



## A REVIEW OF THE 2007 CITY OF OTTAWA DRAFT BUDGET

The city of Ottawa released the 2007 draft budget for public consultation on February 7th. Citizens have until February 23rd to talk to their councillors and tell them what they think. This report highlights the significant cuts that councillors will have to make if they do not want a tax increase *and it shows that we have options*. It also reviews the new ideas that could be implemented with a small tax increase.

It is your turn to tell your councillor that you don't want more cuts in your neighbourhood services. What Ottawa needs to cut is *old ideas*. Let's implement new ideas and maintain services for strong and healthy communities.

All of this is possible for \$9.62 a month

## The Good and Bad News from the 2007 Budget

## THE PROVINCE'S FAIR SHARE

### ► What's in this report?

This report examines the scenarios for balancing the books and examines what the 2007 budget means to the average citizen in Ottawa. It finds the “no tax increase” option has consequences when it comes to maintaining current and new services. And it finds that just a little more spending this year would see successful programs preserved and innovative new programs initiated. Both scenarios are put in the context of what it will cost and what is at stake.

### ► The Bad News

In 2007 the budget shortfall is projected to be around \$74 million. The total city of Ottawa budget is just over \$2 billion. There are three ways to make up the shortfall: cut services, increase taxes or increase user fees. User fees on everything from recreation programs to building permits will increase between 2-3 per cent. This only raises about \$13 million. The city has also targeted university and college students by cutting them out of student bus passes.

With the user fee increase and the internal efficiencies there is still a shortfall of \$32 million. In part to cover this the city is proposing a \$13 million “gapping” measure which means not filling job vacancies amounting to 54,000 person-days in 2007. But this will likely result in poorer service and longer waits across all departments (see page 5).

If council votes for no tax increase, it will mean the complete elimination of new and innovative service enhancements to be implemented in 2007 (see page 8). But even that won't be enough. The programs on the chopping block range from the Brewer pool to programs for the elderly to fire stations (see pages 6-7).

### ► The Good News

We have options. We don't have to slash city programs, strain city services by gapping and eliminate innovative service enhancements. We can keep our services with small and incremental increases in property taxes if we remember that inflation is a fact of life and that things cost a little more one year after the next. The city is not exempt from inflation and in fact it faces higher inflation than the average consumer.

**But by paying an additional \$9.62 a month the average taxpayer can preserve services and even introduce new ones.**

Several years ago, the province decided to download services to the municipalities. The proposed benefit for the municipalities was that they would have more local control over how the programs were implemented. Unfortunately, provincial downloading has become synonymous not with local control but with cities picking up the tab for provincial programs. 2007 is no exception.

In most cases, the province forces Ottawa to provide services and only pays for a portion of the total cost, usually between 60 per cent and 80 per cent. If the province actually paid for all its own programs, the average taxpayer would pay \$670 less in property taxes each year. Ontario is the only province in Canada that forces cities to use property tax dollars to fund provincial social programs.

To add insult to injury, not only is the province forcing Ottawa to pay for mandated programs, the province then turns around and underfunds its own cost sharing agreements. For instance, the province has forced Ottawa to provide long term care facilities for the aged and it has agreed to pay 100 per cent of the costs. However, the cheque to Ottawa is only for 80 per cent of the total cost, not 100 per cent as agreed. The city of Ottawa is then forced to make up the difference.

The same thing is happening in child care and several other areas. In total, the province is coming up \$13 million short on its own agreements.

## The Bad News

### No Tax Increase Breakdown

Item	Cost (\$mil)
Total budget shortfall	-\$74.3
Internal efficiencies	\$24.32
Province pays its fair share	\$13
Sub-total	-\$36.98
Cancel all new innovative service enhancements (page 9)	\$10.6
City employees work 54,000 fewer person days due to “gapping” (page 5)	\$13
Target university and college students with transit fare increase + general transit fare increase	\$5.4
Cut services (close fire stations, close community pools, community rinks, programs for elderly etc) (Page 6-7)	\$7.98
Total Shortfall	\$0

### No Tax Increase = Cuts to Services

As the table above illustrates, no tax increase means a cut to services. The services up for debate are the ones that councillors could not stomach in 2004. Those same cuts are looming again this year as a necessary result of the “no tax increase” position. Not only are current programs possible targets, every new service enhancement accepted in 2006 will also need to be killed. These represent innovative new ideas like francophone childcare and pursuing sustainability in Ottawa’s social housing. A “no tax increase” position is incompatible with funding new service enhancements.

