



The Big Picture

City of Ottawa Finances

2006-2010

Presentation to the Audit, Finance and Budget Committee
June 15, 2010

Plamondon & Associates Inc.

Purpose

- High-level comparison of City of Ottawa finances with other single-tier Ontario cities: population > 250k
 - High-level look at city finances over term of Council (2006-2010)
 - Highlight areas that warrant further review and analysis
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Primary Data sources

- BMA Consulting
 - Municipal Study 2009 -- Based on most recent Financial Information Returns (FIR) for Ontario municipalities - 2008
- City of Ottawa tax reports
- City of Ottawa audited financial statements
- Other

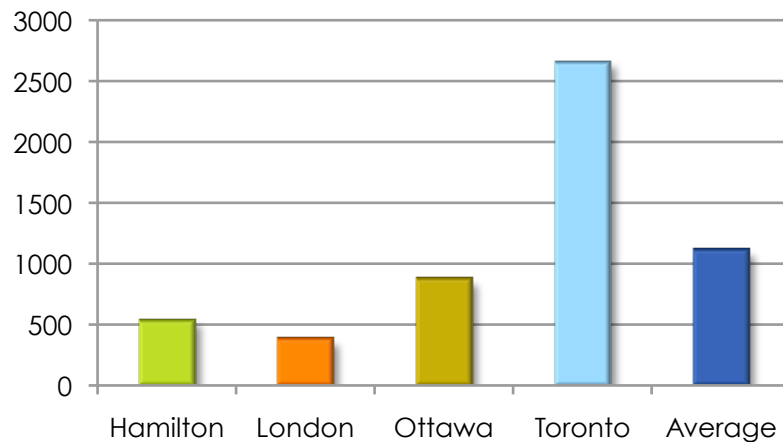
Note: Our 2007 “Fiscal Realities” report was based on audited financial statements and schedules. In this report we largely use *budget* data since 2010 actual data is still one year away.

Ottawa compared with other single tier cities

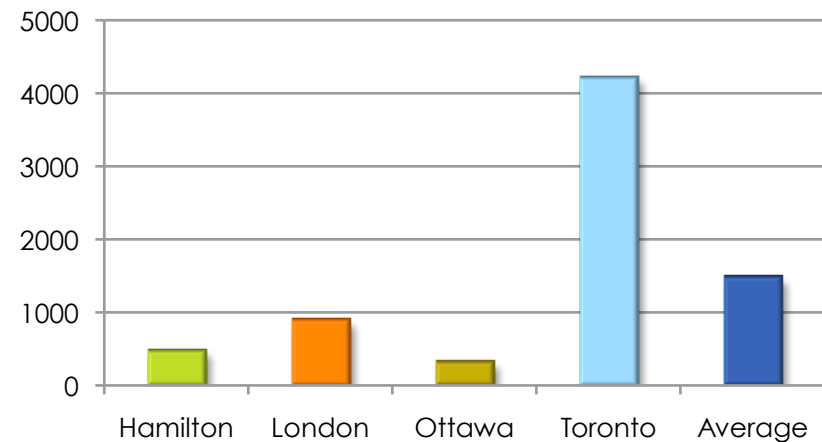
Based on data compiled by BMA from 2008 Financial Information Returns
and MPMP data

Single tier Ontario cities with population > 250,000

Population 2008 (000's)



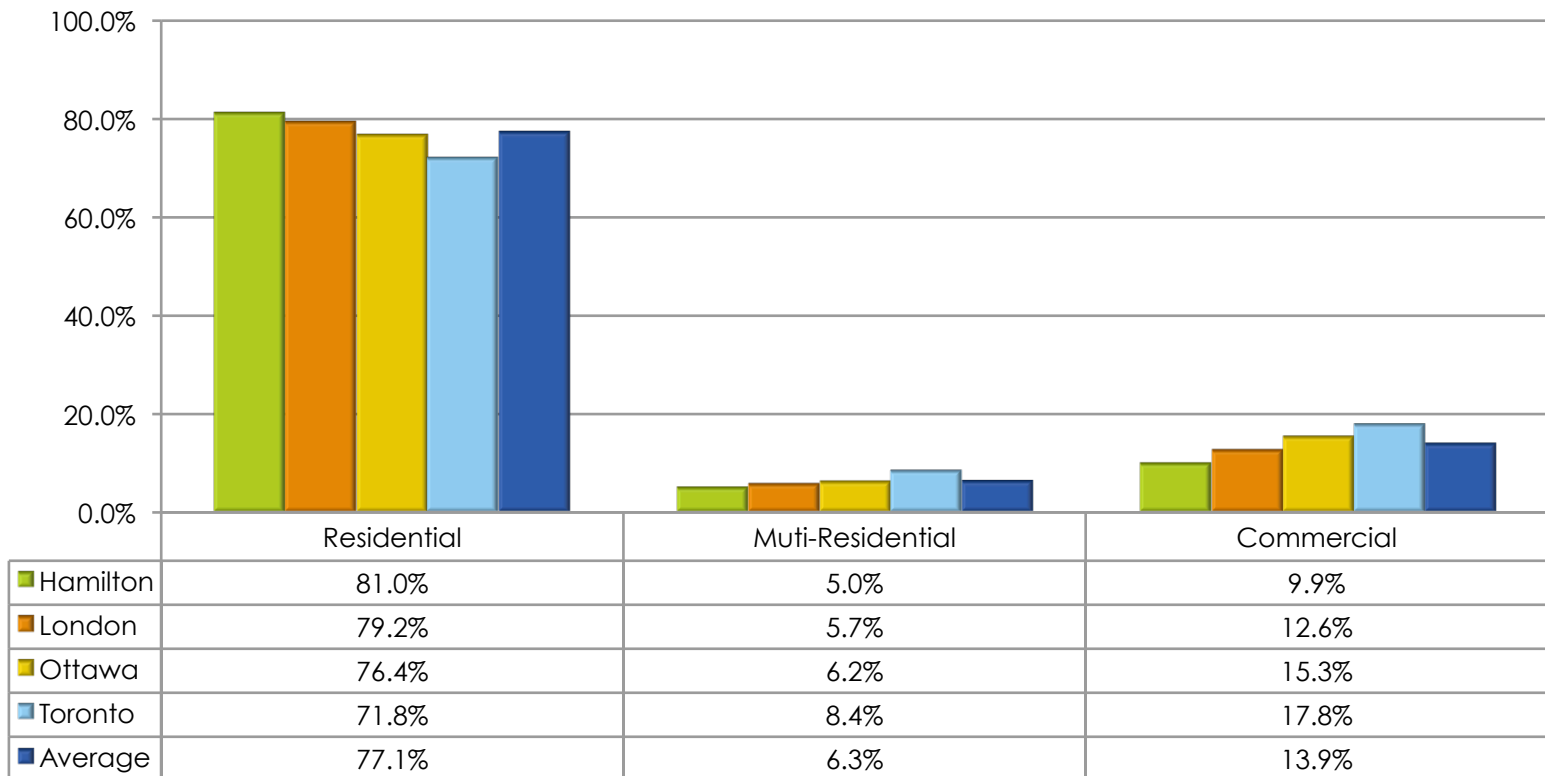
Density (Pop. per sq. km)



Ottawa has no direct comparator in terms of population or density, but these single tier cities provide useful reference points to help determine areas that warrant further analysis. Note that data compilation methods vary by municipality.

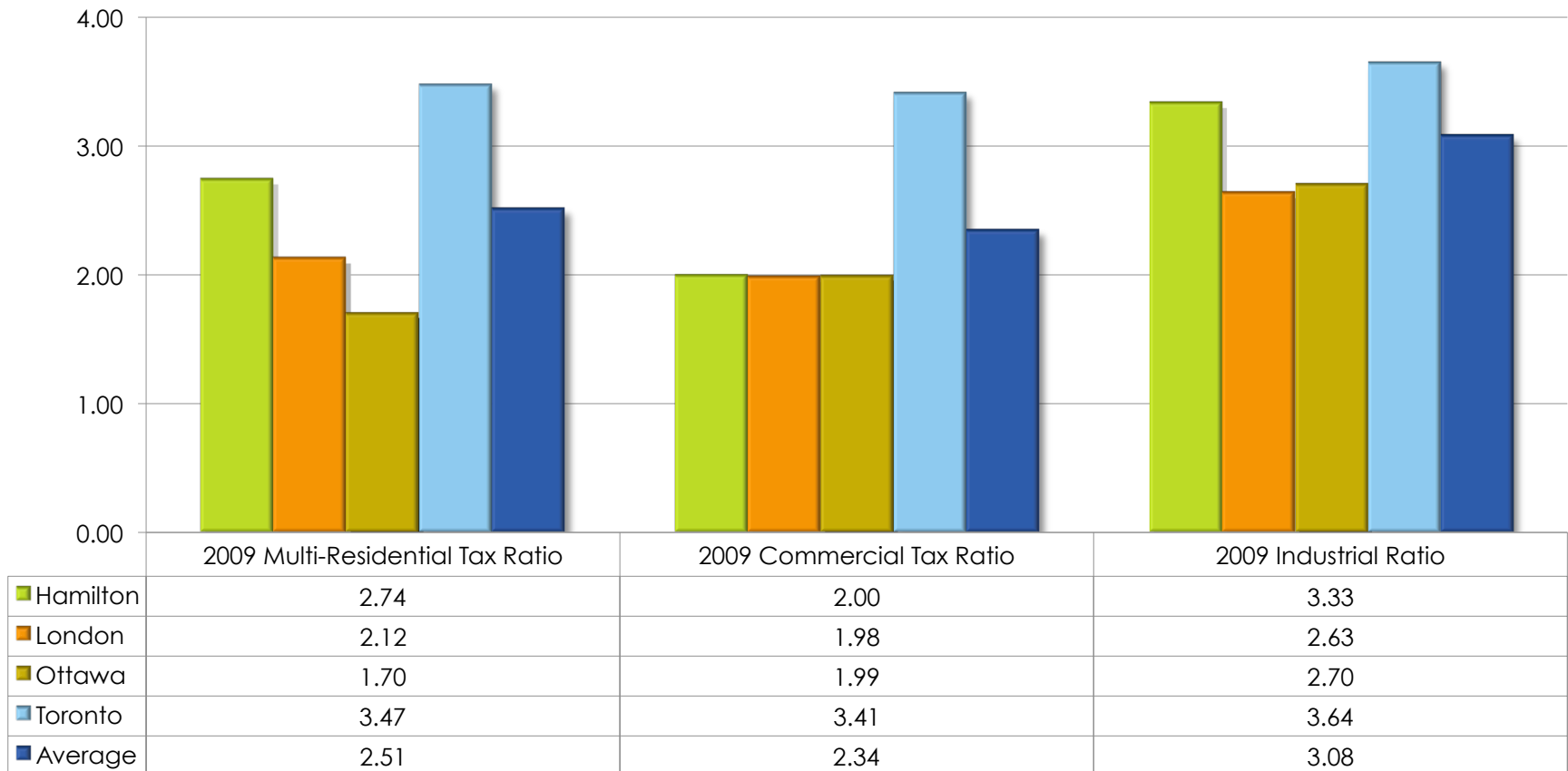
Ottawa has more residential, and less multi-res and commercial than Toronto, but not significantly so

% of Assessment by category



Ottawa's relatively low commercial and multi-res ratios make it less expensive for business and more expensive for homeowners

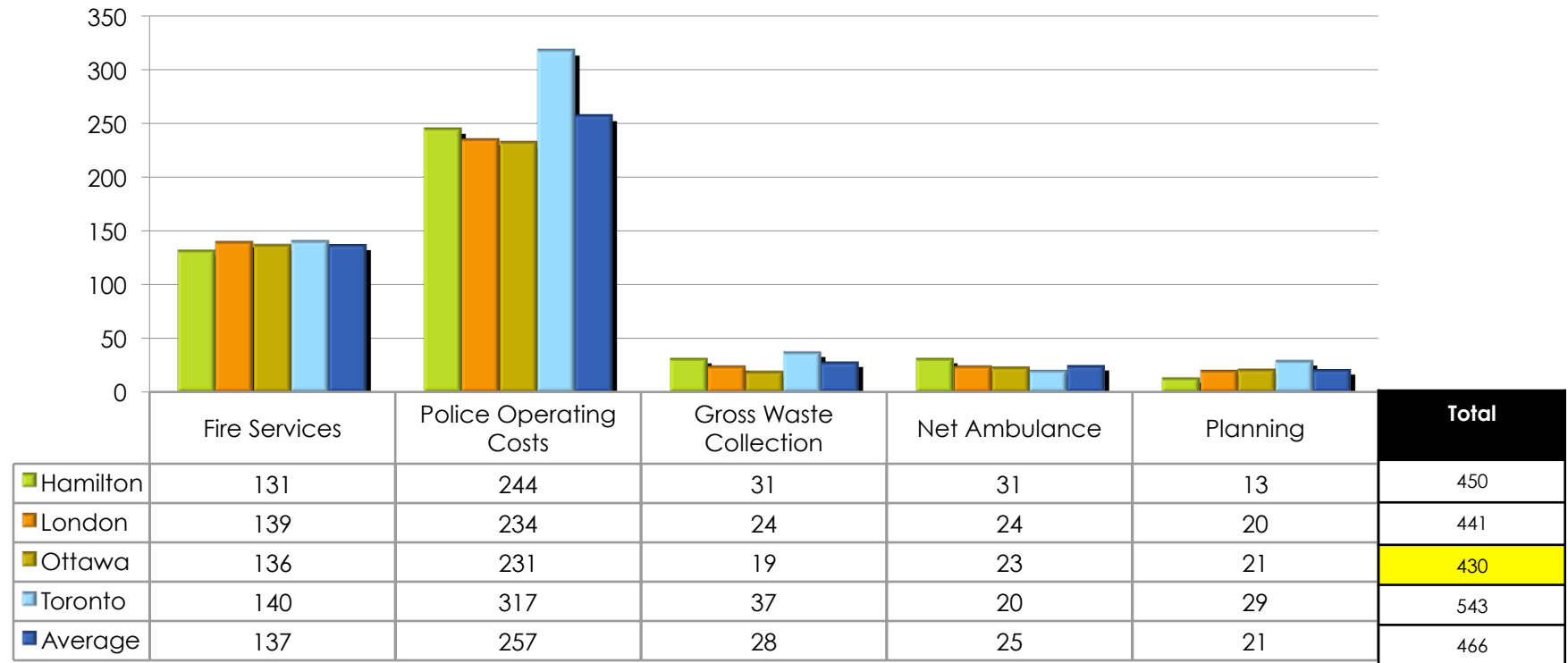
Tax Ratios



New multi-residence properties in Ottawa, Toronto and Hamilton have a tax ratio of 1.0

