

DATE 6 October 2000

TO/DEST. Co-ordinator  
Transit Services Committee

FROM/EXP. General Manager

SUBJECT/OBJET **BRIEFING ON BUDGET 2001, 2002 AND 2003**

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### **DEPARTMENTAL RECOMMENDATION**

**That the Transit Services Committee receive this report for information.**

### **BACKGROUND**

According to the Terms of Reference of the Ottawa Transition Board (OTB) established by the provincial government, the OTB 's role includes to recommend for the new city and its local boards a year 2001 budget and to forecast year 2002 and 2003 expenditures and revenues.

A Budget Development Team was established to provide the OTB with a draft budget report to communicate the results of the work performed by the Service Restructuring Teams. The Budget Development Team provided the Service Restructuring Teams with a template of document sheets for the purpose of transmitting the draft budget book information in a clear and consistent manner. The Budget Development Team will also make specific recommendations regarding related revenues, tax levies and policies needed to achieve the desired results.

### **DISCUSSION**

To facilitate the development of the budget, two types of documents were issued to assist the Service Restructuring Teams: namely, budget guidelines and budget instructions. The OTB developed the budget guidelines whereas budget instructions were prepared by the Budget Development Team. The budget guidelines were presented in a report to the OTB on 6 July 2000 and are attached as appendix A for reference purposes. The operating and capital budget instructions were released by the Budget Development Team as bulletins number 6 and 8, respectively, and are attached as appendix B and C.

Each Service Restructuring Team was instructed to use their 2000 base budget as a starting point in preparing the 2001 budget. The budgets for each of the next three years are to be identified into separate components of amalgamation savings, amalgamation costs and budget pressures. All one-time transition costs are not included as budget pressures but are to be identified separately for special provincial funding purposes.

A Centres of Expertise concept has been adopted by the OTB. All such costs are centralized and then form the basis of a Service Level Agreement between the particular Centre and the user department. For Transit Services, Centres of Expertise include Vehicle Maintenance (Fleet), Plant and Transitway Maintenance, Finance and Administration, Stores and Procurement, Human Resources, Marketing and Communication, Property Protection and Risk Management. While budgets have been developed for each of these areas, the Service Level Agreements are still in development and, as such, the impact on OC Transpo's budgets is unknown at this time.

The Budget Development Team is developing various policies in order to arrive at a recommended 2001 budget. These include debt and pay-as-you-go; financing methods; definitions, purpose and levels for reserve funds; fees, fines, and charge rate changes for 2001. As these policies are still under development, the resulting impact on OC Transpo's budgets is unknown.

The impact of inflation has been included for such high impact items as diesel fuel and other energy costs. However, the direction from the Budget Development Team has been to absorb all inflationary increases on other costs.

The budget directions for compensation costs indicated that 2000 levels were to be used where rates are known or where settled contracts are in place. As a result, the budget includes negotiated annual rate increases for ATU staff until contract termination date of 31 March 2002 and for CUPE staff until 31 March 2003. For all non-bargaining staff, no allowance has been made for cost of living or performance increases as the Budget Development Team has directed that these will be provided by a budget allowance at a higher level outside of each department.

## OPERATING BUDGET

The role of transit in meeting the transportation requirements of the City of Ottawa has been assumed to be that defined in the current Official Plan. This requires sustained ridership growth in the coming years to minimize the need for expensive road infrastructure construction. In the last two years, growth in ridership has risen at a faster rate than the 3% that was hoped for, following a period of significant ridership losses. The continued increases in transit ridership have led to a situation in which peak-period buses are more crowded than ever before and the Park and Ride facilities are bursting at the seams. In September, 736 peak-period buses were scheduled; a 3.7% increase over the previous year. The arrival of articulated buses in January, 2001 will provide some additional capacity in the first few months of the year, as these will be used to replace standard buses on some trips.

The 2001 operating budget for OC Transpo and forecasts for years 2002, 2003 are based on the following year-over-year increase assumptions:

		<u>2001</u>	<u>2002</u>	<u>2003</u>
Service	%	4.3%	1.9%	1.9%
	Hours (000)	93	43	43
	Kilometers (000)	2,202	1,018	1,038
	Fleet	15	10	12
Diesel fuel	(\$000)	3,341	331	338
Passengers		3%	3%	3%
Fares		2%	2%	2%

The increase of 93,000 hours in 2001 will allow for the annualization of the service increase in September 2000 and also for an increase of about 2% in September 2001. Schedules are already set for the period January to April 2001, and assuming that we maintain the January service level as the base for the rest of the year, we have already committed approximately 75,000 hours of the additional 93,000 hours.

In keeping with the direction proposed in the KPMG/IBI Comprehensive Review to ensure fares keep pace with inflation, a modest fare increase is recommended in 2001. This is proposed to come into effect on 1<sup>st</sup> April 2001 to allow time for implementation following budget discussion by the new city Council in February, 2001.

### CAPITAL BUDGET

The capital budget has also been developed on a three-year basis with the understanding that a complete nine-year forecast will not be required until the 2002 budget process. Appendix D contains a listing of capital expenditures by project required to support transit for the next three years.

Capital expenditures include the acquisition of 152 low-floor articulated buses and 66 low-floor standard buses as required to meet ridership growth targets. It is assumed that air conditioning and cloth cushioned seating will be continued for all buses.

Of critical importance is the requirement to confirm the 2001 order of 30 articulated and 18 standard buses from New Flyer Industries before the end of January 2001. There is an agreement in place that commits New Flyer to delivering these buses to Ottawa in the summer of 2001 as long as the order is formally confirmed by the end of January. The process by which this will be accomplished needs to be agreed upon as soon as possible, given the likely delays in approvals from the new Council which will be elected on November 13th.

An expenditure of \$37 million is planned for the construction of a new bus repair garage and storage facility designed to accommodate 250 buses.

Funds are also included in the budget for the implementation of a smart card fare system over the three-year horizon. It is hoped that this can be the basis for a New City smart card that can be used for other municipal functions, such as libraries and parking meters. It may also be possible to collaborate with other transport providers, both locally and nationally, to extend the uses of the card.

### PARA TRANSPO

The Para Transpo operating budget assumes the 2000 level of service is maintained over the next three years. However, an additional \$0.2 million has been included each year that represents the annualized cost of the taxi project that was approved in 2000.

The current service contract terminates in June, 2002. By mid-2001, staff will be presenting the new city Council with a report of recommendations for the delivery of service beyond the term of the current contract.

The Para Transpo capital budget includes \$1.3 million to replace the wheelchair accessible vehicles that are currently leased to the contractor. Also included is \$0.3 million to implement a Voice Response System that will enable customers to cancel their rides using a touch tone phone or to receive information and bulletins and to find out their schedule for a particular day without the need to speak to a call-taker. An expenditure of \$0.5 million is also planned for the installation of on-board Mobile Data Terminals which will help keep the Para Transpo fleet running on-time while improving customer service and overall service productivity.

### BUDGET TIMETABLE

On 6 September 2000, the OTB released its fall 2000 agenda. Included in this plan is the release of the 2001 municipal budget for public discussion on December 1<sup>st</sup>. This is followed by a Transition Board public meeting on December 11<sup>th</sup> at which time the 2001 municipal budget and parameters for 2002 and 2003 budgets will be discussed and approved by the Board for recommendation to the new Council.