But cutting both new and old services still isn’t enough. The final stage to getting to freezing taxes involves targeting post-secondary students by increasing their transit fares and having city employees work 54,000 fewer person days through “gapping”.

### My Taxes Already Went Up

2006 saw a range of increases in property tax across the city. Often the increases seemed as extreme as they did arbitrary. The Municipal Property Assessment Corporation (MPAC) determines the official taxation value for all properties in Ontario and in 2006 its system for determining that value was widely deemed non-transparent and unfair. There will be no property reassessment until 2009.

You might be surprised to know that even if average property values increase over time in Ottawa, the city receives no extra income. Instead the province automatically adjusts the city’s tax rate down. Excluding new houses, the city of Ottawa would collect exactly the same amount of property taxes even if all the houses increased in value by 20%. Provincial and federal governments tax income instead of property and their tax base expands a little every year as everyone makes a little more every year. They don’t need to increase taxes to keep up to inflation, but cities do.

## Ottawa is Alone with “No Tax Increase”

How are other municipalities in Ontario and in Canada approaching property taxes? Other municipalities in Ontario face similar pressures to Ottawa. They experience rising compensation costs, rising energy costs and provide a similar basket of services. Other Canadian cities may face slightly different provincial regulations but again provide similar services to Ottawa.

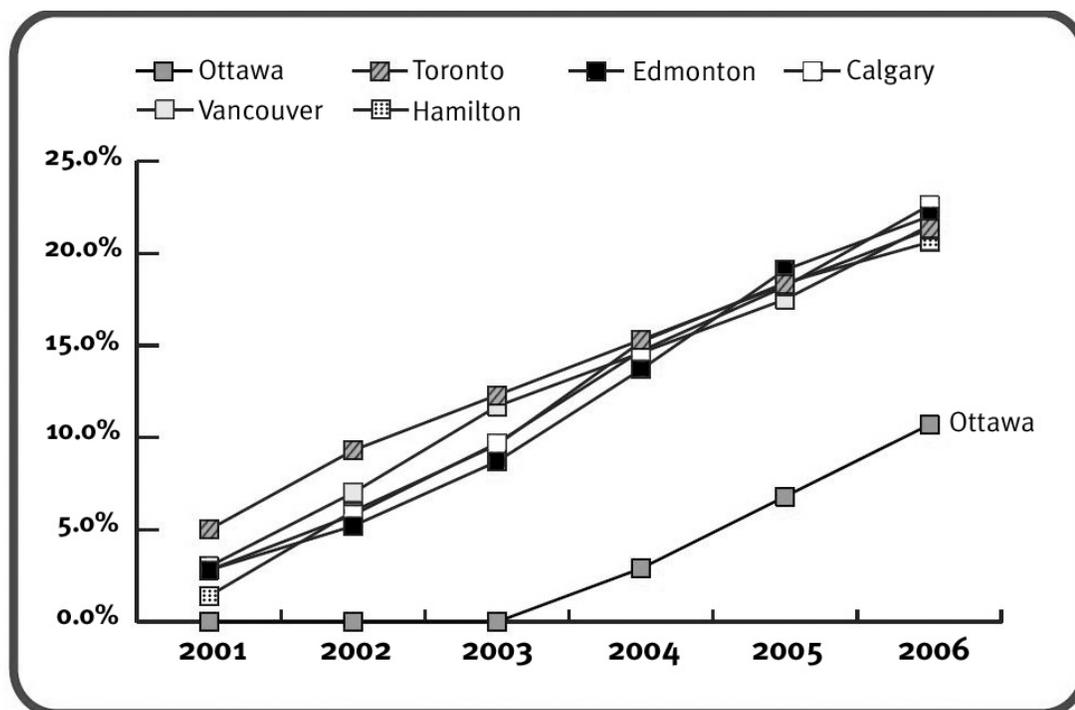
A quick survey of other cities in Ontario and in Canada reveals that Ottawa is virtually alone in pushing a “no tax increase” position. Of the larger municipalities in Ontario with draft 2007 budgets, almost all of them are implementing tax increases of over 3.5 per cent.