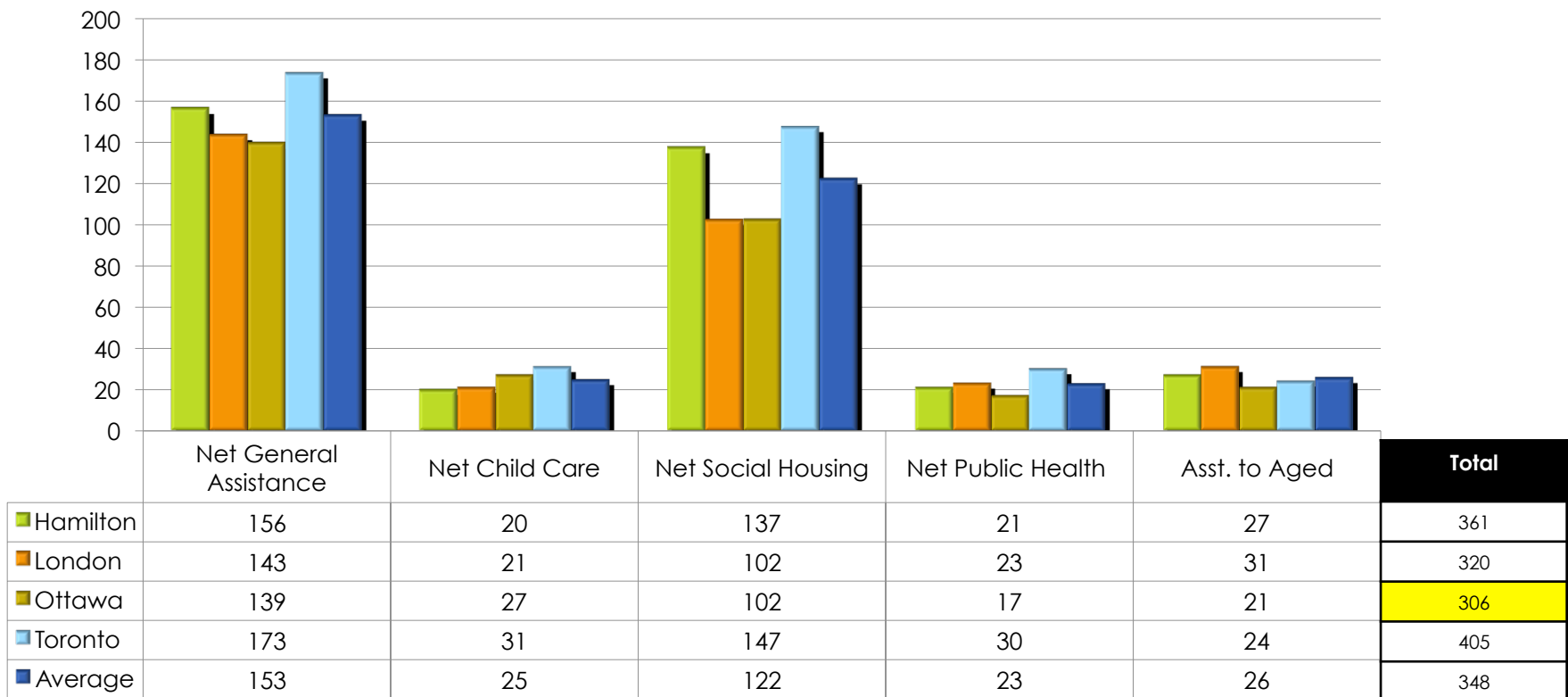
Ottawa's per capita net expenditures in security and some other core operations are below other cities

2008 Per Capita Net Expenditures



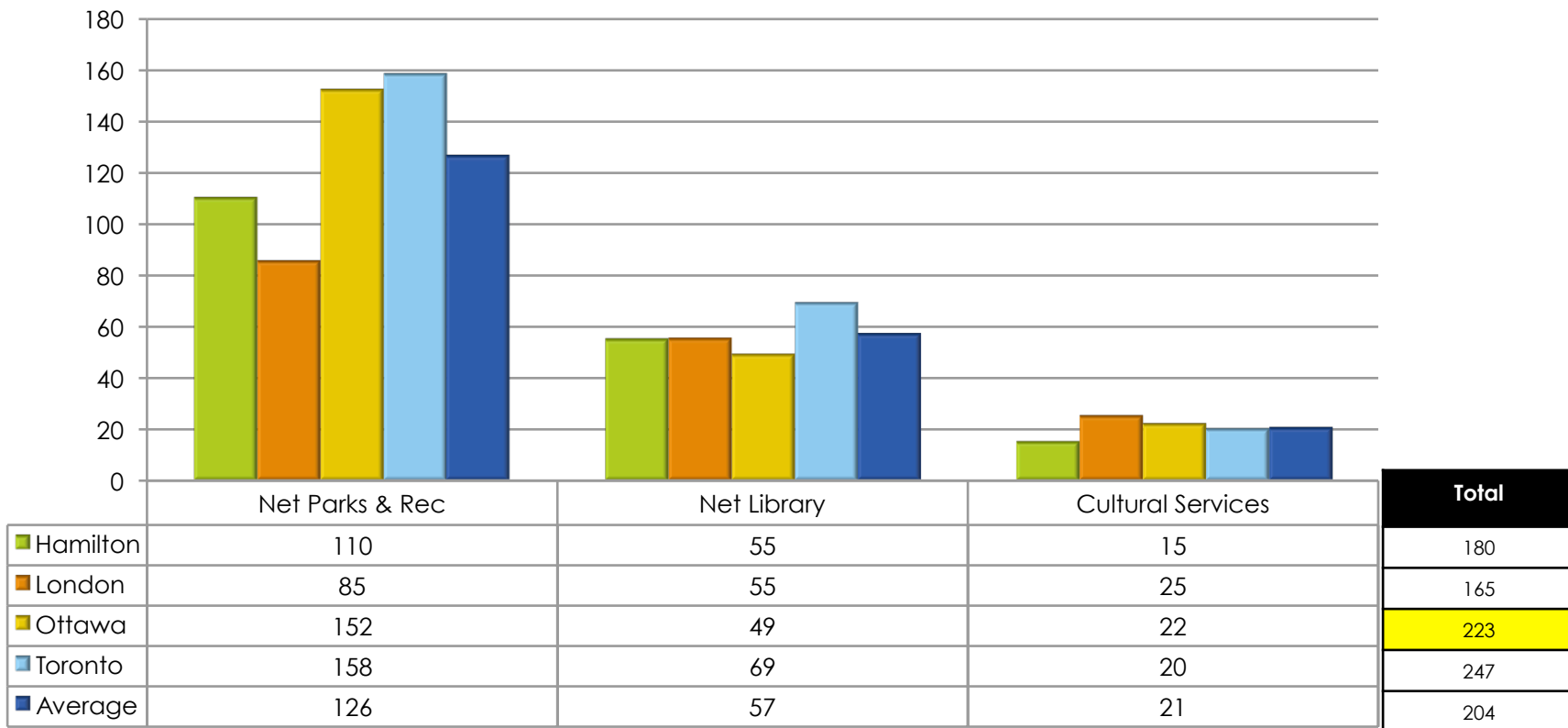
Ottawa spends relatively less in social and community assistance

2008 Per Capita Net Expenditures



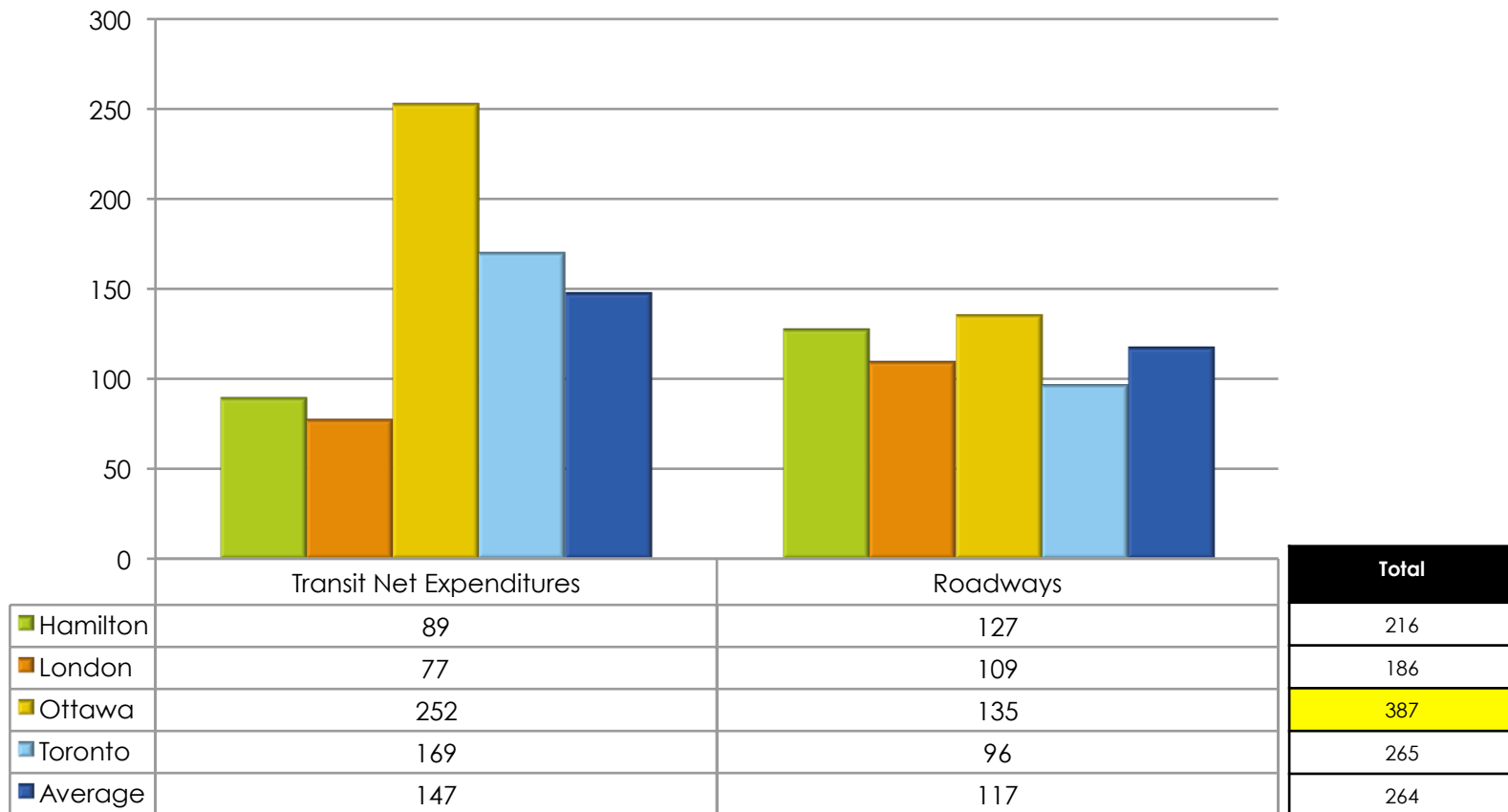
On cultural and community support, Ottawa has above average spending

