

6. LOCAL SERVICES REALIGNMENT (LSR)
IMPACT ON 1999 REGIONAL BUDGET

COMMITTEE RECOMMENDATIONS

That Council approve:

1. Amending the 1999 budget for the Public Health Department, Land Ambulance, Social Housing and Child Care services to reflect the revised program costs and cost sharing arrangements as announced by the Provincial government (per Annex B);
2. Amending the 1999 fund distribution of the one time Payment in Lieu revenues to reflect the 1998 year end actual receipts (per Annex B);
3. Creating separate levy stabilization reserves for Region Wide, Child Care, Police, Transit and Solid Waste purposes;
4. Maintaining the 1999 regional taxation requirement at \$560.5 million as adopted by Council on February 24, 1999 through contributions to the levy stabilization reserves (per Annex B).

DOCUMENTATION:

1. Finance Commissioner's report dated 15 Apr 99 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 20 Apr 99, immediately follows the report and includes a record of all votes.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
 Your File/V/Réf.

DATE

15 April 1999

TO/DEST.

Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP.

Finance Commissioner

SUBJECT/OBJET

LOCAL SERVICES REALIGNMENT
IMPACT ON 1999 REGIONAL BUDGET

DEPARTMENTAL RECOMMENDATIONS

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

1. **Amending the 1999 budget for the Public Health Department, Land Ambulance, Social Housing and Child Care services to reflect the revised program costs and cost sharing arrangements as announced by the Provincial government (per Annex B);**
2. **Amending the 1999 fund distribution of the one time Payment in Lieu revenues to reflect the 1998 year end actual receipts (per Annex B);**
3. **Creating separate levy stabilization reserves for Region Wide, Child Care, Police, Transit and Solid Waste purposes;**
4. **Maintaining the 1999 regional taxation requirement at \$560.5 million as adopted by Council on February 24, 1999 through contributions to the levy stabilization reserves (per Annex B).**

PURPOSE

The purpose of this report is to provide Committee and Council with specific recommendations with respect to the impact on the Region's 1999 budget of the recent Provincial announcement of changes to Local Services Realignment (LSR) program costs and funding.

BACKGROUND

On March 25, 1999, a staff report was distributed to members of Council to provide some preliminary analysis of the impact of the March 23, 1999 Provincial announcement on LSR.

On February 24, 1999, Regional Council adopted the 1999 Regional Budget. The budget included \$32.2 million of budget reductions and adjustments. These reductions and adjustments were required in order to achieve Council's objective of no tax increase in 1999.

These reductions and adjustments were also required since, unlike 1998 when the provincial government provided \$43.5 million in Municipal Capital and Operating Restructuring funding (MCORF) to assist with the cost of downloaded programs, no similar funding announcement was made prior to Council's final review of the 1999 budget.

It is important to remember that the balancing of the 1999 budget was not achieved solely through the use of permanent base budget reductions. Included in the budget is \$14 million of one-time payment-in-lieu revenue which was received in 1998 and has been brought forward in order to assist in reducing the 1999 tax burden. This revenue source will not be available for the 2000 budget.

REVISED LOCAL SERVICES REALIGNMENT (LSR)

On March 23, 1999, the Provincial government made an announcement with respect to the provincial downloading of services referred to by the Province as Local Services Realignment (LSR). Annex A presents both the 1998 and the revised 1999 LSR costs as announced by the province along with the residential education tax room assigned to the Region. Although the net LSR costs to the Region have declined by \$24.5 million, a funding shortfall still remains. After factoring in the impact of the 1998 MCOR funding, the shortfall related to downloading on the Region in 1999 is approximately \$19 million.

As shown in Annex A, the costs of several downloaded programs have changed. The majority of these changes in areas such as Social Assistance, Property Assessment, Managed Forests and Farm tax rebates have already been incorporated into the 1999 budget. Some of the changes, however, have not yet been reflected in the budget.

Of particular significance to the Region's 1999 budget is the announcement that effective January 1, 1999, the Ministry of Health will cost share approved municipal costs for public health and land ambulance on a 50 / 50 basis.