City	2007 % increase
Hamilton	4.3%
Peel Region (Toronto)	3.7%
Halton Region (Toronto)	3.5%
York Region (Toronto)	5.3%
Kingston	4%

If we look at a grouping of large Canadian cities we find that none of them has had a 0 per cent tax increase since 2001.

## Property Tax Increases

### Cumulative Yearly Increase, by Percentage



## The Bad News: Mind the Gap

### Gapping is Not the Answer

“Gapping” is the practice of leaving a position open longer than necessary when an employee retires, finishes their contract, resigns or goes on long-term leave. It seems like an innocent human resources manoeuvre to keep that position open a bit longer. However, the gapping measures in the 2007 budget will be so severe that they will cut 54,000 person-days. The inevitable result of fewer people doing more work is overworked staff, delays, increased overtime costs and generally poorer service. Even though city managers may want to fill positions quickly to keep city services running efficiently they will now have to wait months before they can even start interviewing candidates.

The following table reviews how the planned gapping will affect particular departments. As you can see, gapping appears to be targeted at fire departments and at Ontario Works programs. Other programs like homes for the aged and by-law services will likely become less responsive. Buses may not be repaired as quickly and the city’s fleet of vehicles may not be there when needed.

Don’t be fooled. Gapping will result in reduced services. It is a dangerous and non-transparent erosion of city programs. And with a 0 per cent tax increase, gapping is unavoidable.

### The Small Cost of Stopping Gapping

SERVICE	Per House/Month	% of total Gapping
<b>Community and Protective Services</b>		
Employment & Financial Assistance (Ontario Works)	\$0.82	22%
Housing	\$0.01	0%
Fire Services	\$0.79	21%
Paramedic Services	\$0.09	2%
Long Term Care (to deliver services at homes for the aged)	\$0.21	5%
Public Health	\$0.03	1%
By-law Services (to service noise complaints and the like)	\$0.15	4%
<b>Public Works &amp; Services</b>		
Fleet Services (maintaining city vehicles)	\$0.14	4%
Surface Operations (maintaining roads, sidewalks, parks and greenspace. Fixing potholes)	\$0.05	1%
Traffic Operations (maintain street lighting, traffic lights, provide efficient transportation network)	\$0.07	2%
Infrastructure Services	\$0.03	1%
<b>Planning Transit &amp; Environment</b>		
Transit Services (maintain and improve OC Transpo)	\$0.29	8%
Planning & Infrastructure Approval	\$0.03	1%
Planning/Environment/Policy	\$0.02	1%
<b>Corporate Services</b>		
Real Property Asset Management (maintain and renew city properties including community centres, pools, etc)	\$0.35	9%
Financial Services	\$0.32	9%
Employee Services	\$0.38	10%

## The Bad News: Service Cuts

In addition to gapping and targeting post-secondary students, core service cuts of between \$5 million and \$8 million will be needed to balance a “no tax increase” budget. The city has not specified which cuts it wishes to implement and so all of them are on the table for discussion. These cuts affect every ward, urban and rural. They affect almost all services that the city offers from fire stations to yard waste collection, from museums to pool closures.

With a small tax increase, these cuts can be avoided. But with a 0% tax increase about 1/4 of the following cuts will need to be implemented.

### Proposed Cuts

	Value \$ooo	Per House/Month
<b>Roads and Sidewalks</b>		
Eliminate Adopt a Park, Adopt a Road, Spring Clean the Capital programs	\$132	\$0.04
Eliminate painting of stop bars and crosswalks on residential streets	\$150	\$0.04
Eliminate waste collection calendars	\$50	\$0.01
Eliminate removal of non-offensive graffiti	\$195	\$0.06
Eliminate winter damage repairs to city property when clearing snow	\$131	\$0.04
Eliminate repairs on discontinuous sections of concrete sidewalks	\$308	\$0.09
Eliminate adult school crossing guard program	\$646	\$0.19
Reduce roadside grass cutting	\$807	\$0.24
<b>Fire Services</b>		
Close Blair Road Fire Station	\$1,612	\$0.47
Close Knoxdale Fire Station	\$1,611	\$0.47
Convert Riddell Fire Station to a full volunteer station	\$702	\$0.20
<b>Parks and Recreation</b>		
Close Brewer Pool	\$282	\$0.08
Accelerate decommissioning of Belltown Dome	\$49	\$0.01
Close 9 wading pools	\$212	\$0.06
Close 9 outdoor pools	\$416	\$0.12
Eliminate outdoor rink grant program	\$652	\$0.19
Reduce aeration of playing fields	\$110	\$0.03
Reduce fertilization of playing fields by 50%	\$106	\$0.03
Eliminate or reduce overseeing of fields and planned repairs of damaged turf	\$225	\$0.07
Eliminate cycling and walking encouragement programs	\$100	\$0.03
Reduce sampling of beach water 75%	\$19	\$0.01
<b>Housing and Social Services</b>		
Reduce affordable housing program by 20%	\$75	\$0.02
Reduce health and social support for recipients of Ontario Works	\$159	\$0.05
Reduce health and social support for low income residents	\$613	\$0.18
Reduce social services funding by 10%	\$1,399	\$0.41