2008 Per Capita Net Expenditures



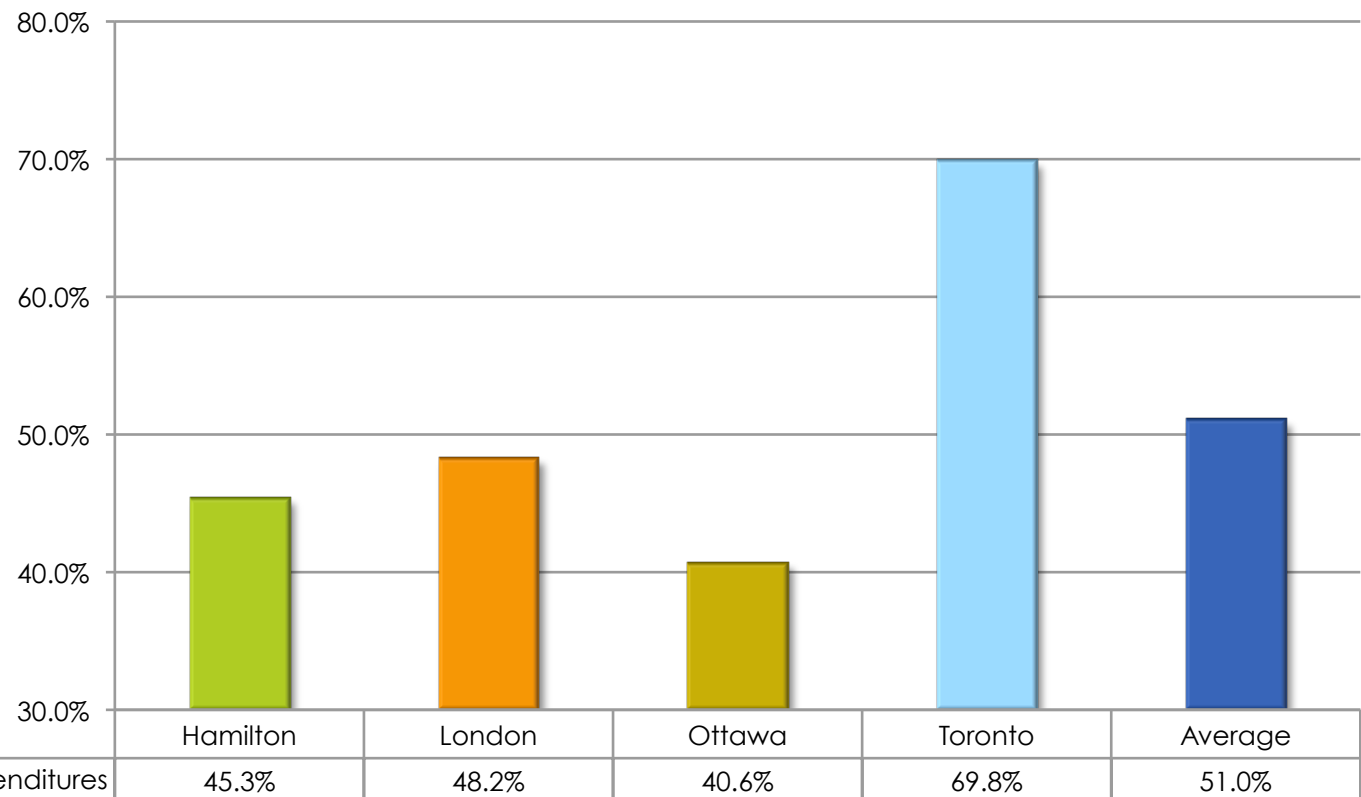
Ottawa spends significantly more per capita on transit and roadways

Net Expenditures Per Capita



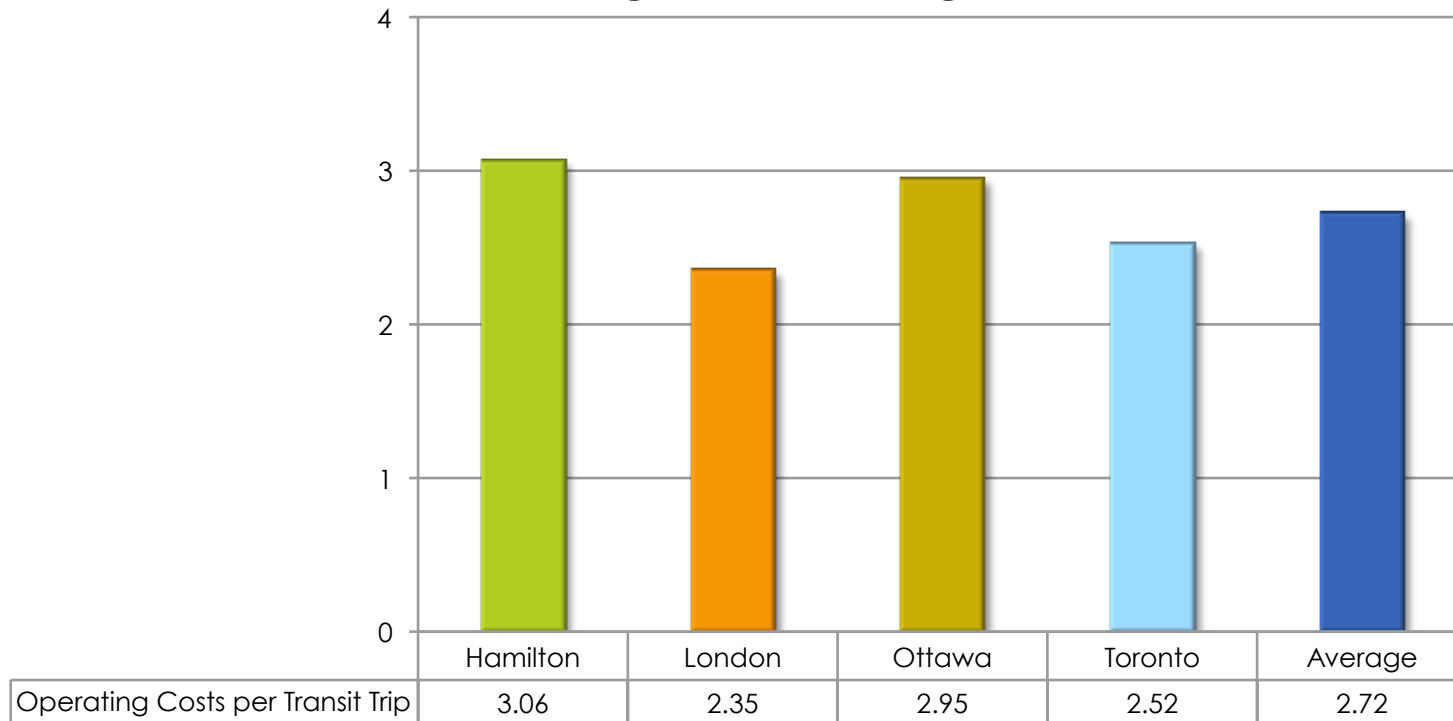
Ottawa has the lowest relative recovery against transit expenditures

2008 Transit Revenues as a % of expenditures



Ottawa transit operating costs per regular trip are higher than the average

Operating costs per regular transit Trip



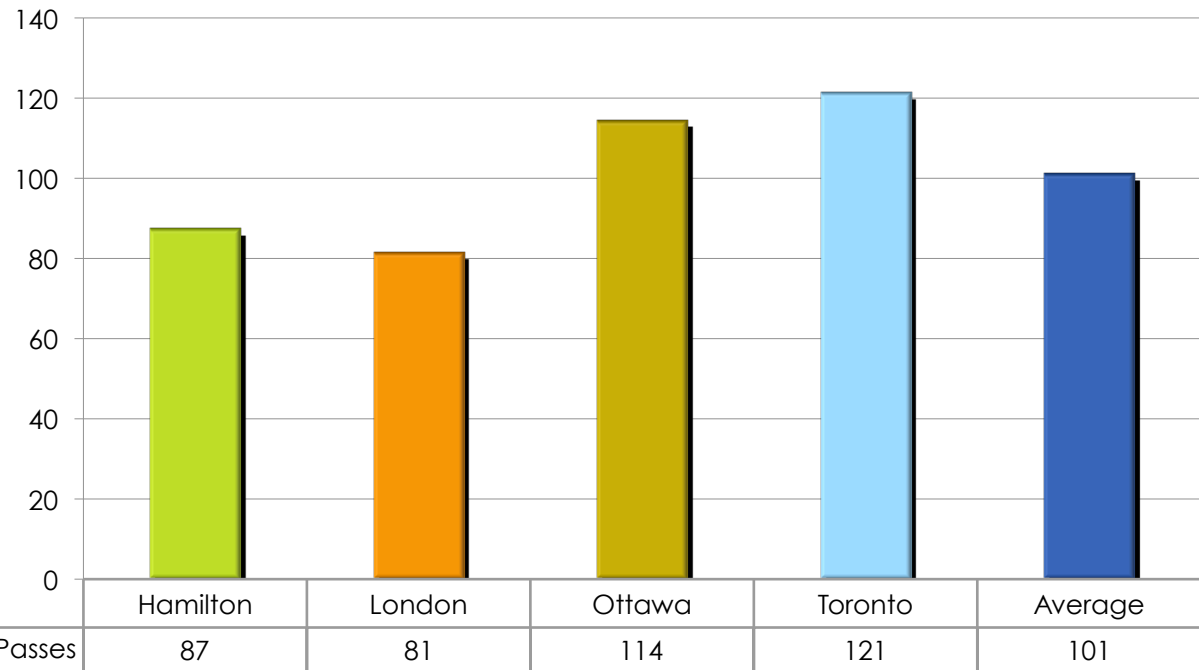
Source: MPMP

Ottawa's Transit pass costs less than in Toronto, although we have a higher cash fare

2010 Monthly Express Adult Passes

Cash Fare:

