

Our File/N/Réf. 03 07-99-0095

DATE 25 January 1999

TO/DEST. Transportation Committee

FROM/EXP. Committee Co-ordinator

SUBJECT/OBJET **1999 TRANSPORTATION COMMITTEE BUDGET REVIEW**

REPORT RECOMMENDATION

That the Transportation Committee consider, for recommendation to Council, the 1999 Draft Capital and Operating budget estimates for the Transportation Committee, as tabled by Council on 25 November 1998.

BACKGROUND

On Friday, 5 February 1999, the Transportation Committee will undertake its review of the 1999 budget. The following documents were tabled at the Council meeting of 25 November 1998 and will be considered as part of the committee's review:

1. 1999 Draft Estimates - Executive Summary of Expenditures and Taxation Requirements
- Finance Commissioner's report dated 25 Nov 98
2. 1999 Draft Operating Estimates Transportation Committee Existing Program Requirements
3. 1999 Draft Capital Estimates and 10 Year Capital Forecast

Further to the above, the following documents are attached for consideration as part of the committee's your consideration:

1. 1999 Budget Sub-Committee Report
- Co-ordinator, Budget Sub-Committee report dated 26 Jan 99
2. Capital Budget
- Planning and Development Approvals Commissioner memo dated 11 Dec 98

Approved by
Rosemary Nelson

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 03 02-99-0076
Your File/V/Réf.

DATE 26 January 1999

TO/DEST. Committee Coordinators,
Community Services Committee
Corporate Services and Economic Development Committee
Planning and Environment Committee
Transportation Committee
Transit Services Committee

FROM/EXP. Committee Coordinator
1999 Budget Sub-Committee

SUBJECT/OBJET **1999 BUDGET SUB-COMMITTEE REPORT**

SUB-COMMITTEE RECOMMENDATION

The Budget Sub-Committee was constituted to review the 1999 Regional budget in an effort to maintain the net taxation requirement for Regional programs at 1998 levels;

The Budget Sub-Committee acknowledges the 1999 budget challenges and reduction initiatives as outlined in the Chief Administrative Officer and Finance Commissioner's Joint Report dated 18 January 1999 entitled "1999 Draft Estimates - Budget Reductions and Adjustments Options";

The Budget Sub-Committee recommends the Standing Committees consider the 18 January 1999 Joint Report, the Budget Sub-Committee comments of 20 January 1999, and any other initiatives or alternatives that the Standing Committees deem advisable to reduce the departments' 1999 budgetary requirements in an effort to maintain net taxation requirements at 1998 levels.

BACKGROUND

On 13 May 98, Regional Council approved Motion 133, as amended, approving the formation in principle of a Budget Sub-Committee (working group). Subsequently, on 24 Jun 98, Regional Council approved the Sub-Committee's Terms of Reference and membership.

Budget Sub-Committee meetings were held in October 1998 to review departmental programs, budget pressures and draft estimates.

The Budget Sub-Committee met on 20 Jan 99 to consider the Chief Administrative Officer and Finance Commissioner's Joint Report dated 18 Jan 99 entitled "1999 Draft Estimates - Budget Reductions and Adjustments Options".

Immediately attached for consideration by the Standing Committees is the Chief Administrative Officer and Finance Commissioner's joint report dated 18 Jan 99. Also for consideration are the Draft Minutes of the Budget Sub-Committee meeting of 20 Jan 99.

In addition to the above-noted documents, Standing Committees will review the respective 1999 Draft Operating Estimates, 1999 Draft Capital Estimates and 10-year Capital Forecast, as previously tabled with Council on 25 Nov 98.

*Approved by
Kim Johnston*

Attach. (2)

Our File/N/Réf.
Your File/V/Réf.

DATE 18 January 1999

TO/DEST. Co-ordinator
Budget Sub Committee

FROM/EXP. Chief Administrative Officer
Finance Commissioner

SUBJECT/OBJET **1999 DRAFT ESTIMATES
BUDGET REDUCTIONS AND ADJUSTMENTS OPTIONS**

REPORT RECOMMENDATION

That the Budget Sub-Committee consider the budget reductions and adjustments in the amount of \$27.7 million and \$4.5 million respectively as summarized in Annex B of this report and that this report be submitted by the Budget Sub-Committee to the Policy Committees for consideration at their respective budget review meetings.

BACKGROUND

On November 25, 1998, a joint report of the Chief Administrative Officer and Finance Commissioner entitled "1999 Draft Estimates - Executive Summary of Expenditure and Taxation Requirements" was tabled with Council. The purpose of the report was to present to Council a summary of the 1999 draft operating and capital requirements as detailed in the Policy Committee documents along with providing an overview of the various budget pressures to be addressed in 1999.

The report presented three taxation requirement scenarios. The "Base Case" scenario presented the taxation requirements prior to the implementation of Bill 79 - *the Fairness to Property Taxpayers Act*. Two additional scenarios presented what staff believed to be the best and worst case impact on payments-in-lieu of taxes (PIL's) resulting from the introduction of Bill 79. As was noted in the report, this provincial legislation, which was designed to cap tax increases on taxable multi-residential, commercial and industrial properties for the years 1998 to 2000 at 10%, 5% and 5% respectively, could have a disastrous effect on the PIL's generated from Federal government properties. Annex A presents these three taxation scenarios.

Based on the discussions that have taken place subsequently between the Chair's Office, Regional staff and Provincial and Federal government officials, it is anticipated that the impact of Bill 79 on the level of PIL revenues from federal properties will likely reflect the amounts shown in Scenario #2 otherwise referred to as the "modified cap." It was estimated at the time the draft estimates were tabled that Scenario #2 would result in an increased taxation requirement of approximately \$32.2 million or a 5.8% tax increase in the absence of provincial assistance or program reductions.

To date, no additional funding has been announced by the provincial government. Staff have been reviewing the funding requirements of all program areas as presented in the 1999 Draft Estimates in order to present Committees and Council with a package of reduction and adjustment options that could address the total funding shortfall of \$32.2 million without a tax increase as reflected in Scenario #2 and in the absence of provincial assistance.

The reduction and adjustment option package outlined in this report has been developed for the consideration of the Budget Sub-Committee in accordance with the following budget principles as adopted by Council on September 23, 1998:

The Budget Sub Committee will:

- *Aim to have a 0% tax increase, subject to adequate provincial funding to address the financial problems caused by provincial downloading, and that priority will be given to administrative and operational efficiencies and that any reductions to services that sustain the health and economic prosperity of Ottawa-Carleton will be given the lowest priority.*
- *Aim to maintain the total net taxation requirement for Regional programs at 1998 levels except for the increased amount required for Police purposes associated with the final year of OPP phase-in costs.*
- *Review the delivery and objectives of all Regional programs with the purpose of proposing administrative efficiencies and program reductions that will not adversely affect:
 - a) *the financial integrity of the corporation;*
 - b) *the maintenance and repair of Regional infrastructure; and*
 - c) *the most vulnerable citizens in the community**
- *Ensure that the maintenance and repair of infrastructure is done in the most cost effective manner.*
- *Continue to pursue the Province of Ontario for its continued financial support of downloaded services and that this continued financial support for 1999 be communicated to the Region before October 31, 1998.*

Annex B summarizes by program area the Budget Reductions and Adjustments Options. Details of each option are described below.

1) Regional Departments - \$6.1 million

a) Departmental Program Reductions - \$5.2 million

The Management Committee has conducted a review of all regional programs and has prepared a list of proposed reductions. These reductions have, to the greatest extent possible, been developed in keeping with Council’s budgetary principles. However, the magnitude of the reductions required to achieve Council’s 1999 property tax objective cannot be solely achieved with program or administrative efficiencies. Operational efficiencies have been and are continually extracted from departmental budgets. That is not to say that additional efficiencies cannot be achieved but rather that significant savings can only be achieved through program reductions or elimination. The following table summarizes the amount of proposed reductions by program area. Details by department are provided in Annex D.

Department	Reduction
<u>Tax Supported Programs</u>	
	<u>\$000’s</u>
Administrative Departments	1,384.5
Community Services	1,850.0
Planning & Development	581.0
Environment & Transportation	
- Transportation Services	1,132.0
- Solid Waste	165.0
Total Tax Supported Program	5,112.5
<u>Rate Supported Programs</u>	
Environment & Transportation	
- Water Operations	700.0
- Sewer Operations	306.0
Total Rate Supported Programs	1,006.0

b) Reduce Departmental Provisions for Purchased Services - \$1.0 million

In order to achieve the overall reduction target, the Management Committee has re-examined the total departmental provisions for a wide range of expenditure items including such objects as conferences, consultants, business travel, advertising, parking, and office supplies. An additional 10% across the board reduction is required in order to achieve the required total reduction target of \$32.2 million. This will decrease the funding requirements of tax supported programs by \$1.0 million and rate supported programs by \$0.2 million.

2) OC Transpo - \$9.2 million

The 1999 draft operating estimates for OC Transpo purposes as tabled on November 25, 1998 were developed in September of 1998, prior to the implementation of any organizational restructuring. At the time, the draft estimates identified an increased taxation requirement of approximately \$9.4 million. Since then, the Interim General Manager of OC Transpo and Finance Commissioner have conducted an extensive review of the operating estimates with OC Transpo staff and have identified a number of budget reductions and adjustments that can be implemented for 1999 without affecting Council's objective to promote public transit ridership through improved service and reliability.

a) Reduce Fuel Budget - \$1.3 million

The 1999 service plan was based on a diesel fuel price assumption of 23¢ per litre. As a result of the continuing drop in world oil prices, staff have been able to lock in the supply of diesel fuel for the first six months of 1999 at a price of 18¢ per litre. The effect of this reduction is a saving of approximately \$1.0 million. In addition, it is estimated that the fuel budget can be reduced by an additional \$0.3 million by assuming a price of 20¢ per litre for the last six months of 1999 instead of the current price of 21.6¢. At the present time diesel fuel forward contract quotes are in the 18-20¢ per litre range.

b) Capitalize Major Bus Rebuilds - \$1.1 million

In previous years, the accounting treatment for recording expenditures associated with major bus rebuilds was to charge these costs directly to operations. Since the incurring of these costs is designed to increase the useful life of the asset from three to seven years on average, these yearly expenditures should more properly be set up as a capital program of works and funded from the Transit Capital Reserve Fund. It should be noted that this will have the effect of reducing the balance in the Transit Capital Reserve Fund available to fund the future acquisition of new buses.

c) Reduce Depreciation Reserve Fund Contribution - \$0.5 million

The depreciation base, as provided in the 1999 operating estimates is approximately \$25.6 million representing an increase of \$2.0 million over the 1998 budget. It is proposed to reduce the additional contribution from \$2.0 million to \$1.5 million. This will result in having less funds in the depreciation reserve fund to replace buses in future years.

d) Reduce Sick Benefit Reserve Fund Contribution - \$0.6 million

Yearly contributions to this reserve fund provide for the costs associated with retirement benefits. Upon review of the fund balance, it is projected that the 1999 contribution requirement can be decreased by \$0.6 million. The level of contribution will be re-examined during the development of the 2000 operating estimates.

e) Reduce Insurance Reserve Contribution - \$0.8 million

An additional \$0.8 million was provided in the 1999 operating estimates to address a funding shortfall which was identified by the insurance carrier of OC Transpo. This requirement has been addressed as part of 1998 operations and is therefore not required in 1999.

f) Reduce Short Term Interest Budget - \$0.4 million

As a result of a number of corporate initiatives, including the integration of OC Transpo's financial operations with the Region and the use of only one bank account, it is felt that OC Transpo's short term borrowing costs can be reduced by \$0.4 million.

g) One Time Funding of Increased Service / Reliability Initiatives - \$4.6 million

Included in the 1999 draft operating estimates are a number of new initiatives designed to improve the reliability of the public transit system and to increase the service provided to the public. In conjunction with these two initiatives, additional funding for marketing and safety-related programs has also been provided in the estimates. The payback for this investment is projected to manifest itself in increased ridership which is forecast to generate approximately \$2.5 million in additional farebox revenues. This increase in revenue has also been reflected in the 1999 estimates. A summary of the proposed funding associated with the new ridership initiatives is summarized below:

Initiative	Expenditure (\$000's)	Revenue (\$000's)	Net (\$000's)
Improved Reliability	2,400	1,083	1,317
Increased Service	3,150	1,422	1,728
Marketing	818	-	818
Safety	734	-	734
Total	7,102	2,505	4,597

Council's commitment to increase public transit usage in order to achieve the transportation modal splits as expressed in the Official Plan will require significant additional resources. At this time, it is uncertain whether this \$7.1 million investment in these public transit initiatives will in fact increase ridership and result in the projected additional revenue of \$2.5 million. It is proposed, therefore that, if these initiatives are adopted by Council, they be funded by a one time contribution from the Transit Capital Reserve Fund and that the success of the program be reviewed late in 1999 to determine whether continued funding in the 2000 operating budget is warranted. Again it must be noted that, while this approach eliminates the impact of these initiatives on 1999 property taxes, the effect is to reduce the balance in the Transit Capital Reserve Fund available in future years to fund the acquisition of new buses.

