

MINUTES

CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

01 DECEMBER 1999

9:30 A.M.

PRESENT

Chair: R. Chiarelli

Members: D. Beamish, R. Cantin, A. Loney, B. Hill, P. Hume, G. Hunter, M. Meilleur,  
W. Stewart, R. van den Ham

CONFIRMATION OF MINUTES

**That the Corporate Services and Economic Development Committee confirm the Minutes of the 16 November 1999 meeting.**

CARRIED

DECLARATIONS OF INTEREST

No declarations of interest were filed.

REGULAR ITEMS

1. ENVIRONMENT AND TRANSPORTATION

LAURIER BRIDGE RECONSTRUCTION  
LAURIER - ELGIN TO NICHOLAS STREETS  
CONSULTANT APPOINTMENT

- Environment and Transportation A/Deputy Commissioner's report  
dated 25 Oct 99

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- Notes: 1. Underlining indicates new or amended recommendations approved by Committee.  
2. Reports requiring Council consideration will be presented to Council on 08 December 1999 in Corporate Services and Economic Development Committee Report Numbers 51 and 52.

Councillor van den Ham noted the large impact construction of this magnitude had on traffic. He referenced the proposed work plan and inquired if staff considered working on the project around the clock to minimize traffic disruption. J. Miller, Director, Engineering Division, confirmed this issue would be reviewed during the environmental study phase. In response to a question regarding funding, Mr. Miller confirmed Federal funds were available, however, Regional funds may be required depending on the outcome of the study.

Chair Chiarelli stated he had requested the Department to consider the creation of a pedestrian over/under pass from Confederation Park to Festival Plaza. He noted the high pedestrian volume and significant events held in the Park/Plaza resulting in street closures. Mr. Miller explained the study would review from the Elgin Street intersection up to Nicholas Street, and confirmed his request would be considered in the environmental report. Chair Chiarelli directed staff to proactively review whether a pedestrian over/under pass could be constructed.

Councillor Meilleur stated the Action Sandy Hill Community Association would like to be involved in the preparation and consultation processes. The Councillor referenced the high traffic, pedestrian and cycling movement at the Laurier / Nicholas intersection and the need to ensure safety. Mr. Miller stated a public advisory committee would be formed and staff would welcome their involvement. Councillor Meilleur commented she would like to suggest names from Action Sandy Hill to sit on the public advisory committee.

**That the Corporate Services and Economic Development Committee approve the appointment of McCormick Rankin Corporation, Ottawa to provide professional engineering services to carry out an environmental study, detailed design and preparation of contract documents for the reconstruction of Laurier Bridge, including Laurier Avenue from Elgin Street to Nicholas Street, for a total contract provision of \$923,222.**

CARRIED

## FINANCE

### 2. 2000 BUDGET DIRECTIONS

- Committee Co-ordinator's report dated 25 Nov 99
- Finance Commissioner's report dated 01 Dec 99

J. LeBelle, Finance Commissioner, introduced the 2000 Budget Directions report. He provided a brief background and highlighted key issues such as the financial position of the Region, tax rates, the reserve funds, the debt, the targeted tax rate, a high level strategy, impacts of municipal restructuring, and the proposed timetable.

With respect to the timetable, Mr. LeBelle noted the significance of recommendation no. 32(f) from the Special Advisor on Local Government Reform. This recommendation stated the need for a 2000 budget to be in place by January 1, 2000 or the approved 1999 budget would be deemed the approved 2000 budget.

In closing, the Finance Commissioner reviewed Schedule E to the report, noting there was now one tax rate for police beginning in year 2000. This schedule outlined the impact of the tax rate on a \$150,000 residential property in the eleven municipalities for 1998, 1999 and 2000.

Councillor Cantin referenced the budget review timetable and recommendation 32(f) of the Special Advisor's report. He stated the legislation may be in Cabinet as early as the following week and inquired if any discussion had occurred with the Minister regarding the interpretation of this recommendation. M. Beckstead, Chief Administrative Officer, stated he had spoken to the Deputy Minister of Municipal Affairs and Housing. The Deputy Minister had indicated he was not sure of the disposition of the recommendation at this time and was not able to provide anything in writing, however, referenced the previous direction to not initiate new programs and projects. Mr. Beckstead explained there was a note of caution in the Deputy Minister's comments, but he could not be definitive at this time.

Councillor Cantin referenced the healthy reserves and close to equivalent debt, pointing out the money received on the investments was less than that paid out on debt interest. Mr. LeBelle acknowledged this factor, however, explained much of the cash resident in the reserves was cash required fairly soon to finance the approved capital projects. He explained they did not have the ability to invest the cash long term. Mr. LeBelle added when longer term investments in the reserve fund were possible, they did in fact issue in-house debentures.

Councillor Cantin referenced the concept of a Social Services envelope to allow for movement within the envelope, and noted that in previous years other departments had contributed to this area. He further expressed concern that capital projects, which were required to assist in generating more wealth, were being reduced due to a lack of funding.

In response, Mr. LeBelle explained the Minister of Finance announced \$300 M worth of savings at the Provincial level, however, stated there were a number of elements of the \$300 M he would describe to be LSR2. He explained the Province was proposing to shift some additional costs down to municipalities, particularly in the community services area, and therefore suggested there may not be as much flexibility as hoped.