Ottawa \$3.25
Toronto \$2.75
London \$2.75
Hamilton \$2.40



2009 Monthly Express Adult Passes

87

81

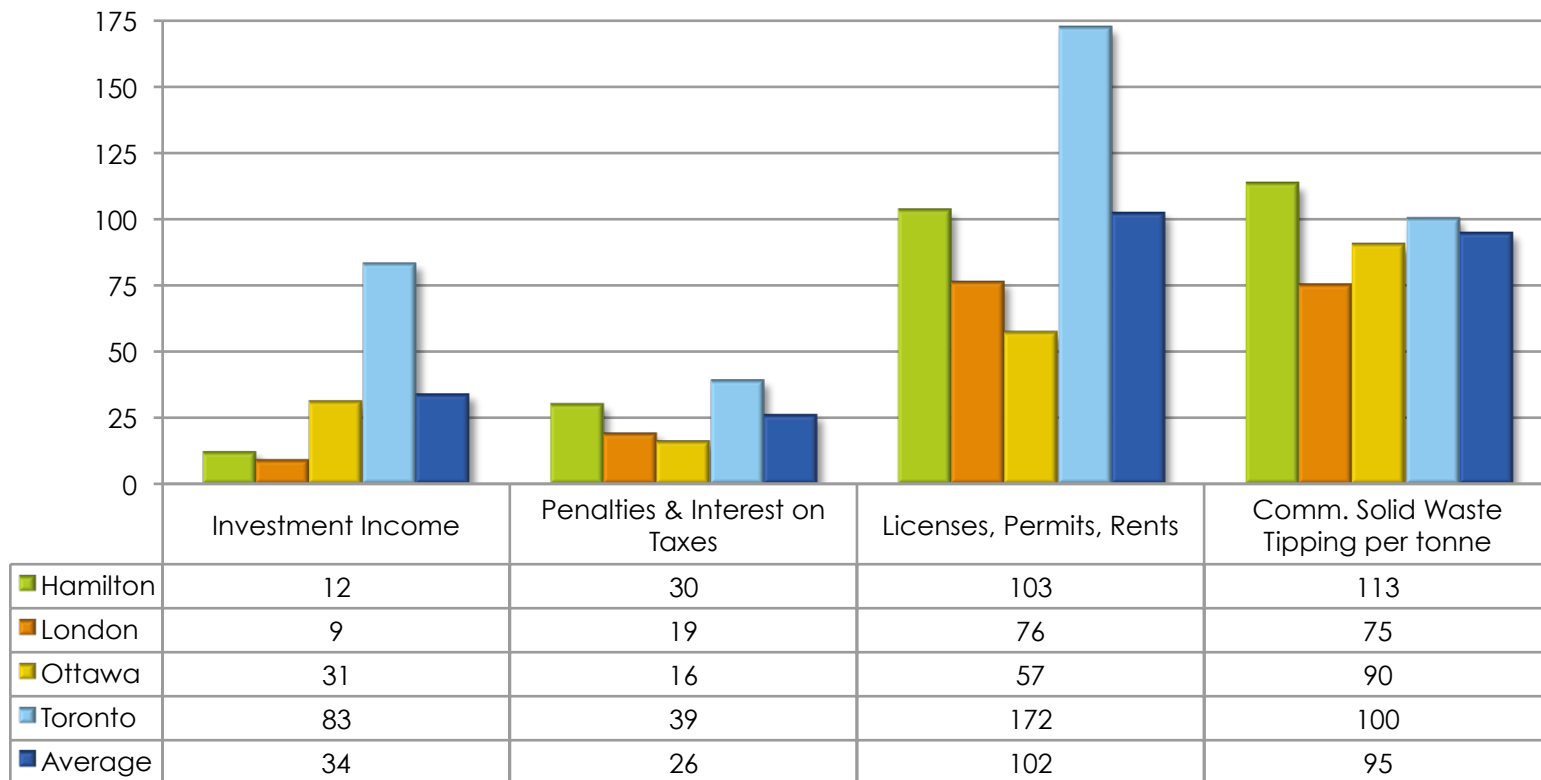
114

121

101

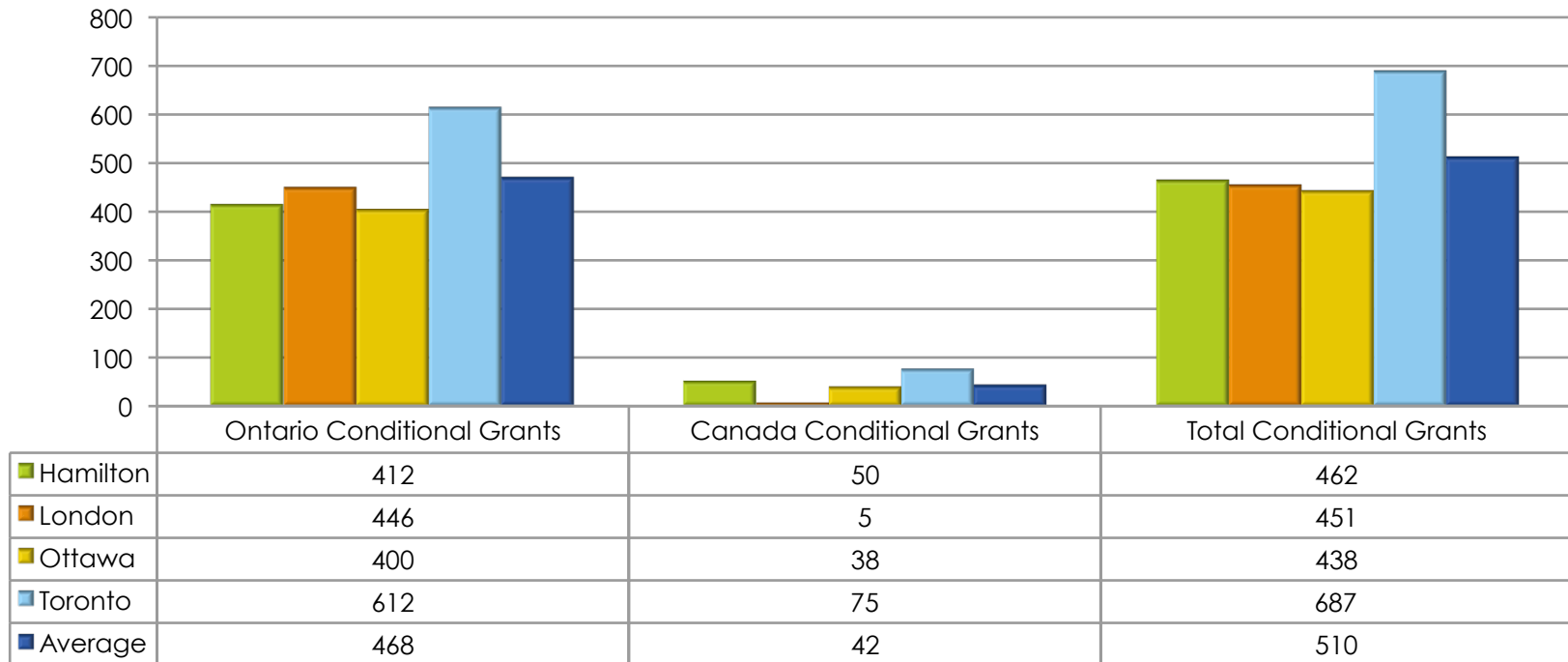
Ottawa is relatively low on other revenue sources

Other Revenue Sources per capita and tipping fees



Ottawa received lower conditional grants than other cities

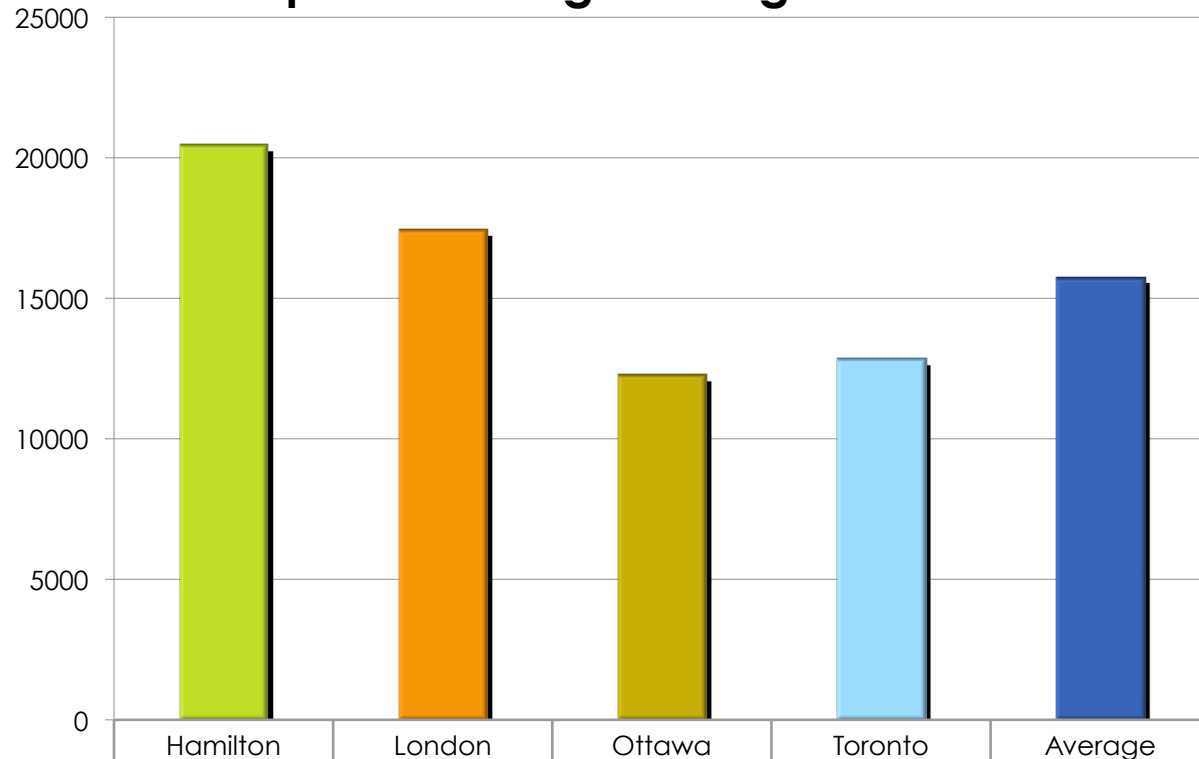
Conditional Grants Per Capita



Ontario Conditional Grants assist with social program costs

Ottawa's development charges and building permit fees are relatively low

2009 Development Charges - Single Detached Home



Residential Building Permit Fee Per Sq. Ft.

Hamilton	\$1.03
London	\$0.68
Ottawa	\$1.00
Toronto	\$1.34

Development Charges - Single Detached

20412

17384

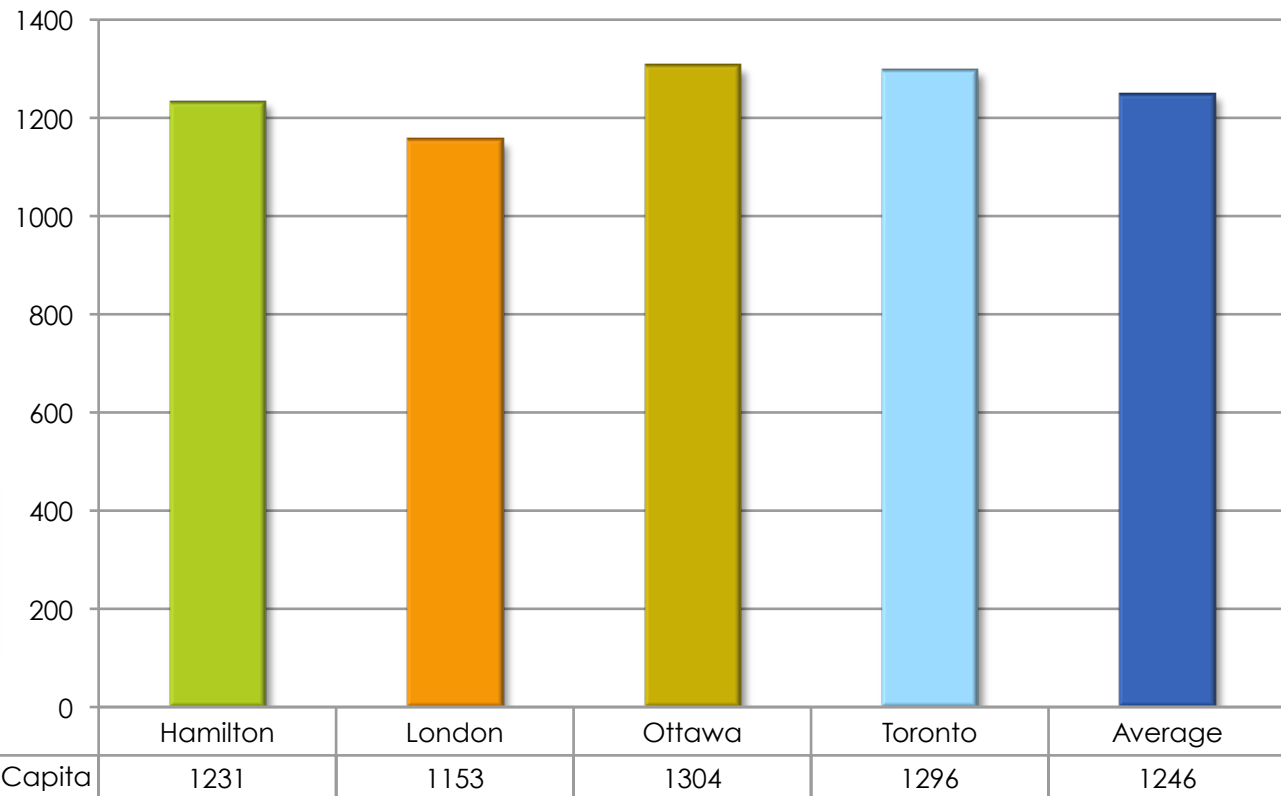
12212

12806

15704

Ottawa has the highest tax levy per capita – slightly above Toronto

2009 Net Municipal Levy Per Capita



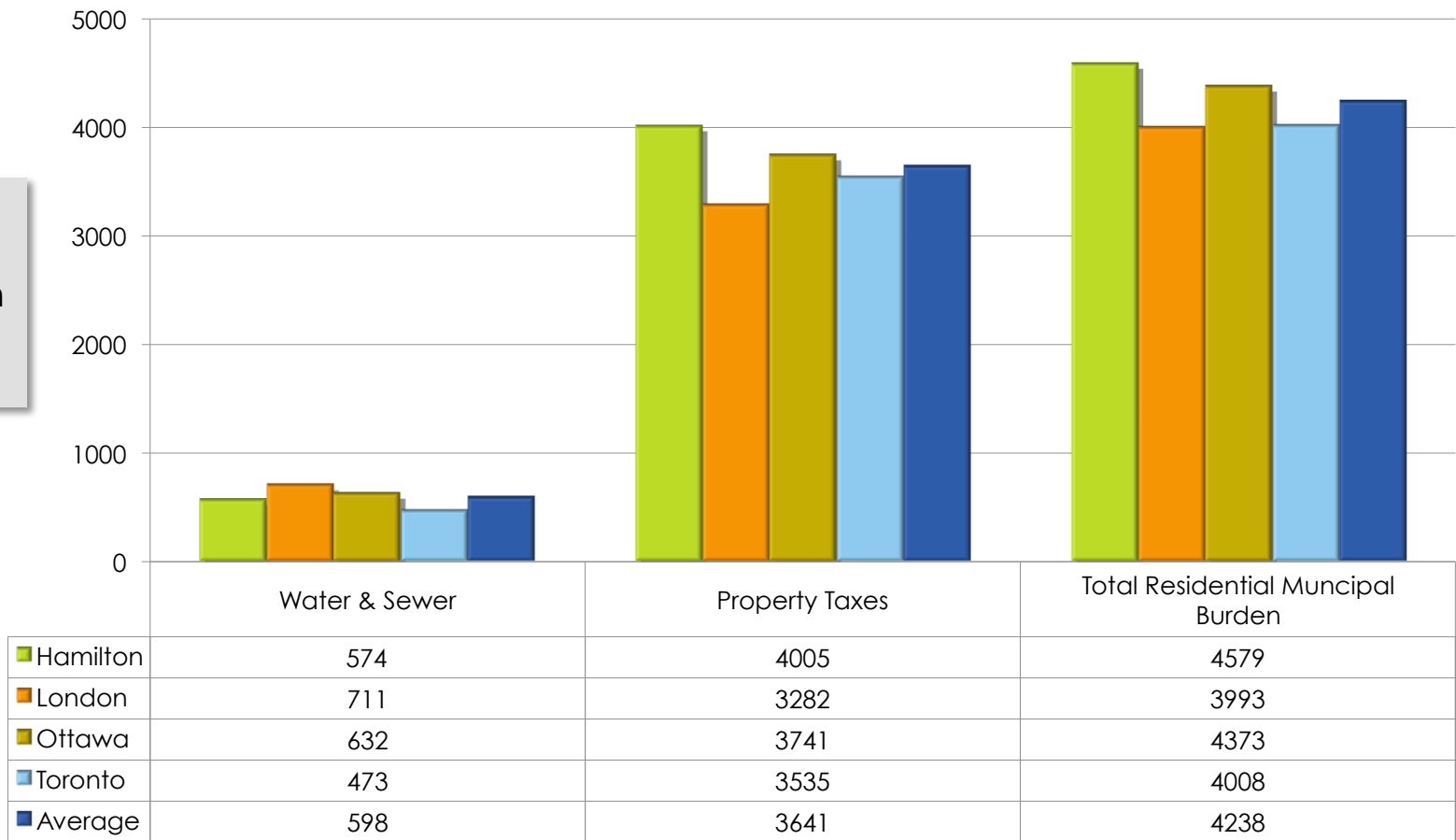
Net municipal levy required to provide services divided by population

