

BUDGET 2007 *Ottawa*

Overview / How to Use this Document

2007 BUDGET OVERVIEW

Overview

Each year, Ottawa City Council approves a budget that directly affects the day-to-day life of city residents. As part of the budget process, City Councillors must make choices and decisions on behalf of all residents about the type and level of programs and services that are to be provided in the upcoming year. These decisions have direct impacts on the quality of life that residents expect through the delivery of programs and services provided by their municipal government.

On February 26, 2007, Ottawa City Council approved the 2007 Operating and Capital Budgets with a zero percent property tax increase for all City services with the exception of a 0.3% tax increase for Ottawa Police Services.

The City's total operating budget for 2007 is \$2.2 billion, including Police Services and the capital budget is \$650.7 million for the City's program and \$15.8 million for Police Services.

Council voted to maintain all City services and to fund the following service improvements:

- Francophone Day Care spaces (\$765,000)
- Tree Reforestation program (\$447,000)
- Museum Sustainability Strategy (\$740,000)
- Arts Investment Strategy (\$1.5 million)
- Nine adult crossing guards and two new teams for the Youth on the Move program (\$100,000)
- Recommendations to improve financial controls from Ernst and Young (\$265,000)

The budget provides for new Capital Budget authority of \$666.5 million, including:

- \$319.0 million for renewal of City assets
- \$273.8 million for growth-related capital work
- \$57.9 million for strategic initiatives
- \$15.8 million for Police Services

2007 BUDGET OVERVIEW

As part of the budget, Council approved \$46.7 million in sustainable reductions and budget reduction targets to the operating budget, as proposed by staff. Council voted to limit a transit fare increase to 2% and implemented inflationary increases to other user fees (1.7%). In order to achieve a zero percent tax increase, Council voted to use \$23.5 million from the 2006 budget surplus and \$8.3 million from the Tax Rate Stabilization Reserve Fund.

Budget Timetable and Process

Committee of the Whole (Council) delegations on the 2007 Budget Directions report	January 10, 2007
Budget deliberations and approval of the 2007 Budget Directions report	January 11-15, 2007
Tabling of the 2007 Draft Budget at Council	February 7, 2007
Public consultations	February 12 to February 16, 2007
Committee of the Whole to receive public delegations	February 19 to February 23, 2007
City Council consideration and approval of the 2007 budget	February 26, 2007

The process to develop the City's budget began with the Budget Directions report. This report provided Council and residents with an indication of the projected spending pressures and revenue potential for the upcoming year. Upon consideration of the information provided in the report, Council was able to provide direction to staff as to how the draft budget was to be developed.

2007 BUDGET OVERVIEW

On January 15th 2007 Council approved the *2007 Budget Directions Report* as amended, which provided the following directions to staff in developing the 2007 Draft Operating Estimates.

1. Direct staff to table a draft operating budget that includes:

- a. *The cost of maintaining current programs at current service levels;*
- b. *The cost of providing provincially mandated and cost-shared programs;*
- c. *The costs associated with growth in population or infrastructure that is operated and maintained by the City;*
- d. *The costs of enhanced services as directed by Council through reports and directions received throughout the year;*
- e. *An increase equivalent to 1% of taxation for the contribution to capital used to fund the strategic initiatives category of capital;*
- f. *An increase to user fees at either the percentage increase in the cost of providing the program or service, or as directed through Council-approved policy;*
- g. *A reasonable estimate of assessment growth from new properties added to the tax base;*
- h. *Deferring a 2007 increase to the corporate efficiency target to 2008; and*
- i. *a) A zero percent tax increase, derived solely from sustainable sources that upholds the Long Range Financial Plan principles and that does not adversely impact the City's credit rating*
b) An inflationary tax increase based on the same above principles.

2. That the difference between the expenditures and revenues added to the 2007 Draft Operating Budget identified in Recommendation 1, be addressed through some combination of the following strategies:

- a. *Deferral of service enhancements that have not yet been implemented;*
- b. *Use provincial gas tax revenues to the extent possible to offset increases in the cost of transit;*
- c. *Use debt where possible, instead of contributions to capital, to fund the capital program;*
- d. *Incorporate and pursue the cost-sharing shortfall with the provincial government;*
- e. *Identify and incorporate any other one-time sources of funding;*
- f. *Increase user fees and charges by more than that identified in Direction 1f; and*
- g. *Identify program reductions and include options for different ways of providing services both mandated and optional.*

2007 BUDGET OVERVIEW

3. *That the Police Services Board be requested to table a Draft 2007 Operating Budget that is consistent with the directions identified above.*

4. *That the 2007 tax-supported Draft Capital Budget:*
 - a. *Be developed as identified in the Long Range Financial Plan III;*
 - b. *Incorporate the budget directions on contributions to capital and debt as identified in the recommendations above; and*
 - c. *Identify projects in the strategic initiatives category as prioritized by the administration, and provide a list of all other projects for information.*

5. *That the operating and capital budgets supported by the water/sewer rate be developed in accordance with the strategies identified in the Long Range Financial Plan III which includes:*
 - a. *A combined water/sewer rate increase of 9% in 2007*
 - b. *An increase in the amount of debt authority applied to the capital program;*
 - c. *The deferral of projects within the strategic initiatives category of capital; and*
 - d. *Allowing the reserve balance to fall below \$20 million during the year.*

6. *Approve that the City continue to fund one-time 2007 operating requirements from a one-time transfer from reserves.*

The 2007 draft budget as tabled on February 7, 2007 incorporated the above directions from Council. At the time of tabling, \$76.6 million of expenditure reductions, revenue increases or other program/services adjustments were required to achieve a zero percent tax increase. This included \$73.9 million related to City services and \$2.7 million related to the Ottawa Police Services.

2007 BUDGET OVERVIEW

In accordance with Direction #1, staff identified the following pressures during the development of the 2007 draft operating estimates:

	Cost \$ millions
The cost of maintaining current programs at current levels	63.6
The cost of providing provincially mandated and cost-shared programs	2.4
The costs associated with growth in population or City infrastructure	12.6
The cost of enhanced services as directed by Council	14.0
An increase equivalent to a 1% tax increase for the contribution to capital used to fund the strategic initiatives category of capital	9.5
An increase to user fees at either the percentage increase in the cost of providing the program or service, or as directed by Council	(12.3)
A reasonable estimate of assessment growth from new properties	(15.9)
Police Services	2.7
Solutions required for a 0% tax increase	76.6
Tax increase at the rate of inflation	(13.7)
Solutions required for an inflationary tax increase	62.9

In order to address Council's direction to table a draft operating budget that included 1) a zero percent tax, derived solely from sustainable sources that upholds the Long Range Financial Plan principles and that did not adversely impact the City's credit rating; and 2) an inflationary tax increase (1.7%) based on the same above principles, options were presented for Council consideration.

These options were developed to offset the increased tax requirement to support City Services only. The Police Services tabled a 2007 operating budget to the Ottawa Police Services Board (OPSB) that required an inflationary tax increase of 1.7% or a tax increase of \$2.651 million after assessment growth. Options to offset this increase were presented to the OPSB for consideration.

In accordance with Direction #2, staff identified the following three categories of options totaling \$73.9 million for Council consideration:

2007 BUDGET OVERVIEW

1. Sustainable Budget Reductions – those that have a high degree of being achieved in 2007 and would not result in a budget pressure in 2008. These reductions included:

	Proposed	Approved
1. Increase gapping and examine vacant positions	\$8,000,000	\$8,000,000
2. Lock-in diesel fuel prices at 80 cents per litre	\$2,000,000	\$2,000,000
3. Defer Auditor General Recommendations	\$425,000	\$425,000
4. Defer additional funding for Committee Chairs	\$175,000	\$175,000
5. Use Provincial Gas Tax to offset Transit cost increases	\$9,000,000	\$9,000,000
6. Use debt financing to fund Strategic Initiative projects	\$9,500,000	\$9,500,000
7. Eliminate grant to Ottawa Tourism and Convention Authority	\$500,000	\$500,000
8. Move up tax due date	\$150,000	\$150,000
Total	\$29,750,000	\$29,750,000

2. Budget Reduction Targets with Risk of Achievement – these options carried some risk of being achieved in 2007 and progress reports would need to be provided to Council during the year. Non-achievement of these reduction targets could result in a budget pressure in 2008.

	Proposed	Approved
1. Further increase gapping	\$5,000,000	\$2,600,000
2. Increase revenue/reduce costs/ residential waste solution	\$1,568,000	\$382,000
3. Increase amount received from the Province for cost shared programs	\$13,000,000	\$13,000,000
4. Increase Transit fares and/or eliminate routes	\$5,400,000	-
5. Establish a separate efficiency target for Surface Operations	\$1,000,000	\$1,000,000
Total	\$25,968,000	\$16,982,000

2007 BUDGET OVERVIEW

3. Program / Service Reductions – if the above 2 categories of options were fully adopted, additional options would still need to be implemented in order to achieve either the 0% tax increase or the 1.7% inflationary tax increase. Within this third category of options, totaling \$18.1 million, was 2 sub-categories
 - a) Review of enhancements – reconsider program and service enhancements being incorporated within the 2007 draft budget per Council direction. The total of this sub-category was \$12.381 million.
 - b) Program /Service reductions – revisit the 2004 Universal Program review options. If all of the above options were to be implemented, additional options totaling \$5.714 million would need to be identified in order to achieve a 0% tax increase

All of the above options were reviewed and discussed during the public consultation meetings held between February 8th to 16th and at the Committee of the Whole meetings.

During Budget deliberations on February 26th, Council approved two omnibus motions. The first, relating to the operating budget, incorporated the \$29.750 million of sustainable budget reductions option (category 1) and \$16.982 million from the risk-based budget reductions (category 2). To achieve the \$16.982 million in risk-based budget reductions, Council accepted options 2.3 and 2.5 from the above in their entirety. Options 2.1 and 2.2 were modified to include only \$2.6 million of gapping and \$382,000 of the residential waste solution. As part of this motion addressed restricting the transit fare increase to 2% rather than the 7.5% initially budgeted, Option 2.4, to further increase fares and fare structures, was not accepted. Please see the Approved columns on the previous page which summarizes Council's decisions regarding these options.