*Approved by  
Gordon Diamond*

OTTAWA TRANSITION BOARD  
CONSEIL DE TRANSITION D'OTTAWA

REPORT  
RAPPORT

Our File/N/Réf.  
Your File/V/Réf.

DATE July 6, 2000  
TO/DEST. Ottawa Transition Board  
FROM/EXP. Budget Development Team  
SUBJECT/OBJET **2001 – 2003 Budget Guideline**

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**RECOMMENDATIONS**

- 1. That this report and the following recommendations be tabled and be considered by the Transition Board on August 14.**
- 2. That the Budget Timetable as set out in Table 1 to this report be approved.**
- 3. That the Budget Preparation Principles as set out in Table 2 to this report be approved.**
- 4. That the Public Budget Consultation Framework as set out in Table 3 to this report be approved.**

**BACKGROUND**

The purpose of this report is to inform the Ottawa Transition Board and the public of the anticipated pressures on 2001 to 2003 revenues and expenditures and to obtain Board direction with respect to preparing operating and capital budgets for 2001 and forecasts for 2002 and 2003. The report sets out the budget timetable, budget preparation principles and proposed public consultation framework.

**DISCUSSION/ANALYSIS**

**1.0 Purpose of Budgeting**

A budget is the detailed direction and authority to implement Council approved plans. It provides authority to expend funds and directs the financing of those expenditures, whether by user fees, user rates, other revenues or taxation. It reports to the public on Council's plans for the year and the future.

The budget is a tool for management accountability by providing the basis on which actual delivery of services is measured financially and through performance measures included in the budget document and tracked.

## 2.0 Budget Preparation Process

### 2.1 Budget Preparation Approach and Timetable

The Terms of Reference for the Ottawa Transition Board require the Board to prepare and recommend a 2001 budget and 2002 and 2003 budget forecasts for presentation to the new City Council. The following describes the proposed process and timetable for this deliverable.

This guideline report is intended to give direction to Service Restructuring Teams (SRTs) and the new Senior Management Team with respect to preparation of their budgets and forecasts. This report is being tabled with the Board July 10 and will be returned for approval on August 14, after input is received from the public.

The SRTs will submit business plans and budgets in September. A Draft Operating and Capital Budget document will be prepared from these inputs and be subject to Senior Management review. This document is expected to be available to the public December 1 for review and input. It is anticipated that the Board will consider the Budget December 20. The recommended 2001 Budget and 2002 and 2003 forecasts will be submitted to the new City Council in January 2001.

The 2000 budget data for the 12 municipalities and their boards is currently being amalgamated in sufficient detail for the SRTs to use as a base for 2001 budget preparation. However, for the amalgamating functions, it is unlikely that they will be able to prepare a budget in the normal detail for September. It is intended that the 2000 budget will form their base and changes for 2001, 2002 and 2003 will be identified from that base. These submissions will form the Budget document to be presented to the Board. Breaking down the 2001 Budget into the details required for management purposes will continue into 2001. This work will be undertaken in conjunction with system development plans which are being developed such that the City will have the ability to both report and monitor budget activity on a consolidated basis as of January 1, 2001.

**Table 1: Proposed Budget Timetable**

<i>Timetable</i>	<i>Completion Date</i>
Table Budget Guidelines with Board	July 10
Public Consultation on Guidelines	July 28
Board approval of Budget Guidelines	August 14
Service Restructuring Teams submit draft budgets	September 1
Consolidate, audit, quality control and balance draft operating and capital budgets and review with Senior Management Team	November 15
Publish Draft Budget Document	December 1
Public Consultation on Draft Budget	Mid-December
Board Consideration and recommendation of budget	Mid-December
Submission to new City Council	January 2001

2.2 What this guideline includes:

- All municipal functions including boards (Libraries, Police, OC Transpo)

The Police and Library Boards have their own budget responsibilities and will likely be taking an active role in the budget process.

2.3 What this guideline does not include:

- Hydro commissions which are following a separate process, due to their unique legislation;
- Business Improvement Areas;
- Proposed future taxation treatment of existing municipalities' assets and liabilities under Bill 25 (ie. reserve funds and debt)
- Tax policies such as tax ratios for property classes and mitigation of 2001 reassessment.

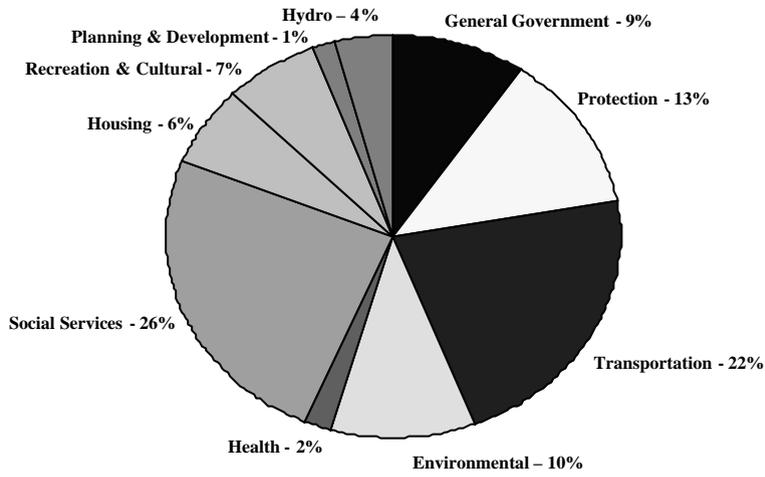
### **3.0 Summary 2000 Budget Information**

As background to this discussion, Appendix A summarizes the 2000 operating and capital expenditures and revenues for the combined municipalities, boards and commissions by functional area. Total budgeted expenditures, including hydro commissions and Ottawa's Housing Board, and capital are \$2.1 billion.

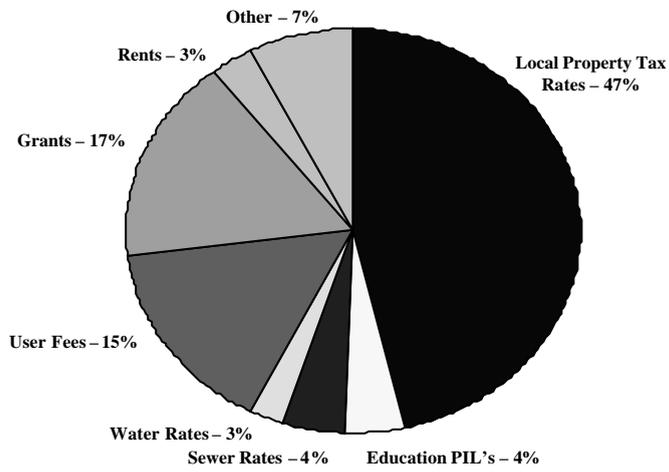
Total operating expenditures total \$1.8 billion. Excluding the hydros and Housing Board expenditures total \$1.67 billion. \$748 million of these expenditures are funded by property taxation and \$88 million from local property tax rates on properties subject to payments-in-lieu of taxes (properties owned by other governments). Municipal property tax rates therefore raise 47% of total expenditures. In addition to local taxation related payments-in-lieu of taxes of \$88 million, the City receives \$73 million in payments-in-lieu of taxes which are based on the education tax rates. Other revenues include user fees and service charges, grants, rents, penalty and interest, investment income, licence fees, and miscellaneous other revenues.

The 2000 Capital Budget totals \$308.6 million of which 37% is funded from operating and reserve funds, 25% from sewer and water rates, 15% from development charges, 11% from debentures and the balance of 12% from other sources.