3) Discontinue Vested Benefit Reserve Fund Contribution (OMERS Holiday) - \$5.5 million

As a result of an excess surplus in the Ontario Municipal Employee Retirement System plan (OMERS), the OMERS board announced in 1998 a three year premium “holiday” for contributions from both employees and employers. This holiday is to expire at the end of 2001 with premiums to be phased-in over the subsequent three years. Prior to October 1998, the OMERS holiday had been expected to end in 1999. As a result, the staff recommendation, as outlined in the November 25, 1998 tabling of the Draft Estimates, was to maintain this budgetary base provision by contributing these premium savings to the Vested Employee Benefit Reserve Fund during the holiday period. Given the extension of the OMERS holiday and the magnitude of the reductions required to achieve Council’s property tax objective, it is proposed that this provision be discontinued at this time, with the understanding that once the premium holiday is over, these funds will need to be re-provided in future operating budgets.

4) Reduction to (PAYG): Transit Capital Reserve Fund Contribution - \$3.0 million

In the development of the ten year capital program for transitway and OC Transpo purposes, approximately \$53.0 million has been provided in the 1999 draft operating estimates along with subsequent yearly contributions of \$50.0 million for the remaining nine years of the forecast period. Council was advised at the tabling of the draft estimates that the program requirements for OC Transpo, as presented in the capital document, reflected the program envelope as presented in the 1998 ten year forecast. Finalization of the 1999-2008 capital program will be dependent on Council’s approval of the recommendations contained in the final KPMG study together with the related business case. Subject to this additional information being developed during 1999, the 1999 PAYG contribution is being reduced by \$3.0 million.

5) Reduction to PAYG: Child Care Capital Reserve Fund Contribution - \$1.5 million

As directed by Council, the 1999 draft estimates contain a \$1.5 million contribution to the Child Care Capital Reserve Fund. Based on discussions with the Social Services Department, it is anticipated that an amount of \$830,000 towards this contribution can be accommodated from the operational savings achieved from the implementation of the National Child Tax Benefit program in the 1998 fiscal year. The balance of \$670,000 required can be funded from 1998 Child Care operating surpluses or from the Child Care Contingency Fund. Therefore, it is recommended that the 1999 budgetary provision be eliminated and that the contribution of \$1.5 million be funded from these savings. Funding of the 2000 requirement will be addressed during the development of the 2000 draft estimates.

6) Eliminate Unforeseen Provision - \$0.2 million

The majority of this provision has in recent years been used to provide grants to organizations that do not meet the eligibility criteria established by Council for accessing funds from other existing Regional grant programs. Elimination of this provision will limit Council’s ability to grant these requests which fall outside Council’s established criteria.

7) Reduce Corporate Human Resource Provision - \$0.5 million

The Corporate Human Resource Provision provides funding for a number of corporate programs, such as benefits for retirees, job evaluation, termination & sick leave and parental leave. A full description of all the programs can be found on page 79 of the 1999 Corporate Services & Economic Development Committee document. Based upon a re-examination of all budgetary provisions in this account, the Acting Commissioner of Human Resources has indicated that a \$0.5 million reduction, representing a reduction of 10%, is achievable.

8) Reduce External Agencies 1999 Submissions - \$1.6 million

The 1999 submissions received from the external agencies represent an increase of \$1.6 million to the level of funding provided in 1998. Given the magnitude of the reductions required to achieve Council's budget objectives, it is recommended that no increase in funding to external agencies be provided in 1999.

9) Increased Provincial Offences Notice Revenue - \$1.0 million

With the coming into force of the *Streamlining of Administration of Provincial Offences Act, 1997*, the Ministry of the Attorney General has made available a new source of revenue to the municipal sector. This legislation, which allows for the transfer of the administration and prosecution of most provincial offences to municipalities, will also provide to participating municipalities the fine revenue generated as a result of those offences. In Ottawa-Carleton, the most current provincial estimates indicate net *Provincial Offences Act* fine revenue in the amount of approximately \$3.5 million per year. Though this revenue transfer was effective January 1, 1998, these amounts are presently being held on account for Ottawa-Carleton pending the negotiation and signing of an Inter-Municipal Service Agreement between the Region and area municipalities and the execution of the necessary agreements with the Ministry of the Attorney General. Regional staff are working with representatives of the local municipalities with a view to completing an Inter-Municipal Agreement in the near future so as to make this new source of revenue available as soon as possible.

In developing the 1999 draft estimates, a provision of \$2.5 million in net *Provincial Offences Act* fine revenue was included. Based on this latest information, it is proposed to increase this revenue provision by \$1.0 million.

10) Increased Social Services Subsidy - \$2.3 million

As part of the arrangements related to the downloading of Provincial services, the Region has been funding 50% of Provincial FBA administrative costs since January 1, 1998. Included in these administrative costs are a number of elements such as accommodation costs, telephone, postage and office supplies that the Province has previously never cost shared with the Region. The Social Services department has held numerous discussions with Ministry staff over the past year to address this funding inequity. As a result of these efforts, the Province has agreed to provide 50% cost sharing on these former ineligible regional costs retroactive to January 1, 1998.

11) Decrease in Social Assistance Caseload - \$0.5 million

The Social Services Department 1999 draft estimates provides funding for a projected average monthly caseload of 30,400, including the Sole Support Parent caseload of approximately 4,000 transferred on January 1, 1998. This monthly average caseload for 1999 was based on projections using the actual September 1998 caseload. The final 1998 caseload levels have now been determined and, as a result, the Department has advised that the caseload projections can be reduced to 30,100, resulting in a decreased funding requirement of approximately \$0.5 million.

12) Eliminate Farm Tax Rebate Provision - \$0.8 million

In 1998, the provincial downloading of services to municipalities as announced in the Local Services Realignment (LSR), identified the discontinuance of the provincial farm tax rebate program along with other rebate programs. Although discontinued, the effect of this rebate program was shifted to municipalities by requiring the newly created Farmland and Managed Forests property class tax rates to be calculated based on 25% of the residential property class tax rate. As a result, the 1999 budgetary provision is not required in that it is already accounted for in the calculation of tax rates.

CONCLUSION

The Budget Reductions and Adjustments option package as presented in this report, provides Council with reductions and adjustments to the 1999 draft estimates that total \$32.2 million. These options generally represent reductions to base budgets although a number of the reductions such as diesel fuel costs and caseload adjustments are subject to change in the future.

Several of the proposed budget reductions, while they do not create financial difficulties in 1999, have the potential to limit the flexibility of Council to deal with funding issues in future years at a time when it is assuming greater responsibilities each year.

For example, while the reductions of \$3.0 million in Transit PAYG and \$0.5 million for depreciation is achievable for 1999, when combined with the change in accounting treatment of major bus rebuilds (capitalization of \$1.1 million), it has the effect of reducing yearly contributions of \$53 million to the public transit capital reserve funds by \$4.6 million. Subject to Council's decision with respect to the KPMG recommendations, the required capital program for OC Transpo to meet ridership objectives may require a substantially larger yearly investment in public transit than is currently contained in the ten year capital program.

In addition, the OMERS premium holiday does not represent a permanent base reduction. This budgetary provision will need to be phased back into future operating budgets. The staff recommendation made at the November 25, 1998 tabling of the Draft Estimates was to maintain this provision and to begin addressing the funding shortfall with respect to the liability to employees' accumulated sick leave and termination benefits.

As has been stated numerous times in the past, the ability of this corporation to continually absorb funding reductions from "administrative efficiencies" cannot continue without revisiting and examining services provided to the public and reducing the inventory of programs. The corporation cannot continue on the present course of budget trimming and expect the corporate and the operating department administrations to adequately support the delivery of public programs.

As was pointed out earlier in the report, in the absence of any additional provincial funding, the level of budget reductions and adjustments, if implemented, would achieve Council's property tax target only if the issue of the PIL revenues from federal properties is resolved as presented in Scenario #2.

Lastly, Council should be mindful that the use of approximately \$14.0 million in one time PIL revenues from 1998 operations will not be available to offset taxation requirements in 2000. At the conclusion of the 1999 budget process the work on the 2000 draft estimates must begin immediately to address this significant challenge.

*Approved by
Chief Administrative Officer
and Finance Commissioner*

1999 Draft Estimates			
Increase In Property Tax Requirements			
	Base Case Pre-Bill 79	Scenario #1 Bill 79	Scenario #2 Modified Cap
	\$000	\$000	\$000
1998 Property Taxes	557,407	557,407	557,407
Provincial Download			
- Loss of MCOR Funding	43,463		
- Additional costs of highway transfers	1,602		
- Additional costs of Land Ambulance	791		
- Reduction in costs of Social Housing	(552)		
- Additional costs of Assessment	423		
Operational Issues			
- Compensation (excluding OC Transpo)	5,912		
- Police -OPP Phase-In	1,664		
- Police - Debt Charges	789		
- Genesis Project (New Financial System)	1,349		
- Other Operational Issues			
Region Wide	(2,766)		
Police	1,433		
Solid Waste	1,134		
Child Care	523		
OC Transpo (including compensation)	9,415		
Other Issues			
- Pay-as-you-go (PAYG)			
Child Care	1,500		
Police	2,000		
- Loss of 1998 Sinking Fund Revenue	1,467		
- External Agencies	1,605		
- PIL's - Regional Facilities	88		
- OMERS Contribution Holiday (12 months)	(9,422)		
- Contribution to Benefits Reserve	5,541		
- Miscellaneous	255		
Increase in Requirement	68,214	68,214	68,214
Commercial Rebate Program	2,495		
Payments-in-lieu of Taxes			
1999 Base	(25,600)	(11,000)	(22,000)
1998 1-Time	(15,000)	(4,000)	(14,000)
Budget Shortfall requiring Provincial assistance program reductions or tax increase	30,109	53,214	32,214
Increase over 1998 Taxation without Provincial assistance or program reductions	5.4%	9.5%	5.8%

1999 Draft Estimates Budget Reductions and Adjustments Options Scenario 2 - Modified Cap		
	\$000's	Base Budget Reductions/ Adjustments \$000's
Budget Shortfall		32,214
Budget Reductions		
1) Regional Departments (Annex C)		
a) Departmental program reductions		5,113
b) Reduce by 10% departmental provisions for Purchased Services		1,035
2) OC Transpo		
a) Reduce fuel budget	1,254	
b) Capitalize bus rebuilds	1,100	
c) Reduce depreciation contribution from \$2.0M to \$1.5M	500	
d) Reduce sick benefit reserve fund contribution	560	
e) Reduce insurance reserve contribution	750	
f) Reduce short term interest budget	441	
g) One time funding of Service / Reliability initiatives	4,597	9,202
3) Discontinue vested benefit reserve contribution		5,541
4) PAYG Reduction - Transit		3,000
5) PAYG Reduction - Child Care		1,500
6) Eliminate unforeseen provision		200
7) Reduce corporate human resource provisions by 10%		500
8) Reduce External Agencies' 1999 submissions (Annex C)		1,605
Total Budget Reductions		27,696
Other Budget Adjustments		
9) Increased Provincial Offences Notice revenue		1,000
10) Increased Social Assistance subsidy		2,250
11) Decreased caseload		500
12) Eliminate Farm Tax Rebate provision		768
Total Other Budget Adjustments		4,518
Total Budget Reductions/Adjustments Options		32,214