Councillor Hunter referenced the reserve positions and the suggestion that a number of the reserves be used for year 2000 ongoing spending. The Councillor wondered if this was a wise move and referenced the proposed powers for the Restructuring Transition Team regarding using reserves. With respect to the levy stabilization reserve, Mr. LeBelle explained it was established for the purpose to stabilize levies and it was proposed to do that. He referenced the Council decision of April 1999 to make the contribution because of the uncertainty that continued to exist as a follow up to the Minister's announcement regarding revenues for public health and land ambulance. Mr. LeBelle explained the requirements were now clear and the issue was related to the CRF funding and its uncertainties. With respect to the remissions, the Finance Commissioner explained staff regularly assess the various provisions in the budget and advise where it was not necessary to tax for some thing if there was an adequate provision. He concluded it was not reducing reserve funds other than what would have been anticipated coming out of the 1999 fiscal year.

Mr. LeBelle acknowledged it was policy that when a fiscal year was closed, any operating surplus emerging from that year was to be contributed to capital reserve funds. However, Mr. LeBelle stated over the last ten years there had been numerous instances each year where Council had made modifications to the policy to accommodate the current circumstances.

Referencing the Shortliffe recommendation, Councillor Loney inquired about the risk involved if a budget was not completed by the end of 1999. Mr. LeBelle stated there were no issues in the directions document and draft estimates that were not business as usual. Mr. Beckstead added the Region was following the general direction of the Minister, however, the Ministry did not offer any definite answer at this time and he was therefore treating the matter cautiously. Speaking to process, Mr. LeBelle stated it was important for Committee to make a decision due the limited amount of time available in December to complete a budget review process. He indicated an alternative budget schedule had been developed, if necessary.

Chair Chiarelli stated he had a call into the Minister for clarification, however, was cautious at this time as the Minister would not provide any clarification in writing. He believed the Minister wished to have the Transition Team operational with budgets in place starting January 1, 2000. The Chair reviewed the difficulties and confusion experienced by the Toronto Transition Team when budgets were delayed, adding confusion for the new Council. He referenced the tight timelines for the Transition Team and believed this was a consideration with the Shortliffe recommendation.

Mr. LeBelle made reference to a document distributed to the Committee highlighting information regarding the issues around a "fast tracked" budget review process, with approval by the end of 1999. Comments included the following:

- an abbreviated budget process;
- fund summary overviews and 10 year forecasts provided to Council on 8 Dec 99;
- committee reviews on 10 - 16 Dec; Council review and approval on 22 Dec;
- timeline did not provide for detailed documentation and a period of public consultation;
- may be complete documentation for the capital draft estimates, however, comprehensive documentation for the operating draft estimates may not be produced.

The Finance Commissioner reported the Budget Directions stated the 2000 tax rate was largely set and the bottom line had pretty much been determined; any discussion by Committees and Council would relate to that above the line.

Councillor Loney wondered how restrictive the Shortliffe recommendation was in that if the process was not completed by 31 December and the 2000 budget became the 1999 budget, would Council not have the ability to move funds among the budget lines/services. He noted the advantages and risks involved with both scenarios.

Chair Chiarelli suggested if Council was frozen to the 1999 budget, that any changes to the capital or reserves in 2000 may be subject to approval of the Transition Team.

Councillor van den Ham referenced the \$500M reserves and the public perception it was available at any time. He stated it was his understanding that a majority of the reserves were dedicated funds to be used for specific purposes. Mr. LeBelle agreed to provide Councillors with a list of the reserve funds indicating which were dedicated and which were similar to the Region Wide fund and allowed more flexibility.

In response to a question from Councillor van den Ham regarding the reduction in taxes for the residential sector, Mr. LeBelle confirmed that the reductions in the targeted tax rates applied *across all* the classes, including commercial and industrial.

Councillor Holmes reiterated concerns expressed by Councillor Loney regarding not completing the budget by the end of December and being frozen to the 1999 budget. She understood the disadvantages of a shorter budget process, however, stated the risks of not adopting a 2000 budget were significant.

Councillor Legendre requested clarification around a shorter process. Mr. LeBelle explained they proposed to table high level draft estimates with Council on 8 December, referencing Schedule A of the Budget Directions document. He reported the Budget Directions document fully sets the context for the 2000 budget, and the material used for committee review may be at a higher level than usual.

In response to questions from Councillor Legendre regarding the CRF funding, Mr. LeBelle reported the City of Ottawa budget did not accommodate for the loss of CRF funding from the Province. He explained the Region created some tax room for the City of Ottawa loss as there was a tax rate decrease for Ottawa in 1999 (referencing Schedule E).

Councillor Munter reported the 1999 child care budget represented the reduction of 175 spaces. The Councillor expressed concern with adopting the 1999 budget for 2000, and the need to preserve the level of service and reduced Provincial funding to child care in 2000. Councillor Munter hoped Committee would recommend the budget process be completed prior to 31 December.