Based on the announcement, it is anticipated that the Region will receive approximately \$9.4 million in cost sharing on public health programs and a net \$5.4 million on land ambulance costs for a total of \$14.8 million. This additional funding was not included in the 1999 budget as adopted by Council on February 24, 1999. The Health Department has indicated that additional cost sharing may be attainable on all public health program costs. This could increase the level of provincial funding of Health Programs to \$10.0 million.

In addition, the revised LSR cost for social housing of \$60.2 million is \$0.8 million less than the level of funding provided in the 1999 budget.

Offsetting the above reductions in program costs, is an increase in the cost of Child Care services. Effective July 1, 1999, municipalities will cost share 50% of the administrative costs for fee subsidies, wage subsidies and special needs resourcing and resource centres. This will result in an increased taxation requirement of approximately \$0.5 million.

As a result of the above-noted LSR changes, the Region's taxation requirement for certain programs has been decreased by \$15.1 million.

Program Area	1999 Budget Impact (\$million)
Public Health	\$9.4
Land Ambulance	\$5.4
Social Housing	\$0.8
Child Care	(\$0.5)
Total	\$15.1

COMMUNITY REINVESTMENT FUND (CRF)

The province has also announced that funding allocations previously provided to certain area municipalities from the CRF will be significantly reduced. As a result of discussions with the City of Ottawa, staff has now confirmed that the province intends to reduce its CRF support to Ottawa by a total of \$10 million. Members of Council may recall that the City of Ottawa tax bills for 1998 included a separate negative tax rate which reflected the reduction in taxation that was provided by the province in 1998 and which the Province now intends to significantly reduce.

OPTIONS

Council must decide how it wishes to deal with the budgetary impacts resulting from the provincial announcement before tax rates are established and the tax rating by-laws are adopted. These by-laws must be adopted by April 30, 1999. They must, therefore be approved by Council on April 28, 1999.

Two options are available:

- 1) Reflect the revised Public Health, Land Ambulance, Social Housing and Child Care program cost changes as shown in Annex A in a reduced net taxation requirement without offsetting the reduced taxation requirement through the reinstatement or adjustment of other program areas. Total Regional taxes would be reduced by \$15.1 million.

- 2) Reflect the revised Public Health, Land Ambulance, Social Housing and Child Care program cost changes as shown in Annex A, together with offsetting adjustments to other program areas. Total Regional taxes would remain at the level as adopted by Council on February 24, 1999.

The net impact of the provincial announcement on the Region's 1999 budget is that it will provide increased base funding for public health and land ambulance services. Although this funding along with funding for other cost shared programs is always subject to future provincial approval, it does provide more stability than the use of one time revenue sources.

1999 ONE TIME REVENUES

In order to balance the 1999 budget and achieve Council's objective of no tax increase, the 1999 budget contains \$14 million in one time PIL revenues from 1998. The distribution of the \$14 million by fund was based on an estimate prepared in November 1998, of additional PIL revenues to be received in 1998 which would then be deferred to 1999. Although not finalized, the 1998 PIL revenues have now been received and recorded in each appropriate fund. As a result, an administrative adjustment is required to the 1999 budget in order to realign the \$14 million of one time funding to each fund. This adjustment is reflected in Annex B.

More importantly, this one time funding will not be available in the year 2000. If Council decides to choose Option 1 and lower the 1999 regional taxation requirement by the full \$15.1 million, in the absence of further program reductions or new revenue sources, the 2000 regional taxation requirement will have to increase by \$14 million. The result would be that taxation would decrease in 1999 and increase in 2000. This approach is not recommended.

It is staff's position that Council avoid a situation whereby tax decreases in one year can only be maintained in the subsequent year through further program reductions. It is recommended that Council reflect the positive budgetary impact of the provincial announcement in the 1999 budget but that the total regional taxation requirement be maintained at \$560.5 million by an offsetting contribution to levy stabilization reserves. Annex B summarizes this recommendation.

Given the uncertainty in the past surrounding provincial / municipal funding relationships, the approach recommended in this report will provide Council with greater financial flexibility as it begins to develop the 2000 budget.