Summary of Reduction Options By Program Area

	Reduction Amounts		
	Program Reductions	Purchased Services Reductions	Total Reductions
<u>Regional Departments</u>			
<u>Administrative</u>			
CAO	-	10.0	10.0
Regional Clerk	165.0	104.0	269.0
Finance	65.0	104.0	169.0
- ISD	235.0	-	235.0
Human Resources	363.0	67.0	430.0
Legal	236.5	46.0	282.5
CAO Initiatives	241.0	-	241.0
Total	1,305.5	331.0	1,636.5
<u>Community Services</u>			
Homes for the Aged	289.0	35.0	324.0
Health	829.0	140.0	969.0
Social Housing	-	21.0	21.0
Child Care	-	15.0	15.0
Social	732.0	104.0	836.0
Total	1,850.0	315.0	2,165.0
<u>Planning & Development</u>			
Planning	458.0	51.0	509.0
Property Services	123.0	38.0	161.0
Total	581.0	89.0	670.0
<u>Environment & Transportation</u>			
Tax Supported			
- Transportation	1,211.0	160.0	1,371.0
- Solid Waste	165.0	140.0	305.0
Total	1,376.0	300.0	1,676.0
Total Departmental Reductions	5,112.5	1,035.0	6,147.5
<u>Grants To External Agencies</u>			
Conservation Authorities	39.0	-	39.0
Ottawa Tourism & Convention Authority	470.0	-	470.0
Ottawa Economic Development Corporation	1,000.0	-	1,000.0
Ottawa Carleton Research Institute	88.0	-	88.0
Life Sciences Council	8.0	-	8.0
Total Grant Reductions	1,605.0	-	1,605.0
Total	6,717.5	1,035.0	7,752.5

**1999 DRAFT ESTIMATES
PROGRAM ADJUSTMENTS/REDUCTIONS SUMMARY**

DEPARTMENT	FTE'S	AMOUNT \$000	PAGE #
<u>Administrative Departments</u>			
Regional Clerk	2.0	165.0	D-1
Finance	4.0	300.0	D-2
Human Resources	2.5	363.0	D-3
Legal	3.0	236.5	D-5
CAO Initiatives	2.0	241.0	D-6
	13.5	1,305.5	
<u>Community Services</u>			
Homes for the Aged	4.0	289.0	D-7
Health	15.1	829.0	D-9
Social Services and Child Care	14.0	732.0	D-12
	33.1	1,850.0	
<u>Planning & Development Approvals</u>			
- Planning	7.0	458.0	D-13
- Property Services	1.0	123.0	D-15
	8.0	581.0	
<u>Environment & Transportation</u>			
- Transportation & Engineering	11.5	1,211.0	D-16
- Solid Waste		165.0	D-18
	11.5	1,376.0	
Total Tax Supported Program Areas	66.1	5,112.5	
<u>Environment & Transportation</u>			
- Water	12.0	700.0	D-19
- Sewer	3.5	306.0	D-20
Total Rate Supported Program Areas	15.5	1,006.0	
TOTAL	81.6	6,118.5	

DEPARTMENT: REGIONAL CLERK

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Corporate Records and Archives	<p>Eliminate Manager position</p> <p><i>Impact on Service: Reduces the scope of services which can be provided in the records management area, including the ability to adapt policy to changing needs and deal with emerging issues in records management, including electronic records-related problems. Unable to operate the Corporate Archives program.</i></p>	71	1.0
	<p>Eliminate Library Technician position</p> <p><i>Impact on Service: Reduces corporate library staff complement to one position. Diminishes the capacity of the Centre to meet needs/requests for documents/reports/information from regional staff, members of Council and the public. May reduce Centre's hours of operation and will curtail inter-library research capability.</i></p>	34	1.0
Information & Public Affairs	<p>Agenda items published in daily newspapers.</p> <p><i>Impact on Service: Residents would be redirected to the Region's Web Site and touch tone telephone line to obtain the list of items for Standing Committee meetings. The Standing Committee meeting dates and times will still appear in the three dailies.</i></p>	60	-
Total		165	2.0

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *FINANCE*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Information Systems	<p>Director position</p> <p><i>Impact on Service: This position is currently vacant. The direction for Information Systems for the next 2 years has been set and focuses on implementing the required changes identified by the Year 2000 project. The requirement to restaff this position will be re-examined as part of the overall rationalization of IT resources in the Corporation, including OC Transpo.</i></p>	115	1
Financial Services	<p>Receptionist/data entry position</p> <p><i>Impact on Service: This position is currently vacant. Most of the receptionist function was recently transferred to Window on the Region. The data entry requirements will be eliminated as part of the Genesis project.</i></p>	40	1
Financial Services	<p>Consultants</p> <p><i>Impact on Service: The 1999 work plan identified a number of projects including work relating to the development of property tax policies. The work plan will be reduced.</i></p>	25	-
Information Systems	<p>Gapping</p> <p><i>Impact on Service: Due to staff turnover in this area and delays in hiring, gapping is estimated to be at least 5% in 1998. This trend is expected to continue in 1999.</i></p>	120	2
Total		300	4

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *HUMAN RESOURCES*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Director, Labour Relations & Advisory Services	<p>Labour Relations/Advisory</p> <p><i>Impact on Service: Position is presently vacant with incumbent in Acting Commissioner role. Impact is unknown with major collective bargaining required in 1999 and limited labour relations resources available.</i></p>	105	1
Internal Consultant	<p>Commissioner's Office</p> <p><i>Impact on Service: Will require a small increase in professional services to offset loss of service for arbitration/mediation.</i></p>	80	-
Training Co-ordinator	<p>Employee Services</p> <p><i>Impact on Service: Position was intended to assist in the implementation of the training & development strategic framework. New development initiatives to respond to H.R. management needs will have longer lead times.</i></p>	66	1
Manager, Benefits Program	<p>Employee Services</p> <p><i>Impact on Service: Duties will be distributed among staff with a loss of health benefit plan management expertise & focus. Less opportunities for gains from focussed benefit plan management.</i></p>	37	.5

**1999 DRAFT ESTIMATES
BUDGET ADJUSTMENTS / REDUCTIONS**

DEPARTMENT: *HUMAN RESOURCES CONT'D*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Translation	<p>Commissioner's Office</p> <p><i>Impact on Service: Operating departments will be responsible for translation costs related to their H.R. business.</i></p>	40	-
Workplace Equity/Human Rights	<p>Labour Relations/Advisory</p> <p><i>Impact on Service: Saving from merger of functions to be provided jointly to OC Transpo & RMOC.</i></p>	35	-
	Total	363	2.5

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *LEGAL*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Legal Services	Elimination of legislation & governance position <i>Impact on Service: Corporation's ability to respond to changing provincial initiatives will be reduced. Reduction in Legal's participation in preparedness for expected restructuring. Reduction in ability to formulate and participate in Corporate strategy.</i>	70	1
	Elimination of commercial law / collection position <i>Impact on Service: Reduces customer service. Increases risk of litigation, costs and turn-around time. Reduces ability to perform debt collections.</i>	70	1
	Legal services to police <i>Impact on Service: Adjustment to charges to reflect full range and value of service.</i>	25	-
	Elimination of administrative support position <i>Impact on Service: Reduces support services for solicitors with decreased customer service and increased legal service costs.</i>	45	1
Administration	Office Consolidation of RMOC and Regional Municipalities Act and Manuals / Acquisition of reference material / Professional association memberships <i>Impact on Service: Reduces the legal resources available to elected officials and departments. Increases legal research time and costs. Loss of professional networking benefits.</i>	11.5	-
	Retention of external counsel, expert witnesses and consultants <i>Impact on Service: Loss of flexibility and quick access to external counsel, mediation and expert witnesses.</i>	15	-
Total		236.5	3

**1999 DRAFT ESTIMATES
BUDGET ADJUSTMENTS / REDUCTIONS**

DEPARTMENT: *CAO INITIATIVES*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
	Details to be provided	241.0	2.0
	Total	241.0	2.0

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *HOMES FOR THE AGED*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Goods and Services - Utilities	Hydro and water expenditures <i>Impact on Services: An analysis of costs over the past three years, the conversion of Centre d'accueil Champlain from electric to gas heating and energy conservation efforts at Carleton Lodge will result in reduced utilities expenditures.</i>	92	
Administration and Planning	Resident financial and health records system <i>Impact on Services: Health records program development will be slowed.</i>	20	
Day Centres - Centre d'accueil Champlain and Carleton Lodge	The centres provide day respite for family caregivers in the community reducing stress and delaying the need for institutional long term care. <i>Impact on Service: The reduction in funding will accelerate the move to full cost recovery. This will result in increased user fees and reduced staff. The reduced staff will affect the ability of the programs to meet the needs for dementia care. Dementia care clients require a higher staff:client ratio for effective supervision and programming.</i>	77	1.5
Reduce Coverage for staff leave	Currently the department provides coverage for front-line staff who are absent to meet the minimum staffing standards of the department. <i>Impact on Service: Reductions in coverage will result in reorganization of work in some areas to accommodate the reduction in productive hours. Every effort will be made to ameliorate the direct impact on resident care. However, reductions in support services may have a negative impact on the physical environment of the facilities.</i>	62	1.5

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *HOMES FOR THE AGED*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Driver/Messenger Island Lodge	Resident transportation to and from appointments, courier service and resident outings. <i>Impact on Service: Replaced by courier service, para-transpo. Family support and bus rentals with limited impact on resident service and with significant cost savings.</i>	38	1.0
	Total	289	4

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *HEALTH*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Administrative Savings	<p>Elimination of 1 Program Manager, 1 Supervisory and 0.5 System Support Clerk position, reduction in number of laptop computers, reduced fixed assets.</p> <p><i>Impact on Service: Proposed reductions will place added pressure on remaining management staff. System Support duties will be absorbed by other employees. Fixed asset purchases will be delayed.</i></p>	174	2.5
Dental Treatment	<p>Reduction in the use of supplies and in the Dentures portion of the budget.</p> <p><i>Impact on Service: With revised demand projections, there should be no impact on service.</i></p>	39	
Land Ambulance Support Services	<p>Provision of Communications and Financial Services Support to the Land Ambulance Transition Team in 1999.</p> <p><i>Impact on Service: Extra needs of the Land Ambulance Transition Team will be absorbed by existing Departmental resources</i></p>	60	1
Federal Tobacco Enforcement Revenues	<p>Additional 100% provincial revenues are now anticipated to support the enforcement of the Tobacco Control Act.</p> <p><i>Impact on Service: Enforcement activities will remain at current levels.</i></p>	40	
Seniors Programs	<p>The Health Department continues to provide a number of services for seniors including health education (nutrition safety and activity), support and skill development for caregivers of elderly family members support of community efforts against elder abuse, and work to foster community supports for frail and isolated seniors living in the community.</p> <p><i>Impact on Service: Mandatory Programs make no provision for services of this nature targeted specifically at seniors. Health Department staff are in discussions with other agencies in the community with a mandate to serve the senior population to encourage them to assume these services.</i></p>	240	4

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *HEALTH*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Senior Citizen's Council Grant	<p>Eliminate the grant the region has provided to the Senior Citizen's Council to publish a Directory of Community Services for Senior Citizens.</p> <p><i>Impact on Service: : Mandatory Programs make no provision for services targeted specifically at seniors. Hopefully one of the other agencies in the community with a mandate to serve the senior population will be able to provide this support.</i></p>	25	
Environmental Health Advocate	<p>This program conducts outreach and education activities on areas of environmental concern such as pesticide use and groundwater quality. This activity is not mandated. It was originally created by Council based on demolition permit revenues which no longer exist.</p> <p><i>Impact on Service: The region will be able to play a less proactive educational role in environmental issues.</i></p>	60	1
CCAC Contract-Post Partum services	<p>Provision of post-partum services under contract to CCAC with additional public health services provided to these clients. Current client volumes make it impossible to deliver this service with the existing cost recovery.</p> <p><i>Impact on Service: Another agency will be contracted by CCAC to provide this service. Added demand may be experienced in other post-partum programs offered by the Department.</i></p>	56	3.4
Reduce Sexual Health Centre Hours	<p>Clinic hours can be reduced up to eight hours and still meet minimum mandatory standards (eight hours per week per 150,000 population). Hours would need to be reduced at downtown location.</p> <p><i>Impact on Service: Downtown clinic operates on a drop in basis for underserved populations such as street youth and sex trade workers. While the most appropriate operating hours for the client group will be maintained, reducing hours may reduce the effectiveness of this service for populations.</i></p>	55	1.2