Council also directed that the \$23.5 million from the 2006 budget surplus and \$8.281 from the Tax Rate Stabilization Reserve Fund be used to fund on a one-time basis the 0% tax increase for City services for 2007. The following table summarizes the above decisions of Council.

2007 BUDGET OVERVIEW

	\$000
2006 Taxation Requirement	953,498
<u>2007 Draft Budget</u>	
Taxation requirement	1,046,707
Less Assessment Growth	<u>(19,000)</u>
	1,027,707
<u>Tax Increase As Tabled</u>	
City Services	71,558
Ottawa Police	<u>2,651</u>
	74,209
<u>Additional Items Approved by Council</u>	
Arts Grants Policy	1,500
Orleans Art Centre lease	490
Ernst & Young Audit response	265
New Crossing Guards / Youth Teams	100
Reduced transit Fare increase (2% versus 7.5%)	<u>4,600</u>
	6,955
<u>Solutions Approved by Council</u>	
Category 1	(29,750)
Category 2	(16,982)
2006 Surplus	(23,500)
Tax Stabilization Reserve	<u>(8,281)</u>
	(78,513)
<u>Tax Increase as Adopted</u>	
City Services	-
Ottawa Police	<u>2,651</u>
	2,651

2007 BUDGET OVERVIEW

The second omnibus motion approved adding \$4.5 million to the Supplementary Assessment revenue and using that additional revenue to fund an increase to the contribution to capital. This increased contribution to capital was to be used to partial fund a specific list of strategic initiative projects that were added to the capital program via this omnibus motion. Those projects added another \$19.549 million to the capital program and are listed below.

Capital Budget Book Page	Project	\$ Millions
284	Natural Area Acquisition	\$ 4.718
294	Sidewalks	0.200
372	Economic Strategy Implementation	1.250
360	Museum Sustainability Plan	1.360
369	Child Care Capital Grant Program	2.000
371	Corporate Security (revised amount)	0.885
373	Energy Retrofit	1.000
379	Hunt Club Community Centre Expansion	3.100
380	Minor Capital Community Partnership	0.315
380	Major Capital Community Partnership	1.200
381	Park Redevelopment	0.500
382	Re-Use Belltown Dome	0.825
384	New Street Lighting	0.200
393	Air Quality - Energy Retro	0.070
394	Rural Features Acquisition	0.350
394	Carp River Restoration	0.390
395	Tree Program	1.100
395	Stream Restoration Program	0.050
new	St. Joseph Corridor Study Initiatives	0.036
	Total	\$ 19.549

2007 BUDGET OVERVIEW

Operating Budget – Impact on Residential and Commercial Properties

After a brief deliberation session, Council adopted the 2007 Operating and Capital budgets on February 26, 2007. The total approved taxation revenues for City and Police services increased by only 0.3% over the 2006 budget after factoring in 2.2% assessment growth.

On April 25, 2007, Council approved the report “2007 Tax Ratios and Other Tax Policies” which established the tax burdens for each of the property classes. Based upon the taxation requirements, the final property assessment roll and the tax policy decisions, 2007 tax rates were calculated and approved by Council on May 9, 2007.

The change in property taxation and utility bill revenues from 2006 to 2007 is shown below along with the impact on the average urban residential and commercial property tax/ utility bill.

2007 Budget - Average Urban Property Tax Impact

	<u>Tax / Utility Revenues</u>			<u>Residential Tax/Utility Bill</u>				<u>Commercial Tax/Utility Bill *</u>			
	<u>2006</u>	<u>2007</u>	<u>Increase</u>	<u>2006</u>	<u>2007</u>	<u>2007 Increase</u>		<u>2006</u>	<u>2007</u>	<u>2007 Increase</u>	
	\$ 000	\$ 000	\$ 000	\$	\$	\$	%	\$	\$	\$	%
Average Assessment				276,246	276,246		0.0%	210,000	210,000		0.0%
<u>Property Tax Bill</u>											
City Wide Services	641,963	645,265	3,302	1,692	1,663	(29)	-1.7%	2,765	2,712	(53)	-1.9%
Public Transit	157,008	171,715	14,707	451	481	30	6.7%	746	785	39	5.2%
Police Services	798,971	816,980	18,009	2,143	2,144	1	0.0%	3,511	3,497	(14)	-0.4%
	154,527	160,259	5,732	404	410	6	1.5%	660	669	9	1.4%
	953,498	977,239	23,741	2,547	2,554	7	0.3%	4,171	4,166	(5)	-0.1%
<u>New Utility Bill Charges</u>											
- Garbage Collection	20,999	22,975	1,976	79	80	1	-	-	-	-	-
- Fire Supply Charge	7,803	7,803	-	32	32	-	-	32	32	-	-
	982,300	1,008,017	25,717	2,658	2,666	8	0.3%	4,203	4,198	(5)	-0.1%

* Does not include the impact of the Provincial Capping Program

2007 BUDGET OVERVIEW

Schedules and Charts

The subsequent pages of this section provide high level summaries of the City's 2007 Adopted Operating Budget.

Schedule 1 City Organizational Chart

Schedule 2 summarizes the 2007 Budget by:

Tax Supported Services

- City Services – Tax Supported
- Ottawa Police Services

Rate Supported Services

- Solid Waste
- Water
- Sewer

Within each of the above areas is a line called “Non departmental”. The expenditures and revenues that are classified within this category are explained in this document (sections Corporate Services and Public Works and Services – Rate Supported).

As the name implies, this category includes budgetary provisions that are not departmental specific in nature but more corporate – hence the name ‘non departmental’.

In general, the expenditures in this area include:

- Contributions to the City's capital reserve funds;
- Debt charges – the repayment of principle and interest on previously issued municipal bonds;
- Tax remissions; and
- Payments to the Municipal Property Assessment Corporation.

2007 BUDGET OVERVIEW

The major revenues listed in this area include:

- Property tax revenues;
- Payments-in-lieu of taxation;
- Water and Sewer surcharge revenues;
- Solid Waste fee;
- Investment Income;
- Penalty and Interest; and
- Reserves.

The following provides additional details on the main revenue sources that fund municipal programs and services.

- *Provincial / Federal subsidies* – many of the programs provided in the Community and Protective Services Department are cost shared with the Provincial government. These include Paramedic services, Assisted Housing programs, Child Care spaces, Employment and Financial Assistance (Ontario Works – recipients of social assistance), Health Care services.
- *User fees / charges* – these represent the fees charged to residents to cover a portion of the costs associated with the provision of city programs and services. These include transit fares, registration fees for city recreation programs and building permit fees. In addition, the City derives revenue from fines imposed for traffic and parking violations and library fines for overdue returns on borrowed materials.
- *Payments-in-lieu (PIL's) of taxation* – federal and provincial properties are not subject to municipal property taxation. Instead the senior levels of government provide “grants” which are referred to as *payments-in-lieu of taxation*. In the majority of situations, these are based on the City tax rate applied against the value of the property as assigned by the Municipal Property Assessment Corporation (a provincial Crown Corporation). Where there are disagreements in the values assigned by MPAC, a dispute resolution mechanism is used.
- *Water Rates / Sewer Surcharges* – property owners who are connected to the City's water and sewer system fund the operating and capital requirements associated with maintaining these services. All properties receiving this service are metered and billed a set rate for the amount of water consumed (expressed as a rate per cubic metre of water), with a sewer surcharge rate (expressed as a percentage) then applied to the value of the water consumed. Revenues derived from the water rate and from the sewer surcharge are dedicated to the operating and capital requirements of these systems.

2007 BUDGET OVERVIEW

- *Solid Waste User Fee* – in 2006, Council implemented a solid waste user fee to recover the costs of providing garbage collection and landfill maintenance services from the users of this service (mainly residential and multi-residential properties). The revenues derived from this fee are used to fund the operating and capital costs for both regular garbage collection and landfill maintenance. Waste diversion and recycling program are still funded by all property owners through the property tax system.
- *Property Taxes* - Property taxes are the main source of revenue for funding municipal services. Tax rates are expressed as a percentage and are calculated for each property class based on the net taxation requirement of the municipality and the assessment values of properties within its boundaries. The tax rate times the assessed value of a property results in the property tax owed to the municipality.
- *Reserves / Miscellaneous Revenues* – a small portion of the operating budget expenditures are funded from City reserves. This includes the debt charges associated with the former City hall which are funded from the property sale proceeds, lease payments associated with the City’s administrative facility at 100 Constellation which are funded from capital lease proceeds and insurance claims funded from the City’s Insurance Reserve Fund.

Schedule 3 provides a graphical representation of the City’s 2007 Operating Budget expenditures by department (excluding Police Services) and by type of expenditure. Schedule 4 provides the same presentation for Police Services.

Schedule 5 compares the total City 2007 Budget with the 2006 Budget – both financial (dollar requirements) and human resource (FTE requirements).