2009 Net Municipal Levy Per Capita

Ottawa has an above-average total municipal burden – 9.1% above Toronto

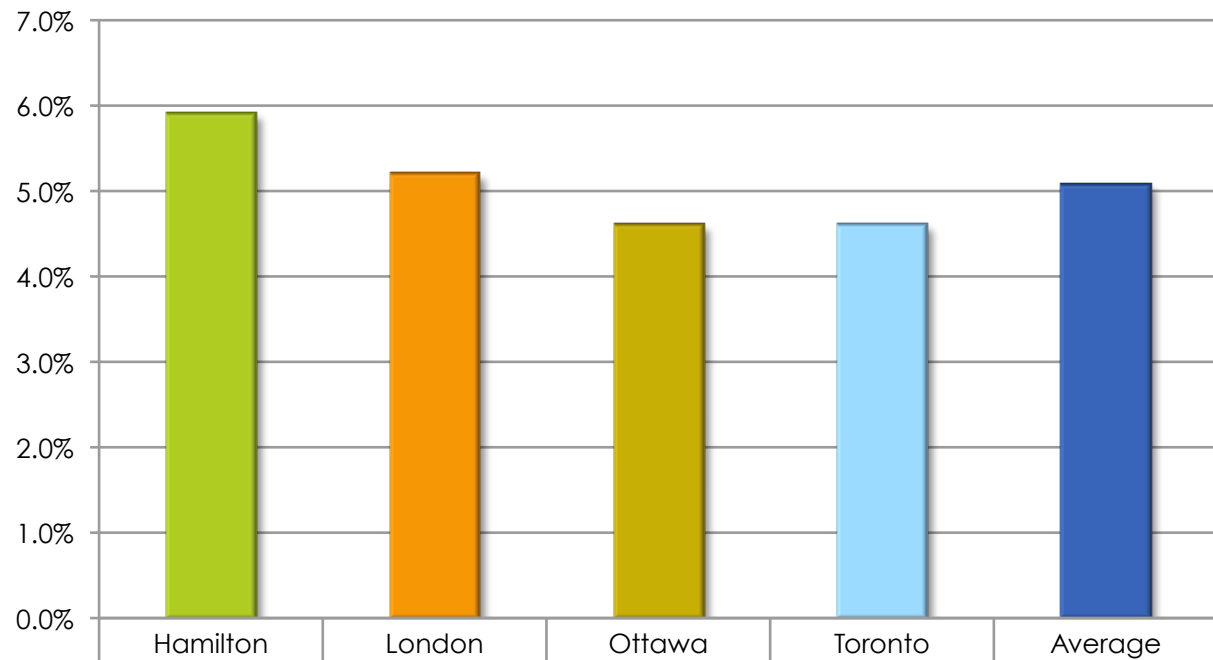
Total Municipal Tax Burden – Typical Household

Based on a typical household in each municipality



Ottawa taxes are relatively affordable

Total Residential Municipal Burden as a % of income



Total Residential Municipal Burden as a % of income

5.9%

5.2%

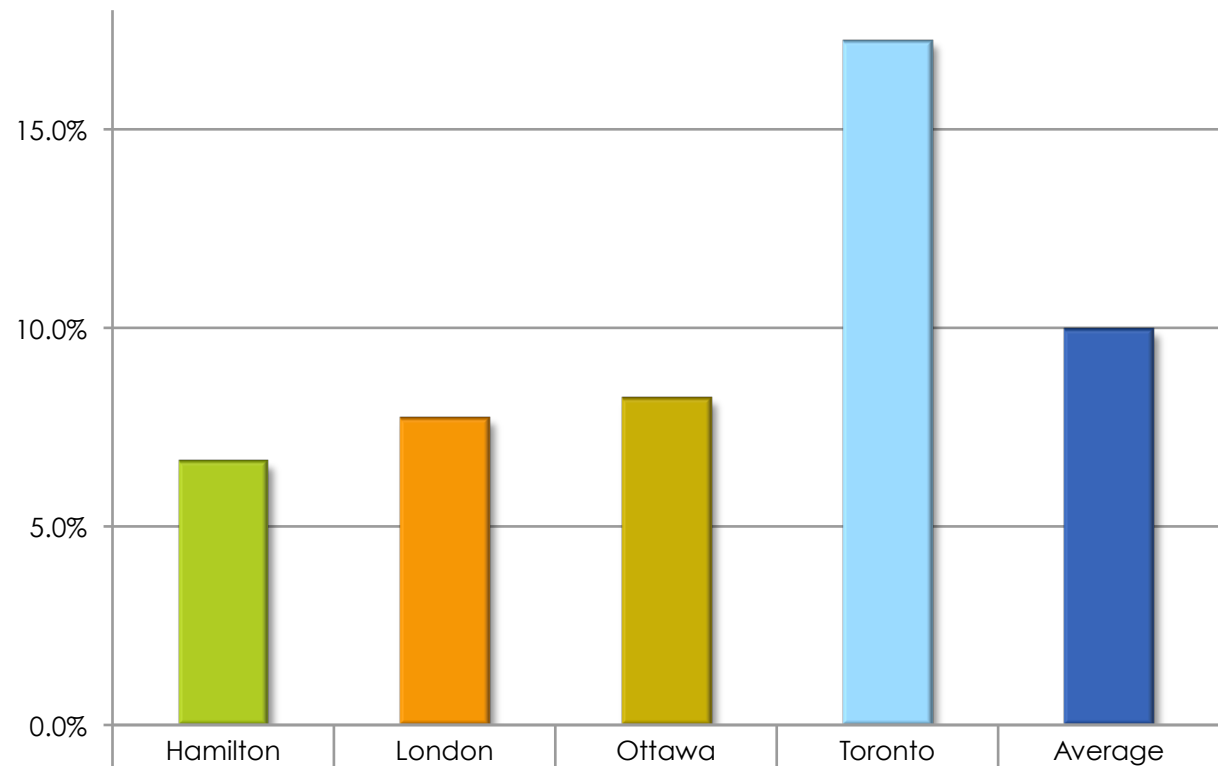
4.6%

4.6%

5.1%

Ottawa has modest debt, and a stronger financial position than Toronto

Debt Charges as a % of Total Taxation



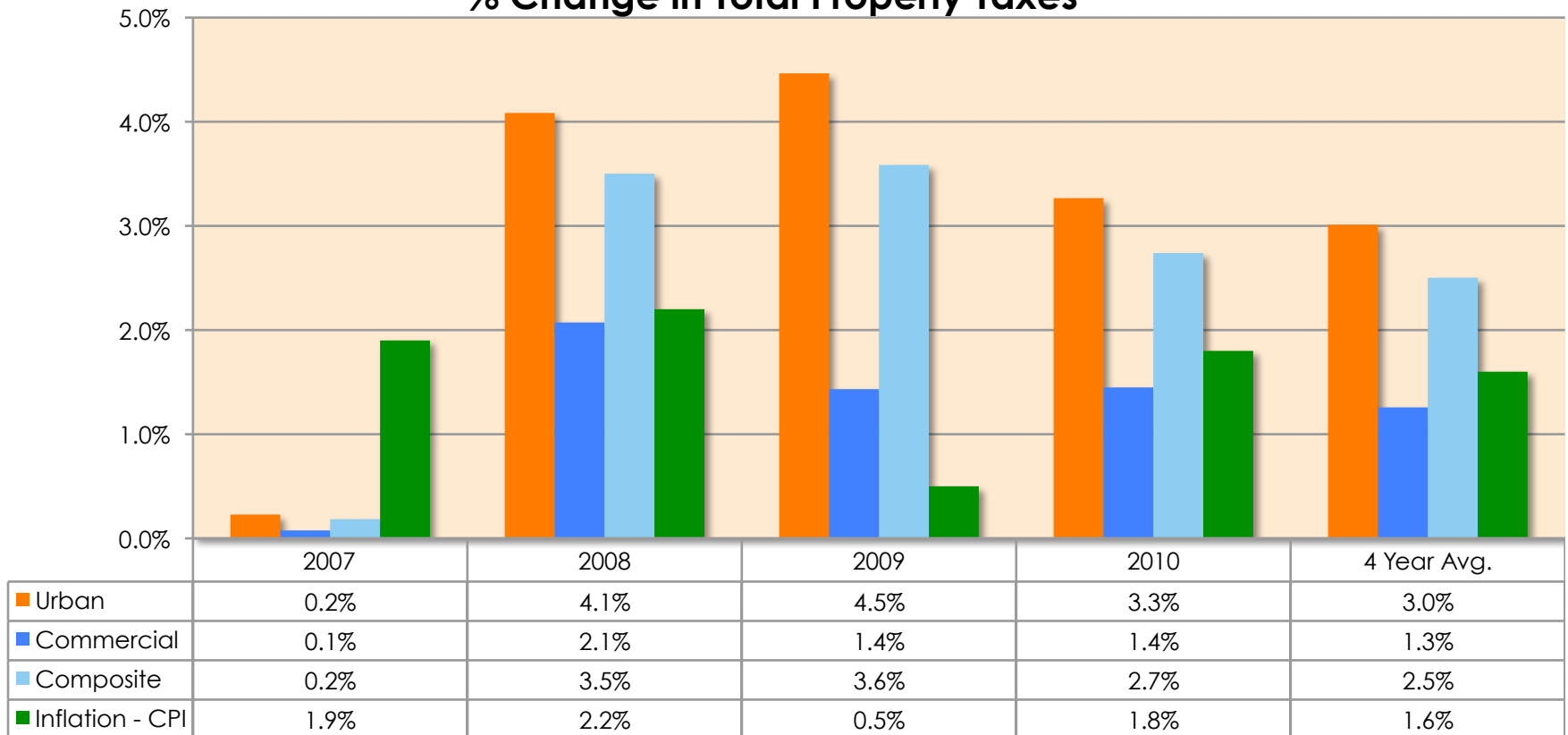
Debt Charges as a % of Total Taxation	6.6%	7.7%	8.2%	17.2%	9.9%
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City of Ottawa Four year financial review

Changes in tax rates

Overall, property taxes have increased on average 2.5% per year, 0.9 % point above inflation

% Change in Total Property Taxes



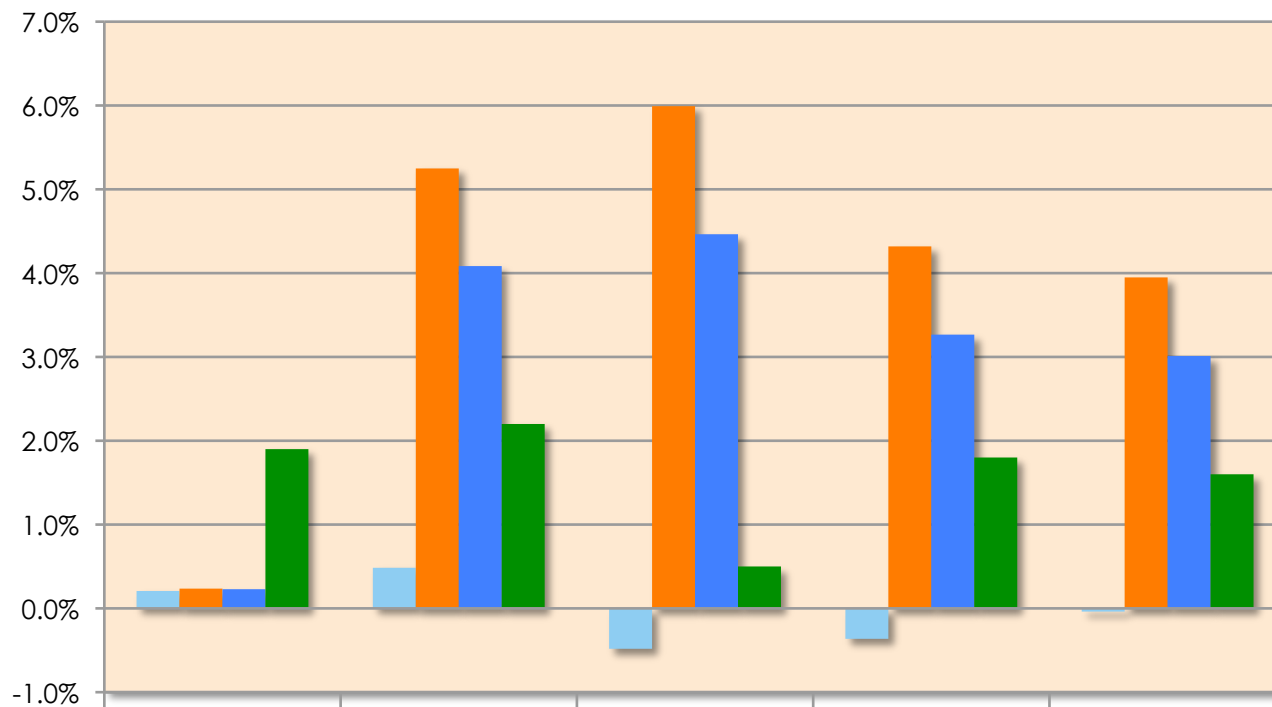
Notes:

1. Composite reflects urban and rural taxes
2. 2010 CPI inflation rate is estimated
3. Includes property taxes, education, garbage and conservation authorities