**1999 DRAFT ESTIMATES
BUDGET ADJUSTMENTS / REDUCTIONS**

DEPARTMENT: *HEALTH*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Dental Health Education in Schools	<p>The change in mandate from dental health education to dental health promotion necessitates the replacement of three dental health educators with a dental health promotion officer.</p> <p><i>Impact on Service: In class education will no longer be provided directly by Health Department staff. Service will continue to be delivered in compliance with provincial mandate.</i></p>	80	2
		829	15.1

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *SOCIAL SERVICES AND CHILD CARE*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
<p>Program Delivery costs</p>	<p>Program Delivery costs for all directorates in Social Services & Child Care:</p> <p><i>Impact on Service: Increased delays in processing child care subsidies and OW financial assistance applications.</i></p> <p>Area Operations including six district offices, three Employment Resource Centres and two Emergency Shelters; Community Relations and Employment Development;</p> <p><i>Impact on Service: Less ability to respond with the appropriate candidates to the increasing interest of private sector organizations in providing employment opportunities for our clients.</i></p> <p>Strategic and Operational Supports including Commissioner's Office; Municipal Operated Child Care Centres and Child Care administration.</p> <p><i>Impact on Service: Decreased ability to support clients participation in employment activities potentially resulting in clients remaining on assistance for longer periods. Increased response time to Councillors' requests and delays in completing reports for Committee and Council.</i></p>	732	14
	Total	732	14

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *PLANNING AND DEVELOPMENT APPROVALS (PLANNING)*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
<p>Transportation Planning</p>	<p>Eliminate one full time equivalent no longer funded from capital.</p> <p>Impact on Service: Reduction of the department's ability to implement Council's policy expressed in the Official Plan and Master Plans and delays in responding to development applications and Council requests on transportation issues, e.g. Pedestrian/Transit projects.</p>	81	1
<p>Finance and Operations</p>	<p>Elimination of one position in Records Management and one Systems Support Technician.</p> <p><i>Impact on Service: In Records Management, future Departmental records will not comply with Corporate standard. Delays will be experienced in retrieving and continuing the conversion of records. Some records will be lost.</i></p> <p><i>In Systems support the levels of service for responding to network and systems problems will deteriorate with consequent loss of productivity for the whole department.</i></p>	100	2
<p>Land Division</p>	<p>Eliminating two positions and realigning the Land Division Committee activity.</p> <p><i>Impact on Service: The Region's requirements will continue to be obtained through the area municipal committees. The Region will experience increased budgetary requirements for car mileage and overtime to attend the area municipal committees.</i></p>	127	2

**1999 DRAFT ESTIMATES
BUDGET ADJUSTMENTS / REDUCTIONS**

DEPARTMENT: *PLANNING AND DEVELOPMENT APPROVALS (PLANNING) CONT'D*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Water and Waste Water Planning	<p>Reclassify a senior position to an intermediate position and fund an intermediate position from Capital on a two year contract.</p> <p><i>Impact on Service: More responsibility will be put on the Branch Head.</i></p>	83	1
Surveys and Mapping	<p>Combine two supervisory positions into one.</p> <p><i>Impact on Service: Through enhanced technology and staff training a new supervisor will assume additional responsibilities. Work would be delayed. Back up will not be available in the event of absence.</i></p>	67	1
Total		458	7

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *PLANNING AND DEVELOPMENT APPROVALS (PROPERTY SERVICES)*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Ottawa-Carleton Centre	<p>Reduce contracted security services on night shift from a 3 to 2 person team.</p> <p><i>Impact on Service: Less frequent patrols of the buildings and grounds will be made, with a consequent increase in risk to the Corporation.</i></p>	30	-
	<p>Reduction in janitorial service.</p> <p><i>Impact on Service: Consequences will be reduced levels of cleaning within the Complex. Critical areas will be maintained at current levels.</i></p>	30	-
	<p>Reduction in furniture purchases</p> <p><i>Impact on Service: Consequences will be a reduced ability to meet departmental furniture requirements within Ottawa-Carleton Centre. May impact operational effectiveness, may potentially increase need to exchange within the Complex.</i></p>	20	-
	<p>Reduction of one building general maintenance person is proposed.</p> <p><i>Impact on Service: Levels of service at the Ottawa-Carleton Centre will be reduced, e.g., repairs will take longer, some preventative maintenance will be put off.</i></p>	43	1
Total		123	1

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *ETD - REGION WIDE (TRANSPORTATION & ENGINEERING)*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Transportation	Winter Maintenance <i>Impact on Service: We are embarking upon the implementation of improved snow management technologies and methods to make winter operations more efficient and effective. These are new methods to the Region and hence the reductions were anticipated over a longer period as experience was gained. Traditionally we have been able to absorb the cost of inflation and system growth through new technology & methods. This monetary reduction will eliminate our ability to absorb these costs in the future. The improvements include new snow management equipment, route optimization, a redistribution of equipment and the deployment of new anti-icing methods. Anti-icing practices will be proactive and preventative, designed to prevent ice to road bonding. If the improvements are successful no negative service level impacts will result.</i>	600.0	6
	Contracted Maintenance-Winter & Summer <i>Impact on Service: Current discussions are ongoing with the City of Ottawa to determine service level impacts resulting from reductions in funding.</i>	300.0	-
	Traffic Operations-signals <i>Impact on Service: Annual operating costs reduced by removing 58 signals @ \$3450/unit. Removal costs will be offset by utilizing parts elsewhere in the system or sale of salvaged material. Consequences will be; degradation in service to pedestrians, potential increase in vehicular collisions, increased traffic congestion and increased travel time & costs to the community.</i>	200.0	2
	Traffic Operations-signs <i>Impact on Service: The consequence of the reduction would be a decrease in the level of maintenance for traffic signs on Regional roads.</i>	32.0	0.5

1999 DRAFT ESTIMATES BUDGET ADJUSTMENTS / REDUCTIONS

DEPARTMENT: *ETD - REGION WIDE (TRANSPORTATION & ENGINEERING)*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Transportation (Cont'd) Engineering	<p><i>Impact on Service: Realignment of job responsibilities resulting in less support for Capital program initiatives. Many engineering positions are largely funded from the Capital program and to a much lesser extent from the operating budget. Therefore, any reduction to the operating budget requires several positions to be reduced to meet the reduction target.</i></p>	79.0	3
	Total	1,211.0	11.5

**1999 DRAFT ESTIMATES
BUDGET ADJUSTMENTS / REDUCTIONS**

DEPARTMENT: *ETD - (WATER, SEWER & SOLID WASTE)*

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Solid Waste	Trail Road Nepean Monitoring Program <i>Impact on Service: New tender for the monitoring of groundwater, surface water and gas migration from the landfill site to be issued in near future is anticipated to result in lower cost.</i>	40.0	-
	Increased Revenue For Blue Box Program <i>Impact on Service: \$125,000 increased revenue based on new subsidy for Blue Box program. Details are still not clear, but on Oct. 7th MOE announced \$4.0M fund based on initial contribution from LCBO. Ministry has committed funding for both 1998 and 1999. Mechanism and basis for distribution have yet to be determined.</i>	125.0	-
	Total Solid Waste	165.0	-

DEPARTMENT: ETD - (WATER, SEWER & SOLID WASTE)

Program Area	Description of Adjustment / Reduction	\$000	FTE'
Water	Water distribution system maintenance <i>Impact on Service: Results in a reduction of service to our customers, i.e. reduced response to maintenance activities and property reinstatements</i>	250.0	4
	Meter testing Program <i>Impact on Service: Results in less accurate water meters and the possible loss of revenue or overpayment by the customer</i>	200.0	2
	Organizational changes - supervisors <i>Impact on Service: Organizational changes to be more efficient.</i>	250.0	6
	Total Water	700.0	12

DEPARTMENT: ETD - (WATER, SEWER & SOLID WASTE)

Program Area	Description of Adjustment / Reduction	\$000	FTE'
Sewer - WEPD	Communal Systems <i>Impact on Service: One time savings based on a slowing down of anticipated communal system development, i.e. Manotick. This will be reassessed next year.</i>	50.0	
	Fleet <i>Impact on Service: Based on finding an efficient method to replace the lugger trucks</i>	40.0	-
	Training <i>Impact on Service: The reduction will compromise our opportunity to attain "best in class" and our ability to achieve a flexible workforce.</i>	30.0	-
	Process Supervisor <i>Impact on Service: Anticipated reduction for the end of 1999 but will occur sooner</i>	67.1	1
	Administrative Assistant <i>Impact on Service: Realignment of administrative duties and less support</i>	41.1	1
	Delete Process Technician and Add Mechanic <i>Impact on Service: Realignment of job responsibilities</i>	4.4	-
	Field Investigator <i>Impact on Service: 20% reduction in staff, eliminating the ability to target what is going into the Ottawa and Rideau rivers thereby reducing our ability to protect the water environment</i>	49.5	1

DEPARTMENT: ETD - (WATER, SEWER & SOLID WASTE)

Program Area	Description of Adjustment / Reduction	\$000	FTE's
Sewer - WEPD (Cont'd)	Laboratory Technician (1/2) <i>Impact on Service: Realignment of job responsibilities creates higher workload. There is an associated risk of increased workers compensation claims due to repetitive strain injuries</i>	23.6	0.5
	Total Sewer - WEPD	306.0	3.5

MINUTES

1999 BUDGET SUB-COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

20 JANUARY 1999

9:30 A.M.

PRESENT

Chair: R. van den Ham

Members: R. Chiarelli, H. Kreling, A. Loney, M. McGoldrick-Larsen,
G. Hunter, D. Holmes

1. Confirmation of the 15 and 19 Oct, 21 and 22 Oct and 30 Nov 98 Minutes

That the 1999 Budget Sub-Committee confirm the minutes of 15 and 19 October, 21 and 22 October and 30 November 1998.

CARRIED

2. 1999 Draft Estimates-Budget Reductions and Adjustments Options
- Chief Administrative Officer and Finance Commissioner's joint
report dated 18 Jan 99

Sub-Committee Chair van den Ham noted the 1999 Budget Reductions and Adjustments Options report is a package of proposals that meet the Corporate goal of no tax increase. He then invited Merv Beckstead, CAO and Jack LeBelle, Finance Commissioner to provide their comments.

Prior to Mr. Beckstead and Mr. LeBelle making their comments, Councillor Holmes stated she was opposed and appalled at having received the staff report late in the day, one day before the meeting. She said in her experience this had never happened in budget matters before and she felt it was undemocratic in that there had been no ability for the public to look at these documents prior to review by the Sub-Committee.

The Councillor then asked staff if the Province had indicated the Region would definitely not be receiving \$30 million for Provincial downloading. She said if the Region were to

realize the \$30 million as proposed in the staff report (in effect doing the Province's work for them), in her opinion, the Province would be unlikely to provide any money.

Chair van den Ham noted the question posed by Councillor Holmes concerning the downloading by the Province, would be answered in the staff presentation.

Councillor Holmes had questions about the process to be followed by the Sub-Committee. Committee Chair van den Ham stated it was his understanding the Sub-Committee would consider the staff report and forward it, together with a report from the Sub-Committee (containing the Sub-Committee's amendments, proposals, suggestions or alternatives) to the Standing Committees. He said it would be up to the Sub-Committee as to how the report before them would be dealt with (i.e. approved in whole or item by item).