	Value \$000	Per House/Month
<b>Arts, Heritage and Community Funding</b>		
Eliminate Arts and Heritage Planning & Development	\$212	\$0.06
Reduce arts funding by 70% and reduce community arts programs	\$1,785	\$0.52
Reduce Heritage funding by 20% and eliminate heritage programs	\$300	\$0.09
Close the four city-run museums	\$1,184	\$0.35
Eliminate heritage funding for these museums: Bytown, Diefenbunker, Goulbourn, Nepean, Osgoode, Watson's Mill	\$820	\$0.24
Eliminate community project funding	\$411	\$0.12
<b>Health</b>		
Eliminate health funding to five agencies	\$61	\$0.02
Eliminate well-baby drop-in	\$27	\$0.01
Reduce parenting classes by 40%	\$41	\$0.01
Reduce participation in community partnerships	\$135	\$0.04
Eliminate the pesticide use reduction ads	\$76	\$0.02
Eliminate public health to prevent breast, prostate and colorectal cancer	\$81	\$0.02
Eliminate workplace health program	\$108	\$0.03
Reduce crisis intervention by 90%	\$81	\$0.02
Reduce services for isolated seniors by 50%	\$54	\$0.02
Reduce programs for multicultural communities by 25%	\$27	\$0.01
Reduce programs to prevent injuries by 25%	\$20	\$0.01
Reduce services to treat STDs among high-risk youth	\$54	\$0.02
Reduce smoke-free program for youth by 20%	\$25	\$0.01
<b>Rural Services</b>		
Eliminate three rural client service centres (Kinburn, North Gower and Metcalfe)	\$100	\$0.03
<b>Transit</b>		
Significantly reduce hours of service and completely eliminate non-performing routes	\$6,493	\$1.89
Reduce interior bus cleaning by 50%	\$133	\$0.04
<b>Waste</b>		
Eliminate leaf and yard waste collection in July, August and September	\$600	\$0.18
Remove plastics #3 to #7 from recycling program	\$860	\$0.25

## The Good News

### Maintain & Expand Services Budget

Item	Cost (\$mil)
Total budget shortfall	-\$74.3
Internal efficiencies	\$24.32
Province pays its fair share	\$13.00
<b>Sub Total</b>	<b>-\$36.98</b>
Tax increase of \$9.62 a month for the average household	\$32.98
Implement all new service enhancements (page 9)	\$0
Stop “gapping” (page 5)	\$0
Do not target post-secondary students but raise transit fares	\$4.00
Do not cut services (Page 6-7)	\$0
<b>Total Shortfall</b>	<b>\$0</b>

### From Bad News to Good News

As you can see above, the bad news of this budget is avoidable. It is only the “no tax increase” position that forces the bad news on Ottawa citizens. A small tax increase of \$9.62 a month on the average house of \$276,000 avoids gapping, stops all the service cuts and actually allows new program enhancements to come into effect. Such a tax increase is not out of line with other Ontario or Canadian municipalities.

The good news is that through rational planning and a small tax increase we can maintain Ottawa programs and even improve them.

### Badly Needed Improvements

There are areas that have not been highlighted this year but that nonetheless need reinvestment. In 2005 emergency call volume increased 3.3 per cent and no new paramedics were added to meet that demand. The city was still trying to catch up from previous years. In fact, since paramedics were downloaded from the province in 2001 the targeted response time to emergency calls has never been met. Unless there are drastic changes the targets will not be met in 2007 and there are no plans to hire new paramedics.