The regional tax impact for an average urban homeowner would remain unchanged from the level projected on February 24, 1999. A summary of residential tax rates is presented in Annex C. Council should be aware, however, that the taxation requirements for City of Ottawa purposes will increase by the reduced amount of provincial CRF funding.

*Approved by
Kent Kirkpatrick on behalf of
J.C. LeBelle
Finance Commissioner*

Annex A

Local Services Realignment

	1998	1999	Change
Social Assistance	72,125	63,327	(8,798)
Child Care	2,937	3,434	497
Public Health	14,139	4,713	(9,426)
Land Ambulance	12,499	7,132	(5,367)
Social Housing	61,992	60,203	(1,789)
CAS	(7,313)	(7,313)	-
Property Assessment	7,486	7,905	419
Transit Subsidies	62,111	62,111	-
POA Revenue	(2,523)	(2,523)	-
Gross Tax Receipts	5,115	5,115	-
Managed Forests	24	41	17
Farm Tax Rebate	744	733	(11)
Highways	8,127	8,127	-
	237,463	213,005	(24,458)
Municipal Support Grant	19,954	19,954	-
Net LSR Costs	257,417	232,959	(24,458)
-Less Education Tax Room	206,977	206,977	-
Net Costs	50,440	25,982	(24,458)
MCOR Funding	43,463	-	(43,463)
Shortfall	6,977	25,982	19,005

Revised - Annex B**1999 Regional Taxation Requirement / Tax Rates**

	Region Wide	Child Care	Transit	Solid Waste	Police	Total
	\$000	\$000	\$000	\$000	\$000	\$000
1999 Tax Requirements as Adopted Feb 24	307,394	12,616	118,207	25,203	97,069	560,489
<u>Proposed Recommendations</u>						
<u>Recommendation 1</u>						
Impact of Provincial Announcement						
- Public Health	(9,426)	-	-	-	-	(9,426)
- Land Ambulance	(5,367)	-	-	-	-	(5,367)
- Social Housing	(797)	-	-	-	-	(797)
- Child Care	-	497	-	-	-	497
Total	(15,590)	497	-	-	-	(15,093)
<u>Recommendation 2</u>						
Revised Deferral of 1998 PIL Revenues						
	(1,499)	148	140	315	896	-
<u>Recommendation 4</u>						
Contributions to Levy Stabilization Reserves	12,862	32	1,360	55	784	15,093
Revised Net Taxation Requirement	303,167	13,293	119,707	25,573	98,749	560,489

1999 Final Tax Rates vs 1998 Tax Rates Impact on a \$150,000 Residential Property

Residential	Total	1999 Levies \$000's		
	1998 %		1999 %	Change \$
Region				
-Region Wide	303,167	0.686	0.596	(136)
-Child care	13,293	0.027	0.028	2
-Solid Waste	25,573	0.050	0.051	1
-Transit	119,707	0.179	0.265	128
Subtotal	461,740	0.943	0.940	(5)
-Police	98,749	0.190	0.197	9
-Fire Supply	n/a	0.022	0.022	-
Total Region	560,489	1.155	1.158	5

Gloucester		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.190	0.197	9
0.022	0.022	-
1.155	1.158	5

Kanata		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.163	0.181	27
0.022	0.022	-
1.127	1.142	22

Nepean		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.192	0.194	2
0.022	0.022	-
1.157	1.155	(3)

Residential	Total	1999 Levies \$000's		
	1998 %		1999 %	Change \$
Region				
-Region Wide	303,167	0.686	0.596	(136)
-Child care	13,293	0.027	0.028	2
-Solid Waste	25,573	0.050	0.051	1
-Transit	119,707	0.179	0.265	128
Subtotal	461,740	0.943	0.940	(5)
-Police	98,749	0.210	0.202	(12)
-Fire Supply	n/a	0.022	0.022	-
Total Region	560,489	1.175	1.163	(17)

Ottawa		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.210	0.202	(12)
0.022	0.022	-
1.175	1.163	(17)

Vanier		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.206	0.204	(2)
0.022	0.022	-
1.170	1.166	(6)