The Sub-Committee then heard from Mr. Beckstead, who began by saying the report before them was not a good news document. He noted this was the seventh consecutive year, the Region will have reduced costs in providing services to the residents of Ottawa-Carleton and, as he had indicated the previous year and again at the tabling of the 1999 budget, Mr. Beckstead stated the opportunities for further administrative efficiencies of any significance are gone. The reductions to the administrative and operating departments, set out in the report are service reductions. In the case of the administrative departments the cuts may be internal services, external services, services to Council or others and, although the impact may be delayed somewhat, he stressed there will be an impact.

Mr. Beckstead pointed out the support services required to provide public services to Council's mandated programs will be affected and therefore, the program reductions in the report can only be dealt with by Council.

Referring to Councillor Holmes question concerning Provincial funding for downloading, Mr. Beckstead stated he had hoped at this stage he would have had news from the Province in response to this, however he said the Province had not yet given any indication they would be providing anything. He said the total funding shortfall figure of \$32.2 million (as set out in the report) was based on the assumption there would be no funding from the Province and that the commitment made regarding Payments In Lieu of taxes (PIL's), will be honoured.

In concluding his remarks, Mr. Beckstead referred to the conclusion of the report and noted the Corporation cannot continue on the present course of budget trimming and expect the Corporate and operating departments to adequately support and deliver public programs. He said either program cuts will have to be made or taxes increased.

Finance Commissioner LeBelle then provided the Sub-Committee with a brief overview of the staff report.

Regional Chair Chiarelli, addressing the comments made at the outset by Councillor Holmes concerning funding from the Province, noted last year at the time of finalizing the 1998 budget, he had referred to it as a “shock-absorber budget”. He said he and his staff in numerous on-going discussions with local Conservative MPP’s, the Provincial Finance Minister and staff in the Minister’s office have relayed the Region’s position. That position being that in view of the fact the Province (by its own admission) had downloaded to the Region an additional \$43 million in expenses and had in 1998 covered off basically all of that, the Region, over the next two to three years (meaning the 1999 and 2000 budget) expects some assistance, although not to the same extent as was provided in 1998.

Chair Chiarelli advised the answer from the Minister of Finance to this request was that if the Region could make a case it is doing its share and is having difficulty accommodating the full amount, the Province would be willing to give the Region some assistance. Further, the Chair stated in recent discussions with John Baird, Mr. Baird indicated “less rather than more” but with some prospects of some financial assistance. The Chair said it is very difficult at this stage to rely on any specific amount and as well, there is always the chance the Province will give the Region nothing. He advised he had indicated repeatedly to the Province, the urgency of receiving their response.

Chair Chiarelli stated he did not like seeing the cuts proposed in the report and did not believe they would result in better administration or are necessarily in the best interest of the citizens of the Region, however, he reminded members of the Committee of Council’s mandate not to increase taxes. He said in order to exercise a “hold the line budget”, reasonable cuts and reasonable efficiencies together with some contribution from the Province were necessary.

Councillor Holmes asked if the Province had specifically said “If you don’t cut your budget to some degree, you are getting no help from us”?. Chair Chiarelli stated he believed what the Province was saying was they want to see some efficiencies and some cuts imposed by the Region to share the download responsibilities.

Councillor Hunter referred to a letter from MPP Gary Guzzo, in a weekly newspaper, and quoted “When Mr. Chiarelli argued the Region was short changed on the exchange of responsibilities between the Region and the Province, the Province wrote a cheque for the \$43 million difference”. Councillor Hunter said this illustrated the Province clearly acknowledges there was a difference from the revenue neutrality of the downloading of \$43 million.

Councillor Hunter felt the proposed budget reductions could only be characterized as being a “let the Provincial Government off the hook on their promise” budget. He referred to the impact the proposed cuts would have on property taxpayers, perhaps not in 1999 but in the future, because of reduced contributions to reserves and capital funds, particularly for O-C Transpo (e.g. changes in the way bus rebuilds are capitalized).

The Councillor suggested, based on the funding received in 1998 and the verbal and written assurances from the Province, the funding required from the Province to create revenue neutrality should be built into the 1999 budget. He felt it would be better to start at that point and achieve any possible savings for the taxpayers; instead of trying to freeze the mill rate, examine ways to possibly lower the mill rate.

Addressing Councillor Hunter's suggestion, Mr. LeBelle stated in preparing a budget, one should consider what they can reasonably expect to receive and what they expect to pay. Therefore, in the absence of a specific commitment with respect to any amount of money from the Province, Mr. LeBelle said he could not recommend the Sub-Committee or Council include an estimated revenue from the Province in the budget.

Councillor Hunter then asked if there was absolutely no reasonable expectation the Province would live up to its commitment. Mr. LeBelle replied, from a staff perspective, there was no reasonable expectation. He said there is no program in place and no legislative basis that says the Province is required to pay this money to the Region.

Councillor Munter pointed out, and Mr. LeBelle confirmed, if the Provincial government had kept its promise and made downloading revenue neutral, the Region would be in a position to reduce property taxes and to maintain its services to the residents.

Councillor Munter asked staff, with respect to assessment growth, what the assumption is in the budget. Mr. LeBelle replied, as was indicated to Council at the tabling of the budget, this budget assumes no assessment growth. He explained this does not mean there have been no housing starts or construction in the Region over the course of the last twelve months. What it does mean is that as a result of the reassessment that took place across Ontario, staff believe (and have evidence in a few cases to prove) the information contained in the assessment roll is suspect, and are therefore recommending Council adopt a very conservative approach. He said the assessment roll currently reflects between 0% and 1% growth. However, because Regional staff have been unable to determine definitively the full status of all the reconsiderations and appeals that have come forward as a result of reassessment and to what extent those reconsiderations and appeals are contained in the roll, staff are proposing the Region not assume any growth in the roll.

Councillor Munter referring to a comment made by Mr. Beckstead in his opening comments concerning a summary of the cuts that have already been made at the Region since 1993, asked if it would be possible to provide Councillors with a compilation of all of the cuts made in this time frame, prior to consideration of the budget by the Standing Committees. Mr. Beckstead advised well over 600 jobs had been cut. In addition, the water rate and sewer rate (residential and commercial) have been reduced, all the while phasing in costs for police, solid waste collection and the additional downloaded services. He said staff would try to put this information together prior to the Standing Committees' consideration of the budget.

Councillor Holmes commented the Standing Committees will find some of the proposed cuts acceptable and some unacceptable (particularly those dealing with service reductions). She suggested, when the matter is before Council it may well be the gap between the hoped for savings and the actual savings, will cause Council to conclude the budget should not be finalized until the Province advises how much they are prepared to pay (perhaps April or May). She stressed the importance of keeping the pressure on the Province to insist they join the Region in its effort to obtain a zero percent tax increase, as it is as a result of their downloading this problem exists.

Chair Chiarelli, referring to the proposed cut to the Conservation Authorities (Grants to External Agencies) said, given the fact this is a statutory requirement, he would be moving a motion to restore the \$39,000 and direct the Finance Commissioner to revisit all of the departmental budget estimates to find an additional \$39,000 to replace this particular item. Committee Chair van den Ham suggested, and the Sub-Committee agreed to hold this item until the External Agencies item was dealt with.

Responding to questions from Chair Chiarelli concerning the Y2K projects, Mr. LeBelle advised Council approved two projects; the Genesis Project and the Year 2000 Program. He explained the Genesis Project, at a cost of \$10.8 million (funded from the Capital Reserve Fund) is the renewal of the financial systems (and in fact is seen corporately as far more than financial systems) which addresses the issue of non-Y2K compliancy of existing financial systems in place throughout the Corporation. As a result of the Genesis Project and the roll out of SAPR3 Financial software (which will take place in April, 1999), savings will be achieved in terms of administrative processes (i.e. jobs) and therefore ongoing operating costs. The savings in the ongoing operating costs are in fact reflected in the 1999 budget.

The Year 2000 Program, at a cost of \$19 million, is addressing on a far wider basis the issues surrounding Y2K as they would impact on the Corporation. This project looks not only at the business of the Region in terms of day to day business, but also the many suppliers of products the Region depends on to carry out its business (e.g. hydro; if arrangements are not made to have some form of electrical power at its plants, the Region cannot look after water and sewer).

Chair Chiarelli then asked if a department such as Social Services would receive some very significant benefits in terms of systems and efficiencies from the Genesis Project. Mr. LeBelle replied all of the departments are participating in the Genesis Project and it is fully expected with the roll out of SAPR3 (in April) that many of the business processes in the Corporation will be modified and become more cost effective.

Chair Chiarelli explained the reason for his questions related to the fact Social Services would be receiving very significant benefits from the Genesis Project to improve their efficiencies and yet in the staff report, Social Services has listed reductions in program

delivery costs for all directorates in Social Services and Child Care and noted as the Impact on Service, increased delays in processing child care subsidies and OW financial assistance applications. The Chair felt the Department will have received in 1999 more resources to generate efficiencies and deliver service than it will have cut. He asked for staff comment on this.

Dick Stewart, Commissioner, Social Services Department stated it would be difficult to say with certainty what the exact impact of Genesis on a department like Social Services will be, until it is up and running. He noted the items referred to by the Chair would be more profoundly influenced by other systems and not necessarily the Genesis development as it is unfolding. He agreed the Genesis Project would provide benefits to all departments including the Social Services Department, however, these would likely be in the Finance and Administration Division of the Department and somewhat in the District Offices.

Chair Chiarelli felt the Sub-Committee should keep in mind, as it considers the staff report and debates service issues, that the reasonably modest cuts proposed should be considered in the context of the benefits that have been generated within the department as a result of the Genesis Project; a very significant expenditure funded from the Corporate Capital Reserve fund.

Councillor Kreling commented the staff report provides a clear picture, for both Councillors and residents, of the impact a \$30 million shortfall will have. He opined that delaying deliberation of the budget until confirmation from the Province on the funding shortfall and the Federal Government on the PIL's, would put the Region "further behind the eight ball".

Councillor Kreling then asked the Finance Commissioner if he was aware of any services, other than land ambulance services, that had not surfaced in the fullest extent in the 1999 budget and would appear in the year 2000. Mr. LeBelle replied this was quite possible however, it would be difficult to anticipate what will surface over the course of the next twelve months. The Commissioner said it was important Council keep in mind the Region is utilizing a significant amount of one time revenue (\$14 million) from PILs from 1998 and this will have to be dealt with by Council in 2000 as it will not be available. As well, compensation costs will be on the table in 2000.

Councillor Loney referring to the letter to the editor in the Nepean Clarion, mentioned previously by Councillor Hunter, offered his interpretation of the letter is the Province is saying "stop complaining, we have already fixed everything for you, now you are on your own". This caused the Councillor concern because he did not believe the Province had by any means fixed the problem. Further, he pointed out the letter was inconsistent in this regard because it references the \$43 million.

The Councillor felt the Region should proceed with caution because, if approved, the cuts proposed in the report could send a complimentary signal to the Provincial government that the problem was indeed in hand. He said the Province had not lived up to its obligation of revenue neutrality and in fact, because it will cost approximately \$24 million to deliver the land ambulance service properly, the situation will be even worse. He advised that data from the Ministry of Health indicates Ottawa-Carleton has not been receiving the level of service set out in the guidelines for land ambulance and he felt the Province should accept the true cost of this service as part of the download. He felt if the Region is going to deliver a service, it should deliver it well. Councillor Loney opined the Province should live up to its promise to turn over a portion of the educational component of the property tax (in like dollars for everything the Province has downloaded).

On the issue of procedure, Councillor Loney said he was not opposed to going through the report however, he did not feel the process leading up to the report was as refined as he would have liked. He suggested it might be better to retain outside consultants to examine a department or two per year, to determine if the departments are operating in the most efficient manner within established parameters.

The Councillor went on to say he felt the Region should remind the Province and the public that with property tax, a municipality does not benefit greatly from the improved economy (i.e. unlike sales or income tax that increase automatically with prosperous times). Councillor Loney stated although he was not looking to increase taxes, he felt the outcome ultimately rested with the Province. He said he was not prepared to wait until mid-year to finalize the budget and felt the pressure should continue on the Province between now and the time of the election. He urged the Sub-Committee to proceed with examining the proposed cuts, keeping in mind how dollars from the reserve funds will be replaced and when. The Councillor gave the example of O-C Transpo and noted if a capital plan is not in place for bus replacement on a timely basis, it makes it difficult to have a full compliment of buses out to be able to deliver the service. He felt the Sub-Committee should examine each of the proposed cuts individually to determine if they stand the test of prudence and wise deliberation for the future.

