

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Your File/V/Réf.	03 07-97-0095
DATE	27 January 1997
TO/DEST.	Co-ordinator, Transportation Committee
FROM/EXP.	Chief Administrative Officer
SUBJECT/OBJET	CAO'S REPORT TO JAN 21/97 CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE REGARDING "1997 PURCHASE OF SERVICE AND GRANT ENVELOPES"

DEPARTMENTAL RECOMMENDATION

That Transportation Committee recommend Council reduce the Transportation Purchase of Service envelope by 4%.

DISCUSSION

On January 21, 1997, I placed the attached report before the Corporate Services and Economic Development Committee. Also attached are the relevant discussion and motions from that meeting.

This report should be considered during your budget meeting of February 5, 1997, in relation to the Purchase of Service envelope administered by the Environment and Transportation Department. As you can see from the report, I am recommending a 4% reduction to all the Purchase of Service envelopes (except the Social Services Purchases of Service excluded by Community Services Committee and Regional Council) and a 21.5% reduction to the Grants Programs envelopes.

The same issue will be discussed at Community Services Committee regarding the Purchase of Service and Grant envelopes for which they are responsible.

Recommendations from all three committees will go forward to Regional Council on 26 February 1997 for its consideration.

*Approved by
C.M. Beckstead*

Attach. (2)

REGIONAL MUNICIPALITY OF OTTAWA CARLETON
 MUNICIPALITÉ RÉGIONALE D'OTTAWA CARLETON

REPORT
 RAPPORT

Our File/N/Réf. 02-05-96-0021-II
 Your File/V/Réf.

DATE 13 January 1997

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Chief Administrative Officer

SUBJECT/OBJET **1997 PURCHASE OF SERVICE AND GRANT ENVELOPES**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee and Council approve savings of \$752,000 by reducing the 1997 Purchase of Service envelopes by 4% and by reducing the Grant envelopes by 21.5%.

PURPOSE

This report recommends reductions in the Purchase of Service and Grant budget envelopes as part of the overall Corporate initiative to achieve savings in the 1997 year.

BACKGROUND

The Corporate Review was initiated in September to respond to fiscal pressures resulting from reductions in transfer payments to the Region and funding cuts to many Regional programs. A report on the Corporate Review was presented to Council on 22 May 96 outlining Core Services, Levels of Service and Efficiency Improvements, the Impact on Human Resources and Internal Communications. The report identified \$11.2 M in savings from the Region Wide Fund. The cuts were made to all areas of the Corporation resulting in a reduction of 140 positions.

In that report of May 22nd, \$1.35 M in potential savings was estimated to come from Purchased Services in the social services area, from other service agencies, and from the Grant envelopes. Purchases of Service were to receive a reduction of 4% with a reduction in the Grant envelopes of approximately \$480K. Staff indicated at that time that a report would be presented on grants in the Fall of 1996.

Since 22 May, the following actions have impacted the Purchase of Service and Grants targeted reductions.

1. The \$1.35 M savings guideline has been revised to \$1 M as the Humane Society of Ottawa-Carleton Purchase of Service was included in the original estimate and has been removed. The Humane Society's Purchase of Service for \$357K will be the subject of a separate report to Corporate Services and Economic Development Committee.
2. In addition, Regional Council on 10 July 96 supported a Community Services motion that the 4% reduction to all Purchases of Service throughout the RMOC not be applied to the Social Service's Purchase of Service envelope. The effect of the motion was to reduce the target by \$248K. The exclusion of Social Service Purchase of Service results in the \$1M target becoming \$752K.
3. On December 19, 1996, the Provincial government announced the final reduction, from which the RMOC had to realize \$12.6M in cuts.

Thus, I have lowered the target of \$1M to \$752,000 to accommodate Regional Council's direction of the exemption of Social Services Purchase of Service envelopes from the reductions.