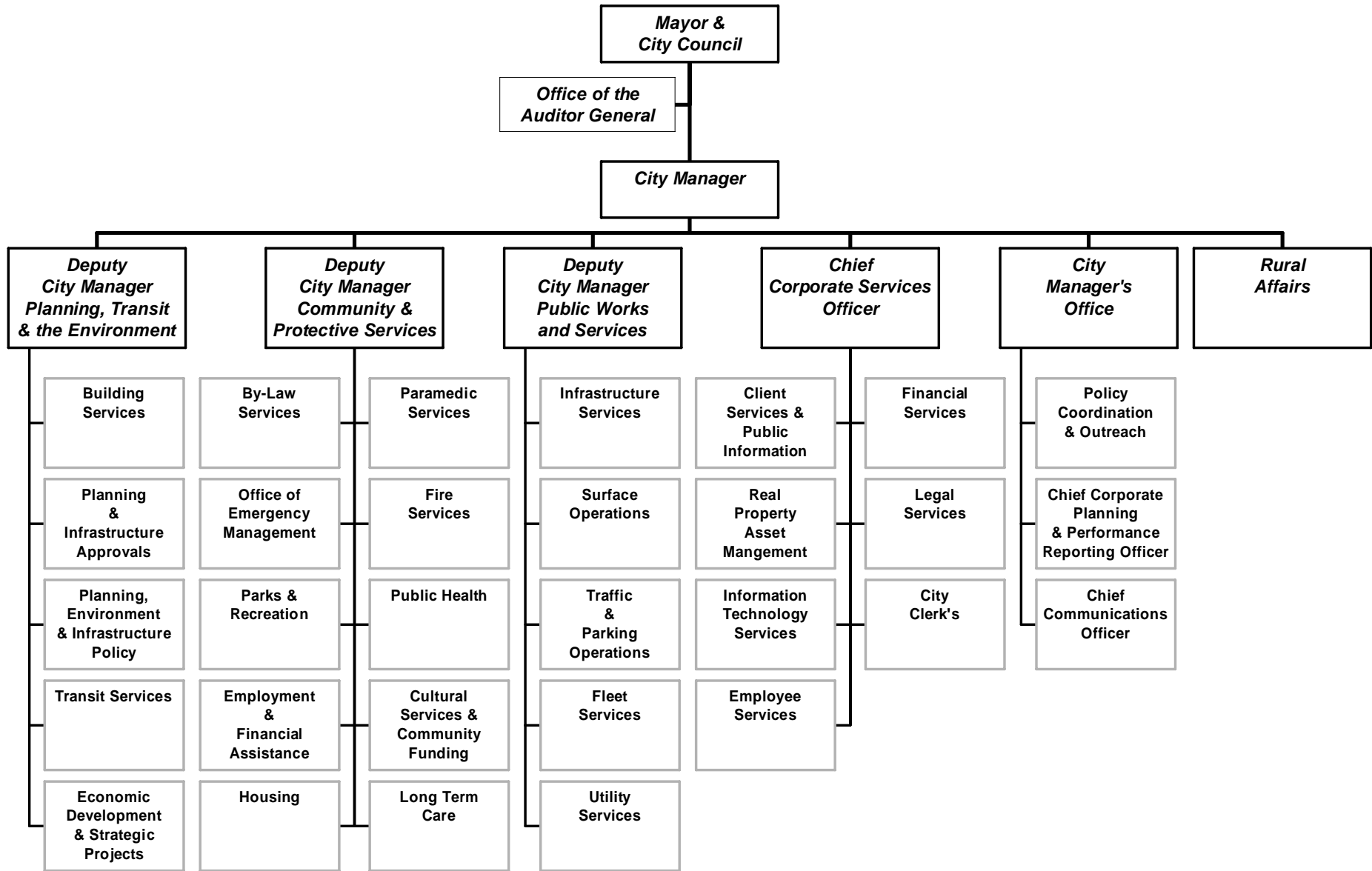
Schedule 6 details the average residential tax bill for an urban, town and a rural resident, based upon an average assessment value. It also includes the applicable average utility bills.

Schedule 7 provides a listing of the 2007 tax rates by each property class.

2007 BUDGET OVERVIEW

Schedule 1

City Of Ottawa Organizational Structure



2007 BUDGET OVERVIEW

Schedule 2

2007 Operating Budget - Summary by Service

	Expenditures \$000	Revenue \$000	Net \$000
<u>Tax Supported Services</u>			
▶ <u>City Wide Services</u>			
Elected Officials	10,163	-	10,163
Office of the Auditor General	1,761	-	1,761
City Manager	5,775	-	5,775
Corporate Services	168,644	(14,159)	154,485
Planning, Transit and the Environment	340,167	(173,452)	166,715
Committee of Adjustment	950	(950)	-
Community & Protective Services	856,277	(431,413)	424,864
Library Services	34,594	(3,495)	31,099
Public Works & Services - Tax Supported	193,456	(33,323)	160,133
Non Departmental	152,965	(290,980)	(138,015)
Net Requirement for City Services	1,764,752	(947,772)	816,980
 <u>Total City - Tax Supported Services</u>			
City Operations	1,611,787	(656,792)	954,995
Non Departmental	152,965	(290,980)	(138,015)
	1,764,752	(947,772)	816,980
 Property Tax Revenues	 -	 (816,980)	 (816,980)
	1,764,752	(1,764,752)	-

2007 BUDGET OVERVIEW

Schedule 2

2007 Operating Budget - Summary by Service

	Expenditures	Revenue	Net
▶ <u>Ottawa Police Services</u>			
Ottawa Police Services - Operations	198,730	(11,686)	187,044
Non Departmental	4,455	(31,240)	(26,785)
Net Requirement for Police Services	203,185	(42,926)	160,259
 Property Tax Revenues	 -	 (160,259)	 (160,259)
	203,185	(203,185)	-
<hr/>			
<u>Rate Supported Services</u>			
▶ <u>Public Works & Services - Solid Waste</u>			
Solid Waste Operations	24,454	(4,503)	19,951
Non Departmental	3,024	-	3,024
Solid Waste User Fee	-	(22,975)	(22,975)
Total Solid Waste Services	27,478	(27,478)	-

2007 BUDGET OVERVIEW

Schedule 2

2007 Operating Budget - Summary by Service

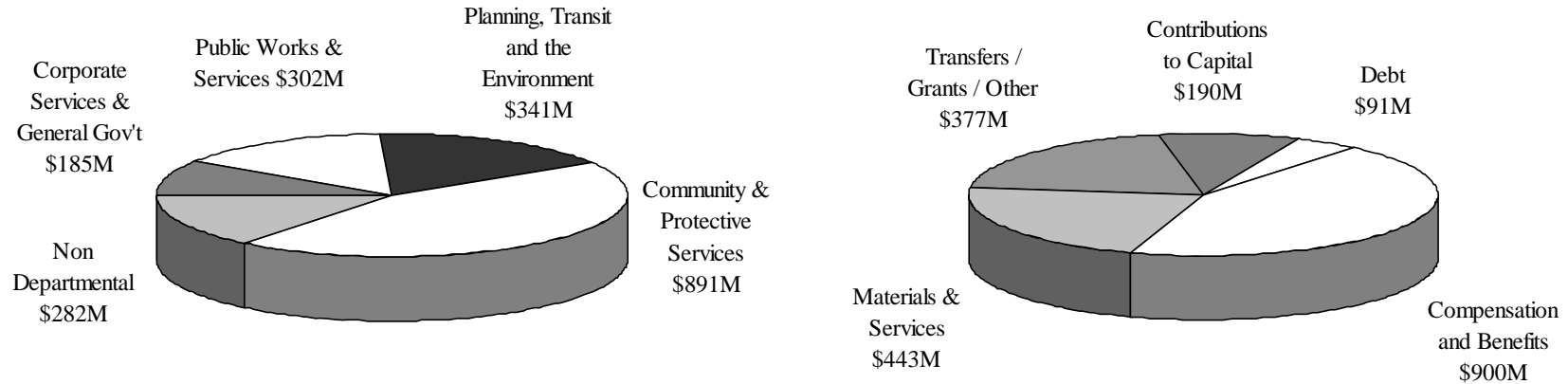
	Expenditures	Revenue	Net
▶ <u>Public Works & Services - Water</u>			
Water Operations	43,187	(1,964)	41,223
Non Departmental	46,966	(3,184)	43,782
Fire Supply Charge Revenues	-	(7,803)	(7,803)
Water Rate Revenues	-	(77,202)	(77,202)
Total Water Services	90,153	(90,153)	-
▶ <u>Public Works & Services - Sewer</u>			
Wastewater Operations	41,373	(3,464)	37,909
Non Departmental	77,016	(4,050)	72,966
Sewer Surcharge Revenues	-	(110,875)	(110,875)
Total Sewer Services	118,389	(118,389)	-
Total Rate Supported Services Net requirement	236,020	(236,020)	-
Total City / Police Budget	2,203,957	(1,226,718)	977,239
<u>Property Tax Bill</u>			
Property Tax Revenues	-	(977,239)	(977,239)

2007 BUDGET OVERVIEW

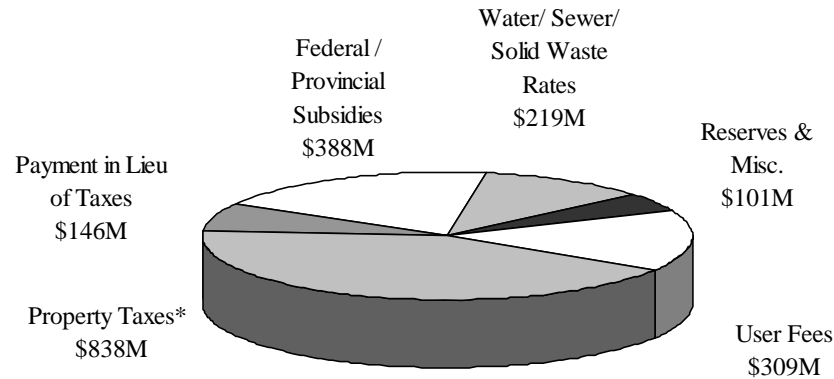
Schedule 3

2007 Operating Budget – City Services (excluding Police)

Expenditures \$2.001 Billion



Revenues \$2.001 Billion



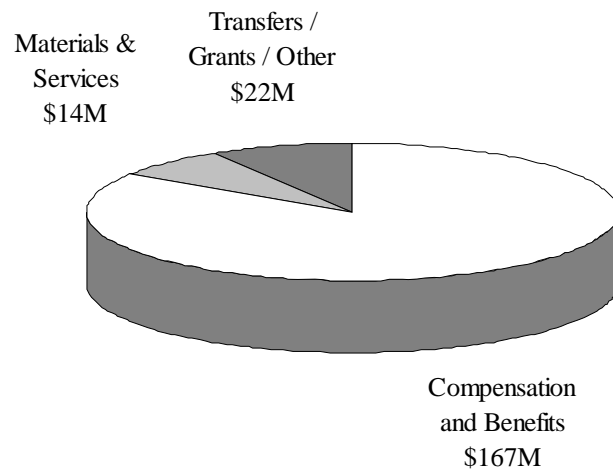
* Includes \$21M in projected supplementary taxation during 2007.