Committee Chair van den Ham reminded members when staff tabled the original documents, they recommended Council wait for a commitment from the Province. However, Council felt it had a responsibility to its residents to move along with this budget and chose to proceed. The Chair proposed the Sub-Committee begin on page 3 of the staff report and discuss and vote on each item individually.

Chair Chiarelli questioned whether the Sub-Committee should not be just receiving the document and then the Policy Committees could deal with the individual proposed cuts.

Councillor Kreling said he felt the Standing Committees should consider the staff report however, he felt the Sub-Committee should live up to what it was constituted to do and that was to make some recommendations. He said this would not necessarily involve

voting on each item line by line, but perhaps receiving the report and forwarding it on to the Standing Committees with the Sub-Committee's discussion. The Councillor went on to express concern about the use of capital funds for operational issues and also the replacement of those funds and the impact this will have on the long term capital forecasts.

Councillor Holmes stated she agreed with Chair Chiarelli that the report should be received and forwarded on to the Standing Committees, together with the Sub-Committee's discussion. She felt it would take longer than one day for the Sub-Committee to actually debate and vote on each item.

Councillor Beamish expressed disagreement with Chair Chiarelli's suggestion. He felt if the Sub-Committee did not come up with some recommendations to forward to the Standing Committees and Council it would not have accomplished its mandate. He felt the discussion and recommendations by the Sub-Committee were necessary to provide the public with an idea of "what is on the table" (e.g. percentage of tax increase or service cuts or expenditure reductions, etc.) prior to the Standing Committee budget deliberations where public delegations will have the opportunity to speak.

He reminded members, the Sub-Committee was charged with generating recommendations that would provide the taxpayers of Ottawa-Carleton with a 0% tax increase and he felt the Sub-Committee had not yet done that. He felt it imperative the Region proceed with their budget and not wait for a decision on funding from the Province. The Councillor urged the Sub-Committee to proceed with their deliberations and come up with some recommendations to forward on to the Standing Committees and Council.

Committee Chair van den Ham suggested the appropriate wording would be "to endorse" what is in the staff report, as he felt the Sub-Committee did not have the authority to make recommendations to the Standing Committees. He believed the purpose of the Sub-Committee was to express its views, amendments or suggestions to staff's proposed solution to the \$32 million funding shortfall and forward these comments, together with the staff report to the Standing Committees for their detailed examination.

Chair Chiarelli stated it was his understanding the role of the budget Sub-Committee was to create a budget strategy which could be put into the normal budget process. He felt there is a recommendation to deal with our budget challenges and my sense is that we should move forward with Standing Committees reviewing line by line.

Councillor McGoldrick-Larsen fully endorsed reviewing the package as presented to the Sub-Committee and carry on with their role to make recommendations and endorse the document which will then proceed on to the Standing Committees. She noted her decision to be Vice-Chair of this Sub-Committee was to get a better Corporate overview to what exactly is occurring and voiced her concern as to what she is seeing.

The Councillor stated the Master Transportation Plan, Regional Development Strategy and budget no longer reflect the goals and objectives to what the workplan is in the Regional Official Plan (ROP). She believed Council must begin looking at the longer term rather than continuing to look at the band-aids currently looked at such as putting off contributions to reserve funds to meet future growth. She felt Council needs to come up with some permanent solutions, including dealing with the Province.

Councillor Holmes moved a motion to receive and refer the joint report to the Standing Committees, still allowing the Sub-Committee to ask questions, receive information and forward its comments on to the Standing Committees.

Mr. Eric Johnston, Acting Regional Solicitor, Legal Department, confirmed for the Sub-Committee, if the report was received and referred, comments and recommendations on individual items could be made and forwarded on to the Standing Committees.

After some discussion, the Councillor's Holmes motion was amended to receive and refer the report to the Standing Committees along with the comments of today's meeting. The Sub-Committee then voted on the motion.

Moved by D. Holmes

That the Budget Sub-Committee receive the Chief Administrative Officer and Finance Commissioner's joint report dated 18 Jan 99 entitled "1999 Draft Estimates - Budget Reductions and Adjustments Options" and refer the report to the Standing Committees along with the comments of the Budget Sub-Committee's meeting of 20 Jan 99.

CARRIED

Committee Chair van den Ham referred the Sub-Committee to page 7 of the report, to the items listed under Other Budget Adjustments.

Councillor Holmes with respect to the Provincial Offences Notice Revenue asked when the Region will gain control over this item. Mr. Beckstead indicated agreement was needed from the area municipalities and has recently been obtained noting the process is ongoing and felt the transfer will be made relatively soon.

Mr. Johnston further explained agreement has been made at the staff level and is proceeding on to the various Council's for formal resolution and adoption and he expects this to be completed in March 1999. At that time, the agreement with the Province will be pursued. He felt the Region will probably take control about mid-year 1999. He added the position the Province has taken with respect to the Provincial Offences Notice is the monies will flow and be retroactive to January 1998 once the above-referenced agreements are in place.

The Sub-Committee reviewed Numbers 9 through 12.

The Sub-Committee then turned their attention to the Departmental Program Reductions beginning on page D-1.

Regional Clerk

Mary Jo Woollam, Regional Clerk, pointed out the Records Manager position has been vacant since July 1998. She felt when the records program was established approximately 12 years ago on a Corporate basis, it may have been essential at that time to have a Records Manager. However, she felt amalgamating the Records Branch into the departmental administration at this time, the program can continue to be maintained. With respect to the reduction of the Library Technician position, she noted reduced hours of operation and a reduction in service to Members of Council and the public would result.

Ms. Woollam, referring to the proposal to stop publishing agenda items in the newspapers, informed the Sub-Committee that staff are currently negotiating with the print media on the advertising contract. She felt some savings may be realized as a result offsetting the need to do this. More information should be available for the Corporate Services and Economic Development Committee (CSED) Budget meeting.

Ms. Woollam said, in response to Councillor Holmes, the Resource Centre when last surveyed, saw approximately 10,000 requests for information from the public either in person, on the telephone and through inter-library transfers.

She confirmed for the Councillor that maintaining records is legislatively mandated and the impact of the reduction of the Manager position will be the department's inability to operate the Corporate Archives Program. She explained, the old Carleton County records, for example, are in the possession of the City of Ottawa and at some point in time the Region should look to developing a Regional archive and move those records over.

Councillor McGoldrick-Larsen asked if computer technology has had an effect on staff as Council and Committee items are available through technology rather than requiring direct service and printed copies. Ms. Woollam responded the public has embraced the Regional Information System, however, there is still a requirement for hard copies of material as not all the public have the ability to electronically access the information.

Ms. Woollam confirmed for the Councillor that staff continue to deliver agendas and minutes to the area municipalities at a cost of approximately \$11-14,000.

Councillor McGoldrick-Larsen felt if the area municipalities have electronic access to Regional agendas and minutes then it would be her recommendation that this efficiency be pursued and moved a motion to that effect. She felt this should be included on page D-1

that staff promote the use of electronic access to the agendas to the area municipalities and eliminate the paper delivery.

Councillor Holmes asked if the area municipalities were sending their agendas and minutes to the Region to which Ms. Woollam replied, with the exception of the City of Ottawa, they were not.

Ms. Woollam indicated that the elimination of the delivery to the area municipalities is being looked at to form part of the amount of the Regional Clerk's 10% reduction in purchased services identified in Annex C.

In light of this, Councillor McGoldrick-Larsen withdrew her motion.

Moved by M. McGoldrick-Larsen

That the Regional Clerk's Department eliminate Council and Committee agenda distribution to the 11 area municipalities and add those savings to page D-1 of the report.

WITHDRAWN

Ms. Woollam, in response to Chair van den Ham's questions, indicated the 10% reduction in purchased services does not include the Legislative Budget and at the direction of the Sub-Committee she will supply a break-out of that information at the CSED Budget meeting for the Legislative and Chair's Office budgets.

Councillor Holmes disagreed with page D-1.

Finance

Responding to Councillor McGoldrick-Larsen, Mr. LeBelle said the issue of outsourcing IT resources is something the Region may want to review in 1999. However, he pointed out 1999 will be a very unique year for the Region's IT organization, which is under unprecedented pressure. Although staff want to and have looked at this he would recommend waiting until all of the changes that are currently being undertaken in this area are completed.

Human Resources

In response to questions from Councillor McGoldrick-Larsen, Tony Boettger, Acting Commissioner, Human Resources Department replied staff did look at contracting out the payroll prior to purchasing the People-Soft System (which is a very efficient, integrated human resource information and payroll system). At the time, staff realized there were no real savings for the organization and in fact contracting out would have cost the Region

more as an outside organization would not have handled the total data input and running of the payroll system.

Mr. Boettger added the benchmarking that was done as part of the FSR process, showed the Region's overall payroll costs are amongst the best performing in the KPMG data base (in the top 25 percentile). He also pointed out the importance of ensuring the payroll system is run well, given the impact it would have on the daily lives of the employees (both Regional and Police Services).

Councillor Holmes had questions concerning the collective bargaining situation for 1999 and asked if Mr. Boettger would continue to be the Acting Commissioner and the lead bargaining person for 1999. Mr. Boettger advised the Human Resources Department is currently evolving and he and staff are now looking to see if this is workable. He noted it would be a bit of a strain to be both the Commissioner and lead bargainer at the bargaining table, however he said he was fortunate to have a couple of very highly skilled labour relations professionals with considerable experience. Councillor Holmes asked if the Department was involved with O-C Transpo bargaining and payroll to which Mr. Boettger replied it was not.

Legal

Councillor Loney asked for staff comment with respect to the impact of reduced legal services. Eric Johnston, Acting Regional Solicitor, replied it would be difficult to quantify the impact in the time they have had to review it. The reduction involves staff cuts and he said in his view, these reductions will not enable the Department to provide the same range and level of legal services that have been provided (i.e. some things not being done, some things being done less quickly and a realignment/readjustment of the legal services to the Corporation). He offered the example requests for opinions and noted the turn around time will presumably be longer than it is currently. However, he added this may vary to some degree with respect to the client in question.

Councillor Loney asked if there were impacts built into the report in terms of the amount of service provided to OC Transpo. Mr. Johnston stated this had not been factored in at this stage but noted there are ongoing discussions with OC Transpo as to the amount of services provided to it, with a view to increasing them. Councillor Loney then asked if there is an increased use of service, would this be billed to OC Transpo. Mr. Johnston replied this was the general approach, although the details had not yet been resolved.

Councillor Munter referred to the impact "Reduces the impact to perform debt collections." He asked in what manner this would reduce the Region's ability to do that. Mr. Johnston advised the reduction contemplates a portion of one of the FTE's who is involved in the collection function in a specific area (as opposed to a general corporate area). He advised this reduction would not mean collection would not be done but rather it would take longer to do the same function.

Councillor Kreling, referring to the item "Legal services to police", asked if this had been accounted for in the Police Services budget. Mr. Johnston replied he was not certain of the exact dollar figure vis-à-vis the Police Services budget, however, the Legal Department budget has included, since 1995, a recovery from the Police Services for legal services. A portion of the proposed reduction contemplates an adjustment to that recovery. He advised the Committee the current situation (and perhaps the future situation) with respect to the Police Services recovery was not etched in stone. Although he was pursuing discussions, the Region does not have a firm commitment as to how much recovery will be forthcoming.

Councillor Kreling advised this issue is something the Police Services Board has been contemplating and noted the Region needs to ensure the services the Legal Department is providing is being billed out on a cost recovery basis to the Police Services Board.

Councillor McGoldrick-Larsen expressed concern with respect to the additional services that will have to be provided under downloading and asked whether the Legal Department has projected person hours for the increased requirement. Mr. Johnston replied the budget as submitted did not include the legal services required for downloaded areas. He said when he advised the Sub-Committee of this at a meeting in November, he had indicated the budget as submitted enabled basically holding the line and dealing with the current areas of jurisdiction.