2000 Budgeted Operating Expenditures



2000 Operating Budget Funding



#### **4.0 Non-restructuring Budget Pressures for 2001 to 2003**

The starting point for budget development is to understand the cost and revenue changes anticipated affecting the budget that are not the result of restructuring. The pressures described below for 2001 to 2003 are the most significant based on what is known at this date by the existing municipalities and the Human Resources and Budget Development Teams. Excluded at this point is OC Transpo except compensation and inflation. The remainder of OC Transpo's budget pressures are being worked on. The pressures will be updated as more information becomes available. A summary is provided in Appendix B.

All impacts of amalgamation and restructuring, including base budget and one time costs, will be tracked separately and are discussed in sections following.

#### **4.1 Compensation Costs**

Salaries, wages and benefits represent 39% of municipal operating costs; therefore compensation changes have a significant budget impact. Where this has not already occurred, cost of living increases will be negotiated over the 2001 to 2003 period.

The costs of non-statutory benefits (medical, dental, life insurance, long term disability etc.) have been increasing at rates higher than inflation. These costs are expected to continue to increase. Cost changes are also expected in statutory benefits (Canada Pension Plan, Employment Insurance and Workers Safety Insurance Board).

Most municipal employees are members of the Ontario Municipal Employees Retirement System pension plan. As a result of a significant surplus in that plan there is a contribution holiday in place for both employees and employers which is expected to end on December 31, 2001. OMERS has indicated that contributions will be phased back in. It is anticipated that this will be over 3 years (2002 to 2004).

Compensation changes are anticipated to be \$15.0 million in 2001, \$18.9 million in each of 2002 and 2003. In Appendix B the Police and OC Transpo compensation costs are included in their summarized numbers.

#### **4.2 Operating costs to service new growth**

As development occurs in the City, services such as snow plowing and salting, road and sewer maintenance, grass cutting, etc. must be extended into the new areas. This results in increased operating costs estimated at \$1 million for each of 2001, 2002 and 2003. The taxation revenue resulting from assessment base growth is addressed in the Budget Guideline below.

### **4.3 Costs transferred from the Province**

The Province continues to transfer new costs to municipalities. With some of these transfers, offsetting funding sources may be required to be allocated from existing municipal budgets.

For 2001 social housing administrative costs are anticipated however the amounts are unknown at this time.

Land ambulance responsibility will be transferred to Ottawa, at an additional cost that is currently being estimated. A portion of this cost results from increased service levels.

### **4.4 Inflation**

The national Consumer Price Index (CPI) rose 2.4% between May 1999 and May 2000. The increase was lower than the 3.0% registered in March 2000 but higher than the 2.1% in April 2000. The slowdown in the increase from March was due to smaller rises in the energy index, however energy prices are well above where they were prior to last year's upward spiral and still accounted for roughly half of the 12 month increase in the CPI. Excluding the effects of energy, the CPI increased by 1.3% in May. The Ottawa CPI stands at 2.4% for May 2000.

In addition to energy but to a lesser extent, mortgage interest cost and food purchased from restaurants contributed to the increase in the all items CPI. Lower prices for fresh fruit and vegetables, computer equipment and supplies, and automotive vehicles exerted downward pressure on the index.

Gasoline is up 20.8%, fuel oil 35.5%, natural gas 14.0% and electricity 0.4%. Some municipal entities had budgeted for fuel increases in 2000. The expected operating budget impact of the increase is \$6.6 million, including Police and OC Transpo. These fuel increases are also having an effect on capital programs, particularly transportation works due to increased asphalt prices.

For all other goods and services purchased by the new City the cost of inflation on the operating budget is estimated at \$3.3 million.

### **4.5 Police**

The budgeted pressures identified by the Police total \$6.6 million in 2001, \$8.3 million in 2002 and \$8.9 million in 2003. These include mainly compensation cost increases which are included in the totals in Section 4.1. Other budget pressures included are technology costs, facility costs, capital funding increases.

### **4.6 Contribution to Capital Program**

A complete review of the requirements for funding capital programs including contributions from the operating budget will be required. Until this review is complete, the 2000 level of contributions from the operating budget for capital purposes will be maintained for 2001. In future years there may be an increased cost from the operating budget to pay for capital program requirements.

#### **4.7 Payments-in-lieu of Taxation (PILs) Revenue**

2001 is a reassessment year and at this time the changes in values for properties subject to payments-in-lieu of taxes (ie. other governments) are unknown. For now it will be assumed that these PIL revenues will remain the same in total except for the following known changes.

As a result of 1998 legislative changes that would have caused a loss of PIL revenue from the National Arts Centre, the City of Ottawa has negotiated a multi-year payment agreement with that entity that retains revenue of \$1.25 million for 2001 and 2002 and \$2.0 million for 2003 and on. A \$3.8 million reduction of the PIL revenue budget is required for 2001. An upward adjustment of \$750,000 in 2003 will be realized.

The Rockcliffe Air Base is to be transferred to Canlands (formerly CMHC) in 2000 or 2001 and will be developed. It therefore will become a taxable property and the \$1.9 million education portion of the PIL will be lost. Some of this may be offset by higher taxation as the property is developed.

A regulatory change in 2000 allows municipalities to retain a higher portion of PIL revenues from Department of National Defence bases. This has resulted in a \$600,000 PIL revenue increase for the Uplands Base.

These changes result in a reduction in 2001 revenue of \$5.5 million and an increase in 2003 of \$750,000.

#### **4.8 Other revenues**

The main revenue item is the reduction of \$12.9 million of one-time revenues which the Region of Ottawa-Carleton has included in its 2000 budget. In addition, revenue reductions for parking tags and the Corel Centre total \$800,000.

#### **4.9 Impact of demographic changes**

The population is aging and this is increasing the demand on services such as elderly persons centres, home support agencies, public health, para-transpo and recreation. These effects have not yet been measured however will have an impact on future services required and budgets.

## **5.0 Amalgamation and Restructuring Savings and Costs**

The target savings for amalgamation and restructuring by the end of 3 years are \$75 million.

There will also be both one time and new on-going costs incurred through the amalgamation process. The one time costs such as the VEP (voluntary exit programs), staff disengagement costs and system costs are expected to be paid by a grant from the Province. If not, they will need to be financed from within existing sources or from the amalgamation savings.

The most significant on-going expenditure increase is anticipated to be the harmonization of salary levels. Ottawa's One City – One Voice report estimated these costs at \$14 million. The Shortliffe report reviewed the numbers and agreed they were reasonable. These costs will be realized over time as collective agreements are negotiated and salary ranges are finalized.

A second potential cost increase would be the result of service levels increasing to the highest level. The One City – One Voice report estimated this at \$10.5 million.

These new costs will need to be funded by additional savings.

## **6.0 Budget Guideline**

A Budget Guideline provides the direction to staff in the preparation of the detailed budget and the overall desired outcome. The budget principles are set out later in this document.

In a non-amalgamating municipality, Council would generally give overall budget direction to staff in terms of existing tax rates. For example a tax freeze would result in no changes in residential tax rates; a 1% reduction would translate into a 1% reduction in residential tax rates. However, as a result of amalgamation, restructuring, reassessment and a number of other decisions on taxation that the Transition Board will take, the tax rates for all taxpayers will change in 2001. Therefore 2001 budget and 2002 and 2003 forecast direction to staff should be given in relation to the total tax requirement envelope. A 1% change in taxes for the new City represents \$7.5 million of net expenditure change.