In order to develop a method of achieving the targeted savings, I reconvened the Grants Review Advisory Task Force responsible for the 1995 Corporate Grants Review in order to solicit their input. The Task Force includes Councillors Beamish, Munter, and Loney, the Chief Administrative Officer, the Regional Clerk and the Commissioner of Social Services. However, the decision regarding funding cuts to these envelopes was considered best made in the context of all the other budgetary recommendations being brought forward by the RMOC management. Thus, the recommendations in this report are the result of administrative discussions.

DISCUSSION

In 1994, Regional Council approved a report by the Chief Administrative Officer that reviewed the previously named "General Grants" funds and developed from that the Economic Development Grants Program. In 1995, Regional Council approved a report by the Chief Administrative Officer that reviewed all the Regional "granting" funds, and put forth

recommendations to enhance consistency throughout the RMOC, including many areas such as the applications process, the approvals process and the newly developed categories of “Purchase of Service” and “Project Grants” for all these funds. Those distinct categories are relevant to the percentage reductions in this report.

When RMOC realized the fiscal challenges it would be facing in 1996, it became clear that all of the Region’s services and administrative areas would require review, prior to funding decisions being made. The Purchase of Service and Grants envelopes, like all other areas of the Corporation, generated questions regarding our mandate, a recognition that we cannot meet all the needs of our taxpayers, and some discussions about the methods with which we could make the best use of our limited and diminishing funds.

The following outlines the reductions described in this report:

Target	\$ 1,000,000
Exemption of Social Services Purchase of Service Envelope	- \$ 248,000
New Target	\$ 752,000
Reduce all Purchases of Service and Arts Operating Grants by 4%	- \$ 208,696
New Target	\$ 543,304
Reduce Grants by 21.5%	- \$ 272,000

Appendix A indicates the recommended allocations for each envelope for 1997.

The following factors were considered when the reductions were established.

Recent Grants History

The Grant programs have evolved over varied timeframes and in differing ways. Some granting programs were established many years ago, while some are very recent grants programs.

The Arts Grant Program began in 1978 and is funded on a per capita basis. The Program is administered through the Regional Clerk’s Department and the Advisory Committee on the Arts. The grants enable organizations to improve their services to the arts community and audience, fund special projects, and strengthen the arts infrastructure.

The Economic Development Grants Program began in 1995 after a review and shift in the priorities of the previous General Grants funds. The Program is administered by the Regional Clerk’s Department and its purpose is to increase economic activity within Ottawa-Carleton.

The Environmental Grants Program awarded grants in 1995 of \$75,000, not in 1996, and will be functioning again in 1997 at a proposed budget of \$40,000. It supports projects providing environmental benefits in water efficiency, solid waste diversion, waste water and the water environment.

The Health Grants Program was approved in 1993 to provide project grants to support new or innovative health promotion projects.

The Social Services Grants Program was formalized in 1974. Its purpose now is to fund creative short-term projects to meet emerging needs in the field of social services.

While these granting programs have differing histories, what has been consistent has been the growth in their funding envelopes since their inception.

Repeat Recipients

The nature of the RMOC granting programs is to support project or one-time grants, with the exception being the “operating” grants in the Arts envelope. Most of the program materials describe the intent to support one-time, project, innovative and seed funds.

All other funding allocations that were determined to be most closely aligned with the core services of the department, have been designated as Purchases of Service in keeping with that distinction that was approved by Regional Council in October, 1995. Many of the Purchase of Service envelopes involve more annual repeats of funding to the same agency for specific services.

A review of the 1992 to 1996 “one-time” or “project” granting streams indicates that we have not yet achieved our goal to support primarily new, start-up or innovative projects in the community. Our granting programs continue to support many agencies year after year under this category of “one-time” or “project”. During the years 1992 to 1996, some agencies received funding every year. Of the agencies given grants by the RMOC, approximately 2/3 received a grant in at least one other year.

