2015 Ottawa Budget – Finance and Economic Development Committee

Federation of Citizens' Associations Comments on the 2015 City of Ottawa Budget

March 3, 2015

Federation of Citizens' Associations of Ottawa

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Fédération des associations civiques d'Ottawa

FCA

- The FCA represents approximately 40 community associations throughout the City
- We have urban, suburban and rural representation
- We play an active role in working with the City, while representing our membership, primarily in the area of land use planning
- In 2014 we struck a committee to examine the municipal budget

Budget Process

- FCA is concerned that for the vast majority of residents the budget process is still opaque and that once the draft budget is issued there is little real opportunity to input
- We note that the Budget forums organized by the urban caucus with Citizen's Academy had over 200 participants, far more than open house at City Hall which had about 30 people attend.
- Current budget process is not set up to review the full budget for any department
- Budget process is like pyramid. We review spending increases, pressures on system, new revenue and proposed efficiencies. Vast majority of spending is never discussed.
- Neither council nor the public have a say in the entire budget. Process is designed to only comment on changes

Budget Process

Recommendations:

1. **Budget Primer**
   - The City establish a Budget Primer series of seminars for the public similar to the Planning Primer. Funding could come from charging nominal amount for Budget Primer and Planning Primer training
2. **Zero Based Budgeting**
   - City should adopt zero-based, participatory budgeting on a rotating basis. Each major department would undergo zero-based budgeting every 10 years.
   - Full public participation on setting priorities for rebuilding applicable budget from zero

Budget Process

Budget Vs. Actual

- 2013 Financial Statements show that 2013 budget was $2.961 bln. Actual spending was $2.97 bln. Variance of 0.30%

- Is City this good at budgeting or is money being spent to meet the budget?
- If the latter, how are priorities set for spending surplus at end of year?

Municipal Taxes

- City has moved to an envelope basis for budgeting with capped tax increase set beforehand
- This “capped” increase does not take into account changes in tax rate due to changing property values. Significant portion of city residents see taxes go up much more than 2.0% per year due to their property values rising over City average.

Recommendation

- City should show leadership in seeking a more equitable method of municipal taxation with Province, just as City is prepared to lobby Federal and Provincial governments for infrastructure funds

User Fee Pricing Models

- FCA encourages pricing based on actual usage as much as possible
- This may mean thinking “outside the box”
- City is coming to realization that pricing model for water needs fixing. Will we be going to fixed and variable cost to address falling water usage?
- Pricing model for other services such as Transit also need fixing.
- Transit fare ever increasing but to put more transit cost on taxpayer will penalize core while rewarding suburbs.
- One option is to drop transit fares significantly but introduce 2 zones. If you cross the Greenbelt you pay for an extra zone.

Sources of Revenue

Development Charges

- Significant development charges being levied in urban wards
- In reviewing budget see no development charges applied for park upgrades, library upgrades, etc. in urban wards. DC is charged; why isn't more of this money being used to upgrade urban parks and libraries?

Fines & Penalties

- Fines collected in 2008 were $23.8 mln. In 2013, this was $24.5 mln. Tax revenue increased by 23% over same period

Council Priorities

- $32 million has been set aside in capital budget for Council priorities to be determined
- What will be the public process for inputting into these priorities?
- Based on preliminary polling, FCA's members' priorities are:
  - Complete streets
  - Accessibility to services – physical/affordability
  - Accelerated Community Design Plan/Secondary Plan implementation