2007 BUDGET OVERVIEW

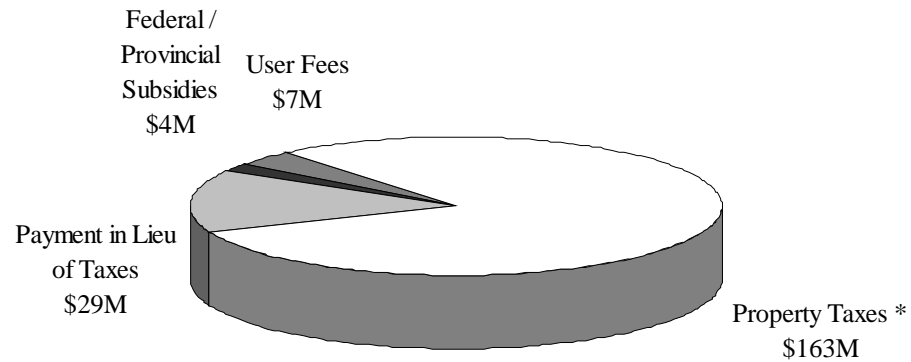
Schedule 4

2007 Operating Budget – Police Services

Expenditures \$203 Million



Revenues \$203 Million



* Includes \$3M in projected supplementary taxation during 2007.

2007 BUDGET OVERVIEW

Schedule 5

2007 Adopted Operating Budget Corporate Summary

	2006 Budget				2007 Adopted Budget				Variance			
	*Net Exp	Revenue	Net	FTE's	*Net Exp	Revenue	Net	FTE's	* Net Exp	Revenue	Net	FTE's
	\$000	\$000	\$000	#	\$000	\$000	\$000	#	\$000	\$000	\$000	#
Elected Officials	8,838	-	8,838		10,163	-	10,163		1,325	-	1,325	
City Manager	5,795	(545)	5,250	35.00	5,775	-	5,775	35.00	(20)	545	525	-
<u>Community & Protective Services</u>												
- Deputy City Manager	3,078	-	3,078	27.00	3,123	-	3,123	27.00	45	-	45	-
- Employment & Financial Assistance	269,157	(157,927)	111,230	595.00	262,410	(150,544)	111,866	595.00	(6,747)	7,383	636	-
- Parks & Recreation	163,469	(101,843)	61,626	936.30	168,883	(104,836)	64,047	951.87	5,414	(2,993)	2,421	15.57
- Housing	119,085	(47,960)	71,125	65.40	127,213	(48,052)	79,161	65.40	8,128	(92)	8,036	-
- Fire Services	106,425	(544)	105,881	990.00	107,133	(649)	106,484	990.00	708	(105)	603	-
- Paramedic Service	50,625	(24,326)	26,299	449.45	51,655	(28,828)	22,827	449.45	1,030	(4,502)	(3,472)	-
- Long Term Care	44,350	(35,680)	8,670	559.35	45,199	(45,199)	-	559.35	849	(9,519)	(8,670)	-
- Public Health	40,742	(30,025)	10,717	448.00	40,676	(32,203)	8,473	449.50	(66)	(2,178)	(2,244)	1.50
- Cultural Services & Community Funding	29,594	(3,061)	26,533	104.70	33,319	(2,131)	31,188	112.70	3,725	930	4,655	8.00
- By-law Services	13,317	(17,684)	(4,367)	146.40	14,878	(18,874)	(3,996)	163.40	1,561	(1,190)	371	17.00
- Office of Emergency Management	1,768	(97)	1,671	5.33	1,788	(97)	1,691	5.33	20	-	20	-
Total	841,610	(419,147)	422,463	4,326.93	856,277	(431,413)	424,864	4,369.00	14,667	(12,266)	2,401	42.07
Ottawa Public Library	31,355	(3,265)	28,090	452.42	34,594	(3,495)	31,099	452.42	3,239	(230)	3,009	-
Ottawa Police Services	192,296	(10,985)	181,311	1,779.00	198,730	(11,686)	187,044	1,799.00	6,434	(701)	5,733	20.00
<u>Public Works & Services</u>												
- Deputy City Manager	3,032	-	3,032	32.49	3,134	-	3,134	32.49	102	-	102	-
- Fleet Services (Expenditures)	165,628	-	165,628	592.23	175,238	-	175,238	635.23	9,610	-	9,610	43.00
- Fleet Services (Recoveries / Revenues)	(165,224)	(404)	(165,628)	-	(174,584)	(654)	(175,238)	-	(9,360)	(250)	(9,610)	-
- Surface Operations	112,788	(2,054)	110,734	824.15	119,130	(1,674)	117,456	852.25	6,342	380	6,722	28.10
- Drinking Water	40,330	(1,926)	38,404	310.78	43,187	(1,964)	41,223	333.62	2,857	(38)	2,819	22.84
- Solid Waste	44,270	(15,238)	29,032	69.75	47,355	(16,090)	31,265	81.75	3,085	(852)	2,233	12.00
- Wastewater Services	40,765	(3,417)	37,348	190.66	41,373	(3,464)	37,909	197.99	608	(47)	561	7.33
- Traffic & Parking Operations	33,469	(16,247)	17,222	301.61	36,312	(16,441)	19,871	309.77	2,843	(194)	2,649	8.16
- Infrastructure Services	10,613	(2,881)	7,732	254.82	11,325	(2,967)	8,358	254.82	712	(86)	626	-
Total	285,671	(42,167)	243,504	2,576.49	302,470	(43,254)	259,216	2,697.92	16,799	(1,087)	15,712	121.43

*Net Exp - refers to Gross expenditures less Recoveries (see Overview for a more complete description)

2007 BUDGET OVERVIEW

Schedule 5

2007 Adopted Operating Budget Corporate Summary

	2006 Budget				2007 Adopted Budget				Variance			
	*Net Exp	Revenue	Net	FTE's	*Net Exp	Revenue	Net	FTE's	Gross	Revenue	Net	FTE's
<u>Planning, Transit and the Environment</u>												
- Deputy City Manager	857	-	857	10.00	857	-	857	10.00	-	-	-	-
- Transit Services	283,417	(142,140)	141,277	1,819.70	301,961	(147,301)	154,660	1,905.70	18,544	(5,161)	13,383	86.00
- Building Services - Ontario Building Code	14,095	(17,860)	(3,765)	165.50	14,548	(18,432)	(3,884)	165.50	453	(572)	(119)	-
- Building Services - Other Permits	626	(303)	323	8.75	644	(644)	-	8.75	18	(341)	(323)	-
- Planning & Infrastructure Approvals	10,300	(6,350)	3,950	121.50	10,731	(6,531)	4,200	121.50	431	(181)	250	-
- Plan., Environ. & Infrastructure Policy	7,409	(175)	7,234	77.00	8,241	(544)	7,697	78.00	832	(369)	463	1.00
- Economic Develop. & Strategic Projects	3,888	(703)	3,185	20.00	3,185	-	3,185	16.00	(703)	703	-	(4.00)
Total	320,592	(167,531)	153,061	2,222.45	340,167	(173,452)	166,715	2,305.45	19,575	(5,921)	13,654	83.00
Committee of Adjustment	922	(922)	-	10.00	950	(950)	-	10.00	28	(28)	-	-
<u>Corporate Services</u>												
- Chief Corporate Services Officer	1,826	-	1,826	18.50	1,881	-	1,881	18.50	55	-	55	-
- Real Property Asset Management	39,511	(8,455)	31,056	729.80	39,383	(8,375)	31,008	739.45	(128)	80	(48)	9.65
- Information Technology	41,825	(54)	41,771	363.00	42,550	(57)	42,493	363.00	725	(3)	722	-
- Financial Services	36,168	(2,484)	33,684	484.56	37,810	(2,439)	35,371	501.56	1,642	45	1,687	17.00
- City Clerk's Branch	16,326	(5,222)	11,104	124.34	15,486	(2,498)	12,988	130.34	(840)	2,724	1,884	6.00
- Employee Services	17,483	(50)	17,433	173.00	17,081	(235)	16,846	174.60	(402)	(185)	(587)	1.60
- Client Services & Public Information	8,726	(175)	8,551	122.23	9,171	(305)	8,866	122.23	445	(130)	315	-
- Legal Services	4,595	-	4,595	53.00	5,282	(250)	5,032	54.00	687	(250)	437	1.00
Total	166,460	(16,440)	150,020	2,068.43	168,644	(14,159)	154,485	2,103.68	2,184	2,281	4,465	35.25
Office of the Auditor General	1,699	-	1,699	8.00	1,761	-	1,761	8.00	62	-	62	-
Total Departmental	1,855,238	(661,002)	1,194,236	13,478.72	1,919,531	(678,409)	1,241,122	13,780.47	64,293	(17,407)	46,886	301.75

*Net Exp - refers to Gross expenditures less Recoveries (see Overview for a more complete description)