Speaking to the social services budget, Council Munter requested a comparison since 1995. D. Stewart, Social Services Commissioner, reported, for example in the grants to agencies, the budget had decreased over the years, with a modest increase in 1999. Councillor Munter stated the agencies continued to face increased demand and their budgets should be increased further. He added the only budgets that increased were those downloaded such as new case load responsibilities.

Councillor Meilleur stated the welfare case load may be decreasing, however, poverty and other areas required more services and funds.

Mr. LeBelle reiterated he was not able to provide details on the Minister's interpretation of the Shortliffe recommendation. However, he added that a benefit to completing a 2000 budget may result in less unknowns and difficulties in 2000, noting the possibilities of rules arising around the recommendation and the Transition Team.

Councillor Byrne referenced the report recommendations that services were to remain at the 1999 level. She stated in many cases the existing service levels were inadequate, such as Para transpo, health program cuts, police requirements, and capital projects. The Councillor wondered how to address the existing inadequate levels of service in keeping with the report recommendations. Mr. LeBelle explained the Budget Directions document offered a proposed way for Committees and Council to deal with the provincial direction that the 2000 tax rate must be reduced. The Finance Commissioner referenced report recommendation no. 2 which would allow some reallocations within the community services envelope to address the emerging pressures. Mr. LeBelle stated ultimately it would come down to Council deliberation of priorities and service/program reviews.

Speaking to recommendation no. 3, Mr. LeBelle stated departments would highlight proposed changes required in order to achieve the financial objectives. Councillor Byrne stated if departments were required to provide numbers at the 1999 level would that not provide for a similar budget in 2000. Mr. LeBelle explained if the tax objectives outlined

in the report were met, departments could not increase their allocations. However, they will be required to highlight any proposed increases / changes. Councillor Byrne believed it would be beneficial to approve a 2000 budget by 31 December.

Chair Chiarelli referenced the financial position of the Region as outlined in the report. The Chair congratulated management and staff, emphasizing the strong financial team that continued to provide stability while dealing with difficult issues over the years.

*Public Delegation.*

*Ms. Cathy Jordan, Chair, Board of Directors, Community Resource Centre of Kanata, Goulbourn and West Carleton; Mr. Jack McCarthy, Executive Director, Somerset West Community Health Care Centre; Ms. Monique Coupal, President of the Board of Directors; and Mr. David Hole, Executive Director, South East Ottawa Health Community Centre; all representing the Coalition of Health and Resource Centres.*

Ms. Jordan provided a background on the Coalition of Health and Resource Centres in Ottawa-Carleton. She expressed their support for the Budget Directions recommendation no. 2 regarding the community services budget envelope. She stated that despite the drop in those receiving social assistance, the pressures on the resource and community centres had increased. The speaker referenced funding reductions and stated their services were strained to the maximum. Ms. Jordan reported there continued to be a growing gap in the community of those succeeding and the less fortunate. In closing, the speaker reviewed statistics in Ottawa-Carleton regarding reliance on their services and programs. With respect to the providers of the services, she emphasized her concern for their stress and workload. Ms. Jordan referenced the twenty-five year commitment and partnership with the Region, and requested it be sustained and built on in the future.

Ms. Coupal also expressed her support for recommendation no. 2. She stated that funds for services aimed at the well-being of the community and to provide assistance for those in need, should be spent for these purposes.

*Staff Discussion*

Councillor van den Ham moved an amendment to recommendation no. 2 in that any proposed changes, mandated or otherwise, be highlighted for ease of understanding and review.

Councillor Loney suggested recommendation nos. 2 and 3 had been overtaken by circumstances. He did not support a decrease in case load automatically go towards the Community Services envelope. The Councillor pointed out many other corporate services and programs will continue to face pressures. Councillor Loney did not support recommendation nos. 2 and 3 as he believed it should be possible to move funds within departments.

Councillor Hunter referenced the budget timetable. He noted the bottom line was a reduction in taxes, in which he supported. However, he stated there was opportunity for movement within the bottom line and believed there would be debate around community service requirements, thereby the need for public consultation. Councillor Hunter suggested that given the budget proposed a tax reduction, he did not believe the Province would not allow the Region to provide that tax benefit. In closing, the Councillor suggested the recommendation in the Shortliffe report, among others, did not represent a municipal environment, but were fitting to the Federal level. He did not support a condensed budget process.

Councillor Hunter thanked staff for the advice provided in both the Budget Direction report and the Professional Sports Facility report, and their professionalism in dealing with the issues.

Councillor Stewart feared if a budget was not approved prior to December 31, it would not be in their hands to make amendments, if required, throughout the year. She acknowledged the loss of public consultation was important, however, stated the degree of problem may be greater if they did not move ahead quickly. The Councillor stated consultation could occur but on a lesser degree.

Chair Chiarelli recommended Committee to support the Loney Motion regarding the advanced budget schedule. The Chair stated despite the Special Advisor's recommendation, he would have been "skittish" to conduct a budget review and consultation in February / March when it was clear the legislation would be passed before 31 December and the Transition Team would be in place in January 2000. Chair Chiarelli pointed out the Transition Team would have the power of a Council to make certain decisions, noting the adverse experience of Toronto restructuring. In closing, he emphasized the need for certainty and to not be exposed to the Transition Team.