The education component has been relatively constant over the past 4 years

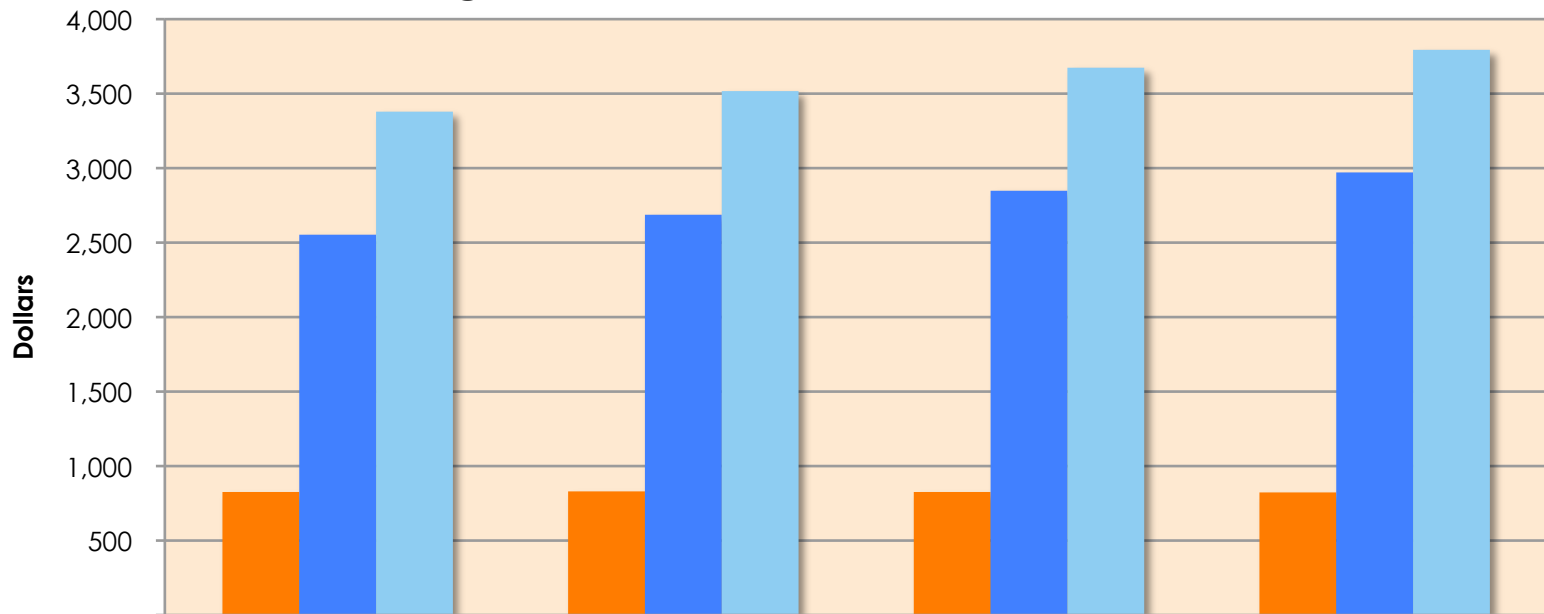
% Change in components of Urban Property Taxes



	2007	2008	2009	2010	4 Year Avg.
Education, Garbage, Cons Auth	0.2%	0.5%	-0.5%	-0.4%	0.0%
Municipal Only	0.2%	5.2%	6.0%	4.3%	3.9%
Total	0.2%	4.1%	4.5%	3.3%	3.0%
Inflation - CPI	1.9%	2.2%	0.5%	1.8%	1.6%

The urban tax bill increased by \$423 from 2006 to 2010

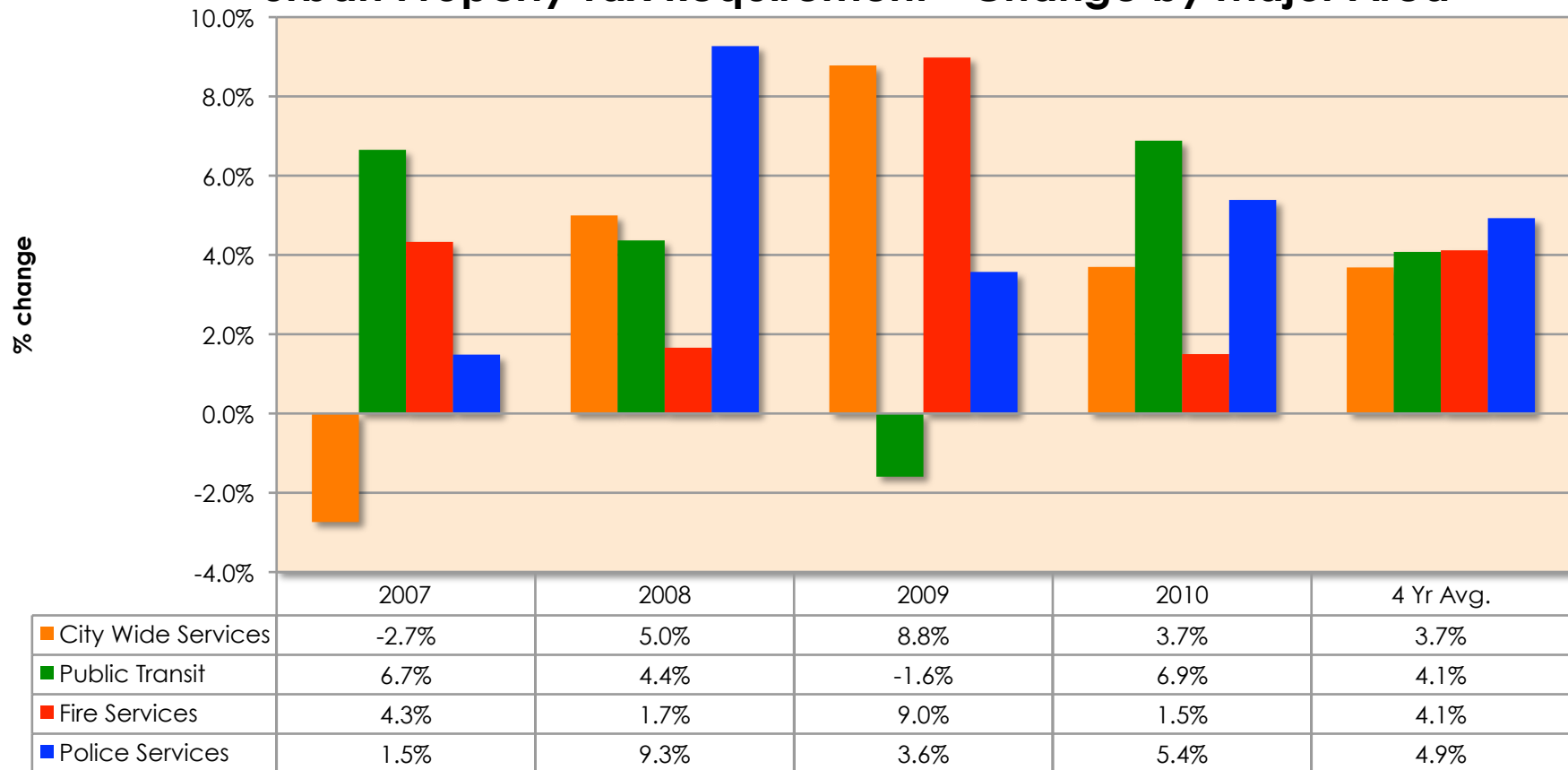
\$ Change in Urban Property Taxes



	2007	2008	2009	2010
Education, Garbage, Cons Auth	826	830	826	823
Municipal Portion	2,553	2,687	2,848	2,971
Total	3,379	3,517	3,674	3,794

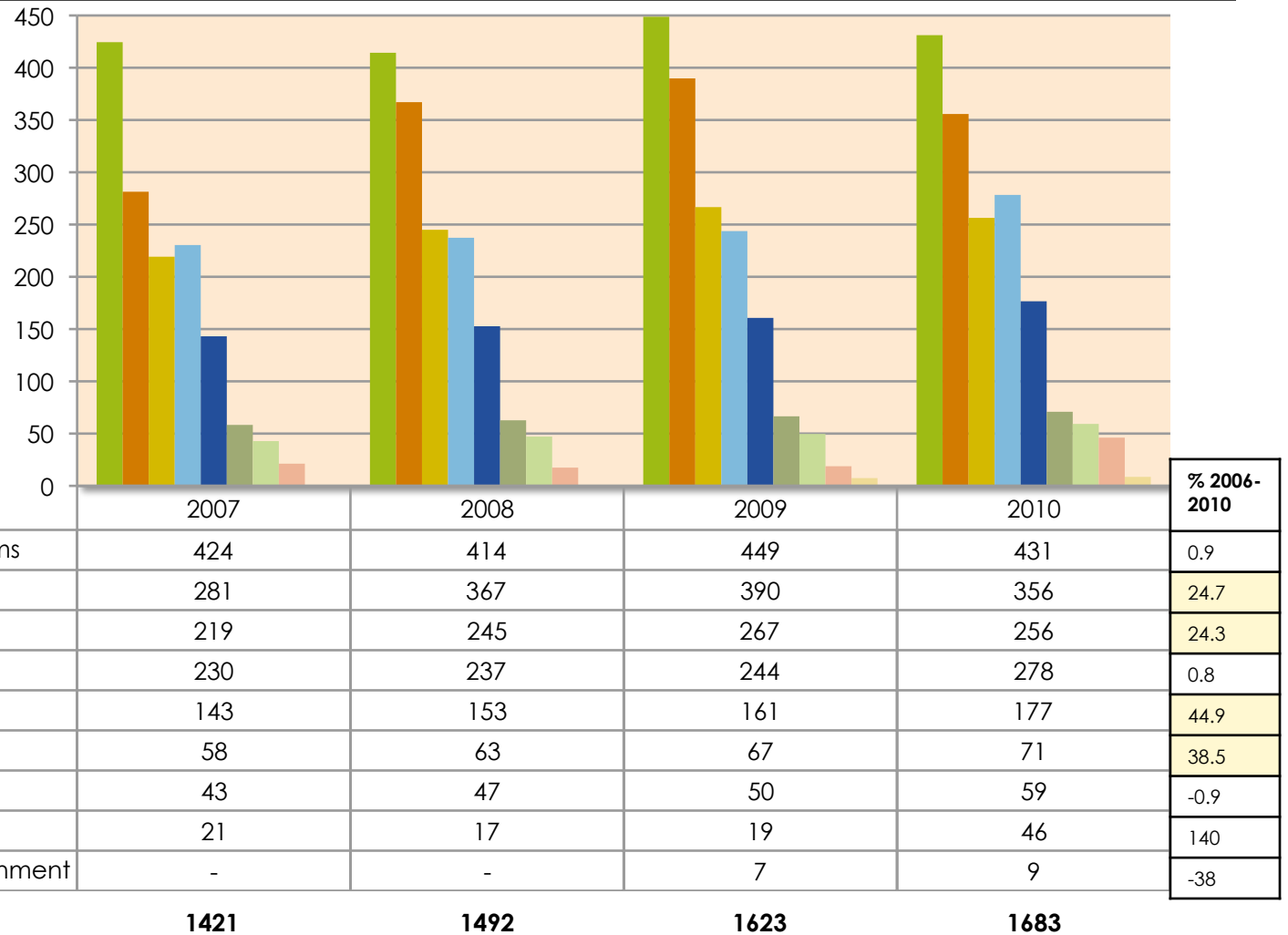
Police have received relatively more funding than other areas

Urban Property Tax Requirement - Change by Major Area

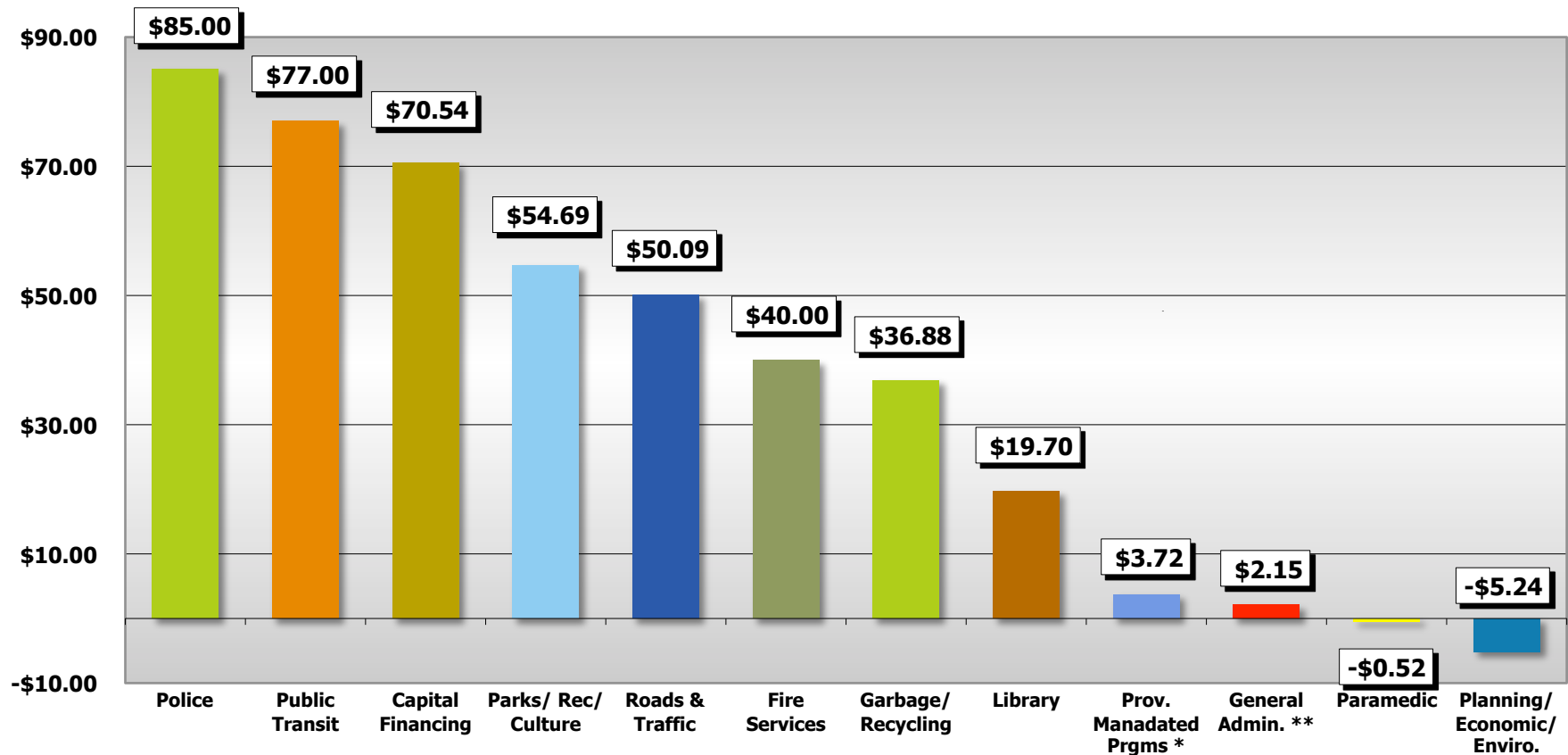


\$ - Urban Property Taxes for City-Wide Services

Provincial Mandated Programs include:
MPAC, Housing, Child Care, Public Health, EFA and Long Term Care