The Grant Programs should take these repeat recipients into consideration when deciding how to apply the reductions to their granting envelope reductions. While some of these repeat recipients are genuinely using the funding for distinct projects each year, we need to be more diligent in applying our one-time funding to “one-time” projects.

Core Services

In times of serious fiscal restraint, it is prudent to review an organization’s priorities and its spending abilities, and then to direct the limited dollars toward agreed-upon priority areas. This was the process used throughout the review of all services in 1996. The Corporation reviewed

each Department's services in the context of a continuum between our mandatory legislated services and our fully discretionary services. Management considered those services closest to our core mandate as deserving of the utmost protection should further reductions be required.

Undoubtedly, the Purchase of Service envelopes are most closely linked to our core services. Conversely, our Grant envelopes are further removed from our core services. For this reason, I am proposing a 21.5% reduction to the grants envelopes. The Grants Panels could then decide to either:

- apply the 21.5% reduction equally to all the approved grants; or
- reduce the envelope by 21.5% and provide grants to fewer agencies; or
- reduce the envelope by 21.5% and use defined service priorities to apportion the grants funds.

I believe this reduction is justified in times where funding from the Province has been reduced by over 60%, and will be reduced again next year. We must direct our limited and diminishing resources towards those areas more closely aligned with the Regional mandate. Consequently, I am recommending only a 4% reduction to the Purchase of Service envelopes. This is in keeping with the average reduction experienced throughout the Corporation, which included reduced administrative resourcing and the downsizing that resulted in the reduction of 140 employees across the RMOC.

Thus, our Purchase of Service envelopes will receive a lesser reduction than our non-contractual partners.

Fiscal Cutbacks

The Regional Corporation is experiencing a period of unprecedented imposed restraint, along with its public partners at the lower tier and the Provincial and Federal levels.

Historically, we have provided our community with quality programs and services balanced with strong fiscal management. The present environment challenges the Corporation to look for new ways to maintain services and maximize human resources while being sensitive to the needs of our community. The challenge of maintaining service to the public with unfortunately, a diminishing resource base requires that everyone contribute to a sustainable solution. All of our partners must share in the fiscal reality experienced by the RMOC.

Citizens in Ottawa-Carleton are fully cognizant of the cuts that have been made to local government funds by the Province of Ontario. It is commonly recognized that funding will continue to decrease. I believe it is our responsibility to inform the granting agencies of the fiscal consequences that they will likely face in the future, and not extend to them a sense of security that we may not be able to sustain. Instead, they will be an integral part of present and future exercises to balance competing priorities

Opportunities for Further Efficiencies

The need to achieve savings of the magnitude required in 1997, and for the foreseeable future, requires that the Corporation consistently and systematically explore every opportunity to create efficiencies. Certainly, the administration of our Purchase of Service and Grant envelopes require an administrative infrastructure to develop, advertise, review, and allocate funds for these programs. To ensure all Regional programs and services are reviewed to maximize savings, the Chief Administrative Officer will review the administration and services provided through Purchase of Service agreements and Granting programs to ensure effective and essential service delivery. This review will identify opportunities for efficiency gains in administration and services.

We will also seek efficiencies which will be of assistance to the funding agencies.

- In accordance with our Corporate principle to first seek administrative reductions before program reductions, we will encourage our funded agencies to review their administrations for opportunities to reduce overhead. For example, the agencies may be able to share administrative resources with other similar agencies.
- We will work with our funded agencies to reduce overlap and identify gaps.
- We will bring common groups together where it is desired and appropriate.
- The Departments will forward to the Corporate Resource Centre, materials related to fund-raising as well as information on other funding streams. This material will be accessible to the agencies.

FINANCIAL IMPLICATIONS

The financial impact of this report will achieve savings. There will be no added financial impact to the Corporation.

PUBLIC CONSULTATION

The proposed funding reductions will be applied to budget envelopes. Following approval, Departments and Committees will then determine how the reductions will be implemented within each envelope.