*Motions considered by Committee.*

Moved by R. van den Ham

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

CARRIED



Moved by A. Loney

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

CARRIED  
(G. Hunter dissented)

In response to a request for clarification from the Finance Commissioner regarding the budget schedule and timing difficulties, Chair Chiarelli stated under the circumstances, Committee was directing staff to begin work using a revised schedule on the assumption that Council would approve this direction.

*Report recommendations as amended.*

Moved by R. Cantin

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

- 1. That departments develop their 2000 Draft Estimates assuming no increase in tax requirement over 1999 after adjustments for compensation and police debt service cost increases;**
- 2. That the Community Services Departments (Health, Social Services, Homes for the Aged and Social Housing) develop their 2000 Draft Estimates within the aggregate 1999 funding envelope for Community Services, and that any proposed changes, mandated or otherwise, be highlighted;**

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

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

(A. Loney and  
G. Hunter dissented)

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

CARRIED as amended

3. PROFESSIONAL SPORTS FACILITY PROPERTY CLASS

- Committee Co-ordinator’s report dated 25 Nov 99
- Finance Commissioner’s report dated 01 Dec 99

Public Delegations

*Mr. Rod Bryden, Ottawa Senators*, provided the following comments to Committee members:

- Believed the standard appeal process would determine that the current level of taxation on the Corel Centre was not in line with the present rules.
- Explained the fairness range used for the building was incorrect. Therefore, the extent of concession requested from the Region, while extremely important, was not approaching the half of \$4.6 M, but rather the half of approximately \$2 M minus the adjustments to be made to come into the fairness range.
- Believed business needs to be dealt with in public policy in a way that allows those businesses to survive in the international market place. Noted the special rules around technology companies, and the aerospace and automobile industries, to ensure they had fair treatment; policy specific to the competitive environment of that industrial sector. National hockey league must be treated in the same way.
- Reviewed the taxes paid to the Provincial and Federal levels of government, such as the amusement tax, highway interchange tax, PST, GST, capital tax, income tax paid for employees, including players.

- Uniquely taxed in two areas than other competitors in the United States, that being property tax and taxes on tickets.
- Canadian currency issue; \$1 = 78¢ after direct sales taxes = .56¢ after paying 80% of the expenses which are in US dollars.
- Urged committee to recognize that the most any business can pay is what it can pay and stay in business. They cannot stay in business with the current level of tax. Very important that the Ottawa community, in which the bulk of the direct economic impact is realized, be prepared to take proportionately somewhat more of the cost burden in proportion than those in other provinces.
- Reviewed the effect of the reduced rate on a per capita basis for each level of government.
- Willing to make a commitment that the team stay in Ottawa which was comparable for the length of time the mitigation was provided; suggested the commitment be made with the League as they were the broker. However, noted a commitment by a business to stay is only as good as long as the business is operating.
- Commitment to stay was only possible if *all levels* of government continued support.

In response to questions from members of Committee, Mr. Bryden provided the following information and comments.

- If the assessment rate appeal was successful by achieving all requested, the property taxes would be reduced from \$4.6 M to \$1.5 M.
- Explanation of the basis of their appeal and areas of disagreement.
- Continue to wait for the appeal since 1996 and will ultimately be successful.
- Owns 100% of the Corel Centre and 91% of the Hockey Club.
- Will be required to move if the tax situation is not corrected.
- Current situation is that the amount required to support the tenant to keep the tenant in business is more money than the tenant delivers in value from occupying the building.
- Attempting to receive \$5 M relief from Federal taxes.
- Largest single problem is the Canadian currency and the Canadian currency is a key factor that is driving the economy.
- Request is a modest reduction in the gross revenue for the government in order to have a significant net and was a standard practice allied to many industries, except hockey.
- Should not be considered a subsidy to the teams, but an investment in future revenue returned.
- League submitted a document to the Federal Government stating that none of the Canadian teams that benefit from the tax adjustment could leave the market without the consent of the Canadian Government. Inconceivable that the commitment would not be honoured.
- Three factors since 1992 that have made the business not viable. Firstly, most of the new buildings built in the United States during the 1990's have been totally or substantially built with public money. Therefore, leading to a dramatic difference in cost of occupancy. Secondly, privately owned buildings in Canada have been fully taxed and both the public and privately owned buildings in the United States are generally tax exempt as a result of