Relative \$ share of urban tax levy change – 2006 to 2010

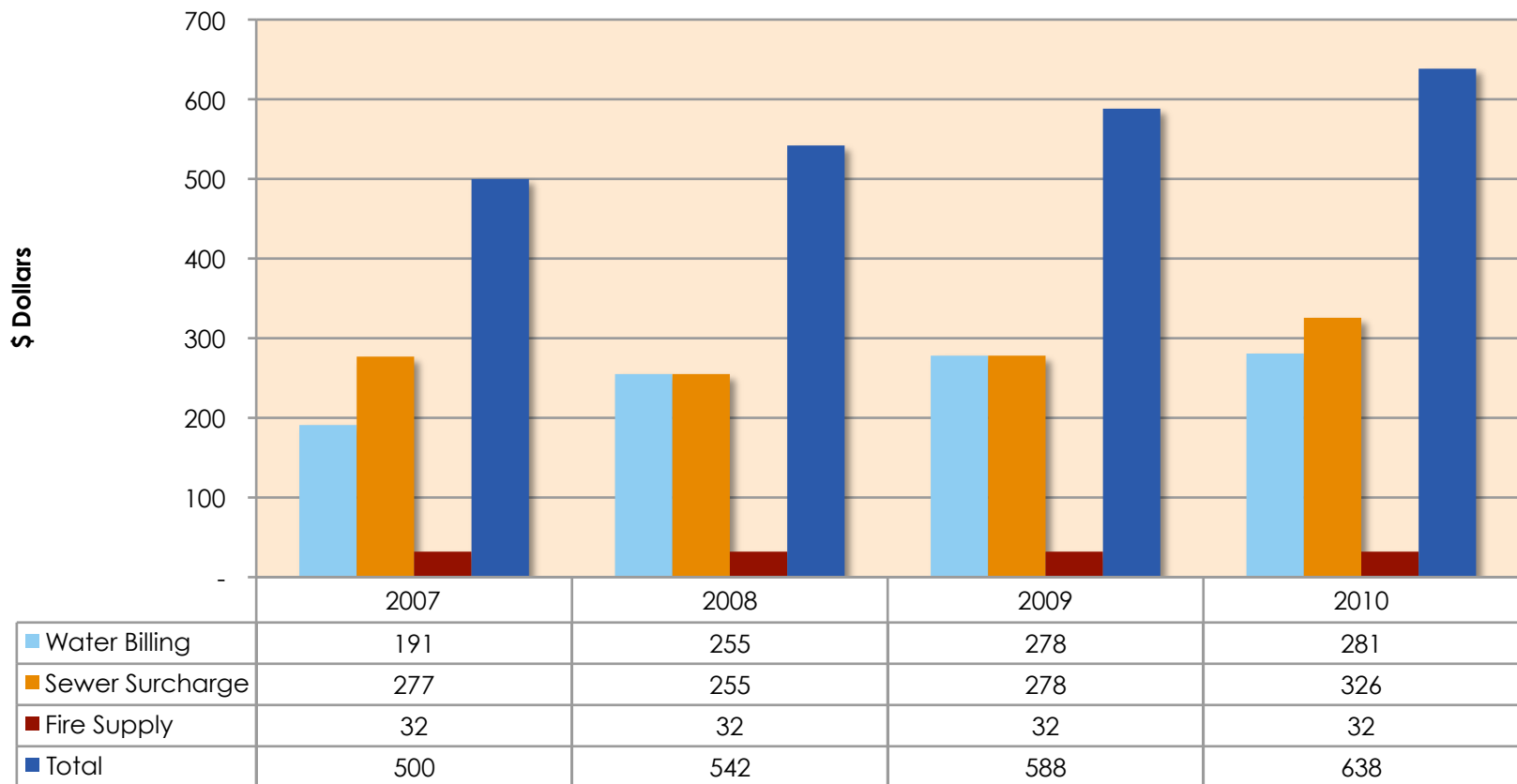


* Provincial Mandated Programs include: MPAC, Housing, Child Care, Public Health, EFA, and Long Term Care.

** General Administration includes: Elected Officials, Auditor, City Manager, DCM Offices, Communications, Finance, IT, City Clerk & Solicitor, etc.

Total charges from 2006-2010 increased from \$462 to \$638 or an average of 8.4% per year

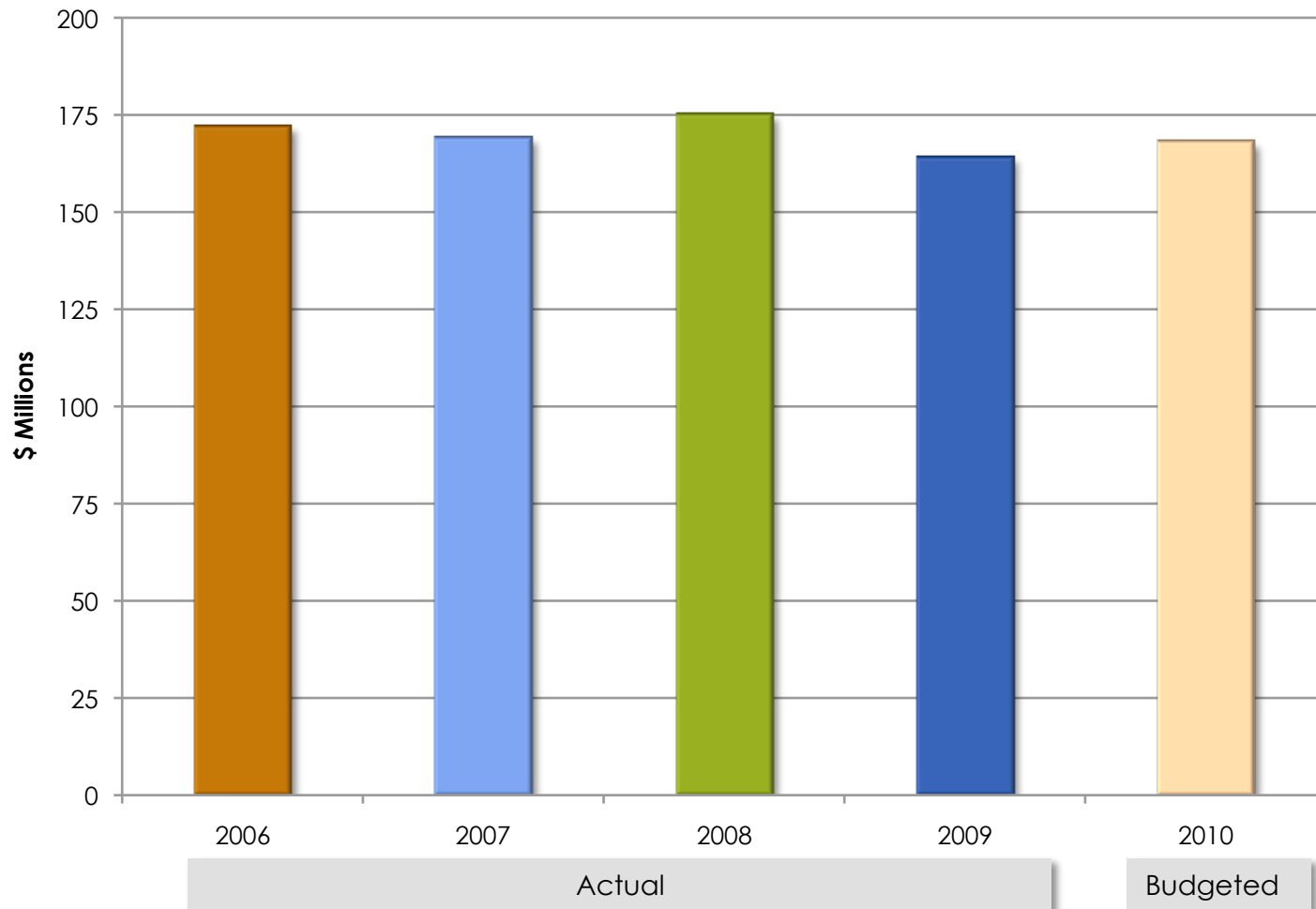
Urban Water, Sewer and Fire Supply Charges



Based on standard consumption of water

Over the past 4 years PILTS decreased by 2.3%. Had they risen with property taxes the city would have an additional \$22 million in 2010

Actual Payments in lieu of Taxes



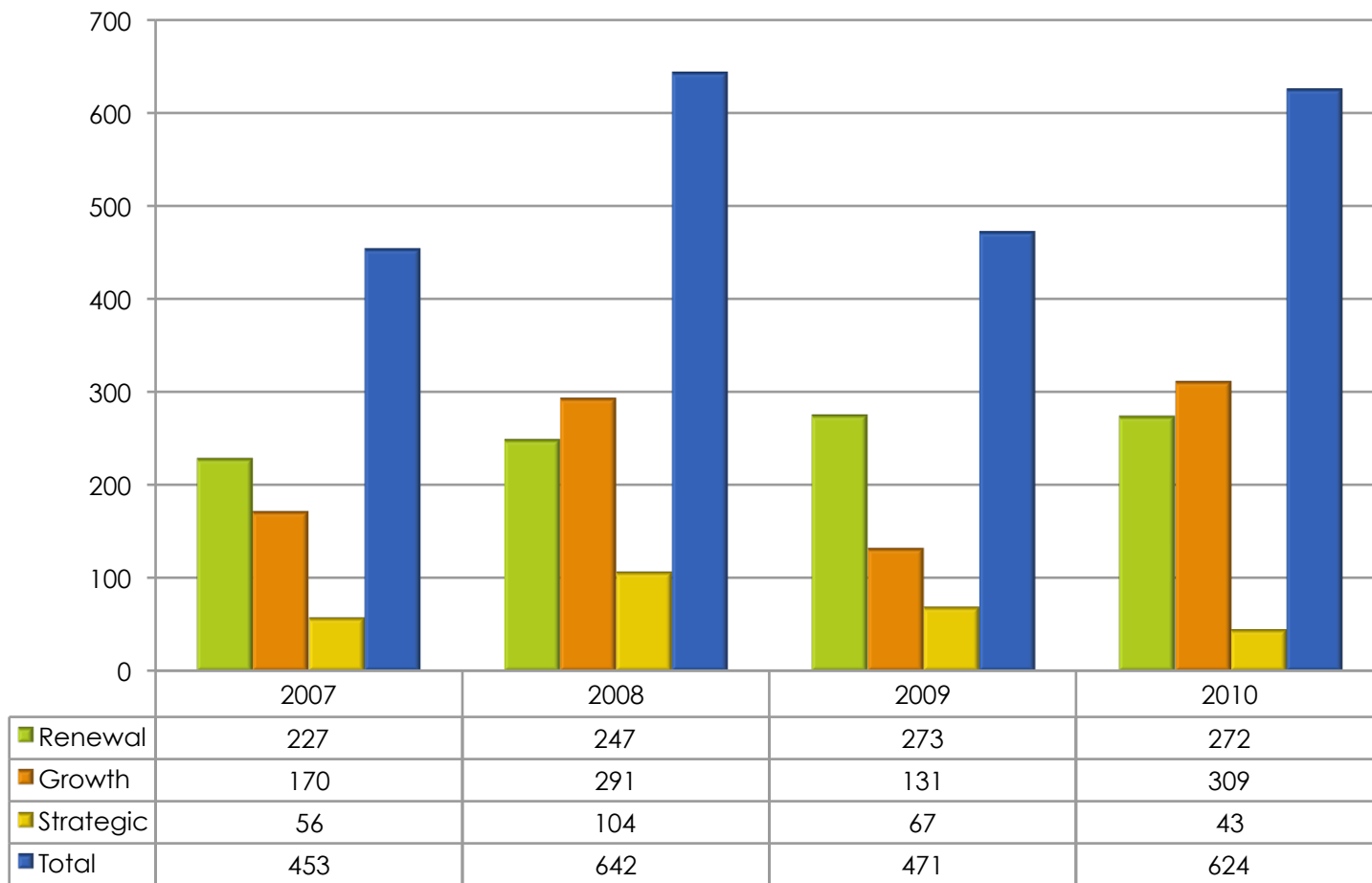
Wages are increasing as a proportion of total expenditures