Assessment base growth brings in new tax dollars to support the new costs to service that growth as discussed in Section 4.2. Adding an estimate of growth to the tax requirement envelope allows the approximate offset of the new revenue and the costs without affecting existing taxpayers. Therefore setting the 2001 tax requirement total at 2000 total level plus value of growth represents an overall tax envelope freeze. The same approach would be used for 2002 and 2003.

In order to arrive at this level of taxation, solutions will need to be found for the budget pressures of \$40.1 million in 2001, \$17.3 million in 2002, \$20.4 million in 2003, totalling \$77.8 million described above. Some solutions are described below. The remainder of the solutions will need to be identified by the SRTs and management and recommended to the Board through the budget process. The harmonization costs should be funded from the amalgamation savings envelope.

The Budget Guideline should be forwarded to the Senior Management Team to recommend allocations to departments and functions.

## **7.0 Possible Budget Solutions**

As described above, solutions to the budget pressures will need to be identified in order to meet the overall budget guideline. This section addresses some of the solutions that can be applied to the budget. The types of solutions identified here are independent of the amalgamation and efficiency savings that SRTs are identifying and should not be counted towards the \$75 million savings target.

### **7.1 New revenues**

There are opportunities for new or increased revenues, such as sponsorships, sale of advertising opportunities or sale of municipal services to other entities. A revenue not yet in the base budget is the share of slot machine revenue from the Rideau Carleton Raceway Slots. These will not be available to the new City's operating budget until infrastructure costs for the Raceway have been paid, possibly in 2002. Some revenue (\$500,000) has been estimated in 2003 in Appendix B, however, the actual revenues to be received in the forecast will likely exceed this estimate.

### **7.2 Vacancy Factor**

Generally, not all positions are filled at one time, for example, a vacancy may take 6 weeks to fill. Savings arise due to the budgeted funds for salaries and wages not being fully expended. The actual vacancy rate varies from function to function. Fire operations, for example, may backfill using overtime, therefore no net savings occur. Some of the current municipalities have budgeted salary savings for vacancies (also called gapping) at rates varying from 1/2% to 4%. Given the downsizing that will occur a vacancy rate only at the lower end of the scale may be realizable. It is recommended that a vacancy factor of 1% be investigated as a solution.

### **7.3 Reduction of Carrying Cost of Debt**

The City of Ottawa's carrying cost of debt is dropping and in accordance with their policy, the budgeted funds are re-directed to pay-as-you-go contributions to reserve funds for capital purposes. The carrying cost reductions could instead be used as a solution to the budget pressures. This might have an impact on the capital program for new work.

### **7.4 Interim measures**

There is a significant investment required to realize the full \$75 million of targeted savings. Therefore those savings may not be fully realized until 2003 after the transition requirements are complete and new/expanded information systems are implemented. The Transition Board could direct that the amalgamation and efficiency savings that are realized in 2001 and 2002 be applied to offset the budget pressures in those years. A portion or the full savings could be returned to the ratepayers in 2003 in the form that is directed by the Board.

Other one-time solutions may be applied to 2001 and 2002, however, permanent base budget solutions should be found by 2003.

## **7.5 Other solutions**

If available, use of dividends or interest from the new Hydro operation is recommended as a budget solution. Recent indications from the Province are that the new hydro entity must be not-for-profit. If this turns out to be the case, funds will not flow to the City for its application to municipal services. If the legislative situation changes, the availability of funds will depend on the Board's decisions with respect to commercialization and rate structure.

Other savings will need to be identified by the SRTs and management in order to meet the budget guideline directed by the Board.

## **8.0 Budget Document Requirements**

The Draft Budget document to be submitted to the Transition Board in December will include summaries of the business plans of the functional areas, performance measures, high level 2001 budgets by program showing changes from the 2000 base and forecast changes for 2002 and 2003 and capital program recommendations.

## **9.0 Budget Policies**

The following policy directions are required in order to prepare the draft budgets. These will be fine-tuned over the next few months and will form part of the submitted Draft Operating and Capital Budgets.

### **9.1 Financing Policies**

These are the broad policies on financing of the City's Operating and Capital Budgets. They include direction on sewer surcharge rates, water rates, overall levels of user pay, hydro interest or dividends (if any), debt and pay-as-you-go policies for capital, development charges and property taxation, including area rating for services. The research and analysis for the recommendations on financing will take place over the next few months.

The definitions, purposes, and expected levels of reserves and reserve funds will be included.

The direction to staff at this time is to prepare budgets in accordance with the guidelines approved in this document. The financing side of the equation will follow.

### **9.2 Full cost accounting / chargeback policy**

Full cost accounting requires reliable, complete financial and other information and systems that will not be available to the new City for 2001 due to staged transfers of financial systems and other priorities.

It is recommended that, as a minimum, the Corporate Services Department's costs be charged back to the user operating departments on a reasonable basis in order to allocate costs to user rates and specific taxation areas on a fair basis.

Other chargeback policies will need to be evaluated prior to their implementation for 2001.

### **9.3 Fees, fines, and charges**

Recommendations will come forward from the SRTs with respect to changes, such as harmonization, for 2001 and future years. The Board may consider that any changes should be “revenue neutral”, ie. have no net impact on the budget.

### **9.4 Grants and Purchases of Service**

The issue of whether existing municipal partners who are receiving grants from the City will be maintained at the same funding levels is one which the Board will have to resolve during their draft budget deliberations. Objectives of the review will include the groups’ desires for predictability in funding levels and the Board’s objectives of identifying efficiency savings through the amalgamation/restructuring process.

### **9.5 Existing agreements**

All existing agreements that fall within the legislation, regulations and Transition Board guidelines will be respected and budgeted for appropriately. These include agreements with outside parties and also internal repayment agreements, eg. repaying funds to reserve funds over time.

### **9.6 Definition of a capital expenditure**

The following definition of capital works is from the Capital Budgeting Handbook issued by the Ministry of Municipal Affairs and Housing in Spring 2000:

“Capital works may be defined to include the following elements: acquisition and construction of new buildings, structures, facilities, equipment, rolling stock, furnishings, studies, development and purchase of land, and all associated items to bring the foregoing into operation; or major rehabilitation of the above; normally has a useful life of more than one year.”

A capital expenditure is incurred with respect to a capital work. It may also include a transfer to another entity for capital purposes.

Repair or maintenance of capital assets to maintain the asset in its original state should be included in the Operating Budget.

A minimum dollar level should be chosen for ease of administration. A \$10,000 minimum is recommended for the new City.

### **9.7 Capital Budget Preparation**

The Capital Budget will be presented for 2001 with forecasts for 2002 and 2003.

The new City will need to focus on restructuring for the first period of existence. In preparing the Capital Budget, assessments will need to be made with respect to the state of repair of various infrastructure and required work prioritized. The work plan must also be achievable within the year. Capital projects can be categorized as follows: transition related; legislated requirement; health and safety requirement; urgent rehabilitation work required; rehabilitation required but not urgently; phased project approved by a previous Council and no significant change in scope recommended; phased project approved by previous Council with change in scope; new projects – development charge funded; new projects – funded by other than development charges. New operating costs or revenues arising from capital projects should be estimated so that the pressure on the Operating Budget can be used as a decision factor.

The Capital projects within each category will be prioritized in order to fit the total program within the designated envelope. Capital projects that can take advantage of the availability of the Federal Infrastructure Program or Ontario Superbuild funding should be high priority as long as the project was a priority without the grant funding.