2007 BUDGET OVERVIEW

Schedule 5

2007 Adopted Operating Budget Corporate Summary

	2006 Budget				2007 Adopted Budget				Variance			
	*Net Exp	Revenue	Net	FTE's	*Net Exp	Revenue	Net	FTE's	Gross	Revenue	Net	FTE's
	\$000	\$000	\$000	#	\$000	\$000	\$000	#	\$000	\$000	\$000	#
<u>Non-Departmental</u>												
Corporate Benefit Provisions	20,039	(4,603)	15,436		19,559	(4,588)	14,971		(480)	15	(465)	
<u>Capital Formation Costs</u>												
<u>Contribution to Capital Reserves</u>												
-City Wide Capital Reserve Fund	50,573	-	50,573		57,645	-	57,645		7,072	-	7,072	
-Solid Waste Capital Reserve Fund	875	-	875		1,416	-	1,416		541	-	541	
-Transit Capital Reserve Fund	9,330	-	9,330		14,106	-	14,106		4,776	-	4,776	
-Water Capital Reserve Fund	30,662	-	30,662		30,583	-	30,583		(79)	-	(79)	
-Sewer Capital Reserve Fund	34,604	-	34,604		39,554	-	39,554		4,950	-	4,950	
-Library Capital Reserve Fund	1,392	-	1,392		1,463	-	1,463		71	-	71	
Total Contribution to Capital Reserves	127,436	-	127,436		144,767	-	144,767		17,331	-	17,331	
<u>Debt Charges</u>												
-City Wide	62,592	-	62,592		60,062	-	60,062		(2,530)	-	(2,530)	
-Solid Waste	543	-	543		528	-	528		(15)	-	(15)	
-Transit	10,210	-	10,210		10,569	-	10,569		359	-	359	
-Water	358	-	358		2,166	-	2,166		1,808	-	1,808	
-Sewer	12,240	-	12,240		11,635	-	11,635		(605)	-	(605)	
Sale of Former Ottawa City Hall - Reserves	-	(8,437)	(8,437)		-	(4,443)	(4,443)		-	3,994	3,994	
Deferred Revenues - Development Charges	-	(705)	(705)		-	(774)	(774)		-	(69)	(69)	
Provincial Revenues - Long Term Care per diem	-	(1,477)	(1,477)		-	(1,477)	(1,477)		-	-	-	
Reserve Funds - Transit	-	-	-		-	(1,303)	(1,303)		-	(1,303)	(1,303)	
100 Constellation Lease	1,997	-	1,997		5,497	-	5,497		3,500	-	3,500	
Total Debt Charges	87,940	(10,619)	77,321		90,457	(7,997)	82,460		2,517	2,622	5,139	
<u>Corporate Common Expenditures</u>												
Contribution to Municipal Election Reserve	850	-	850		1,125	-	1,125		275	-	275	
Self Insurance	5,425	(1,000)	4,425		5,972	(297)	5,675		547	703	1,250	
Corporate Efficiency Savings / Sponsorship	(9,998)	(1,500)	(11,498)		(9,823)	(1,500)	(11,323)		175	-	175	
Corporate Gapping to be achieved	-	-	-		(3,020)	-	(3,020)		(3,020)	-	(3,020)	
Financial Charges	4,055	-	4,055		6,842	-	6,842		2,787	-	2,787	
	332	(2,500)	(2,168)		1,096	(1,797)	(701)		764	703	1,467	

*Net Exp - refers to Gross expenditures less Recoveries (see Overview for a more complete description)

2007 BUDGET OVERVIEW

Schedule 5

2007 Adopted Operating Budget Corporate Summary

	2006 Budget				2007 Adopted Budget				Variance			
	*Net Exp	Revenue	Net	FTE's	*Net Exp	Revenue	Net	FTE's	Gross	Revenue	Net	FTE's
	\$000	\$000	\$000	#	\$000	\$000	\$000	#	\$000	\$000	\$000	#
<u>Corporate Common Revenues</u>												
Water Billing Revenues	-	(72,052)	(72,052)		-	(77,202)	(77,202)		-	(5,150)	(5,150)	
Fire Supply Charge	-	(7,803)	(7,803)		-	(7,803)	(7,803)		-	-	-	
Sewer Surcharge Revenues	-	(105,830)	(105,830)		-	(110,875)	(110,875)		-	(5,045)	(5,045)	
Solid Waste User Fee	-	(20,999)	(20,999)		-	(22,975)	(22,975)		-	(1,976)	(1,976)	
City Wide Reserve Fund	-	(10,000)	(10,000)		-	-	-		-	10,000	10,000	
Penalty & Interest	-	(10,549)	(10,549)		-	(10,599)	(10,599)		-	(50)	(50)	
Investment Income	-	(23,790)	(23,790)		-	(23,790)	(23,790)		-	-	-	
Hydro Ottawa Dividend	-	(12,000)	(12,000)		2,000	(14,000)	(12,000)		2,000	(2,000)	-	
Ontario Municipal Partnership Fund	4,545	(6,005)	(1,460)		-	(10,119)	(10,119)		(4,545)	(4,114)	(8,659)	
Provincial Offences Act	-	(11,699)	(11,699)		-	(11,699)	(11,699)		-	-	-	
Rideau Carleton Raceway	-	(3,000)	(3,000)		-	(3,800)	(3,800)		-	(800)	(800)	
Lottery Fees	-	(904)	(904)		-	(904)	(904)		-	-	-	
Tax Certificate/New Account Fees	-	(3,044)	(3,044)		-	(3,095)	(3,095)		-	(51)	(51)	
Tax Rate Stabilization	5,347	(3,500)	1,847		-	(31,781)	(31,781)		(5,347)	(28,281)	(33,628)	
Ottawa Lands Development - Land Sales	-	(5,000)	(5,000)		-	(5,000)	(5,000)		-	-	-	
Other Miscellaneous Revenues	-	(3,266)	(3,266)		-	(2,944)	(2,944)		-	322	322	
	9,892	(299,441)	(289,549)		2,000	(336,586)	(334,586)		(7,892)	(37,145)	(45,037)	
<u>Taxation Related Revenues & Expenditures</u>												
Supplementary Assessment	-	(16,717)	(16,717)		-	(21,217)	(21,217)		-	(4,500)	(4,500)	
Payments in lieu of taxation	-	(171,554)	(171,554)		-	(169,634)	(169,634)		-	1,920	1,920	
Public Institutions	-	(4,490)	(4,490)		-	(4,490)	(4,490)		-	-	-	
Local Improvement Revenue	-	(2,000)	(2,000)		-	(2,000)	(2,000)		-	-	-	
Tax Rebates & Remissions	15,752	-	15,752		16,252	-	16,252		500	-	500	
Municipal Property Assessment Corp.	9,795	-	9,795		10,295	-	10,295		500	-	500	
	25,547	(194,761)	(169,214)		26,547	(197,341)	(170,794)		1,000	(2,580)	(1,580)	
Total Non Departmental	271,186	(511,924)	(240,738)		284,426	(548,309)	(263,883)		13,240	(36,385)	(23,145)	
<u>Property Tax Bill</u>												
Property Tax Revenues	-	(953,498)	(953,498)		-	(977,239)	(977,239)		-	(23,741)	(23,741)	
Total Operating Budget - City of Ottawa	2,126,424	(2,126,424)	-	13,478.72	2,203,957	(2,203,957)	-	13,780.47	77,533	(77,533)	-	301.75

*Net Exp - refers to Gross expenditures less Recoveries (see Overview for a more complete description)

2007 BUDGET OVERVIEW

Schedule 6

2007 Average Residential Property Tax Bill

(Based on a Residential Property with an Assessed Value of \$276,246)

Average Assessed Value 276,246 Average Assessed Value 276,246 Average Assessed Value 276,246

Urban			Rural			Town Transit		
Per Year	Per Month	Per Day	Per Year	Per Month	Per Day	Per Year	Per Month	Per Day
\$	\$	\$	\$	\$	\$	\$	\$	\$

Property Tax Supported Services

Public Safety & Security

Paramedic Service	37	3	0.10	37	3	0.10	37	3	0.10
Fire Services	231	19	0.64	109	9	0.30	109	9	0.30
Police Services	410	34	1.14	410	34	1.13	410	34	1.13
	678	57	1.88	556	46	1.53	556	46	1.53

Environmental Services

Garbage Recycling / Diversion	18	2	0.07	18	2	0.07	18	2	0.07
	18	2	0.07	18	2	0.07	18	2	0.07

Public Transit / Transportation

Public Transit	481	40	1.33	95	8	0.27	303	25	0.83
Roads / Sidewalks / Traffic Operations	222	19	0.63	222	19	0.63	222	19	0.63
	703	59	1.96	317	27	0.90	525	44	1.46

Health, Recreation & Social Services

Library	50	4	0.13	50	4	0.13	50	4	0.13
Social Housing	128	11	0.37	128	11	0.37	128	11	0.37
Health & Long Term Care	14	1	0.03	14	1	0.03	14	1	0.03
Employment & Financial Assistance	181	15	0.50	181	15	0.50	181	15	0.50
Cultural Services & Community Funding	50	4	0.13	50	4	0.13	50	4	0.13
Child care	31	3	0.10	31	3	0.10	31	3	0.10
Parks & Recreation	73	6	0.20	73	6	0.20	73	6	0.20
	527	44	1.46	527	44	1.46	527	44	1.46

2007 BUDGET OVERVIEW

Schedule 6

2007 Average Residential Property Tax Bill (Based on a Residential Property with an Assessed Value of \$276,246)

Average Assessed Value 276,246 Average Assessed Value 276,246 Average Assessed Value 276,246