Rockcliffe		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.148	0.193	68
0.022	0.022	-
1.113	1.155	63

1999 Final Tax Rates vs 1998 Tax Rates Impact on a \$150,000 Residential Property

Residential	Total 1999 Levies \$000's
Region	
-Region Wide	303,167
-Child care	13,293
-Solid Waste	25,573
-Transit	119,707
Subtotal	461,740
-Police	98,749
-Fire Supply	n/a
Total Region	560,489

Cumberland		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.027	0.028	2
0.050	0.051	1
0.179	0.265	128
0.943	0.940	(5)
0.119	0.170	77
0.022	0.022	-
1.083	1.131	72

Goulbourn		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.050	0.051	1
0.736	0.647	(134)
0.119	0.165	70
0.022	0.022	-
0.877	0.834	(64)

Osgoode		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.116	0.169	78
0.803	0.764	(58)

Residential	Total 1999 Levies \$000's
Region	
-Region Wide	303,167
-Child care	13,293
-Solid Waste	25,573
-Transit	119,707
Subtotal	461,740
-Police	98,749
-Fire Supply	n/a
Total Region	560,489

Rideau		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.050	0.051	1
0.736	0.647	(134)
0.119	0.171	78
0.855	0.818	(56)

W.Carleton		
1998 %	1999 %	Change \$
0.686	0.596	(136)
0.050	0.051	1
0.736	0.647	(134)
0.118	0.168	76
0.854	0.815	(59)

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

LOCAL SERVICES REALIGNMENT (LSR)

IMPACT ON 1999 REGIONAL BUDGET

- Finance Commissioner's report dated 15 Apr 99

J. LeBelle, Finance Commissioner, provided a brief history surrounding the Provincial funding announcement. He reported that subsequent to Council adopting the budget on 24 February 1999, the Province announced new money would be allocated to the Region. Mr. LeBelle stated it was provided in the form of restored subsidies for public health, new subsidy for land ambulance, adjustments to social housing, in addition to an increase in the cost of child care services.

Mr. LeBelle referenced Annex A to the report and the 1998 budget year. He pointed out as a result of Provincial downloading, the Region experienced a \$50 million shortfall in 1998. However, he added the Province later provided substantial assistance of \$43 million through the MCOR funding. Mr. LeBelle confirmed the most recent funding announcement represented a reduction to the base shortfall to \$25 million.

The Finance Commissioner reviewed the options as outlined in the report:

1. Reflect the revised Public Health, Land Ambulance, Social Housing and Child Care program cost changes as shown in Annex A in a reduced net taxation without offsetting the reduced taxation requirement through the reinstatement or adjustment of other program areas. Result would be lowering the total tax burden by \$15.1 million; or
2. Reflect the revised Public Health, Land Ambulance, Social Housing and Child Care program cost changes as shown in Annex A, together with offsetting adjustments to other program areas. Result would be the total Regional taxes would remain at the level as adopted by Council on February 24, and the \$15.1 would be used to assist in the shortfall that continued since 1998.

Mr. LeBelle pointed out a significant method Council used in balancing the 1999 budget was by utilizing one-time payments-in-lieu (PIL) revenues of \$14 million. He indicated Council would not have that one-time PIL revenue available in 2000.

Mr. LeBelle reviewed the staff recommendations as outlined in the report. In summary, the Finance Commissioner explained staff recommended the \$15.1 million be set aside and utilized in 2000 when the one-time revenue source would not be available.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

Chair Chiarelli reported the Provincial announcement on service realignment had the effect of providing the Region with \$15.1 million on an annualized basis, starting in 1999. He noted the staff recommendation was to reserve the \$15.1 million to balance the \$14 million PIL revenues not provided in 2000.

Further to questions from Councillors Munter and Hume, Mr. LeBelle provided further clarification on the staff recommendations.