The size of the Capital Program for 2001, 2002 and 2003 can be approached in a few ways: freeze at 2000 level in total; fix at the size of the available funding envelope, ie. total annual operating contribution to capital, reserves and reserve funds, and development charge revenue; or, reduce the size of the 2001 program and concentrate on transition related projects.

Capital projects approved by municipal councils in 2000 or prior, and that are within the Board's guidelines, do not need to be re-approved for 2001 if substantial work has been completed. However, the Board may wish to direct that, if a capital project approved by a Council in 2000 or prior has not substantially commenced as of the end of 2000, the project should be cancelled and the funding returned to source. It can then be considered against other priorities.

### **10.0 Budget Preparation Principles**

The following table summarizes the budget principles discussed throughout this document. These principles will provide direction to management in bringing forward a recommended budget to the Transition Board and in the formation of the Board's budget recommendations to the new Council.

The principles have been formulated under the assumption that the restructuring savings be used to offset non-restructuring budget pressures, which result from an evolving municipal funding landscape, the need to accommodate growth and the need to maintain existing municipal infrastructure. Alternatives and options are identified.

**Table 2: Summary: Budget preparation principles**

	<i>Principle</i>	<i>Comment/implication</i>	<i>Alternative/option</i>
1.	<p>Non-restructuring budget pressures will be absorbed such that there is an overall tax envelope freeze and will be funded from:</p> <ul style="list-style-type: none"> <li>- the existing pre-2001 total taxation requirement</li> <li>- projected assessment growth</li> <li>- other non-restructuring budget solutions</li> <li>- the amalgamation savings.</li> </ul>	<p>In order to fund these pressures, service level changes may be required, as would normally be the case in non-restructuring budget years.</p> <p>Non-restructuring budget solutions could include returns from investments in hydro utilities if possible under provincial legislation.</p> <p>A portion of the amalgamation savings may need to be applied to offset these pressures.</p>	<p>Savings from amalgamation would not be used to offset these pressures.</p> <p>Increased non-restructuring savings including service level changes would be required.</p>

	<i>Principle</i>	<i>Comment/implication</i>	<i>Alternative/option</i>
2.	The restructuring savings target of \$75 million by year 3 that has not been used to offset non-restructuring budget pressures will be returned to the taxpayer in the form of tax reductions, rate reductions and/or service level improvements.		Savings from amalgamation could be used to offset a portion of non-restructuring budget pressures in years 1 and 2. In year 3 the full \$75M savings could be returned to the taxpayer.
3.	The restructuring savings target of \$75 million will include the results from the following initiatives: - savings from amalgamating services - savings from efficiency improvements identified by SRT.		
4.	Harmonization costs would be deducted from proposed restructuring savings such that the net amount would deliver \$75 million in savings. Eg. \$100 M - \$25 M = \$75 M.	Includes any harmonization costs for salary levels, user fees, service levels, if required, and as identified through the SRT process.	The net amount returned to taxpayers could be reduced by harmonization costs. Eg. \$75 M - \$25 M = \$50 M.
5.	The Province of Ontario will fund one time restructuring implementation costs.	This is an assumption at this time.  One time costs include systems transformation and labour related restructuring costs.	A lack of provincial assistance would require one time costs to be funded from existing financial capacity of the municipality, impacting the proposed spending and service delivery plans.
6.	Proceeds from disposal of municipal assets should first be applied to offset related debt payments, then applied as one time payments to mitigate requirements for transfers to the capital program from the operating budget.	Proceeds of asset disposal are one time revenues. By applying to the funding of the capital program, future required contribution increases are reduced.	

	<i>Principle</i>	<i>Comment/implication</i>	<i>Alternative/option</i>
7.	Capital budgets will be prioritized and the available capital funding will be allocated based on those priorities.	Categories for prioritization are identified in this document. Work plan should be achievable.	Capital project funding could be based on priorities established by former councils through their capital spending plans.
8.	Capital infrastructure requirements resulting from projected growth will be identified and a funding plan will be developed such that, in the long term, growth is self-funding.	Requires a review of growth projections, development charge by-law policies and transition funding mechanisms such as debt.	Growth could be partially funded from the existing tax base.
9.	Senior management using an overall “corporate approach” with regard to the optimal allocation of municipal resources will lead the budget setting exercise.	This principle speaks to the need to remove the departmental allocation or “silo” approach to past municipal budgeting practices.	Departments could draft budgets after having been given a budget “envelope” or target, which is generally consistent across functions.

Based on the budget principles outlined above the total savings and solutions to be found over three years to cover the non-restructuring pressures and harmonization costs are approximately \$103 million with \$40 million of that required in 2001. If all of the alternative approaches are chosen, the three year savings and solutions required total \$178 million.

### 11.0 Public Budget Consultation Framework

The following Table outlines the proposed public consultation framework leading to the Ottawa Transition Board's preparation of a proposed budget and forecasts.

**Table 3: Public Budget Consultation Framework**

<i>Timing</i>	<i>Objective of the Consultation</i>	<i>Method of Consultation</i>
July 28	<p>Obtain public feedback on Budget Guidelines report, which will have been tabled at the July 10<sup>th</sup> meeting of the Ottawa Transition Board.</p> <p>The guideline report sets out the budget preparation principles and budget timetable.</p> <p>Return to Board August 14.</p>	Request written input. August 14 Board may hear delegations.
October, November	<p>Obtain public input on the following arising from Service Restructuring Team business plans: Identified restructuring and efficiency opportunities; Harmonization issues (fees, services).</p> <p>Obtain public input on draft financing plans for budget.</p>	In-depth consultation process including community based workshops facilitated in such a way as to obtain public feedback on the restructuring initiatives and financing plans.
Mid-December	<p>Obtain public feedback on draft budget document, which will have been published for public release on December 1.</p> <p>The draft budget will include detailed spending plans and financing mechanisms.</p>	Meeting of the Ottawa Transition Board at which time members of the public are invited to attend and express their views on the draft budget.

**CONCLUSION**

In conclusion, this document provides information to the Board and the public on the budget pressures affecting the municipal budget preparation for 2001 to 2003.

The Board's approval of the principles as set out in this document will provide a framework for preparation of the budget. As plans are developed, some of these principles may have to be revisited, however they form an appropriate starting point for the Public and the Ottawa Transition Board to reach agreement on the budget objectives. The proposed consultation framework and timetable provide an avenue for the public to become involved in the Transition Board's deliberations on recommended budgets for the new City.

*Submitted by:*

*Karen Tippett, Project Leader, Budget Development*

**Budget Development Team Bulletin No. 6**  
**Operating Budget Instructions**  
**August 10, 2000**

**1.0 INTRODUCTION**

These instructions are intended to provide each SRT with the tools to develop their 2001 to 2003 operating budgets. Attached to this bulletin is a sample of the 2001-2003 operating budget template and supplementary schedules. Detailed instructions for completing the template itself (see section 5.0 below) and line-by-line assumptions (see section 6.0 below) to be used in preparing budget forecasts are also provided.

**2.0 DEADLINES**

The deadline for submission of these operating budget financial templates is **SEPTEMBER 8, 2000**. The descriptive templates will be required September 30. Please note that the capital budget is due September 15.