	Urban			Rural			Town Transit		
	Per Year	Per Month	Per Day	Per Year	Per Month	Per Day	Per Year	Per Month	Per Day
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Capital Formation / Design</u>									
Infrastructure Services	14	1	0.03	14	1	0.03	14	1	0.03
Contribution to Capital Reserve Funds	151	13	0.43	151	13	0.43	151	13	0.43
Debt Charges	137	11	0.37	137	11	0.37	137	11	0.37
	302	25	0.83	302	25	0.83	302	25	0.83
<u>Corporate & General Government</u>									
Human Resources	27	2	0.07	27	2	0.07	27	2	0.07
Client Services & Public Information / Secretariat Services	35	3	0.10	35	3	0.10	35	3	0.10
Financial / Accounting / Purchasing Services	57	5	0.17	57	5	0.17	57	5	0.17
Information Technology Services	69	6	0.20	69	6	0.20	69	6	0.20
Legal Services	8	1	0.03	8	1	0.03	8	1	0.03
Real Property Asset Management	59	5	0.17	59	5	0.17	59	5	0.17
Planning & Growth Management	18	2	0.07	18	2	0.07	18	2	0.07
MPAC	14	1	0.03	14	1	0.03	14	1	0.03
Administrative / Council / Other Services	39	3	0.10	39	3	0.10	39	3	0.10
	326	28	0.94	326	28	0.94	326	28	0.94
Average Property Tax Bill for Municipal Services	\$2,554	\$215	\$7.14	\$2,046	\$172	\$5.73	\$2,254	\$189	\$6.29
<u>New Utility Bill</u>									
Fire Supply Services	32	3	0.10	-	-	-	32	3	0.10
Garbage Collection	80	7	0.23	80	7	0.23	80	7	0.23
	\$112	\$10	\$0.33	\$80	\$7	\$0.23	\$112	\$10	\$0.33
Total Property Tax & New Utility Bill	\$2,666	\$225	\$7.47	\$2,126	\$179	\$5.96	\$2,366	\$199	\$6.62
<u>Average Water / Sewer Utility Bill</u>									
<u>Water Bill</u>									
0.775¢ Jan 1/07- April 30/07; \$0.868 May 1/07 - Dec 31/07	\$306	\$25	\$0.85	-	-	-	\$306	\$25	\$0.85
<u>Sewer Surcharge</u>									
152% Jan 1/07- April 30/07; 145% May 1/07 - Dec 31/07	\$450	\$37	\$1.25	-	-	-	\$450	\$37	\$1.25
Total Average Water / Sewer Bill	\$755	\$63	\$2.10	-	-	-	\$755	\$63	\$2.10

2007 BUDGET OVERVIEW

Schedule 7

Summary of 2007 Tax Rates

CITY OF OTTAWA	Tax Class	CW General	CW Police	Conserv. Author.	Urban Fire	Rural Fire	Urban Transit	Town Transit	Rural Transit		Rural Sewer Surcharge	Education
									Zone A	Zone B		
1 - Residential and Farm	RT	0.529338%	0.148423%	0.006298%	0.072411%	0.028412%	0.174257%	0.109584%	0.034347%	0.009162%	0.170429%	0.264000%
2 - Multi-Residential	MT	0.952808%	0.267161%	0.011336%	0.130340%	0.051142%	0.313663%	0.197251%	0.061824%	0.016492%	0.170429%	0.264000%
2A - New Multi Residential	NT	0.529338%	0.148423%	0.006298%	0.072411%	0.028412%	0.174257%	0.109584%	0.034347%	0.009162%	0.170429%	0.264000%
3 - Commercial - Farmland	C1	0.370536%	0.103896%	0.004408%	0.050688%	0.019888%	0.121980%	0.076709%	0.024042%	0.006413%	0.170429%	
Commercial (occupied)	CT	1.136022%	0.318533%	0.013516%	0.155403%	0.060976%	0.373978%	0.235180%	0.073712%	0.019663%	0.170429%	1.747985%
Vacant Units and Excess Land	CU	0.795216%	0.222973%	0.009461%	0.108782%	0.042683%	0.261784%	0.164626%	0.051599%	0.013764%	0.170429%	1.223589%
Vacant Land	CX	0.744345%	0.208709%	0.008856%	0.101822%	0.039953%	0.245038%	0.154095%	0.048298%	0.012883%	0.170429%	1.145315%
4 - Commercial Office	DT	1.372444%	0.384824%	0.016329%	0.187744%	0.073666%	0.451807%	0.284124%	0.089053%	0.023755%	0.170429%	2.111764%
Vacant Units and Excess Land	DU	0.960711%	0.269377%	0.011430%	0.131421%	0.051566%	0.316265%	0.198887%	0.062337%	0.016629%	0.170429%	1.478235%
5 - Shopping Centres	ST	0.944948%	0.264957%	0.011242%	0.129264%	0.050720%	0.311076%	0.195624%	0.061314%	0.016356%	0.170429%	1.453981%
Vacant Units and Excess Land	SU	0.661463%	0.185470%	0.007870%	0.090485%	0.035504%	0.217753%	0.136936%	0.042919%	0.011449%	0.170429%	1.017787%
6 - Parking Lot/Vacant	GT	0.744345%	0.208709%	0.008856%	0.101822%	0.039953%	0.245038%	0.154095%	0.048298%	0.012883%	0.170429%	1.145315%
7 - Professional Sports Facility (Preliminary)	QT	0.280796%	0.078733%	0.003341%	0.038412%		0.092438%					0.244252%
8 - Industrial (occupied)	IT	1.453970%	0.407683%	0.017299%	0.198896%	0.078041%	0.478645%	0.301002%	0.094343%	0.025166%	0.170429%	2.298867%
Vacant Units and Excess Land	IU	0.945080%	0.264994%	0.011244%	0.129282%	0.050727%	0.311119%	0.195652%	0.061323%	0.016358%	0.170429%	1.494264%
Vacant Land	IX	0.945080%	0.264994%	0.011244%	0.129282%	0.050727%	0.311119%	0.195652%	0.061323%	0.016358%	0.170429%	1.494264%
Industrial Farm Land	I1	0.370536%	0.103896%	0.004408%	0.050688%	0.019888%	0.121980%	0.076709%	0.024042%	0.006413%	0.170429%	0.184800%
9 - Large Industrial	LT	1.248587%	0.350095%	0.014855%	0.170800%	0.067018%	0.411034%	0.258484%	0.081016%	0.021612%	0.170429%	1.974137%
Vacant Units and Excess Land	LU	0.811581%	0.227562%	0.009656%	0.111020%	0.043562%	0.267172%	0.168014%	0.052660%	0.014048%	0.170429%	1.283189%
10 - Pipe Lines	PT	0.817186%	0.229133%	0.009722%	0.111787%	0.043862%	0.269017%	0.169174%	0.053024%	0.014144%	0.170429%	1.722741%
11 - Farmlands	FT	0.105868%	0.029685%	0.001260%	0.014483%	0.005683%	0.034852%	0.021917%	0.006869%	0.001832%	0.170429%	0.066000%
12 - Managed Forests	TT	0.132335%	0.037106%	0.001574%	0.018103%	0.007103%	0.043565%	0.027396%	0.008587%	0.002291%	0.170429%	0.066000%

2007 BUDGET OVERVIEW

Capital Budget Highlights

Definition of Capital

The City has adopted the following definition for capital projects.

“A capital expenditure is any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment. It normally confers a benefit lasting beyond one year and results in the acquisition or extension of the life of a fixed asset. It includes vehicles, office furniture and equipment. An expenditure on repair or maintenance designed to maintain an asset in its original state is not a capital expenditure. A capital expenditure may include the costs of studies, etc., undertaken in connection with acquiring land or constructing buildings. It may also include interest on temporary borrowing for capital purposes and transfers for capital purposes to unconsolidated local entities, hospitals, universities and similar organizations. Notwithstanding the preceding definition expenditures that qualify for development charge funding will remain as capital projects, even if not in compliance with the capital expenditure definition.”

The Capital Funding Cycle

When projects are approved within the Capital Budget, they require City funding that comes primarily from either cash or debt.

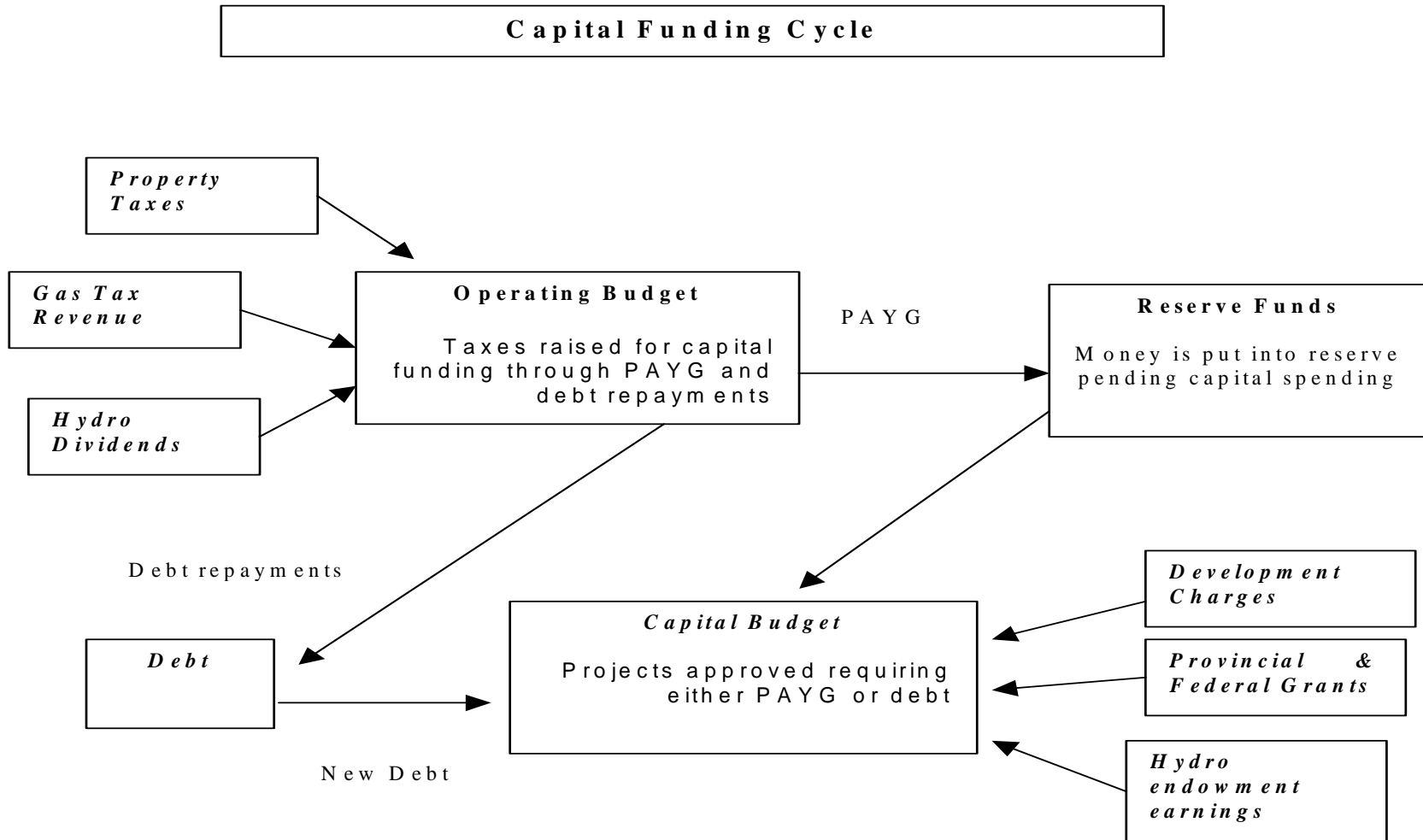
If the project is to be cash-financed, funds are taken from the City’s Reserve Funds. The Reserve Funds receive annual contributions from the operating budget in the form of pay-as-you-go cash contributions. In 2007, the reserves are receiving \$144.8 million from pay-as-you-go contributions from both taxation and rate.