CONCLUSION

As significant savings must be achieved by the Region in response to Provincial cutbacks it is, unfortunately, essential that reductions be made to Purchase of Service and Grant Envelopes.

The major Grants programs have realized steady growth throughout their history, and despite their “one-time” nature, have had the benefit of providing repeat funding to some agencies. This may no longer be possible. We must distribute our limited funding resources in a manner that will impact broadly across the Region.

The RMOC and its partners must all share in the funding cutbacks that face local governments today. This report recognizes those funding envelopes closest to our core services. In order to do so, the grants envelopes, comprised of our non-contractual partners, must realize significant cutbacks this year.

Respectfully submitted,

Approved by
C. M. Beckstead

RMOC Grant Program Reductions 1997

**(Purchases of Service and Arts Operating Reduced by 4%
Grants Reduced by 21.5%)**

Envelopes	1996 Grants		1997 Grants	
	Operating	Project	Operating	Project
Arts	\$ 600,000	\$ 276,000	576,000	216,660
Economic Development Grants		287,000		225,295
Environmental Grants (no funding in 1996, but was reduced from \$75K in 1995)				40,000
Health		260,000		204,100
Social Services		442,000		346,970
Total	600,000	1,265,000	576,000	1,033,025

Extract of Draft Minute
Corporate Services and Economic
Development Committee
21 January 1997

1997 PURCHASE OF SERVICE AND GRANT ENVELOPES

- Chief Administrative Officer's report dated 13 Jan 97

Chair Clark reported the Corporate Services and Economic Development Committee would set the envelopes for the Arts Grants, Economic Development Grants, and other external agencies that receive Purchases of Services as presented in the Committee Budget Book only. He confirmed the Environment Grants of \$40,000 would be discussed at the Planning and Environment Committee, the Health and Social Services Purchases of Service and Grants at the Community Services Committee, and Transportation Purchases of Service at Transportation Committee.

M. Beckstead, Chief Administrative Officer, reported that Management Committee and Corporate Review recommended that \$1 million be taken from the total of the Purchase of Service and Grant envelopes. However, on 10 Jul 96, Council supported a recommendation from Community Services Committee that not be applied to Social Services and therefore reduced the target to \$752K. In attempting to allocate this fairly taking into consideration the one-time grant issues, staff struggled to come to some conclusion. Mr. Beckstead explained the 4% reduction applied brought the amount yet to be determined to \$544K. He stated staff recommended a reduction of 21.5% to the Grants envelopes leaving a shortfall of approximately \$272K, an amount that would be found elsewhere prior to finalization of the budget. Mr. Beckstead noted the 21.5% applied to one-time grants and would not be part of an operating fund in most areas. In closing, Mr. Beckstead reported the 4% reduction was consistent with a similar 4% experienced by the Region, which included a reduction of 140 employees from the Regional staff complement. The figure of 21.5% reduction represented only one-half of the reduced Provincial grant received by the Region through the Ontario Municipal Support Program, that being approximately 40%.

Councillor Loney stated he planned to move a motion that would result in a 4% reduction on the 1997 Arts Project Grants envelope. Councillor Loney explained that the process of dealing with the reductions to the Purchases of Service and Grants envelopes was negatively affected by the 10 Jul Council decision regarding exemption of the Social Services Purchase of Service envelope. Councillor Loney acknowledged the Arts Grants should contribute to the target and realized the economic situation, however, believed 21.5% was not reasonable. The Chief Administrative Officer noted that the change to 4% rather than 21.5% would represent the addition of approximately \$50,000 to the budget, with another addition of approximately \$50,000 should the same be done for Economic Development Grants.

Selected Motions as follows:

(Note that items 4, 5, 6, 7, and 9 showed a 4% reduction in the Committee Budget documents.)

4. OTTAWA-CARLETON ECONOMIC DEVELOPMENT CORPORATION (OCEDCO)
- Corporate Services and Economic Development Budget Book, pages 185-189

That the Corporate Services and Economic Development Committee and Council approve the 1997 Ottawa-Carleton Economic Development Corporation Budget, page 189, as presented.