**3.0 BUDGET DEVELOPMENT TEAM**

The team will be located on the fifth floor at 111 Lisgar Street as of August 21, 2000. The project leader is Karen Tippett at 748-4159 and at e-mail, [karen.tippett@city.gloucester.on.ca](mailto:karen.tippett@city.gloucester.on.ca). The coordinator of the operating budget is Denise Clement at 727-6700, 450 and [denise.clement@city.nepean.on.ca](mailto:denise.clement@city.nepean.on.ca).

The list of associate members of the Budget Development Team assigned to each functional area was included as an attachment to Budget Development Team Bulletin No. 5.

The core Budget Development Team is made up of the following people:

Project Leader	Karen Tippett 748-4159	<a href="mailto:karen.tippett@city.gloucester.on.ca">karen.tippett@city.gloucester.on.ca</a>
Operating Budget	Denise Clement 727-6700, 450	<a href="mailto:denise.clement@city.nepean.on.ca">denise.clement@city.nepean.on.ca</a>
Capital Budget	Tom Fedec 560-6065, 1316	<a href="mailto:fedecto@rmoc.on.ca">fedecto@rmoc.on.ca</a>
SAP Budget Issues	Lou Flaborea 560-6065-1728	<a href="mailto:flaborealu@rmoc.on.ca">flaborealu@rmoc.on.ca</a>
Corpoarte Issues	Marian Simulik 244-5300 3052	<a href="mailto:msimulik@city.ottawa.on.ca">msimulik@city.ottawa.on.ca</a>
Budget Pressures	Christaine Brault 747-2507	<a href="mailto:vanier@istar">vanier@istar</a>
Advisory Member	Debra Frazer 236-1222, 5472	<a href="mailto:frazerd@police.ottawa-carleton.on.ca">frazerd@police.ottawa-carleton.on.ca</a>
Advisory Member	Branda Gorton 727-6700, 306	<a href="mailto:brenda.gorton@library.nepean.on.ca">brenda.gorton@library.nepean.on.ca</a>
Advisory Member	Kevin Gardner 727-6700, 413	<a href="mailto:kevin.gardner@city.nepean.on.ca">kevin.gardner@city.nepean.on.ca</a>

#### **4.0 2001-2003 OPERATING BUDGET TEMPLATES**

The transition budget process requires that a 3-year budget be submitted to the Ottawa Transition Board. There will be a financial template, supplementary schedules, and a descriptive template. The financial template and supplementary schedules have been designed to accommodate the 3-year requirement. A sample of the template is included in Appendix A, and a sample of a supplementary schedule is included in Appendix B. Because of the requirement of a 3-year budget, the level of detail previously required has had to be foregone. The budget group has streamlined the information requirements so that the melding of 12 previous budgets will now be reflected as one new whole. Many assumptions will have to be made through out this budget process in order to provide the necessary budgets and meet the deadlines. In making any assumptions please discuss and document them with your budget team representative. Provided below in steps A-M is information to complete the financial template and the related schedules.

The operating budget templates will be finalized early next week. They will include information supplied to Tom Fedec by today on changes to the information residing in SAP regarding new cost centres or assigning cost centres to different programs. Connie Leong is coordinating the release of the operating budget templates. Connie can be reached at 727-6700, 403 and at e-mail [connie.leong@city.nepean.on.ca](mailto:connie.leong@city.nepean.on.ca).

Towards the end of August, a template requiring a written description of the functions, cost centres, other narratives and performance measures will be required. This template is still in the design stages. The information required on the descriptive template will be an abstract of the reports submitted to the Ottawa Transition Board (OTB) in September.

##### **A) Operating Budget Template Development**

i) New Services: Your budget associate will have access to blank templates so that new services can be budgeted. The blank templates can also be used if the SRT requires a further breakdown that currently exists in SAP. The Budget Team requires that one template be created for each cost centre. A cost centre represents the lowest level the SRT wants to present their budget, whether it is division or branch. A column in the template will allow the SRT to split out the 2000 budget to a division level to arrive at a new base. The changes in this column must net to zero to ensure that the 2000 budget remains in balance.

ii) Existing Services: For existing services, the templates to be issued next week will reflect the current structures residing in SAP. SRT are required to complete templates for all services areas, including ones that

used SAP for the development of their 2000 budget. They may continue to use SAP to develop their 2001 budget; however, the templates must be completed so that the information presented to OTB will be in a consistent manner and for three years.

### **B) Department, Function, Cost Centre and Code**

To complete these identifiers for new templates, please contact Connie Leong.

### **C) Cost and Profit Elements**

The cost and profit element (also referred to as object codes) shown on the templates are the ONLY ones available. It will NOT be possible to add new ones. For the 2002 budget process a full set will be available. This limitation was necessary in order to manage the data more efficiently and to ensure that the information from the 12 municipalities is comparable. During the 2001 fiscal year finance staff will be breaking out these cost and revenue elements into the new chart of accounts.

### **D) 2000 Budget Base**

This column reflects the 12 municipal budgets consolidated into the new functions as it stands currently in SAP.

### **E) Adjustment by BDT Column**

This adjustment column should contain those changes necessary to reflect the structure of the new City. All the increases and decreases will need to be communicated between team members in order to keep the budget in balance. The details and rationale for the changes will also need to be tracked. It is recognized that adjustments and fine-tuning will have to be done through out the budget process. What is submitted in September will have to be the best effort at that point in time. Changes will continue to be required once the OTB reviews the reports filed by the SRT.

### **F) Adjustment Column**

This column can be used by SRT who wants to break down their budgets into divisions and thereby allocating budget dollars within their branches. Changes made in these columns must net to zero within branches.

### **G) 2000 Budget Restated**

The **Restated** column will show the 2000 base budget restated. This will form the base from which the 2001 budget is developed. It is critical to get the base 2000 budget well established.

### **H) FTE**

The FTE column should reflect the approved budgeted complement. Further information on FTE is forthcoming. All adjustments, transfers, additions and deletions need to be communicated to Richard Barton 580-4751 ext 5632.

### **I) Amalgamation Savings**

This column, for each of the three years, is designed to reflect the savings realized by each SRT. In theory, the total over the three years should reflect what OTB wants to achieve. These savings may need to be phased in over a number of years. If the full savings cannot be realized over the three years please note that on the schedule provided. The schedule requiring a brief explanation of the anticipated savings is included in the operating budget template worksheet file.

**It is important to note that any changes in service levels from current services should not be included in any of the amalgamation cost/saving notation rather as a budget pressure.**

### **J) Amalgamation Costs**

The items shown in this column should reflect costs affecting the budget year after year. They should **NOT** include any items one time in nature. The one time transition costs and savings are discussed below in Section 6.0 of this bulletin. The amalgamated costs column for each of the three years is designed to reflect the so-called leveling up/down of costs resulting from amalgamation. The higher the amalgamation costs, the more savings that has to be found. Service level changes resulting from amalgamation **ONLY** should be reflected in this column. A brief explanation of the anticipated costs is to be included in a supplementary schedule.

### **K) Budget Pressures**

This column is to reflect those costs that would have happened regardless of amalgamation, for example, increase in fuel costs. This column in theory

would reflect the previously estimated \$78 million in budget pressure costs. Changes in service levels not resulting from amalgamation, for example, ambulance services should be shown here. Explanations **MUST** be provided on the supplementary schedule.

### **G) 2001 - 2003 Base Budget**

This column will be calculated by taking the prior year budget for example, the restated 2000 base budget column and subtracting the amalgamation savings, adding the amalgamation cost increases and budget pressures.

### **M) FTE**

The adjustment columns for each of the years should reflect the changes proposed by each of the groups. The base column will be calculated. If a position is being phased out only show the elimination in the year that there are no budget dollars left in the base.