- agreement. Thirdly, the dramatic difference in the Canadian dollar exchange rate since first drafting player A. Yashin.
- Will become viable as a result of *many* factors, such as 1. Tax adjustments and sound management practice will result in an operating profit 2. Growth in revenues through television and the value of advertising and signage 3. Higher percentage of attendance than the average team in the league.
  - Appreciated value in the future will not be shared back with the taxpayers. However, they are not taking any risk and will no longer receive any benefit if the team was to leave.
  - Team would have left in early 1990 and building not built if he had not invested at that time.
  - Significant taxes paid for many years. Large economical impact.
  - Many private sector investments and risks taken resulting in loss money.
  - Value of team outside Ottawa is significantly higher and will continue to be higher than the value inside Ottawa.
  - Decision must be taken whether the community is better off with the impact of having the team in Ottawa, or better off without.
  - If business remains, then taxes provide revenue required to support other issues such as child poverty.
  - Employs approximately 300+ FTE in addition to 1000-1100 event related employees.
  - Not providing a tax break to players as the amount paid to the hockey club is determined competitively and by the market place. Acknowledged salaries may increase in future, however, as a result revenues also increase.
  - Playing field is also unbalanced in the community as they are competing with publicly subsidized facilities which pay little or no tax.
  - Confirmation there are two tax bills, one for the building and another for the parking lot and adjacent properties. Proposed change only affect the building taxes.
  - Do not agree they should forfeit amount of relief provided in previous years should the team be required to move. Agree to deliver the service on an annual basis with the understanding there is tax mitigation on an annual basis. Noted circumstances are the private, not public, ownership of the building. Therefore, taxpayers did not contribute to the construction or maintenance of the building. Private investment and will continue with the risks, however, will deliver an economic benefit.
  - Market value of the team is set by the factors of the NHL and the circumstances in the host city. Taking a private, not public, risk of decreased value in the future.
  - Prepared to agree to a long term agreement to remain in Ottawa, thereby, foregoing that increased value. However, having foregone that value for a number of years, and then still having to relocation for whatever reason, he did not agree the taxpayers (who had not shared the risk but had benefited in the economy), should capture some of the value for which he had taken all the risk.

- ❑ Stated the period of time for which the public sector commitment exists and is honoured, the team should have the same commitment. However, requirement that *all levels* of government, as a package, provide concessions in order to fulfil agreement to remain in Ottawa.
- ❑ Did not believe Government of Canada will want a long term of ten years, noting the end of the current collective bargaining agreement and exchange rate issues.
- ❑ Confirmation that concessions made by taxes will not go towards salaries. Result of sound business management and logic. Determination of salaries is consequence of what is happening in United States. Not a sound decision to have a poor team resulting in less revenue. No reason to pay more than necessary in a competitive market place. Will pay price required to generate a productive team.
- ❑ If losses in future, private risk. Believe it is a sound risk as the market and the Ottawa economy will continue to grow and be healthy. Expect high growth and low inflation, tax cuts.

*Mr. Richard Rutkowski, City of Kanata Councillor*, expressed concern with the proposed \$144,000 to assist Kanata in dealing with the reduction. He encouraged Council to revisit the amount of support offered to Kanata, as it may be those taxpayers affected the most. City Councillor Rutkowski referenced a petition to have fair and equitable treatment of all Canadian NHL teams across Canada. He believed the assessment should not be part of the debate, as there had been a Provincial direction regarding the need to level the playing field between private sports facilities and public sports facilities.

In closing, City Councillor Rutkowski stated it was a temporary solution noting pending restructuring in Ottawa-Carleton. He encouraged the Committee to support the request for tax mitigation and understand what the Ottawa Senators meant for the new City of Ottawa.

Speaking to the current municipal structure, Councillor Meilleur noted the City of Kanata also had the most to benefit from the presence of the Ottawa Senators and the Corel Centre. City Councillor Ruthowski reiterated the pending restructuring and the new City of Ottawa. With regard to the assistance offered to Kanata in the amount of \$250,000, Councillor Meilleur pointed out the entire Regional Council was yet to make a decision on that issue.

Chair Chiarelli explained Mr. Bryden had offered to provide a \$250,000 per year grant on the basis that Kanata's decision would be to bring the tax requirement to zero from \$450,000. He clarified it was not an offer of \$250,000 from the Region.

Chair Chiarelli indicated the report proposed \$144,000 Regional support to Kanata through a grant and noted the Budget Directions report outlined \$14 tax room for residents of Kanata. Chair Chiarelli expressed his appreciation to City Councillor Rutkowski for his leadership on the issue and positive role with Kanata Council in approving their tax concession.

*Staff Presentation and Committee Discussion*

Mr. LeBelle, Finance Commissioner, provided a brief presentation on the issues as outlined in the report. He explained the method to create any tax mitigation was through the use of the new optional commercial professional sports facility property class. K. Kirkpatrick, Deputy Treasurer, reviewed the process mechanisms and the “decision tree” as outlined in the report. He pointed out the Regulation that would allow for the creation of the new tax class had not yet been finalized, and the report represented what staff intend to place before the Minister.

Speaking to the document entitled “Impact of Special Property Tax Class for the Corel Centre Building Only”, Mr. LeBelle reviewed the 1999 situation and the scenarios available.

Councillor Stewart commented the report and figures were based on the current situation, noting the pending appeal by Mr. Bryden regarding the assessment. Mr. Kirkpatrick explained staff did not wish to predict the outcome of the appeal, however, stated they were confident there would be some reduction in the property tax bill for the Corel Centre.

Councillor Meilleur inquired if support for tax mitigation would result in loss of services or an increase in taxes. Mr. LeBelle stated there was no immediate impact on service levels, however, stated it did represent less money in the total corporate resources in the long run.

Mr. LeBelle pointed out a decision concerning the use of the optional class would have to be made again by the new City Council in 2001. He added this would include all decisions around what tax burden to place on the class and the impact on the remaining classes.

Councillor Hunter inquired if staff considered the option to annually produce a tax bill, however, annually grant it back. Mr. LeBelle reported Council could not provide grants to bonus the commercial sector. The Finance Commissioner added that using the tax rate approach was close to this option and was within the rules in that they were choosing to write down the tax liability and absorb it.