Mr. Johnston went on to say he was not in a position to make any assessment as to what the magnitude of the services for the downloaded areas are. He noted the Legal Department has been providing limited services in the area of land ambulance and although they have not been of a large magnitude to date, they seem to be growing. With respect to some of the other areas, such as the Provincial Offences Act, Legal staff have not been able to ascertain what the administrative responsibilities will be and what the legal services required will be.

Councillor Holmes noted one recommendation is the elimination of a position dealing strictly with legislation and governance. She asked the Acting Regional Solicitor if he felt the Region has kept up with the legislative changes the Province has been going through in the last couple of years. Mr. Johnston advised with the volume and the speed of the legislation has certainly the Department has been barely able to keep abreast of the changes. He stated it had been a challenge and offered the example of Bill 81 which did not suggest that there was anything in it that might relate to land ambulance, when in fact, there were some very significant provisions affecting land ambulance. Mr. Johnston said the elimination of this position will seriously impair the Department's ability to keep abreast.

In response to further questions from Councillor Holmes, Mr. Johnston confirmed when the full requirements of the downloaded responsibilities (e.g. housing and land ambulance)

unfold, staff will bring a report to Committee and Council detailing the legal requirements, which he envisioned as being substantial.

Councillor Holmes noted she had previously made attempts to obtain information on legislation from the Legal Department (e.g. Provincial pesticide laws) and she felt they did not have great resources in this field. She expressed concern with respect to the impact this reduction would have on the Region's ability to deal with new provincial or federal legislation.

Chair van den Ham asked if the Region provided any legal service to the area municipalities. Mr. Johnston replied in 1998 the Region began providing limited service to the City of Vanier and has done a small amount of legal work for it, which has been billed out at a cost factor to them. He said this is an area that will have to be revisited this year in view of the proposed budget realities and said he had advised Vanier of this possibility.

CAO Initiatives

Mr. Beckstead noted he was looking at a number of initiatives that would enable the Corporation to attain some savings through reorganization. He said he had not yet completed his review however the figure in the staff report represented an estimate which he believed achievable. These initiatives will go forward to CSED for consideration.

There being no questions of Mr. Beckstead on this item, the Committee broke for lunch.

Homes for the Aged

Councillor Munter, noting his concern for some of the budget cuts identified for the Homes for the Aged Department (HFTA), asked Mr. Garry Armstrong, Commissioner, to describe the Respite Care Program and the potential impacts if the program were eliminated. Mr. Armstrong indicated the Respite Care Program is one of the only programs offered by the Department that is not legislated. He said the program is a day centre program offered at Island Lodge and Centre d'Accueil Champlain, operates five days a week with anywhere from about 8 to 12 clients, costs approximately \$300,000 with the Province paying over \$180,000, the balance split between resident fees and the Region. He added the main clients of the programs are individuals who are being maintained in the community with family, providing caregivers support.

Mr. Armstrong noted staff have been looking for ways to make the program more cost recovery while maintaining the level of Provincial funding. He indicated it is expected the 1.5 FTE's identified in the report, the individuals will remain employees and be moved to other positions through attrition. He added staff are attempting to integrate the program into the daily operations of the homes.

In response to Councillor Munter on the Driver/Messenger item, Mr. Armstrong noted staff had taken this approach over the past two budgets at Carleton Lodge and Centre d'Accueil Champlain. The major cost is maintaining a vehicle and most of the services were related to mail and courier with some resident appointments. He added in most cases either family members or volunteers are used to attend appointments with residents, fairly typical of all long term care facilities. He has not seen any decrease in service to the residents at the other homes as a result of this type of reduction, however, there are some increased costs to the residents i.e. taxis. He added, however, if a resident could not afford the cost, the Department would cover it.

Mr. Armstrong, responding to Councillor Holmes, indicated that the number of volunteers is not extremely high to attend appointments, however, the types of clients that are in the homes are receiving more medical services in-house or services brought in-house.

Councillor Loney questioned the current use of Para-Transpo and the indication that this use would be increased, citing OC Transpo's inability to expand this service. He felt staff should not be relying on receiving increased services from Para-Transpo in 1999 as it likely would not be available.

Councillor Munter asked the Department to provide more information on previous reductions in positions and expenditures from 1993 to 1998 in advance of the Community Services Committee budget meeting.

Health

Councillor Munter, referring to Annexes C and D, noted out of the total departmental reductions of \$6.1 million, close to \$1 million or 1/6 is being cut from the Health Department and also, referring to the reduction in FTE's, there are 15 identified for the Health Department out of a total of 66 in the tax-supported area. He felt this was out of proportion adding that the Health Department is only 3% of the total Regional budget. He questioned why the Department was being targeted for reductions.

Mr. LeBelle explained the initial allocation for reductions to departments was based on the compensation in the respective departments as a proxy for the activity levels in each in relation to the total Corporation, which formed the relative allocations. The reduction in purchased services is a 10% reduction across the board of the total amount of the objects included for each department.

Dr. Cushman, Medical Officer of Health, added the Department's compensation amounts to approximately 86% of the budget, therefore, resulting in a seemingly higher target for reductions.

Dr. Cushman offered the following statistics with respect to health care spending in Ottawa-Carleton: the Region spends eight cents per day per capita on public health and these reductions are attempting to remove one cent per day per capita.

Dr. Cushman, responding to Councillor Munter, noted staff are attempting to consult with other partners with respect to some of the proposed reductions. He noted the seniors' programs are receiving disproportionate reductions within the Department's reduction. He explained, regrettably, mandatory programs for public health which target the prevention of premature disease and death do not single out seniors as an area for major spending, therefore, as the Department returns to delivering mostly mandatory programs, the seniors programming will be decreased. He indicated he will be meeting with some of the co-agencies to attempt to resolve some of the potential problems.

Councillor Munter noted seniors are a large user of the health care system, therefore, preventing falls and other public health measures that prevent seniors from having to use the health care system also have great return.

With respect to the Sexual Health Clinics reductions, Councillor Munter asked if access would be reduced to STD tests, counseling, pregnancy tests, etc. Dr. Cushman indicated access would be reduced which he felt would lead to reduced services and, down the road, public health problems.

Councillor Munter, referring to the briefing on Land Ambulance with individuals from Edmonton and Toronto, noted the message there was that with the monumental task ahead to assume Land Ambulance, the staff currently in place would require assistance, questioned the proposed reduction to Land Ambulance.

Dr. Cushman noted that in addition to the \$60,000 reduction in Land Ambulance, the purchased services reduction also identifies cuts for this area as there was substantial monies allocated for consultants and conventions. He felt staff in the Health Department will make every effort to work harder and faster to accommodate the needs of the Land Ambulance staff.

Councillor Munter asked Dr. Cushman for more detail on the programs proposed for reductions well in advance of the Community Services Committee Budget Review and a memo from him on the cuts already made in the Health Department from 1993 to 1997.

Dr. Cushman, responding to Councillor Loney, felt in the immediate term the issue of Land Ambulance can be managed. He added that even within the 1999 budget for Land Ambulance it may be that additional expenditures are required later in the year as staff gear up for 2000.

The Medical Officer of Health explained for the Sub-Committee the reductions identified for seniors' programs and post-partum services do not completely eliminate the programs.

Staff will make every effort to provide the same services with less. Alternatively, staff anticipate some specific items within seniors' programs targeted for elimination will become part of CCAC's expanded role.

Chair Chiarelli firstly complimented Dr. Cushman on the efforts made to generate some options for reductions with maximum effort to maintain services to most of the Health Department's client base. With respect to Land Ambulance transition, Chair Chiarelli felt the Region has clearly been misled by the Province in the actual costs of land ambulance. However, he indicated on the political front, he is trying to deal with a possible grant the Region might receive to assist with budget problems due to downloading. He felt in the near future the need to generate financial movement on the part of the Province with respect to land ambulance must be vigilently pursued. The Regional Chair felt, however, now was not the time while still dealing with the larger issue of the \$43 million download in the second year.

Reiterating other Sub-Committee members comments, Councillor Holmes felt it was clear at the briefing that the Region needs to hire five or six experts beginning now and asked if the \$60,000 in reductions means that will not happen.

Dr. Cushman indicated the reductions identified were for financial, communications and administrative services and his time and the Health Department will essentially donate that to the ambulance cause.

Responding to Councillor Holmes, Dr. Cushman explained the reduction in Environmental Health is a position currently vacant and the Department will combine some departmental efforts and essentially reorganize around environmental issues.

Social Services

Councillor Munter requested greater detail in terms of the actual positions to be eliminated and statements regarding increased delays, slower service to clients, etc. He voiced his concern regarding these statements as he felt the system is already slow and difficult for some clients to navigate.

By way of background, Mr. Dick Stewart, Commissioner, Social Services Department explained the recommendation before the Sub-Committee to reduce the department's complement by 14 FTE's, 10 are Case Coordinator positions to be removed from the establishment. Mr. Stewart reminded Councillors in June 1998 the Department received approval to increase the staff compliment by 82 positions (30 Case Coordinators) in preparation for the receipt of the transfer of sole support parents from the Province and also in recognition of the fact that the Ontario Works Act brought new work to the Department.

Noting the caseload has been declining since June 1998 and the anticipated transfer from the Province of sole support parents has not materialized to the degree anticipated, Mr. Stewart explained these 10 Case Coordinators not yet staffed, will be eliminated.

With respect to the statements regarding impact, Mr. Stewart explained in spite of this staff will make every effort to ensure the Department's current standard of responding to a request for social assistance or child care subsidy within five days from receipt to decision making is upheld. He noted, however, the more the resources are redirected to maintain that standard at the front and deal with the emergencies coming in off the street, the less the ability to deal with the back end in supporting clients toward employment and the various other support services.

He pointed out the impact will be seen more over time if these types of reductions were to continue, the Department would be less capable of responding to clients needs.

The Commissioner said the remaining four positions identified for reduction will be made up through gapping provisions.

With respect to the monies identified for reduction, Mr. Stewart indicated they are not cost shared and no loss of revenue from the Province would result from this reduction.

Responding to Chair Chiarelli, Mr. Stewart provided the Sub-Committee with a brief summary on the progress made to date establishing the Employment Task Force. He anticipates the announcement of the members of the Task Force to be in the first week in February and the terms of reference call for a six month period of very frenetic activity to develop both short and long term strategies and projects to improve the employment outcomes for social assistance clients, and, longer term strategies for workforce development in the broader sense that would afford opportunities for the unemployed and underemployed in the Region.

Chair Chiarelli spoke of a letter sent to the Premier of Ontario and Minister Eckers outlining changes the Region would like to see in the Workfare system enabling resources to be made available through the private sector rather than the voluntary sector. He asked Mr. Stewart if he envisioned any program resources from the Province that might become available to assist the task force, with respect to the recent policy announcements made.

Mr. Stewart explained the announcement made by the Province to move the Ontario Works Program into the private sector really revolves around the introduction of a wage subsidy program for those receiving the Ontario Works benefit that could be used as a marketing strategy with private sector employers.

Mr. Stewart reiterated for Councillor Loney his confidence in the Department's ability to manage the proposed reductions.

Planning and Development Approvals

Councillor McGoldrick-Larsen asked if the workplan, set out as a result of the ROP, and the timing of that work will be affected by the reduction of positions identified in the report.

Mr. Tunnacliffe, Commissioner, Planning and Development Approvals Department, indicated it would, however, he is still attempting to work out the details. He proposes to bring forward a report to the Planning and Environment Committee to show which work items would either be delayed or eliminated.

He confirmed for the Councillor that new transportation system demands not in the ten year plan, will not be affected by the proposed staff reductions, as when these types of issues come forward they are largely funded through the capital program and done by consultant.

Councillor Holmes voiced her concern with respect to the reduction of one position in Transportation Planning and the Department's ability to operationalize the ROP and Transportation Master Plan into background documents and policy. She asked if those type of actions will be delayed with this reduction if 1 FTE, to which Mr. Tunnacliffe replied yes.

Regarding Land Division Committee reductions, Councillor Hunter referenced correspondence from the municipalities currently using this committee that they are now willing to take over that service. Mr. Tunnacliffe indicated that was correct and a report will come forward to the Planning and Environment Committee regarding this issue.