## **5.0 BUDGET ASSUMPTIONS**

For each of the expenditure and revenue categories assumptions will be provided below. Some assumptions are unknown at this time and will have to be provided at a later date. New information will be provided through your Budget Development Team associate member. A lot of assumptions may have to be made at the corporate level and budget reallocations will be done at a later date. There are a few general rules of thumb that can be followed in completing this budget document.

### **RULES OF THUMB**

- A) The **general rule of thumb** will be budget based on 2000 budget information;
- B) Budget **GST at 3%** where applicable;
- C) Average where necessary;
- D) All one-time transition costs to be shown on a separate schedule;  
and
- E) Consider phasing in addition costs in part years where possible.

### **A) Compensation**

**i) Base Salaries** Existing 2000 levels except where new rates are known, for example, new senior management positions and areas where there are settled contracts for 2001. All current information on

positions and salaries will be available through your budget representative.

Once the new wage grids are decided on there will be a corporate wide budget adjustment to accommodate the impact.

**Please Note: all cost of living salary adjustments and increment information will be provided for at the non-departmental financial budget.**

**ii) Benefits** Please use rates that will be provided to the associate budget members along with the salary information. As with any cost of living salary adjustments, and adjustments to benefits will be provided for at the non-departmental financial budget.

**iii) Overtime** Use the above salary assumptions.

**iv) Other** This line item should contain all other employee compensation such as:

- a) Car Allowances
- b) Fees
- c) Boot allowance
- d) Reimbursement of tuition fees

**B) Purchased Services** Included in this section of accounts are all contractual services purchased from outside the corporation.

**i) Rentals** Include rental of all equipment, space, and non-city vehicles.

**ii) Repairs and Maintenance** Include all costs associated with City owned equipment, facilities, and vehicles.

**iii) Communications** Include translation costs, advertising, postage, courier, and printing.

**iv) Travel** Include mileage, transportation (air, train, bus) all related conference and convention costs.

**v) Professional Consultants** Include any cost for any consulting service purchased.

**vi) Other Purchased Services** Include services such as janitorial, catering, performance fees, securities services. Please provide a brief description on a supplementary schedule as to what is included under this cost element.

**C) Materials and Supplies** Included in this section of accounts are the purchase of goods needed to provide the City's services.

**i) Fuels & Lubricants** Allow for a **30%** increase in the Budget Pressures column if required to reflect the inflation impact of this supply. Any change in consumption up or down should be noted separately. Both the change in consumption and inflationary impact need to be documented on the budget pressure schedule.

**ii) Heating Fuels** Allow for a **15%** increase in the Budget Pressures column if required to reflect the inflation impact of this supply. Any change in consumption up or down should be noted separately.

For all other items listed below please budget according to need identify any inflationary impacts or changes in level of consumption.

**iii) Hydro**

**iv) Water**

**v) Chemicals and Gases**

**vi) Construction & Building Materials**

**vii) Auto Parts**

**viii) Program Supplies:** these include specific items used to deliver programming.

**ix) Office and Janitorial Supplies**

**x) Other**

**D) Fixed Assets** Included in this section of accounts is the purchase of fixed assets (also referred to as capital-from-current) from the operating

budget for the new City. These items are one time in nature but do not have a value of more than \$10,000. All items exceeding this amount should be included in a capital project. Some reasonability and discretion will need to be applied when budgeting for these items. These items need to be provided on a separate schedule. This line should NOT include any purchases resulting from amalgamation.

Please note that these amounts should not exceed the 2000 budget level.

**E) Transfer Payments** Includes realty taxes, social services, payments-in-lieu of taxes, and grants. Please do not change these amounts. A corporate reconciliation and budget elimination process will follow once the budget is submitted and rolled up in September.

**F) Financial** To be completed by the area treasurers and the BDT.

i) Debt: If debt appears in your budget please budget the same amount for 2001, 2002 and 2003 these amounts will all have to be reviewed by the budget team once all the submissions are complete and decisions are made by the OTB such as disposal of assets. **NO** assumptions should be made here.

ii) Pay-As-You-Go: For any Pay-As-You-Go amounts (also known as contributions to reserve funds) please leave them the same as the 2000 budget base. Once the capital budget requirements are known, the BDT will go back and adjust accordingly.

**G) Secondary Costs** This is where internal charges are recorded. Please do not adjust the budget for secondary costs until the policy is determined and direction provided through a future budget bulletin.

## **H) Revenues**

Prior years surplus / deficit must be zero "0".

Inter-municipal revenues and expenses will have to be eliminated. Please identify the ones you are aware of to Connie Leong so that changes can be made through the adjustments column.

## **6.0 One-time Transition Costs**

One time transition costs will need to be captured by year on a supplementary schedule to be provided. Again your budget representative will assist you in determining what needs to be included on this sheet. This list should include any items that relate to transition which are one time in nature. Funding for these items will **NOT** the ongoing operating budget.

Examples of these costs are painting of vehicles, name change on letter head, business cards, signage, software changes to streamline service delivery, and system upgrades.

**Please do NOT include** superannuation payments, adjustment of salary levels, voluntary exit package costs this will be provided by the HRTT.

## **7.0 New Information**

As information on policies, directions, and processes become known, we will provide bulletins on an on-going basis.

**Budget Development Team Bulletin No. 8**  
**Capital Budget Instructions**  
**September 1, 2000**

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## 1.0 INTRODUCTION

These instructions are intended to provide each SRT with the tools to develop their 2001 to 2003 capital budgets. Attached to this bulletin is the template titled Capital Budget Listing – 2001, 2002, 2003. This template is designed to facilitate the submissions of the capital budget to the BDT. Detailed instructions for completing the template itself are provided in this bulletin (see section 5.0). Also attached is a listing titled Capital Forecast Listing – 2001, 2002, 2003. This listing includes the capital projects that were previously forecasted by the individual municipalities for 2001, 2002, and 2003.

## 2.0 DEADLINES

The deadline for submission of the capital budget financial templates is **SEPTEMBER 15, 2000**.

## 3.0 BUDGET DEVELOPMENT TEAM

The team is located on the fifth floor at 111 Lisgar. The project leader is Karen Tippett at 748-4159 and at e-mail [karen.tippett@city.gloucester.on.ca](mailto:karen.tippett@city.gloucester.on.ca). The co-ordinator of the capital budget is Tom Fedec at 560-6065, extension 1316 and e-mail [fedecto@rmoc.on.ca](mailto:fedecto@rmoc.on.ca).

The list of Budget Associate Members of the BDT assigned to each functional area was included as an attachment to the Budget Development Team Bulletin No. 5.