Councillor Beamish referenced a Motion circulated to committee members from Councillors Hume and Munter regarding the immediate distribution of a majority of the \$15.1 million to the Ambulance Service Improvement and Modernization Reserve Fund and Public Health. The proposed Hume Allocation Motion referenced by Councillor Beamish follows:

WHEREAS the provincial government has changed the formula for provincial downloading, thus allocating \$15.1 million towards public health and land ambulance services; and

WHEREAS sound fiscal practice dictates that these funds be used as recommended by staff, starting in 2000, to deal with the fact that the region continues to face a massive funding shortfall due to downloading, estimated at \$19 million even after this announcement; and

WHEREAS Council recognizes, however, that having already approved its 1999 budget, there exists an opportunity this year to actually use the funds allocated for public health and land ambulance services for those exact purposes; and

WHEREAS the region of Ottawa-Carleton is not meeting the minimum provincial standards set out by the mandatory public health guidelines in a broad range of areas including early detection of cervical and breast cancer, post-partum services, tuberculosis control, school health programming, chronic disease and injury prevention, Hepatitis C follow-up, children's immunization, infectious disease prevention and program to stop teens from smoking; and

WHEREAS it is estimated that it would cost the region \$2.5 million per year in its operating budget to meet these mandatory guidelines; and

WHEREAS the province has signaled its intention, now that it is once again cost-sharing public health services, to ensure municipalities meet those standards; and

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

WHEREAS the funds transferred to the region for ambulance service do not provide the resources to add even one new ambulance on the road nor reduce response times; and

WHEREAS Council has recognized that the residents of Ottawa-Carleton expect and deserve a level of service that will protect their health and safety and that the region will face many new costs in order to provide this level of service.

BE IT RESOLVED THAT the \$15.1 million allocated to the region by the provincial government, earmarked for public health and ambulance services, be used for exactly those purposes by:

- Setting aside \$3 million in an Ambulance Service Improvement and Modernization Reserve Fund, to be used to provide the region with extra resources to deal with unforeseen costs in the ambulance transition.
- Setting aside \$6.75 million to be allocated to bringing Ottawa-Carleton's public health services closer to the province's minimum public health guidelines over the next four years (\$1.5 million per year for 4.5 years).

FURTHER THAT the Medical Officer of Health prepare a report outlining how the \$6.5 million will be used during the remainder of 1999 and in the operating budgets of 2000, 2001, 2002 and 2003 to meet the mandatory guidelines and that his report include a fiscal plan for how to build these new costs into the base budget, starting in 2004; and

FURTHER THAT the remaining dollars allocated by the province (\$5.35 million) be set aside in a levy stabilization reserves for Region Wide, Child Care, Police, Transit and Solid Waste purposes, as outlined in the staff recommendation.

Councillor Beamish requested clarification from Councillor Hume. Councillor Hume reported the Mayor of the City of Ottawa had requested the report be deferred pending further discussions with the Province regarding related problems associated with funding announcements. The Councillor stated he was prepared to move forward with his Allocation Motion, as outlined above, if deferral of the staff report would not be entertained.

Chair Chiarelli did not support program commitments of the \$15.1 million until significant uncertainties surrounding the funding proposal were resolved. Mr. LeBelle stated it was important for Committee to be aware of the connection between the Provincial announcement and the Community Reinvestment Fund (CRF). He explained it was the original understanding the money was to be new money to offset the impacts of LSR.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

However, the Finance Commissioner explained it now appeared the government was funding the announcement by removing CRF funding that had been going to the lower tier municipalities. Through discussions with the City of Ottawa staff, Mr. LeBelle indicated the Province intends to reduce the CRF support to the City by a total of \$10 million.

Chair Chiarelli reported there was now a debate that perhaps the Region should hand down \$10 million of the \$15.1 million to the City of Ottawa. Mr. LeBelle stated the formal material produced by the Province did not state any conditions or guidance on the funding provided under this announcement. However, he confirmed in discussions with Provincial officials, they indicated it was expected the Region's to make tax room for the lower tier municipalities that lost funding under the CRF. The Chair stated if that expectation was implemented by regulation, then the \$15.1 million to be received by the Region would become \$5.1 million. Chair Chiarelli reiterated his concern with allocating the funds until further clarification.