In response to Councillor Loney, Mr. Tunnacliffe said the department in 1998 began a three year program to bring the Department's files to the Corporate standard, keeping in mind the fact the department inherited files from five different areas, not all within the numbering system or Corporate standard. Out of existing resources, he said, the department created a team of two individuals to do that task, however, given the priorities and need to find more savings, a decision was made to move more slowly with this whole process.

Environment and Transportation

Mr. Sheflin, Commissioner, Environment and Transportation Department indicated departmental staff continually analyse the various operations internally and externally for efficiencies, etc. and said in some areas the department is already the "Best in Class". He referenced the various charts used in the past at the budget meetings showing the costs per lane kilometre, water customer, etc. continue to decrease.

He noted his apprehension with respect to the winter maintenance reductions, however, staff are confident with the changes in technology and methods currently being undertaken savings could be realized. He noted in previous year, these savings have been used to absorb inflation and minor alterations in levels of services.

Mr. Sheflin, with respect to the proposed elimination of 58 traffic signals, indicated there are a number of traffic signals that are unwarranted. He told the Sub-Committee when he joined the Region, there were 275 signalized intersections, there are currently 870 with approximately the same staff compliment and noted staff's inability to continue to increase traffic signals without increasing the staff compliment to run them. He added the major costs associated with traffic signals are for Hydro and Bell Canada lines, pointing out that no amount of efficiencies can reduce those costs.

Responding to Councillor Holmes, Mr. Sheflin explained the \$300,000 identified on page D-16 for Contracted Maintenance-Winter and Summer represents the City of Ottawa and City of Vanier maintenance contracts. The rest of the Region is represented in the \$600,000. reduction in winter maintenance.

Councillor Holmes requested a list of the traffic signals proposed to be eliminated. Mr. Sheflin indicated staff have not yet identified which traffic signals should be eliminated, staff simply identified the need to remove 58 traffic signals in order to achieve \$200,000. in savings. As there is a fair amount of work required to actually identify the 58 traffic signals, Mr. Sheflin felt before this work should be done, staff should have an indication from Committee and Council on whether it would be their intent to proceed with this type of reduction.

Councillor Kreling, noting staff have previously indicated that based on the number of lane kilometres and/or intersections, the Region has a disproportionate amount of traffic control signals, asked if Mr. Sheflin had knowledge of how other municipalities determine the need for a traffic signal, do most use the warrant system and does the Region have more signals than is necessary based on what staff have indicated.

Mr. Sheflin confirmed there are a lot more traffic signals in Ottawa-Carleton as compared to other municipalities based on the number of intersections. He noted staff have made efforts to benchmark with other regions, however, Ottawa-Carleton has the second highest amount of traffic after the Toronto area.

Mr. Sheflin confirmed for Councillor Hunter that current policy dictates, should a traffic signal be requested in situation where a shopping mall or development is being built, the signal is unwarranted and not on a intersecting road, the capital and operating costs are paid for by the proponent.

Councillor McGoldrick-Larsen, reiterating Councillor Munter's requests to the Community Services departments, felt it would be extremely beneficial to have a synopsis

regarding the cuts made, value of those cuts and the number of positions reduced in the last five years to enable Councillors to put things in context. Mr. Sheflin said this type of information will be available at the Standing Committee budget meetings.

Councillor McGoldrick-Larsen voiced her concerns with respect to reducing the Traffic Operations budgets when she, in her ward is experiencing considerable growth and expects the demands for this area will increase. The Councillor she could not support a reduction to the existing system which is currently showing great signs of stress in her opinion for the roads imperative to the community she represents.

Mr. Sheflin pointed out that if not for the downloaded roads from the Province which constitute a 12% increase in the plant, staff would have effectively come forward with a reduction. He stated this budget includes the absorption of 250 lane kilometres of Provincial highways.

Councillor Holmes introduced a motion recommending to Transportation Committee the deletion of the Traffic Operations - Signals reductions outlined in the report. She noted her difficulty with this item and felt hours would be needed to be added to the Transportation Committee budget deliberations to review this item.

Councillor van den Ham agreed with the Motion and felt at some point in 1999 staff could review the unwarranted traffic signals and come forward for the 2000 budget identifying the specific signals and recommending removal.

Moved by D. Holmes

That the Budget Sub-Committee recommend to Transportation Committee that Traffic Operations - Signals be removed from the 1999 Draft Estimates - Budget Reductions and Adjustments Options.

CARRIED
(G. Hunter dissented)

With respect to solid waste reductions, Mr. Sheflin is expecting to receive a letter of commitment from the Province regarding the revenue for the blue box, noting the amount may actually be larger than indicated in the report.

Mr. Sheflin indicated WEPD has no room other than for nominal reductions as based on year end the Division is at 98% of the cost curve and have flattened out. Training will not be reduced as indicated in the report. Mr. Sheflin explained a firm had been retained which advises public and private firms on this area and in order to be "Best in Class" funds need to be spent in training. He indicated he had directed staff to make those adjustments in WEPD, however, staff remove the training reduction in the report and find those savings within the Water Division.

Mr. LeBelle, responding to Councillor Hunter, indicated the reductions in water and sewer are over and above the tax supported reductions, however, it was part of the Corporate approach.

OC Transpo

Councillor Holmes noted that the combination of b) Capitalize Major Bus Rebuilds - \$1.1 million, g) One Time Funding of Increased Service/Reliability Initiatives - \$4.6 million and the 4. Reduction to (PAYG): Transit Capital Reserve Fund Contribution - \$3.0 million add up to \$8.7 million less going into or coming out of Transit Capital Reserve. She asked when and how these funds will be put back into that Reserve.

Mr. LeBelle noted g) \$4.6 million is proposed for 1999 only whereas b) \$1.1 million and 4. \$3.0 million are annualized reduced contributions to the Reserve. With respect to the \$3.0 million, he said there is no expectation at this time that there would be any particular capacity generated in the forecast period, but over that forecast period staff will prepare the Capital Forecast in 1999 together with OC Transpo and will prepare it on the basis of this reduced level of contribution.

Addressing g) One Time Funding of Increased Service / Reliability Initiatives - \$4.6 million, Councillor Loney indicated that some of that service has already been introduced since 1 January 1999. He disagreed this item is one time and felt that these funds should be included in the operational budget in 2000. He added it is an increased cost that will need to be dealt with in 2000. Referencing the KPMG draft report, final report to be issued on 3 February 1999, Councillor Loney stated in order to achieve the ridership levels as recommended in the KPMG Report, service will need to be added of which 55% will be covered by the farebox and 45% by the taxpayers.

He stated the service is expensive, however, if emphasis will be given to this service, which is already preordained by Council's actions on the ROP and Master Transportation Plan, the funds need to be allocated to it. He felt there would be an increased need in coming years in Capital requirements, coming out of the comprehensive review process.

Councillor Hunter felt the Corporation, although with good intentions, is clearly out of touch with customers and the public paying the bill. His general impression from a recent public meeting he attended was that the population trend is not heavily transit oriented. He felt this trend will probably change by the end of the planning period and the transit objectives will probably be achieved. In light of the fact that ridership is not increasing based on the initiatives and fare decreases over the last year, it does not make sense to put money into service increases that will not achieve results.

Mr. Sheflin explained OC Transpo does have many problems, some caused by past budget reductions. He emphasized this issue of reliability needs to be addressed; 608 trips were

missed last week due to the poor shape of the buses. He stated this situation cannot continue, customers are increasingly dissatisfied. OC Transpo needs to be rebuilt and to increase ridership by improving reliability and increasing service.

Responding to the Sub-Committee Chair, Mr. Sheflin indicated the \$4.6 million will go towards improved reliability, getting the buses out on time and not missing trips; increased service to increase the ridership; a focus marketing program to increase ridership; and, increase safety and/or security, real or perceived two-thirds of the females and one-third of males in the community say they do not feel safe after dark. He indicated 1999 is a turn-around year and the reason for these funds listed as one-time is because OC Transpo will need to prove this can be accomplished. He has had discussions with the employees and unions and everyone at OC Transpo is committed to achieving these goals.

Some of the expenditures to improve and increase reliability and service will be purchasing back-up buses, hiring mechanics and drivers. Mr. Sheflin explained part of the problem has been lack of sufficient numbers of drivers and using unreliable equipment which has added to employees stress factor and increased absenteeism. Mr. Sheflin stated the bottom line for OC Transpo is to attain user pay support as is the case in British Columbia and Quebec.

The Sub-Committee reviewed the budget reduction options listed on page 6-8, Numbers 3-12 outlined in the report. Councillor Holmes disagreed with Number 6.

Chair Chiarelli moved a motion to eliminate the \$39,000 reduction for Conservation Authorities and direct staff to find the equivalent amount elsewhere. There being no discussion, the Sub-Committee then voted on Chair Chiarelli's motion.

Moved by R. Chiarelli

That the program reductions for Conservation Authorities of \$39,000. be deleted and that staff be instructed to find equivalent savings elsewhere.

CARRIED

Councillor Herb Kreling introduced the following motion and there being no comments or discussion, it was then voted on.

Moved by H. Kreling

Whereas, the Budget Sub-Committee was constituted to review the 1999 Regional budget in an effort to maintain the net taxation requirement for Regional programs at 1998 levels;

Therefore, the Budget Sub-Committee acknowledges the 1999 budget challenges and reduction initiatives as outlined in the Chief Administrative Officer and Finance Commissioner's Joint Report dated 18 January 1999 entitled "1999 Draft Estimates - Budget Reductions and Adjustments Options";

And that, the Budget Sub-Committee recommends the Standing Committees consider the 18 January 1999 Joint Report, the Budget Sub-Committee comments of 20 January 1999, and any other initiatives or alternatives that the Standing Committees deem advisable to reduce the departments' 1999 budgetary requirements in an effort to maintain net taxation requirements at 1998 levels.

CARRIED

There being no further business, the Committee adjourned.

ADJOURNMENT

The meeting adjourned at 4:00 p.m.

COORDINATOR

CHAIR

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

MEMORANDUM
NOTE DE SERVICE

Our File/N/Réf.
Your File/V/Réf.

DATE 11 December 1998

TO/DEST. Regional Chair, Bob Chairelli
Councillor Gord Hunter
Councillor Diane Holmes

FROM/EXP. Nick Tunnacliffe

SUBJECT/OBJET CAPITAL BUDGET

OTTAWA CARLETON REGIONAL CLERK'S DEPT DEC 17 1998 Received
FILE # 07-98-0095
COMM. # 98-2861
ACTION
TOKEN
TO RM

Listed below is the 1999 Capital Budget with Project Numbers for the Planning and Development Approvals Department to be considered by the appropriate Standing Committees regarding the approval of certain sections.

CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE

Capital Book

Pg. No.	Project No.	Project Name
60	912-13512	Building and Retrofit Projects
74	912-13510	O-C Centre Facilities Upgrade

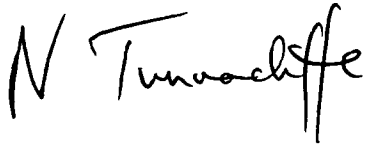
PLANNING AND ENVIRONMENT COMMITTEE

56	912-13409	Greenhouse Gas Emission Reduction
58	912-13411	Studies - Servicing and Economic Analysis
64	912-13517	Surveys and Mapping Program
70	912-17956	GIS Application Development
72	912-62901	Environmental Resources Areas Acquisition Program
248	932-13415	Flow Management Strategy
250	932-13416	Sub-Watershed Planning
330	922-13419	Water and Wastewater Strategic Planning

TRANSPORTATION COMMITTEE

62	912-33406	Strategic Transportation Planning Studies
66	912-33420	Environmental Assessment Studies
68	912-33428	Study Phase II - Model Development

76	912-19907	Future Transportation Corridor Land - Abandoned Railways
210	942-13417	Light Rail Transit
212	942-30632	Transitway - Corridor Protection



Nick Tunnacliffe

NT/kl

cc: ✓ Committee Coordinators: (C. Watson, D. Whelan, R. Nelson)
Budget Analyst, Finance Department
K. Ennor, PDA Manager, Finance and Administration