The BDT is made up of the following people:

Project Leader	Karen Tippett 748-4159	<a href="mailto:karen.tippett@city.gloucester.on.ca">karen.tippett@city.gloucester.on.ca</a>
Operating Budget	Denise Clement 727-6700 - 450	<a href="mailto:denise.clement@city.nepean.on.ca">denise.clement@city.nepean.on.ca</a>
Capital Budget	Tom Fedec 560-6065 ext 1316	<a href="mailto:fedecto@rmoc.on.ca">fedecto@rmoc.on.ca</a>
SAP Budget Issues	Lou Flabourea 560-6065 ext 1728	<a href="mailto:flabourealu@rmoc.on.ca">flabourealu@rmoc.on.ca</a>
Corporate Issues	Marian Simulik 244-5300 ext 3052	<a href="mailto:msimulik@city.ottawa.on.ca">msimulik@city.ottawa.on.ca</a>
Reserve Funds	Christaine Brault 747-2507	<a href="mailto:vanier@istar">vanier@istar</a>
Advisory Member	Debra Frazer 236-1222 ext 5472	<a href="mailto:frazierd@police.ottawa-carleton.on.ca">frazierd@police.ottawa-carleton.on.ca</a>
Advisory Member	Brenda Gorton 727-6700 ext 306	<a href="mailto:brenda.gorton@library.nepean.on.ca">brenda.gorton@library.nepean.on.ca</a>
Advisory Member	Kevin Gardner 727-6700 ext 413	<a href="mailto:kevin.gardner@city.nepean.on.ca">kevin.gardner@city.nepean.on.ca</a>

## 4.0 2001 - 2003 CAPITAL BUDGET

The transitional budget process requires that a three-year budget be submitted to the Ottawa Transition Board (OTB). A simplified approach to the capital budget development has been taken in order to meet the deadlines of budget submission to the OTB. To this end, the SRT will only be required to submit their requirements for 2001-2003. Complete nine-year forecasts will not be required until the 2002 budget process.

**Please ensure that capital projects that will not be substantially started by December 31, 2000 are rebudgeted in 2001 if they are still required.**

Section 5.0 includes a description of the template titled Capital Budget Listing – 2001, 2002, 2003. This template is to be submitted to Tom Fedec of the Budget Development Team by September 15, 2000. The template to be completed is attached to the e-mail sending this bulletin.

For each capital project, please project the cost using the best information available. Please budget in 2001 dollars. Do **NOT** inflate the outer years. Ensure in the cost estimated, that you include PST and GST at 3% where applicable. Capital projects that are less than \$10,000 are to be included in the operating budget under the fixed assets category (capital-from-current).

## **5.0 Capital Budget Listing - 2001, 2002, 2003 Template**

At this time, all that will be required from the SRT is a project title as shown on the attached spreadsheet. Detailed descriptions, key plans or maps will not be required for submission to the OTB.

The budget team plans to present one public capital budget document to the OTB that would include an expenditure summary by department, a detailed funding summary, and a detailed financial plan. Detailed project descriptions **may** be presented in a separate document.

Below are detailed instructions to complete the template. Please do not add any columns to the worksheet; however, rows may be added to the template as required. Also, the budget associate members can use any space in the worksheet beyond the template for their own use.

- 5.1 Department** Enter the proper title of the new city department.
- 5.2 Branch** Enter the proper title of the new city branch.
- 5.3 Project Title/Description**  
Enter the most descriptive words possible to identify the project since this will be the most detail that the public and the OTB will see initially.
- 5.4 Location**  
Enter the name of the affected neighbourhood where necessary to help locate the project.
- 5.5 Service**  
Please refer to the legend at the end of the template to enter the code to indicate what type of service that the project will provide. The codes reflect the organizational

structure of the new city and correspond to the cost and profit centre structure that has been set up in SAP.

## **5.6 Gross Budget**

Ensure that the total cost of the project is reported on the template. This would include costs that would be recovered through grants or other outside sources. In this area, please enter the budget amount required in thousands of dollars in each of the three years that the funds are required.

Regardless of whether a project takes several years to complete, please record the total cost in the year that the project is to commence. The exception is a project that is in stages so that at the end of a year, the project could stand alone without further capital expenditure. An example would be a community building with a ball diamond. Although it may be planned as one project over two years, at the end of the first year, the community building is complete and it could stand alone without the ball diamond. In this case, please budget the project over two years.

## **5.7 Operating Cost Implications**

This column requires only a “yes” or “no” indication as to whether the capital project will incur operating costs in the future.

## **5.8 Categorization and Prioritization**

There are minimal requirements from the SRT for funding information. The budget team will be assigning the funding sources for the projects based on the availability of the funds. In general, the BDT will have the goal of ending up with the same opening balance in 2001 as it closes with in 2003. This will require the prioritization of projects to take place where need will play a big factor. The BDT will work with the SRT to ensure that the urgent needs are met.

To assist the BDT in completing the funding assignment, please complete the category column provided on the spreadsheet as discussed below.

### **5.8.1 Category**

Below is a listing of the categories for the capital projects. The codes to be used can be found at the end of the template.

- Transition related
- Legislated requirement
- Health and safety requirement

- Rehabilitation required
- Phased project approved by a previous council – no significant change in scope recommended
- Phased project approved by a previous council with change in scope
- New projects – development charges funded
- New projects – funded by other than development charges

### **5.8.2 Priority**

Please indicate whether the project has a priority of high, medium, or low.

## **5.9 Funding: DC**

These columns are designed to capture required information relating to development charges. As mentioned in Section 5.8, the SRT are not required to provide information of internal funding sources for capital projects other than to indicate what percentage of development charges can be applied to the project.

### **5.9.1 DC %**

Please indicate what percentage of development charges that can be applied to the project.

### **5.9.2 By-law**

Please indicate in what former municipalities' development charges by-law and work plan that the project was included to be eligible for funding from development charges. This will facilitate a reconciliation back to each work plan that will be done after the SRT submit their capital budgets.

## **5.10 Funding from Non-city Source**

The two columns are to be used to identify funding that will be provide from outside sources. Examples of these sources would be:

- Donations
- Fund raising
- Grants
- Future land sales

Please identify the amount expected from outside sources and the description of the sources.

## **6.0 Capital Forecast Listing – 2001, 2002, 2003**

This listing is provided for your information and includes the capital forecast for 2001, 2002, and 2003. The information was compiled from forecasts of the former municipalities that were included in their 2000 budget. If the municipality did not include a forecast in their 2000 budget, the information was submitted separately to the BDT. The Township of Goulbourn's information is not available at this time, and it will be forwarded to you when it is ready.

## **7.0 Attachments**

Template - Capital Budget Listing – 2001, 2002, 2003  
Capital Forecast Listing – 2001, 2002, 2003

## City of Ottawa Capital Budget Listing - 2001, 2002, 2003

Dept: TRANSIT

Branch: \_\_\_\_\_

19-Oct-00

Project Title / Description	Service (see legend below)	Gross Budget		
		2001 Budget (000's)	2002 Budget (000's)	2003 Budget (000's)
Vehicle & Equipment Replacement Program	FLS	1,488	732	683
Bus Equipment Replacement Program	FLS	4,375	2,777	1,557
Bus Refurbishing - Standard	FLS	4,600	5,700	3,000
Bus Refurbishing - Articulated	FLS	0	0	
Automated Fare Collection	FLS	2,000	4,000	4,000
Bus Information Systems	FLS	2,000	1,950	800
Computer Systems	IT	2,085	975	975
Standard Bus Replacement Program	FLS	7,532	6,695	13,391
Articulated Replacement/Additions	FLS	19,238	39,119	39,119
New Garage	RPAM	50	37,000	0
Plant	RPAM	5,050	4,845	4,945
Administration	TNS	247	228	228
Transitway/OC Transpo Capital Works Projects	ISR	1,935	1,665	1,365
Para Transpo	TNS	250	1,760	50
<b>Total</b>		<b>50,850</b>	<b>107,446</b>	<b>70,113</b>

Service	
Code	Description
ISR	Infrastructure Services (Engineering)
TNS	Transit
IT	Informatics
RPAM	Real Property & Asset Management
FLS	Fleet Services