Councillor Hunter wondered how to avoid “craving in stone” a property tax reduction for a major privately owned sports facility, noting the possibility of relocation of the team. Mr. Kirkpatrick reiterated Council would have the opportunity to decide on an annual basis whether they wished to continue the use of the optional class. He also added it was possible to change the rate within the residual commercial class, within the range of fairness. Councillor Hunter moved an amendment to recommendation no. 6 which was approved by Committee and noted below.

In response to a question from Councillor Legendre regarding the Province, Mr. Kirkpatrick confirmed the Minister indicated they would match the percentage of reduction made by the municipality. He added further explanation regarding the effect on the education rate through the Province and the intended methodology to be used.

With respect to the proposed grant to Kanata, Mr. LeBelle stated it recognized (1) there was only one year remaining with the two tier system, and (2) that the impact in Kanata was disproportionate to that across the Region. Mr. LeBelle confirmed the \$144,000 did not remove the total burden from Kanata, as they would still be required to address \$200,000. Chair Chiarelli referenced the \$14 tax room to be generated for Kanata, as outlined in the Budget Directions. Mr. Kirkpatrick acknowledged this, however, stated he was unsure if the Minister would review the impact on the taxpayer on a total municipal perspective or on a Regional / City perspective.

Councillor Legendre referenced the Ottawa Economic Development study identified in the staff report. The Councillor produced a study entitled "Policy Analysis: Sports Pork - The Costly Relationship between Major League Sports and Government." Councillor Legendre stated the document examined a large range of studies from the United States, and requested the Finance Department to examine the report prior to Council deliberations. Mr. LeBelle commented on the possibility of a revised budget timetable and limited staff resources. He agreed to review the report and offer a perspective by 8 December, however, stated they could not provide an in-depth assessment on the economic impact of the Ottawa Senators.

With respect to the City of Kanata, Councillor Munter noted the report suggested Kanata would use assessment growth in order to avoid a tax increase and provide the relief required. However, the Councillor pointed out the growth in assessment resulted in increased development = an increase demand for City services and infrastructure. With respect to providing a higher grant to the City of Kanata, Mr. LeBelle pointed out that was a feasible option. However, he clarified staff were not in the position to advise Council to support or decline the tax mitigation request; they were merely requesting Committee and Council to *consider* the issues and providing information on the scenarios. Councillor Munter hoped Council would support a grant for the entire amount of tax relief provided by Kanata, noting the debate and issue would only be required for 2000.

In response to a question from Councillor Hume, Mr. Kirkpatrick explained the options of using the tax rate approach and the tax ratio approach. He stated either way there would not be any increase on the residential taxpayer. Mr. Kirkpatrick added staff recommended the tax rate option as it did not cause a distortion at the lower tier.

Councillor Cantin referenced the number of new businesses that had been established as a result of the Corel Centre, in addition to other direct and indirect benefits. He stressed the importance

for the Region to be a partner and to protect the economic benefits provided by the presence of the hockey team.



Councillor Loney referenced the need to review the issue on an annual basis. With respect to the pending appeal, Mr. LeBelle stated the appeal result would change the issue further and define a new property tax. Councillor Loney moved a Motion regarding the provision of 75% tax mitigation for 2000.

Councillor Beamish referenced the requirement to review budgets and financial statements for other organizations the Region supported. He inquired if staff had reviewed the “books” for the Corel Centre. Mr. LeBelle stated they had not, and was unsure if they would legally be available for viewing.

Councillor Beamish referenced recommendation no. 6 regarding the five year agreement. Mr. LeBelle reported the collective agreement expired in 2004. On a point of clarification, Councillor Beamish suggested an amendment to the recommendation to state five playing seasons. T. Marc, Solicitor, confirmed it was possible to develop a legal agreement between the Palladium Corporation, the Senators hockey franchise, or the National Hockey League.

Councillor van den Ham expressed his support for the report and the request for a fair playing field.

Councillor Legendre hoped Committee would consider all issues when deciding on the report. He stated approval of tax mitigation represented in some degree the “subsidy game” currently played in the United States. He expressed some concern with the principle of the decision.

Councillor Meilleur noted differences in the circumstances with the facilities in the United States, such as public ownership. The Councillor reviewed the many benefits received from the presence of the hockey league in the Region and expressed her support for the report. She pointed out the loss of the team would result in no revenue, and the decision would be examined annually.

Councillor Beamish moved a Motion regarding recommendation no. 6 in that the agreement would be for five playing seasons. Chair Chiarelli declared the Motion out of order as Councillor Hunter’s Motion regarding recommendation no. 6 was previously approved.

Councillor Stewart expressed her support for providing tax mitigation. She stated staff's advice was reasonable and dealt with the equity question without placing undue burden of the property taxes in other classes.

Chair Chiarelli stated he could not support the Loney Motion regarding reducing the taxes to 25% of the current taxes. He noted the decision was for 2000 alone, and a new Council would be considered the question the following year. Chair Chiarelli believed the issue represented the principle of Regional Government and the City of Kanata participating in a partnership with the Provincial and Federal levels. He stated it was necessary for the Region to come to the table as a *full and equal* partner, noting this would protect the Region's say and strength in the issue when dealing with the senior levels of government. In closing, the Chair stated it was a small price to pay for one year, and it was a question of judgment that was reasonable to ensure the Region was a full partner in the solution.