If the project is to be debt-financed, the City issues ten or twenty-year bonds to cover the project costs and the repayment of these bonds becomes an Operating Budget cost. Both the debt repayments and pay-as-you-go contributions are part of the overall tax requirement each year.

Increases to either of the above items require a tax increase. Accordingly, the greater the capital requirement, the more the need for tax increases within the Operating Budget.

2007 BUDGET OVERVIEW

This capital funding cycle can be shown graphically in the following model:



2007 BUDGET OVERVIEW

The 2007 Capital Budget requests project approvals of \$650.7 million. Of the total requested, \$273.8 million are for growth projects (meeting 100% of the request), \$319.0 million for Renewal of Assets and \$57.9 million for Strategic Initiatives. The following tables provide the summary budget for both tax supported and rate supported capital programs for 2007.

2007 Capital Budget Overview (\$millions)

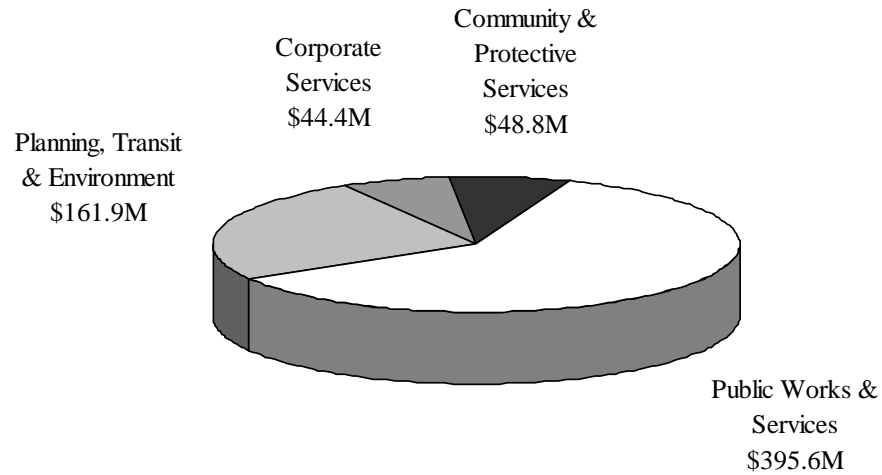
2007 Tax Supported Program				
	Growth	Renewal	Strategic	Total
<u>Capital Program Funded by:</u>				
Revenues	0.9	24.1	5.1	30.1
Capital Reserves	41.2	98.3	33.8	173.3
Debt	120.5	47.5	16.1	184.1
Development Charges	64.1	0.2	0.9	65.2
Total	226.7	170.1	55.9	452.7

2007 Rate Supported Program				
	Growth	Renewal	Strategic	Total
<u>Capital Program Funded by:</u>				
Revenues	-	-	0.3	0.3
Capital Reserves	20.9	73.3	1.4	95.6
Debt	8.0	75.2	0.2	83.4
Development Charges	18.2	0.4	0.1	18.7
Total	47.1	148.9	2.0	198.0

2007 BUDGET OVERVIEW

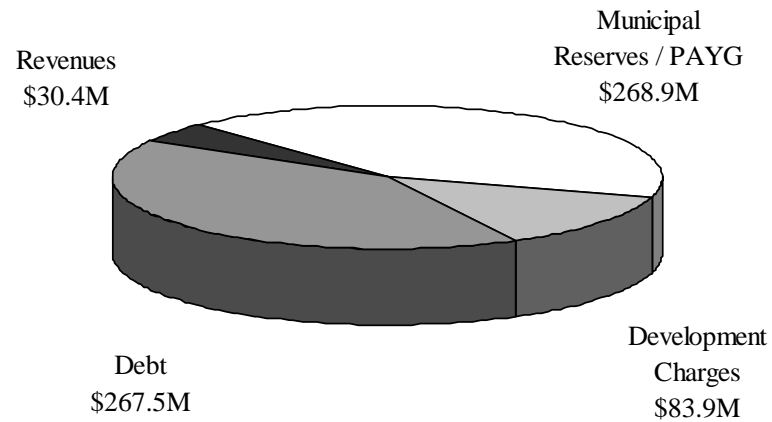
Capital Expenditures

2007 - \$650.7 Million



Capital Financing

2007 - \$650.7 Million



2007 BUDGET OVERVIEW

How to Read this Document

On July 14, 2004, City Council adopted a new budget process that included a commitment to making its budget documents easier to understand and use, and provide the kind of information Council and the public would find more helpful when making budget decisions. To that end, the City engaged Plamondon & Associates to undertake an objective, comprehensive review of municipal best reporting practices and the City's current practices, and to make recommendations that would make Ottawa a municipal leader in transparent and accountable financial reporting.

On October 27, 2004, Council adopted the recommendations as set out in the Consultant's report entitled "It's About Accountability" and have been implemented in the preparation of the City's 2007 Operating & Capital documents. The report and recommendations can be found on the City's web site at www.ottawa.ca

Structure of the 2007 Budget Document

The budget presentation as contained in this document has been prepared in the following sections.

- 1) Overview
- 2) Operating Budget
 - City Governance
 - City Manager
 - Community and Protective Services
 - Public Works and Services
 - Planning, Transit and the Environment
 - Corporate Services
 - Office of the Auditor General
- 3) Capital Budget Summaries

2007 BUDGET OVERVIEW

Departmental Overview Section

At the start of each department's section is a high level summary of the department, which may include some or all of the following:

- Objectives
- Services provided
- Strategic direction for 2007
- Expenditures by branches and by type of expenditure in pie chart format.

Resource Requirement Page

This section follows the narrative and details the 2007 financial and human resource requirements for the branches within the department along with the comparative information for 2006 (Budget and Actuals) and 2005 (Budget and Actuals). The 2006 Actuals presented in the document represent unaudited final results.

The terms used in this section include:

- Gross expenditures – total cost before any revenues or recoveries for delivery of the program or service
- Client recoveries - costs charged to other City departments or capital projects for work performed on their behalf
- Total Net Expenditures - Gross Expenditures less Client Recoveries
- Revenues - funding from external organizations, individual residents or City reserves, categorized under:
 - Federal / Provincial - grants or subsidies
 - City Reserves - from City reserve funds
 - General / Fees / Charges -revenues from external agencies, user fees paid by residents for accessing various City services and the payment of fines
- Compensation and Benefits - employee salary and benefit costs
- Materials and Services - includes all services purchases from external agencies including purchases of child care services, contracts for garbage collection, Para Transpo service contract, telephone network charges, software licenses; material and supplies used in the direct delivery of services such as diesel fuel, heating fuels, hydro, library materials; fixed assets which includes purchases that are used over a number of years such as computer peripherals, software, equipment.

2007 BUDGET OVERVIEW

- Transfers/ Grants / Financial Charges – the payment of funds made to individuals, such as social assistance payments, or housing subsidies; includes principle & interest payments on previously issued municipal bonds which are used to finance a portion of capital projects along with contributions made to City capital reserves which are used to cash finance capital projects
- Fleet Costs – the Fleet Services branch of the Public Works and Services Department is responsible for maintaining the City’s vehicles, buses and equipment pool. The cost of this service is charged to the individual City branches.
- Program Facility Costs – the Real Property and Asset Management branch within the Corporate Services department is responsible for maintaining the majority of municipal facilities. The cost of this service is charged to the individual City branches.
- Other Internal Costs - represents the cost charged to a City branch by another branch for work performed on their behalf.
- Full Time Equivalent (FTE’s) - It represents the number of staffing hours approved by Council for that department to deliver its programs & services. One FTE represents 1,820 hours (52 weeks x 35 hours). This does not equate to the number of staff employed by the department as part-time staff work less than 1,820 hours in a year.

Branch Overview Section

Each branch section is structured as follows:

- Objectives
- Strategic direction for 2007
- Issues/ Pressures
- Opportunities

Branch Resource Requirement Page

Structured the same as the departmental resource page it shows the 2007 financial and human resource requirements for the programs within the branch along with the comparative information for 2006 (Budget and Actuals) and 2005 (Budget and Actuals).

On each Branch Resource Requirements Page is a listing of the programs that are provided by that branch. Where the expenditure requirement is substantial, the program line is shaded to indicate that additional information on this program has been provided on the City’s web site under the heading labeled “**Supplementary Information**”. Users of this document are encouraged to access this section to gain a better understanding of the specific services / activities that are provided by these programs.