Community agencies have seen their municipal funding frozen again in 2007. While this is preferable to seeing it cut, a freeze in funding results in a decrease in service. Each of those agencies experiences expanding costs. For every year that their funding is frozen, they need to cut services to balance their own books. In essence, the city is simply downloading its fiscal challenges to community agencies.

## PRIVATIZATION IS NOT THE ANSWER

### What gets contracted out gets contracted back in

The temptation to privatize is understandable. The sharp decline in transfers from provincial and federal governments is clear. Over the last ten years their share of municipal revenues has fallen from 26 per cent in 1995 to 17 per cent in 2005, amounting to a decline of some \$5 billion. Not surprisingly, municipalities are finding it hard to make up this shortfall since it is hard to increase taxes and user fees without hurting ordinary citizens as well as economic growth.

But as the saying goes, “If something seems too good to be true, it probably is.” That’s certainly the case with privatization, since it usually always brings higher costs, poorer service, higher debt and a steep decline in accountability.

And when things go wrong, it’s the municipality that’s left holding the bag. That’s what happened when the privatization of the Hamilton-Wentworth water and wastewater treatment system went seriously wrong. Originally, it sounded like a good deal – with the usual promises of lower costs and better service. But it quickly turned into a nightmare. One problem was the frequent changes in ownership of the contract. This corporate merry-go-round made it hard to establish accountability for cost overruns and environmental spills including one of the largest-ever sewage spills in Lake Ontario’s history.

There was a silver lining to this terrible spill. A year after, the City of Hamilton took back the operation and maintenance of the water and wastewater facilities. They came in about \$1.2 million below budget.

This is a common experience. One study found that “Most governments which contract out also contract back in. From 1992-1997, 88 percent of governments had contracted back in at least one service and 65 percent had contracted back in more than three services.”

## The Good News: Enhanced Services

### Innovation at City Hall

With a small increase in Ottawa taxes, implementing new ideas at City Hall is possible. Councillors throughout 2006 have approved spending on a variety of new programs and enhancements to existing programs. Much of the enhancements are focused on public housing which was downloaded by the province.

It's crucial to remember that in 2001, provincial grants covered 31 per cent of social housing costs. By 2005, these had dropped to 24 per cent. At the start of 2006 there were 23,000 Ottawa residents facing a 5 to 8 year wait for subsidized housing. The enhancements in the Ottawa Community Housing project should help to change that.

While the 2007 enhancements cover a wide variety of areas, they are not particularly expensive. However, with a 0 per cent tax increase they will all have to be cut.

### Enhanced Services for 2007

Service	Value (\$mil)	Per House/Month
Ottawa Community Housing (OCH) Safer Communities Program	\$2.11	\$0.62
OCH Public Housing Program - capital	\$1.31	\$0.38
OCH Public Housing Program - operations	\$2.83	\$0.83
Francophone childcare	\$0.765	\$0.22
Museums sustainability plan	\$0.74	\$0.22
Community funding sustainability	\$0.5	\$0.15
Art service agreements	\$0.08	\$0.02
Legion Remembrance Day	\$0.014	\$0.00
Tree reforestation	\$0.447	\$0.13
Snow wind row cleaning for seniors	\$0.12	\$0.04
Tulip festival shuttle	\$0.02	\$0.01
Ontario Disability Pass discount	\$0.6	\$0.18
Para-transpo taxi script project	\$0.17	\$0.05
Transit operating impact of bio-diesel fuel	\$0.3	\$0.09
Post-planning applications on web site	\$0.25	\$0.07
Land stewardship and wetlands program	\$0.16	\$0.05
Admin support for Agricultural and Rural Affairs Committee	\$0.1	\$0.03
Accept postmark as date received for taxes	\$0.1	\$0.03
<b>Total</b>	<b>10.616</b>	<b>\$3.10</b>

## Your Opinion Matters

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Tell Council that you want to stop gapping, stop the cuts and improve city services in 2007

1. Attend a Ward Consultation (Feb 10th-19th)
2. Make a Presentation before Council (February 19th-21st)  
Call 613-580-2424, ext. 28136 to reserve a time
3. Contact your City Councillor
4. Contact the City at 311@ottawa.ca or www.ottawa.ca