Wages to Gross Expenditures



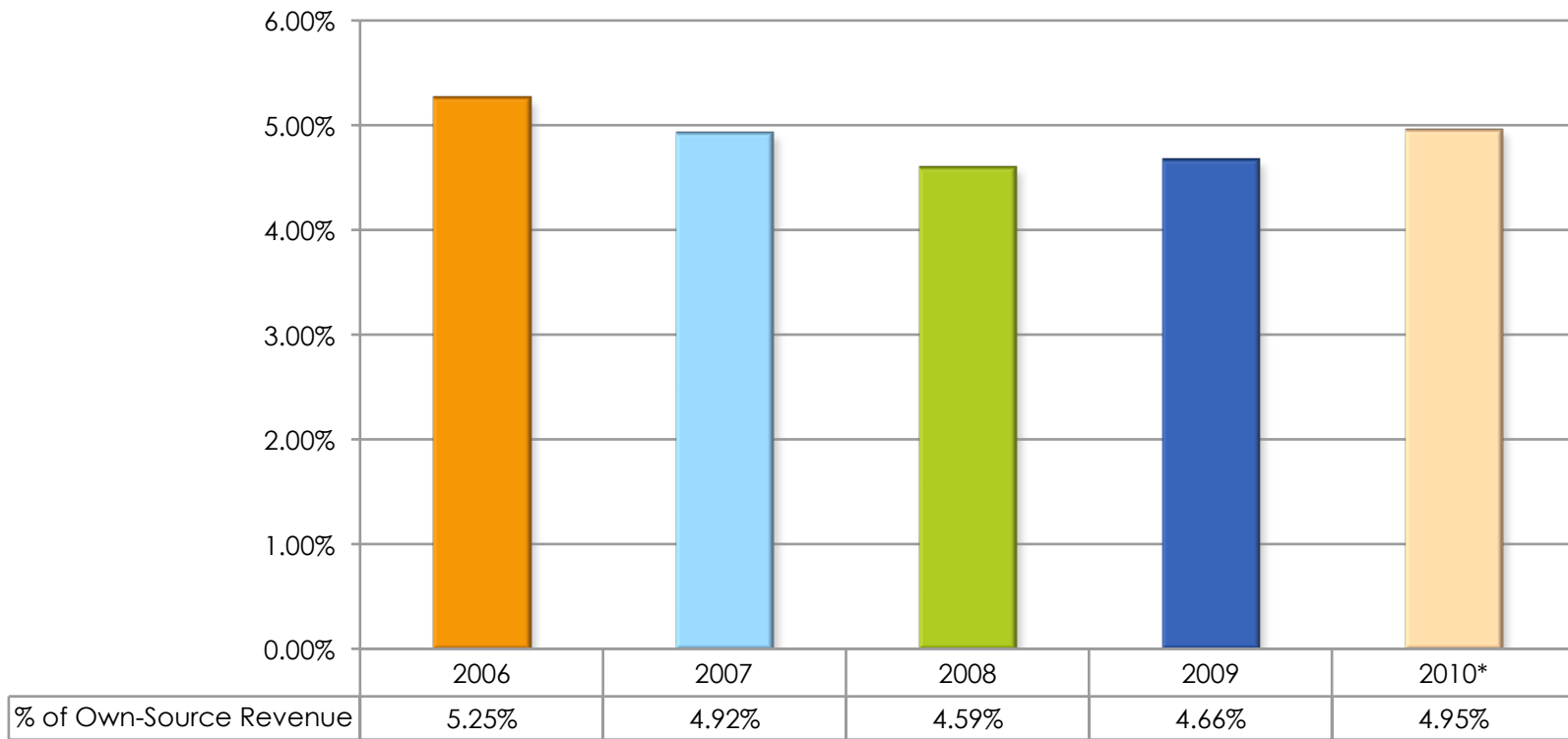
Investments in infrastructure have generally been increasing

Capital Budget Authority (\$ millions)



Debt charges (Transit and City-Wide) have been relatively constant

Debt Charge as a Percent of Own-Source Revenue

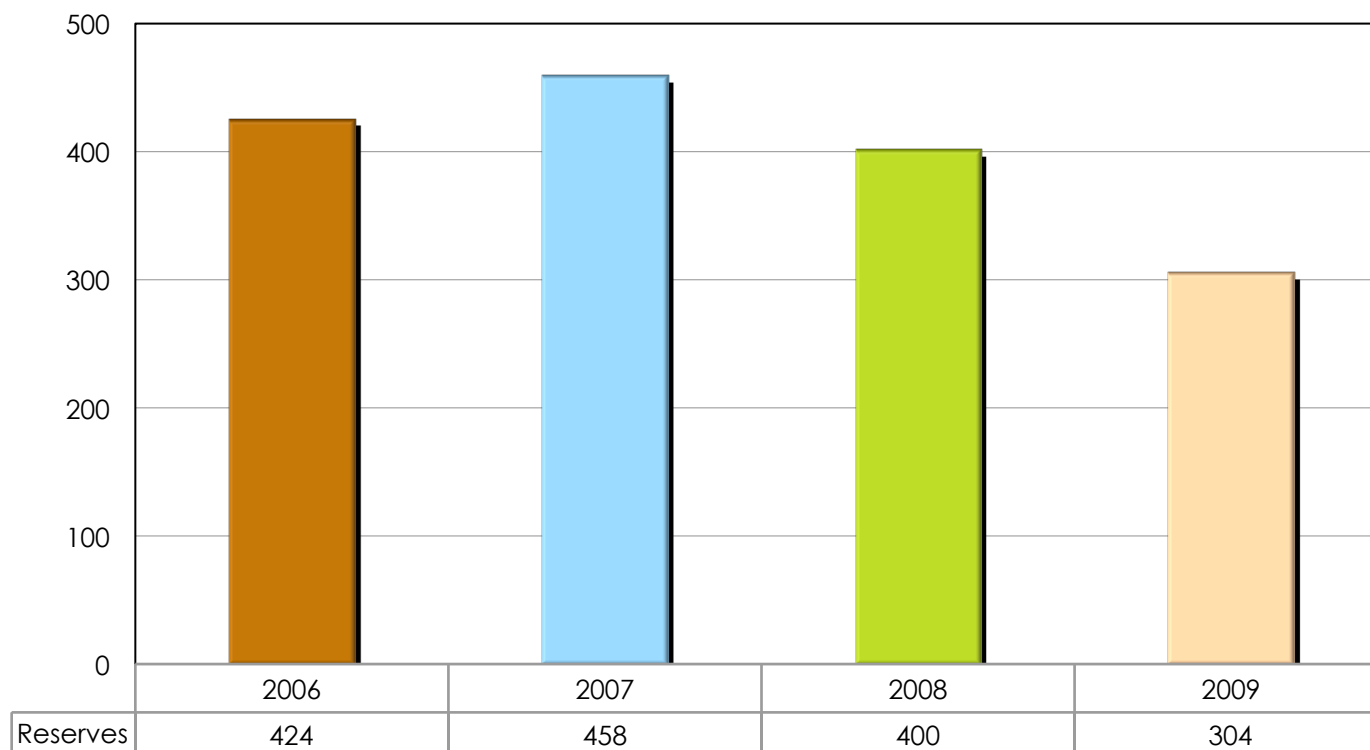


Actual

Estimated

Reserves and reserve funds have declined owing to investments in social housing/childcare/transportation/environmental services

Actual Reserves and Reserve Funds (\$ millions)

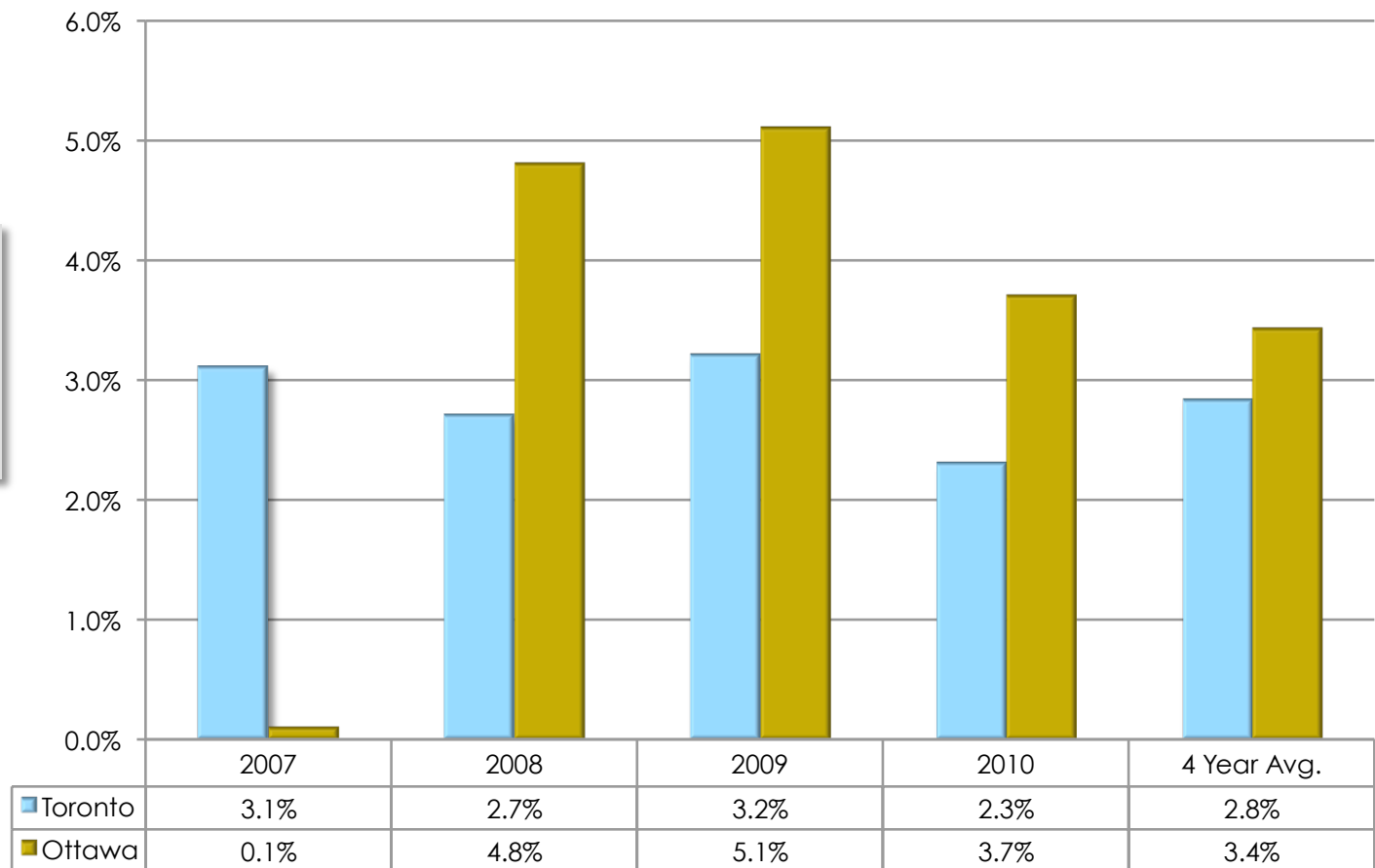


Ottawa's property taxes have risen more than Toronto, but Ottawa has stronger finances

Municipal Tax Increases

Notes:

- Municipal portion only
- Composite of residential and commercial taxes
- Toronto data from memo to Council from Treasurer, April 10, 2010



Conclusions

- Compared with other single tier cities, Ottawa has...
 - Relatively flat tax ratios on multi-res and commercial properties
 - Below average costs for most areas of operations
 - Above average costs for roadways and transit, and the lowest recovery on transit costs
 - Lower Ontario and Canada conditional grants than Toronto
 - Lower development charges than average
 - Modestly higher taxes and water charges than average affordable compared with other cities relative to income
 - Lower debt than average and a much stronger financial position than Toronto

Conclusions

- Over this term of Council, Ottawa has...
 - Increased total property taxes on average by 2.5%, which is above CPI by .9 percentage points
 - Increased property taxes more than has Toronto, but Ottawa has a stronger financial position
 - Spent relatively more for Police, Public Transit, Library and Parks & Rec.
 - Relatively lower spending increases for general and administration and social assistance
 - Spent proportionately more on wages
 - An average urban tax increase of \$423
 - Increased water and sewer rates, on average, 8.4% per year
 - Been burdened by a proportionate decline in PILTs from the federal government, which created a \$22 million pressure in 2010 relative to 2006

Areas for further study

- ▣ Transit costs and recoveries
 - ▣ Conditional grants
 - ▣ Level of development charges and other fees
 - ▣ User fee analysis, including water and sewer
 - ▣ “Fiscal reality” update based on an analysis of actual audited financial statements over the past 4 years
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