CARRIED

ENTREPRENEURSHIP CENTRE

- Corporate Services and Economic Development Budget Book, pages 193-197

That the Corporate Services and Economic Development Committee and Council approve the 1997 Entrepreneurship Centre Budget, page 197, as presented.

CARRIED

5. OTTAWA TOURISM AND CONVENTION AUTHORITY (OTCA)
- Corporate Services and Economic Development Budget Book, pages 200-203

That the Corporate Services and Economic Development Committee and Council approve the 1997 Ottawa Tourism and Convention Authority Budget, page 203, as presented.

CARRIED

6. OTTAWA CARLETON RESEARCH INSTITUTE (OCRI)
- Corporate Services and Economic Development Budget Book, pages 207-211

That the Corporate Services and Economic Development Committee and Council approve the 1997 Ottawa Carleton Research Institute Budget, page 211, as presented.

CARRIED

7. OTTAWA LIFE SCIENCES COUNCIL
- Corporate Services and Economic Development Budget Book, pages 214-217

That the Corporate Services and Economic Development Committee and Council approve the 1997 Ottawa Life Sciences Council Budget, page 217, as presented.

CARRIED

Extract of Draft Minute
Corporate Services and Economic
Development Committee
21 January 1997

8. HUMANE SOCIETY OF OTTAWA-CARLETON

- Corporate Services and Economic Development Budget Book, pages 220-223

The 1997 Humane Society of Ottawa-Carleton Purchase of Service of \$357,000, as presented on page 223 of the Budget Book, was deferred pending a separate report to the Corporate Services and Economic Development Committee on this matter. J. LeBelle, Finance Commissioner, confirmed the report will be brought forward to the Committee prior to Council consideration of the budget.

9. OTTAWA-CARLETON WILDLIFE CENTRE

- Corporate Services and Economic Development Budget Book, pages 226-229

Moved by M. Bellemare

That Councillor Stewart's motion be amended to add the following: "..., pending a resolution of the funding responsibility for this service between the Region and local municipalities."

CARRIED

Moved by W. Stewart

Whereas the total annual purchase of service agreement required to continue the Ottawa-Carleton Wildlife Centre (OCWC) urban wildlife response for RMOC ratepayers is \$51,100;

Whereas some local municipalities have already made cost-sharing commitments to cover part of the \$51,100, while the remaining municipalities have either not done so or have indicated that they believe that the responsibility should rest with the Region until the governance issue is decided;

Whereas all RMOC ratepayers who access the OCWC's service in the meantime will be advised by letter of the source(s) of funding for the service in their municipality;

Therefore be it resolved that, in addition to the amount identified in the 1997 Draft Operating Estimates, the Region provide the balance of the \$51,100 not covered by local municipalities, pending a resolution of the funding responsibility for this service between the Region and local municipalities.

CARRIED as amended

Extract of Draft Minute
Corporate Services and Economic
Development Committee
21 January 1997

That the Corporate Services and Economic Development Committee and Council approve the 1997 Ottawa-Carleton Wildlife Centre Budget, page 229, as amended.

CARRIED as amended

10. ECONOMIC DEVELOPMENT GRANTS

- Corporate Services and Economic Development Budget Book, pages 232-233

Moved by B. McGarry

That the 1997 Economic Development Grants Budget as presented on page 233 be reduced by 4%.

CARRIED

That the Corporate Services and Economic Development Committee and Council approve the 1997 Economic Development Grants Budget, page 233, as amended.

CARRIED as amended

11. ARTS GRANTS

- Corporate Services and Economic Development Budget Book, pages 236-237

Moved by A. Loney

That the 1997 Arts Grants Budget as presented on page 237 be reduced by 4%.

CARRIED

That the Corporate Services and Economic Development Committee and Council approve the 1997 Arts Grants Budget, page 237, as amended.

CARRIED as amended