Councillor Hume moved a Motion for the following action: Referral of Recommendation Nos. 1 and 3 to the Budget Sub-Committee, an amendment to Recommendation No. 4, and commented Recommendation No. 2 was a housekeeping matter and could be considered by Committee at this time.

Chair Chiarelli stated the 1999 budget had been finalized. However, noting the additional source of revenue, he believed it was possible for the Budget Sub-Committee, the Corporate Services and Economic Development Committee and Council, at any time between now and finalizing the 2000 budget, to accept a resolution from a member of Council on the re-allocation of funds. The Chair suggested the Hume Allocation and Referral Motions pre-empted the 2000 budget process.

Councillor Beamish inquired on the rationale to refer the report to the Budget Sub-Committee. Councillor Hume responded it would allow time for the Chair and the City of Ottawa Mayor to discuss the uncertainties around the announcement and CRF; secondly, it would provide time for public consultation and debate on the disposition of the funds; and lastly, to determine if \$15.1 million was required to solve the PIL problem in 2000.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

Councillor Beamish suggested it may be most appropriate to temporarily place the money in a Region-Wide reserve fund. He expressed his support for the staff recommendations.

Councillor Stewart referenced the insecurity around Provincial funding programs, noting the disappearance of the MCOR funding which was suppose to be available for a four year period. The Councillor inquired on the stability of the \$15.1 million. Mr. LeBelle suggested Council should be cautious in considering this funding base budget revenue. He referenced the instability around the previous municipal support program and unconditional grants program.

Councillor Cantin stated, regardless of the security or insecurity of the funds, he supported the staff recommendation to place the \$15.1 million in reserve funds rather than to allocate it at this time. He did not believe it would serve the taxpayers of Ottawa-Carleton to allocate it at this early date.

Councillor Loney suggested the general consensus at the conclusion of the budget process was that should Provincial funding come through, it would be used to redress the need to borrow from reserves to fund day-to-day operations. The Councillor acknowledged the problems with the CRF and the City of Ottawa, agreeing the Region could assist. However, he stated it was up to the Province to correct the issue. Councillor Loney did not support referral to the Budget Sub-Committee or the allocation of the money at this early date. He noted the assurance Council could re-allocate the funds at a later date.

Councillor van den Ham referenced the staff recommendation to place the money in the reserve accounts as specified. Mr. LeBelle stated this created the maximum amount of flexibility for Council as money could be placed in and out of reserves as they chose. He confirmed there was not a requirement for associated by-laws or formalities. Councillor van den Ham concurred with Councillor Loney's comments. He stated no matter when the money was used, it would serve the betterment of Ottawa-Carleton. He urged Committee to support the staff recommendations.

Speaking to the Hume Allocation Motion, Councillor van den Ham suggested a more appropriate time for its debate was during the discussion of the 2000 budget.

Councillor Hunter stated it was clear a "sleight of hand" had been performed by the Province since the funding announcement on 23 March 99. The Councillor agreed it was necessary to support the City of Ottawa and force the issue of revenue neutrality. Councillor Hunter referenced the benefit of having reserves and the important function they played in stabilizing the levy ups and downs that came with one-time expenditures. In closing, the Councillor noted the considerable reductions in contributions made to the reserve funds during the 1999 budget process.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

Councillor Hume stated the Referral Motion would allow the Budget Sub-Committee to review the establishment of the new reserve funds (as recommended by staff) as they relate to other priorities within the Corporation. The Councillor acknowledged the Referral Motion probably would not be approved. Therefore, Councillor Hume formally moved the Allocation Motion outlined above regarding the partial distribution of the \$15.1 to Land Ambulance and Public Health Services.

Speaking to the Allocation Motion, Councillor Hume stated 2/3rd's or over \$9.75 million would still go to reserve funds. Councillor Hume explained the remaining \$6.5 million would be going toward important community health programs. The Councillor reported the Province of Ontario had stated the Region did not meet the Provincial guidelines regarding health care. He stated there was an expectation the Region would meet the minimum guidelines noting the funding was earmarked for public health and ambulance services. In closing, Councillor Hume stated it was an investment in health care, in reserve funds and what the community expected on the issue.