Referencing the previous Ottawa Congress Centre circumstances, Councillor Cantin reiterated the mitigation protected a future investment that would continue to provide more benefit and economic gain for the Capital.

Councillor Beamish expressed his support for the Loney Motion. He stated the Motion represented the fairness the delegation had requested. The Councillor indicated the worst case scenario from the assessment would be in this range of taxation. In closing, Councillor Beamish pointed out the delegation had stated that when he acquired the Ottawa Senators, his business case was predicated on an amount of \$1.2M in property taxes. He commented the Loney Motion provided that, yet still enabled Council to state that the issue was dealt with fairly and the Region was contributing to the solution. With respect to report recommendation no. 6, Councillor Beamish believed it was important to have a written agreement in place for a longer period of time than annually.

*Motions considered by Committee.*

Moved by A. Loney

That Recommendation No. 2 be amended to reduce the taxes on the stadium portion of the Corel Centre taxes to 25% of the current taxes for the year 2000.

LOST

NAYS: R. Cantin, B. Hill, P. Hume, M. Meilleur, W. Stewart, R. van den Ham  
R. Chiarelli .... 7

YEAS: D. Beamish, G. Hunter, A. Loney ... 3

Moved by G. Hunter

**That Recommendation No. 6 be replaced with the following: “That the new Optional Commercial Professional Sports Facility property class be reviewed each year with the intent that it apply to the Corel Centre as long as the Ottawa Senators are tenants there.**

CARRIED  
(D. Beamish and  
R. van den Ham dissented)

Moved by D. Beamish

That Recommendation No. 6 be amended by the following text: “That the above be subject to a binding agreement between the Region, the owners of the Ottawa Senators Hockey Club and the National Hockey League that the Ottawa Senators Hockey team will remain at the Corel Centre for at least five more full hockey seasons beyond the current season.”

RULED OUT  
OF ORDER

*Report recommendations as amended.*

Moved by R. Cantin

**That the Corporate Services and Economic Development Committee recommend Council consider the following in response to the recent provincial decision to create a new professional sports facility property class and the Ottawa Senator’s request for property tax relief:**

- 1. The use of the new optional commercial professional sports facility property class for the 2000 taxation year and the use of the “*tax rate approach*” to providing property tax mitigation to that class;**
- 2. The setting of 2000 tax rates for Regional purposes for this property class that, in providing for a virtual exemption on the stadium portion of the property, will reduce the Corel Centre’s total property taxes from \$4.6M to approximately \$0.7M per year;**
- 3. That the Minister of Finance be requested to approve the resulting commercial property tax rates under s. 366 of the *Municipal Act*;**

4. That a grant of \$144,000 be provided to the City of Kanata in 2000 in order that property tax rates in Kanata do not increase as a result of the disproportionate impact of this policy decision on Kanata's property tax base, conditional upon Kanata absorbing an amount equivalent to that produced by its assessment growth for the 2000 taxation year;
5. That the Region offset the impact of the \$1.6M in reduced Regional property tax revenue together with the \$144,000 grant to the City of Kanata through a reduction in the Regional tax requirement in order that the total Regional property tax rates targeted in the report entitled *2000 Budget Directions* are met;
6. That the new Optional Commercial Professional Sports Facility property class be reviewed each year with the intent that it apply to the Corel Centre as long as the Ottawa Senators are tenants there.

CARRIED as amended  
(D. Beamish dissented)

4. YEAR 2000 AND THE REGION OF OTTAWA-CARLETON  
INTERIM REPORT FOR THE FOURTH QUARTER OF 1999  
- Finance Commissioner's report dated 12 Oct 99

**That Corporate Services and Economic Development Committee and Council receive this report for information.**

RECEIVED

PLANNING AND DEVELOPMENT APPROVALS

5. EASTERN ONTARIO WATER RESOURCES MANAGEMENT STUDY  
- Planning and Development Approvals Commissioner's report dated 19 Nov 99

**That the Corporate Services and Economic Development Committee approve:**

1. the appointment of CH2M Gore & Storrie Limited, Ottawa, to undertake the Eastern Ontario Water Resources Management Study for the portion of the South Nation watershed located within the Region of Ottawa-Carleton at a cost not to exceed \$110,500.00;

2. **the allocation of \$20,000.00 to Agriculture and Agri-Food Canada to complete the GIS data compilation and co-ordination components of the Eastern Ontario Water Resources Management Study;**
3. **the appointment of MHPM Project Managers Inc., Ottawa, as the Study Co-ordinator for the Regional Study area at a cost not to exceed \$15,000.00.**