## Calendar of Budget Events

### Councillors' Public Consultations - 2007 Draft Budget

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#### February 13th

- Ward 1** Orléans: Councillor Bob Monette 613-580-2471 Bob.Monette@ottawa.ca
- Ward 2** Innes: Councillor Rainer Bloess 613-580-2472 Rainer.Bloess@ottawa.ca
- Ward 11** Beacon Hill-Cyrville: Councillor Michel Bellemare 613-580-2481 Michel.Bellemare@ottawa.ca
- Ward 19** Cumberland: Councillor Rob Jellett 613-580-2489 Rob.Jellett@ottawa.ca
- Wards 1, 2, 11 & 19** All together at the Orléans Client Service Centre, 225 Centrum Blvd at 7:00 pm \*\*
- Ward 5** West Carleton-March: Councillor Eli El-Chantiry 613-580-2475 Eli.El-Chantiry@ottawa.ca  
Kinburn Client Service Centre at 7:00 pm
- Ward 8** College: Councillor Rick Chiarelli 613-580-2478 Rick.Chiarelli@ottawa.ca
- Ward 9** Knoxdale-Merivale: Councillor Gord Hunter 613-580-2479 Gord.Hunter@ottawa.ca
- Wards 8 & 9** Both at Sir Guy Carleton High School at 7:00 pm \*\*
- Ward 10** Gloucester-Southgate: Councillor Diane Deans 613-580-2480 Diane.Deans@ottawa.ca  
363 Lorry Greenberg at 7:30 pm
- Ward 12** Rideau-Vanier: Councillor Georges Bédard 613-580-2482 Georges.Bedard@ottawa.ca  
Patro Community Centre, 40 Cobourg at 7:00 pm
- Ward 18** Alta Vista: Councillor Peter Hume 613-580-2488 Peter.Hume@ottawa.ca  
Canterbury High School at 6:30-8:30 pm
- Ward 22** Gloucester-South Nepean: Councillor Steve Desroches 613-580-2751 Steve.Desroches@ottawa.ca  
Southpoint Community Centre at 7:00 pm

**\*\* there is also a meeting on February 15th, 2007**

#### February 15th

- Ward 4** Kanata North: Councillor Marianne Wilkinson 613-580-2474 Marianne.Wilkinson@ottawa.ca  
2500 Campo Dr, Kanata Senior Centre Program Room at 1:00 pm - 3:00 pm; OR, 180 Katimivik,  
Holy Trinity Catholic High School at 7:00 pm-9:00pm
- Ward 6** Stittsville-Kanata West: Councillor Shad Quadri 613-580-2476 Shad.Qadri@ottawa.ca  
180 Katimivik, Holy Trinity Catholic High School at 7:00 pm-9:00 pm.

- Ward 7** Bay: Councillor Alex Cullen 613-580-2477 Alex.Cullen@ottawa.ca  
Woodroffe Elementary School at 7:00 pm-9:00 pm
- Ward 14** Somerset: Councillor Diane Holmes 613-580-2484 diane.holmes@ottawa.ca  
397 Kent St., First United Church at 7:00 pm
- Ward 15** Kitchissippi: Councillor Christine Leadman 613-580-2485 Christine.Leadman@ottawa.ca  
Churchill Community Centre at 7:00 pm
- Ward 17** Capital: Councillor Clive Doucet 613-580-2487 Clive.Doucet@ottawa.ca  
Glebe Community Centre at 7:30 pm
- Ward 22** Gloucester- South Nepean: Councillor Steve Desroches 613-580-2751 Steve.Desroches@ottawa.ca  
St. Jeromes Elementary School at 7:00 pm-9:00 pm
- Ward 23** Kanata South: Councillor Peggy Feltmate 613-580-2752 Peggy.Feltmate@ottawa.ca  
Holy Trinity Catholic High School at 7:00 pm.

### **February 19th**

- Ward 20** Osgoode: Councillor Doug Thompson 613-580-2490 Doug.Thompson@ottawa.ca  
1448 Meadow Drive, Greely Community Center at 7:00PM

### **February 19th-23rd**

Delegation to Council at City Hall starting at 10:00 am  
613-580-2424, ext. 28136 to reserve a time-slot

### **February 26th to 28th**

City Council final voting for the 2007 budget