Councillor Loney moved a Motion that the Hume Allocation Motion be Tabled.

Councillor Munter stated the Hume Deferral Motion would allow the Budget Sub-Committee to review and debate the disposal with the recommendations returning to Committee. The Councillor emphasized the importance to remember the money was originally in the Federal Health Care budget, to be later transferred to the Province for Health Care and latest to the Region, stating it was for Health and Ambulance Service.

Councillor Munter then referenced the Hume Allocation Motion. The Councillor stated it proposed 2/3rd's of the money would go into reserve funds and 84% would remain unspent at December 31, 2000. He explained only 16% of the funds would be spent in the next 18 months.

Councillor Munter questioned why money that was earmarked for health and ambulance service would be put into solid waste, transit and child care reserve, and other new reserves that did not yet exist. He referenced the anticipated ambulance costs that were not yet budgeted for. With respect to health care, Councillor Munter reiterated the fact the Region was not meeting the minimum mandatory public health guidelines. He noted compliance would become an issue once the Province began co-funding public health. In closing, Councillor Munter expressed his support for referral as the issues noted required discussion and debate. He stated debate was required for the allocation of the funds, in particular around that received for the current budget year, the process that was now complete.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

In response to a question from Councillor Meilleur regarding the rationale to Table the Hume Motion, Councillor Loney stated he believed the Motion was premature. He did not support the proposed allocations at this time. Rather, he believed the opportunity existed in the future and an appropriate time to lift it from the table would be during the 2000 budget process. Chair Chiarelli also referenced the significant uncertainties around the confirmation of receiving the \$15.1 million, without conditions. He emphasized the questions still outstanding.

Councillor Meilleur expressed her support for the Hume Referral Motion, noting the importance of health care and significant reduction to the Health Department budget. She expressed concern the Region was not meeting the guidelines required under the Provincial legislation. Councillor Meilleur acknowledged the concern regarding the insecurity of the money, and believed referring the recommendations would provide time to explore the issues further.

Chair Chiarelli indicated members of Council were at liberty to bring forward motions to allocate the funding to certain areas, noting the extensive debates around programs and services during the 1999 budget deliberations. The Chair stated the Hume Allocation Motion was a budget motion that impacted on significant regional funds. He stated the correct venue for its debate was during the 2000 budget process. Chair Chiarelli noted by approving the staff recommendations, it did not preclude Council to have the debate at a later time.

The Committee then considered the Hume Referral Motion.

Moved by P. Hume

That Recommendation Nos. 1 and 3 be referred to the Budget Sub-Committee for a recommendation to the Corporate Services and Economic Development Committee and Council, and that Recommendation No. 4 be amended by deleting the words after the date 24 February 1999.

LOST

YEAS: P. Hume, M. Meilleur ... 2
NAYS: D. Beamish, R. Cantin, B. Hill, G. Hunter, A. Loney, W. Stewart,
 R. van den Ham, R. Chiarelli ... 8

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

Councillor Hume expressed serious doubt that a Councillor would be successful at reallocating the funds once the staff recommendations were approved. The Councillor stated the cruel reality was the difficult decisions that would come with the 2000 budget. He stated this was the one opportunity to meet the guidelines in important health care programs.

Councillor van den Ham referenced the validity of the Hume Allocation Motion, however, believed it was premature.

With respect to the Health Department, Councillor van den Ham believed it was necessary to review the issue comprehensively prior to additional funds being allocated. The Councillor moved a Motion requesting an independent review of the Health Department's structure, operations, efficiencies, mandate and provincial regulations. Councillor van den Ham believed this should be completed prior to consideration of the 2000 budget. He referenced the need to understand the specific obligations of the Department under the legislation.

Councillor Loney supported the van den Ham Motion and the necessity to review the mandated programs of the Health Department. The Councillor noted the recent uncertainty around the transfer of ambulance service to the Region and the pending election. Councillor Loney stated he wished to Table the Hume Allocation Motion to allow sufficient time for review, noting the option to lift the Motion from the Table at a later, more appropriate date.

The Committee then considered the following Motions.