CARRIED

6. **SALE OF SURPLUS LAND**  
**BLAIR ROAD, GLOUCESTER**

- Planning and Development Approvals Commissioner's report dated 22 Nov 99

**That the Corporate Services and Economic Development Committee recommend Council:**

1. **Declare a vacant parcel of land described as being Part of Lot 21, Concession 2, Ottawa Front, formerly Township of Gloucester, now in the City of Gloucester and more particularly described as Parts 1, 2 and 3 on a draft plan of survey as shown on Annex "A" as surplus to the Region's needs;**
2. **Approve the sale of the property identified in Recommendation 1, described as Part 1 on the draft plan, consisting of approximately 4,694 m<sup>2</sup> to the MBNA Bank, subject to the successful completion of a road closure and subject to any required easements, for the amount of \$405,800;**
3. **Approve the conveyance of the property identified in Recommendation 1, described as Part 2 on the draft plan, consisting of 553 m<sup>2</sup> to the City of Gloucester required for road purposes, for the amount of \$1.00;**
4. **Approve the conveyance of the property identified in Recommendation 1, described as Part 3 on the draft plan, consisting of 214 m<sup>2</sup> to the City of Gloucester, subject to the successful completion of a road closure and subject to any required easements, for the amount of \$18,500.**

CARRIED

7. **SALE OF SURPLUS PROPERTY**  
**ECHO DRIVE, OTTAWA**

- Previously considered at 05 Oct CSEDC and 13 Oct Council meetings
- Planning and Development Approvals Commissioner's report dated 23 Nov 99

Report carried on consent with noted dissent.

**That the Corporate Services and Economic Development Committee recommend Council approve the sale of property municipally known as 145, 159, 163-165 Echo Drive and 23-25 Harvey Street being part of Lots 11 and 12, Plan 61 and part of Lots 24 thru 30, Plan 27, former Township of Nepean, now City of Ottawa, to Claridge Building Corporation In Trust, for the amount of \$1,805,000 pursuant to an agreement of Purchase and Sale signed by the Purchaser.**

CARRIED  
(P. Hume dissented)

8. **SALE OF SURPLUS PROPERTY**  
**NORWOOD AVENUE, OTTAWA**

- Previously considered at 16 Nov CSEDC meeting
- Planning and Development Approvals Commissioner's report dated 22 Nov 99

**That the Corporate Services and Economic Development Committee recommend Council:**

1. **Declare 7111.8 m<sup>2</sup> of land located in Part of the Front Half of Lot 16, Junction Gore, formerly in the Township of Gloucester, now in the City of Ottawa, described as Parts 1 through 17 on a draft reference plan, and Parts 2 and 3, Plan 5R-12160, save and except Parts 29 and 34, Plan 4R-13382, as surplus to Regional needs;**
2. **Approve the conveyance of the lands described in Recommendation 1 to each abutting property owner for the sum of \$1.00.**

CARRIED

REGIONAL CLERK

9. ASSOCIATION OF MUNICIPALITIES OF ONTARIO  
2000 ANNUAL CONFERENCE

- Regional Clerk's report dated 15 Nov 99

**That the Corporate Services and Economic Development Committee recommend Council:**

1. **confirm the Region of Ottawa-Carleton's commitment to host the Association of Municipalities of Ontario 2000 Annual Conference in Ottawa-Carleton to be held August 13 to 16, 2000;**
2. **approve the provision of \$60,000 in the Region's 2000 budget to support the event.**

CARRIED

10. ALLOCATION PANEL APPROVAL  
ECONOMIC DEVELOPMENT GRANTS - 2000

- Regional Clerk's report dated 18 Nov 99

**That the Corporate Services and Economic Development Committee approve the 2000 Economic Development Allocations Panel membership of:**

- **Dan Beamish, Regional Council**
- **Louise Crandall, Ottawa Tourism and Convention Authority**
- **Nora Gorman, Ottawa Centre for Research and Innovation**
- **Brian Davidson, Ottawa Economic Development Corporation;**
- **Réjean Chartrand, Economic Affairs, Region of Ottawa-Carleton**
- **Kerry Carnegie, Ministry of Agriculture, Food and Rural Affairs**
- **Jean Marc Trottier, Regroupement des gens d'affaires**
- **Liz Barrett, Community Representative**

CARRIED

COUNCILLOR'S ITEM

11. OTTAWA-CARLETON WILDLIFE CENTRE

- Councillor W. Stewart's report dated 15 Nov 99

Report carried on consent with noted dissents.

**That the Corporate Services and Economic Development Committee recommend Council approve funding for the Ottawa-Carleton Wildlife Centre in the amount of \$143,000, as a pre-commitment to the 2000 Regional Budget.**

CARRIED  
(B. Hill and  
G. Hunter dissented)

INFORMATION PREVIOUSLY DISTRIBUTED

LEGAL

1. Municipal Liability: "Policy and Operation"  
- A/Regional Solicitor's report memorandum 22 Nov 99

INQUIRIES

*Outstanding Inquiry No. C&E-7(99)*  
*Inquiry from Councillor Hunter*

- 1 Will the ROC be preparing a corporate response to the G. Shortliffe report to address concerns such as the powers of the Transition Board, the pooling of reserves and debts, the establishment of Deputy CAO's, the lack of direction on the future planning approval process, and the constraints on the budget approval process?
2. If not, why not?

ADJOURNMENT

The meeting adjourned at 3:45 p.m.

NEXT MEETING

13 December 1999 - Budget Review  
04 January 2000 - Regular Meeting

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CO-ORDINATOR

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CHAIR