>1.9455</b>	<b>1.8995</b>	<b>(69)</b>	Not available		

\* 2000 tax rate as presented in City of Ottawa draft estimates

Region	Vanier					
	1998 %	1999 %	\$ Impact 1999 vs 1998	2000 %	\$ Impact 2000 vs 1999	\$ Impact 2000 vs 1998
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.2055	0.2043	(2)	0.2045	-	(2)
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1701</b>	<b>1.1658</b>	<b>(7)</b>	<b>1.1330</b>	<b>(50)</b>	<b>(57)</b>
Local	0.4331	0.4336	1	Not available		
Education	0.4600	0.4140	(69)	Not available		
<b>Total Tax Rate</b>	<b>2.0632</b>	<b>2.0134</b>	<b>(75)</b>	Not available		

Region	Rockcliffe					
	1998 %	1999 %	\$ Impact 1999 vs 1998	2000 %	\$ Impact 2000 vs 1999	\$ Impact 2000 vs 1998
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.1481	0.1933	68	0.2045	17	85
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.1127</b>	<b>1.1548</b>	<b>63</b>	<b>1.1330</b>	<b>(33)</b>	<b>30</b>
Local	0.3516	0.3516	-	Not available		
Education	0.4600	0.4140	(69)	Not available		
<b>Total Tax Rate</b>	<b>1.9243</b>	<b>1.9204</b>	<b>(6)</b>	Not available		

**Tax Rates****Impact on a \$150,000 Residential Property**

<b>Region</b>	<b>Cumberland</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	0.0272	0.0284	2	0.0306	3	5
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	0.1793	0.2645	128	0.2651	1	129
-Police	0.1188	0.1699	77	0.2045	52	129
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>1.0834</b>	<b>1.1314</b>	<b>72</b>	<b>1.1330</b>	<b>2</b>	<b>74</b>
Local	0.4431	0.4431	-	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.9865	1.9885	3	Not available		

<b>Region</b>	<b>Goulbourn</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	-	-	-	-	-	-
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	-	-	-	-	-	-
-Police	0.1188	0.1654	70	0.2045	59	129
-Fire Supply	0.0217	0.0217	-	0.0217	-	-
<b>Total Region</b>	<b>0.8769</b>	<b>0.8340</b>	<b>(65)</b>	<b>0.8373</b>	<b>5</b>	<b>(60)</b>
Local	0.3078	0.3002	(11)	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.6447	1.5482	(145)	Not available		

<b>Region</b>	<b>Osgoode</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	-	-	-	-	-	-
-Solid Waste	-	-	-	-	-	-
-Transit	-	-	-	-	-	-
-Police	0.1164	0.1685	78	0.2045	54	132
-Fire Supply	-	-	-	-	-	-
<b>Total Region</b>	<b>0.8026</b>	<b>0.7642</b>	<b>(58)</b>	<b>0.7649</b>	<b>1</b>	<b>(57)</b>
Local	0.4468	0.4496	4	Not available		
Education	0.4600	0.4140	(69)	Not available		
Total Tax Rate	1.7094	1.6278	(123)	Not available		

**Tax Rates****Impact on a \$150,000 Residential Property**

<b>Region</b>	<b>Rideau</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	-	-	-	-	-	-
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	-	-	-	-	-	-
-Police	0.1186	0.1709	78	0.2045	50	128
-Fire Supply	-	-	-	-	-	-
<b>Total Region</b>	<b>0.8550</b>	<b>0.8178</b>	<b>(57)</b>	<b>0.8156</b>	<b>(4)</b>	<b>(61)</b>
Local	0.3936	0.3936	-	Not available		
Education	0.4600	0.4140	(69)	Not available		
<b>Total Tax Rate</b>	<b>1.7086</b>	<b>1.6254</b>	<b>(126)</b>	Not available		

<b>Region</b>	<b>West Carleton</b>					
	<b>1998 %</b>	<b>1999 %</b>	<b>\$ Impact 1999 vs 1998</b>	<b>2000 %</b>	<b>\$ Impact 2000 vs 1999</b>	<b>\$ Impact 2000 vs 1998</b>
-Region Wide	0.6862	0.5957	(136)	0.5604	(53)	(189)
-Child care	-	-	-	-	-	-
-Solid Waste	0.0502	0.0512	1	0.0507	(1)	-
-Transit	-	-	-	-	-	-
-Police	0.1178	0.1683	76	0.2045	54	130
-Fire Supply	-	-	-	-	-	-
<b>Total Region</b>	<b>0.8542</b>	<b>0.8152</b>	<b>(59)</b>	<b>0.8156</b>	<b>-</b>	<b>(59)</b>
Local	0.4288	0.4159	(19)	Not available		
Education	0.4600	0.4140	(69)	Not available		
<b>Total Tax Rate</b>	<b>1.7430</b>	<b>1.6451</b>	<b>(147)</b>	Not available		

## DOCUMENTATION

1. Finance Commissioner's report dated 01 Dec 99 is immediately attached.
2. Written Submission from The Council on Aging Re: 2000 Budget Directions immediately follows the report.
3. Extract of Draft Corporate Services and Economic Development Committee (Motions considered), 01 Dec 99, immediately follows the written submission from The Council on Aging and includes a record of all votes. A complete extract of the Draft minute, including discussion, will be distributed prior to Council.