Moved by Councillor Loney

That the Hume Motion on the allocation of the \$15.1 million be Tabled.

CARRIED

YEAS: D. Beamish, R. Cantin, B. Hill, G. Hunter, A. Loney, M. Meilleur,
W. Stewart, R. van den Ham, R. Chiarelli ... 9
NAYS: P. Hume ... 1

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

Moved by P. Hume

WHEREAS the provincial government has changed the formula for provincial downloading, thus allocating \$15.1 million towards public health and land ambulance services; and

WHEREAS sound fiscal practice dictates that these funds be used as recommended by staff, starting in 2000, to deal with the fact that the region continues to face a massive funding shortfall due to downloading, estimated at \$19 million even after this announcement; and

WHEREAS Council recognizes, however, that having already approved its 1999 budget, there exists an opportunity this year to actually use the funds allocated for public health and land ambulance services for those exact purposes; and

WHEREAS the region of Ottawa-Carleton is not meeting the minimum provincial standards set out by the mandatory public health guidelines in a broad range of areas including early detection of cervical and breast cancer, post-partum services, tuberculosis control, school health programming, chronic disease and injury prevention, Hepatitis C follow-up, children's immunization, infectious disease prevention and program to stop teens from smoking; and

WHEREAS it is estimated that it would cost the region \$2.5 million per year in its operating budget to meet these mandatory guidelines; and

WHEREAS the province has signaled its intention, now that it is once again cost-sharing public health services, to ensure municipalities meet those standards; and

WHEREAS the funds transferred to the region for ambulance service do not provide the resources to add even one new ambulance on the road nor reduce response times; and

WHEREAS Council has recognized that the residents of Ottawa-Carleton expect and deserve a level of service that will protect their health and safety and that the region will face many new costs in order to provide this level of service.

BE IT RESOLVED THAT the \$15.1 million allocated to the region by the provincial government, earmarked for public health and ambulance services, be used for exactly those purposes by:

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

- Setting aside \$3 million in an Ambulance Service Improvement and Modernization Reserve Fund, to be used to provide the region with extra resources to deal with unforeseen costs in the ambulance transition.
- Setting aside \$6.75 million to be allocated to bringing Ottawa-Carleton's public health services closer to the province's minimum public health guidelines over the next four years (\$1.5 million per year for 4.5 years).

FURTHER THAT the Medical Officer of Health prepare a report outlining how the \$6.5 million will be used during the remainder of 1999 and in the operating budgets of 2000, 2001, 2002 and 2003 to meet the mandatory guidelines and that his report include a fiscal plan for how to build these new costs into the base budget, starting in 2004; and

FURTHER THAT the remaining dollars allocated by the province (\$5.35 million) be set aside in a levy stabilization reserves for Region Wide, Child Care, Police, Transit and Solid Waste purposes, as outlined in the staff recommendation.

TABLED

The Committee then considered the staff recommendations as follows:

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

1. Amending the 1999 budget for the Public Health Department, Land Ambulance, Social Housing and Child Care services to reflect the revised program costs and cost sharing arrangements as announced by the Provincial government (per Annex B);
2. Amending the 1999 fund distribution of the one time Payment in Lieu revenues to reflect the 1998 year end actual receipts (per Annex B);
3. Creating separate levy stabilization reserves for Region Wide, Child Care, Police, Transit and Solid Waste purposes;

Extract of Draft Minute
Corporate Services and
Economic Development Committee
20 April 1999

4. **Maintaining the 1999 regional taxation requirement at \$560.5 million as adopted by Council on February 24, 1999 through contributions to the levy stabilization reserves (per Annex B).**

CARRIED
(P. Hume dissented)

Councillor van den Ham agreed to place his Motion as follows as a Notice of Motion to be considered at the next meeting.

NOTICE OF MOTION

That the Corporate Services and Economic Development Committee recommend Council approve that before additional funds are allocated to Health and Ambulance services, that an independent review be conducted of the Health Department's structure, operations, efficiencies, mandate and provincial regulations, and that the Chief Administrative Officer prepare the Terms of Reference for such a review, including proposed cost and funding sources.