2007 BUDGET OVERVIEW

2006 Budget to 2007 Adopted Budget Analysis Page

Following each Resource Requirement Page for each Branch, a schedule is provided which shows how the branch's 2007 proposed financial and human resource requirements have changed from the levels provided in the 2006 budget. The changes are categorized under the following six headings:

Maintain Existing Services - additional budgetary resource requirements to continue delivering City programs and services at current Council approved service levels.

Provincial / Legislated – additional budgetary resource requirements resulting from provincial legislation or regulations that:

- Increases the cost of providing the current programs and services at current service levels;
- Results in the implementation of a new programs; or
- Enhances the service level of an existing program or service.

Growth – additional budgetary resource requirements associated with population growth that results in increases to the City's infrastructure / equipment / staffing base in order to maintain programs and services at current Council approved service levels.

Enhancements – additional budgetary resource requirements to provide new programs and services or provide a higher level of service on current Council approved programs and services.

User Fees / New Revenues - increases to existing user fees or the introduction of new fees to help fund City programs and services. A listing of the approved changes to user fees are provided on the City's web site in the section entitled "**User Fee Increases**".

One Time Issues – budgetary resource requirements that:

- Are required on a one time basis in 2007 only and will be funded from City reserves;
- Were approved in 2006 as a one time expenditure and will not be required in 2007.

2007 BUDGET OVERVIEW

Capital Budget

Contained in this last section are

- Capital Reserve & Development Charge Continuities
- Capital Debt Model
- 2007 Capital Budget Project Listing

Additional details on each project can be found by accessing the City's web site.

To assist users of this document, a glossary of terms has been provided.

Glossary of Terms

Authority refers to the level of expenditures approved by Council through a formal process.

Budget refers to the financial plan the municipality prepares annually. A budget includes estimates of expenditures and revenues for the year and must be adopted by the council of the municipality by by-law, in accordance with Municipal Act section 367.

Capital Expenditure - A capital expenditure is any significant expenditure incurred to acquire or improve land, buildings, engineering structures, machinery and equipment. It normally confers a benefit lasting beyond one year and results in the acquisition or extension of the life of a fixed asset. It includes vehicles, office furniture and equipment. An expenditure on repair or maintenance designed to maintain an asset in its original state is not a capital expenditure. A capital expenditure may include costs of studies, etc., undertaken in connection with acquiring land or constructing buildings. It may also include interest on temporary borrowing for capital purposes and transfers for capital purposes to unconsolidated local entities, hospitals, universities and similar organizations.

Notwithstanding the preceding definition, expenditures that qualify for development charge funding will remain as capital projects, even if not in compliance with the capital expenditure definition. (Approved by City Council on October 27, 2004)

2007 BUDGET OVERVIEW

Capital Financing refers to the different ways municipalities choose to finance capital projects. Municipalities can finance capital costs through long-term borrowing, appropriations from reserves and reserve funds, transfers from current revenues, provincial and federal grants, through contributions from developers or fund raising.

Capital Program - A capital program is a plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long term work program and each capital program includes:

- An annual envelope of spending authority;
- Individual capital projects of a similar nature, size, scope of work and funding source; and
- The same categorization of individual projects as approved by City Council including but not limited to renewal of city assets and growth and strategic initiatives (Approved by City Council on November 24, 2004)

Capital Renewal of City Assets – This category reflects the funding required to maintain and /or replace all existing capital assets throughout the full life of those assets. These assets include buildings, structures, roadways, transitways, bridges, vehicles, equipment, computers, computer networks and various other facilities.

Growth of City Assets – This category includes projects that would have been identified in the Development Charges background study that reflects the new Official Plan.

Strategic Initiatives – This category includes all other capital expenditures. They include initiatives such as implementing various master plans or the Ottawa 20/20 plan, the enhancement of services currently being provided and growth costs not eligible for development charges. It also includes initiatives to enhance organizational effectiveness, implement new legislated requirements, respond to Council-approved programs that are not growth related and respond to changes in demand for service.

Continuity Schedule refers to the projected position of each reserve fund based on the proposed expenditures in the capital budget and forecast and the anticipated revenues and transfers.

Debenture refers to a long term borrowing document issued by municipalities which does not have specific assets pledged as security. The general credit of the municipality is relied upon for the payment of principal and interest.

2007 BUDGET OVERVIEW

Debt Charges refers to the amount payable annually on account of principal and interest on liabilities such as debentures, term bank loans and sinking funds.

Development Charges refers to charges applied to new development, either residential, commercial, industrial, or institutional to recover the costs of providing all or a portion of the on-site and off-site capital works required to service new developments, under the Development Charges Act.

Non-departmental refers to the operating budgetary provisions that are not departmental specific in nature but more corporate.

In general, the expenditures in this area include:

- Contributions to the City's capital reserve funds;
- Debt charges – the repayment of principle and interest on previously issued municipal bonds;
- Tax remissions; and
- Payments to the Municipal Property Assessment Corporation.

The major revenues listed in this area include:

- Property tax revenues;
- Payments-in-lieu of taxation;
- Water & Sewer surcharge revenues;
- Investment Income;
- Penalty & Interest; and
- Reserves.

Pay-as-you-go refers to the term used to describe the financial policy of a governmental unit which finances its capital outlays from current revenues or reserves on hand rather than by borrowing.

2007 BUDGET OVERVIEW

Reserve Funds refers to funds set aside for a specific purpose as established through by-laws. The assets are segregated and restricted to meet the purpose of the reserve fund. Reserve funds may be discretionary, which, at the discretion of Council, may be used for any other legal purpose, or obligatory, where funds are set aside for a specific purpose under legislation and ordinarily may not be used for another purpose.

City Wide Reserve Fund - The City Wide Reserve Fund is the most flexible of the City's discretionary reserve funds because restrictions on the allocation of funds are the least defined and annual funding is based on Council's priorities. Most of the City's long term planning and resource requirements are managed through the annual pay-as-you-go contributions from the City-wide tax rate to this reserve fund.

Parking Cash-in-lieu Reserve Fund - In accordance with the Municipal and Planning Acts, the City may receive payments-in-lieu of parking spaces for development that does not meet the number of parking spaces specified for the proposal. Funding is to be used to develop parking spaces where the most need occurs.

Library Reserve Fund - All of the Library Board's capital requirements are funded from this reserve fund. Annual pay-as-you-go contributions from the Library's operating budget as well as operating surpluses are credited to this fund. Likewise operating deficits are paid from this reserve fund.

Police General Reserve Fund - All of the Police Services Board's capital requirements are managed through this reserve fund with the exception of the Police fleet. Funding is derived from yearly contributions from the Police operating budget.

Public Land Cash-in-lieu Reserve Fund - The Planning Act provides that the City receive payments-in-lieu of parkland dedication through the development process where parkland cannot appropriately be provided. Funding is to be applied to the acquisition, development or improvement of land, buildings and structures for park or other public recreational purposes.

Child Care Reserve Fund - The purpose of this reserve is to provide grants to non-profit child care and family resource programs and fund unforeseen costs and emergency situations related to child care. This reserve receives funds from any surpluses derived from the annual operating budget for child care.

City of Ottawa Social Housing Reserve Fund - This reserve is to be used for the acquisition or development of social housing and for the improvement of social housing stock. Surpluses in the annual operating budget for social housing are to be allocated to this reserve fund.

2007 BUDGET OVERVIEW

Corporate Fleet Reserve Fund - The purpose of this reserve fund is to provide for the replacement of vehicles in the corporation excluding those of Police and Transit services. The amount of pay-as-you-go funding is intended to be based on a charge-out rate to City departments that includes an amount for depreciation.

Police Fleet Reserve Fund - This is used for the planned replacement or purchase of new vehicles and equipment. Annual allocations are contributed to this reserve fund from the operating budget of Ottawa Police Services.

Transit Reserve Fund - This reserve fund is to be used for capital projects supporting the operational needs related to transit services. It is funded from contributions from the transit tax levy.

Gas Tax Reserve Fund - In accordance with legislative guidelines, there is a separate reserve fund for gas tax revenues. These revenues are intended to support increased municipal public transportation funding.

Environmental Areas Capital Reserve Fund - The purpose of this reserve fund is to fund the acquisition of land for forestry or recreational purposes in the natural environment areas designated in the City's Official Plan. Funding for this reserve fund is made available from subsidies from other levels of government and from pay-as-you-go contributions as required during the annual budget reviews.

Water Reserve Fund - This reserve fund is established to fund facilities for the collection, production, treatment, storage, supply or distribution of water. Funding is derived from a portion of the charge to users of the water system for their usage of water and from the fire supply charge revenues that are paid on the basis of property assessment.

Sewer Reserve Fund - The purpose of this reserve fund is to fund all costs of the sewer system including the repair, maintenance, rehabilitation and replacement of capital sewer works (storm, sanitary and combined systems), including pumping stations, force mains, storm water management facilities and treatment plants. Funding for this reserve fund is based on a sewer surcharge which is a percentage of the water charge paid by customers receiving water service.

Solid Waste Reserve Fund - The creation of this reserve fund was authorized by Council on July 13, 2005. From 2006 onward, waste disposal and collection will be funded from the solid waste fund while diversion and recycling costs will continue to be funded from tax-supported reserves.

2007 BUDGET OVERVIEW

Smart Growth refers to the cooperation of all levels of government to integrate decisions on issues such as transportation, infrastructure, land use, housing and public investment, and to make sure these decisions are balanced with elements vital to the quality of life of the community.

SuperBuild refers to the provincial government sponsored program of building and developing innovative partnerships with the private and broader public sectors. The goal of the fund is to improve the province's capital planning and infrastructure resources.

Transit Capital Renewal Program refers to the provincial funded cost-sharing program designed to offset the cost of ongoing transit vehicle replacement.

Transit Investment Partnerships (TIP) refers to a ten-year Provincial transit investment program (announced in 2001) intended for transit expansion projects outside of the Golden Horseshoe region. Public-Private partnerships are given preference. Operation and capital repairs are not considered eligible for funding.