## **FACT SHEET ON PARA TRANSPO**

- 12,000 people are registered (qualified) today to use Para Transpo - less than half (44%) of the total population identified as requiring transportation assistance in Ottawa-Carleton.
- The number of unaccommodated trip requests from those qualified to use Para Transpo has gone up from 5,000 in 1993 to over 40,000 in 1999 - an 800% increase over 6 years!
- Para Transpo funding has been basically frozen since 1993 at \$15 million. In the latest RMOC budget (1999) it received \$15.86 million. The hours of service in 1993 was 330,000 - in 1999 it was budgeted for 340,000 hours - a 3% increase over 6 years! The number of seniors has gone up over 14% in the same period.
- You qualify for Para Transpo if a doctor confirms that you cannot go up or down the steps on a bus, or cannot walk 175 meters to a bus stop. Para Transpo is reviewing its eligibility criteria, but any changes are expected to be minimal. Para Transpo does not serve the cognitively impaired.
- Tightening the eligibility rules for Para Transpo and introducing low-floor buses (which are ineffective in winter) will not reduce the increase in demand for Para Transpo services caused by the continuing increase in seniors in Ottawa-Carleton.
- The 1996 Census tells us that there are over 80,000 seniors (aged 65 and over) in Ottawa-Carleton, an increase of 10,000 over 1991 (at 14% it is twice the rate of growth of the Region). Of these seniors, over 33,000 are over age 75.
- By the year 2031 nearly one-in-five residents in Ottawa-Carleton will be aged 65 or older;

*SOURCES: OC Transpo, Statistics Canada*

## ***PARA TRANSPO DATA, 1989-1999***

<u>Year</u>	<u>Hours of Service ('000)</u>	<u>Thousands of Passengers</u>	<u>Budget (\$ millions)</u>	<u>Unaccommodated Trip Requests</u>
1999 (budget)	340	759	\$15.86	
1998	337	744	\$15.72	40,000
1997	335	744	\$15.21	39,600
1996	338	742	\$15.27	39,800
1995	335	744	\$15.57	30,100
1994	330	730	\$15.41	16,900
1993	330	720	\$15.00	5,000
1992	262	635	\$14.14	1,900
1991	253	538	\$12.00	800
1990	221	465	\$ 9.01	
1989	195	407	\$ 7.86	

SOURCE: RMOC Budget documents

## ***Population Aged 65 & Over, RMOC, Census Data***

<u>Year</u>	<u>Population Aged 65 &amp; Over</u>	<u>% of Total Population</u>	<u>Population Aged 75 &amp; Over</u>	<u>(As % of Seniors (65+) Population)</u>
2001 (proj.)	87,280	11.1%	41,020	47%
1996	80,045	11.1	33,770	42
1991	70,865	10.4	27,825	39
1986	58,955	9.7	22,070	37

SOURCE: Statistics Canada, Council on Aging



Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 December 1999

2000 BUDGET DIRECTIONS

- Finance Commissioner's report dated 01 Dec 99

*(Minute Extract containing public delegations and Committee discussion / debate will be issued prior to the Council meeting of 08 December 1999.)*

*Motions considered by Committee.*

Moved by R. van den Ham

**That Recommendation No. 2 be amended by adding the following text: “and that any proposed changes, mandated or otherwise, be highlighted;”**

CARRIED

Moved by A. Loney

**That Recommendation No. 7 be replaced with the following: “That the Regional Chair, in consultation with the Chief Administrative Officer and the Committee Chairs, prepare a new schedule which will provide for a final approval of the 2000 budget on or before 31 December 1999.**

CARRIED

(G. Hunter dissented)

*Report recommendations as amended.*

Moved by R. Cantin

**That the Corporate Services and Economic Development Committee recommend Council approve the following directions for the development of the 2000 Draft Operating and Capital Estimates:**

- 1. That departments develop their 2000 Draft Estimates assuming no increase in tax requirement over 1999 after adjustments for compensation and police debt service cost increases;**

2. **That the Community Services Departments (Health, Social Services, Homes for the Aged and Social Housing) develop their 2000 Draft Estimates within the aggregate 1999 funding envelope for Community Services, and that any proposed changes, mandated or otherwise, be highlighted;**

(D. Beamish, A. Loney  
and G. Hunter dissented)

3. **That other departments develop their 2000 Draft Estimates based on existing programs and service levels and where, if service levels must be adjusted to remain within 1999 funding levels, that these proposed changes be highlighted;**

(A. Loney and  
G. Hunter dissented)

4. **That the ten year capital program be developed with continued regard for the ongoing debt management strategy and “pay-as-you-go” policies;**
5. **That the Region accommodate, through a reduction in the upper tier tax requirement, its share of any property tax mitigation provided to the Corel Centre resulting from any Council decision to use the new professional sports facility property class;**
6. **A total tax requirement target of \$551.3M which would generate a 2.6% reduction in the total Regional tax rate assuming a net growth in assessment of 0.8%;**
7. **That the Regional Chair, in consultation with the Chief Administrative Officer and the Committee Chairs, prepare a new schedule which will provide for a final approval of the 2000 budget on or before 31 December 1999.**

CARRIED as amended