

Environment Committee Presentation

2016 Draft City of Ottawa
Tax and Rate Supported Budget
November 27, 2015

- Good Morning. My name is Perry Crozier and I am President of the National Capital Heavy Construction Association.
- I am accompanied today by our Executive Advisor, Dale Harley
- We are here today to talk to you about the 2016 Environment Committee budget, but also about the budget of your poor cousins, the Transportation Committee
- Thank you for the opportunity to provide input into the 2016 Budget.

The Road Not Taken



- "The Road Not Taken" is a poem by Robert Frost
- Two roads diverged in a wood, and I – I took the one less traveled by, and that has made all the difference.
- You do have a chance to make a difference for the benefit of all taxpayers

- The theme of this year's presentation is "The Road Not Taken"
- Many of you may remember this as one of Robert Frost's most famous poems
- The poem ends with... "Two roads diverged in a wood, and I – I took the one less traveled by, and that has made all the difference."
- The parallel that I am attempting to make is that we hope that this Council does not regret making the wrong choice when it comes to investing in needed infrastructure renewal budgets.
- You do have a chance to make a difference for the benefit of all taxpayers and choose to address the present state of Ottawa's infrastructure.

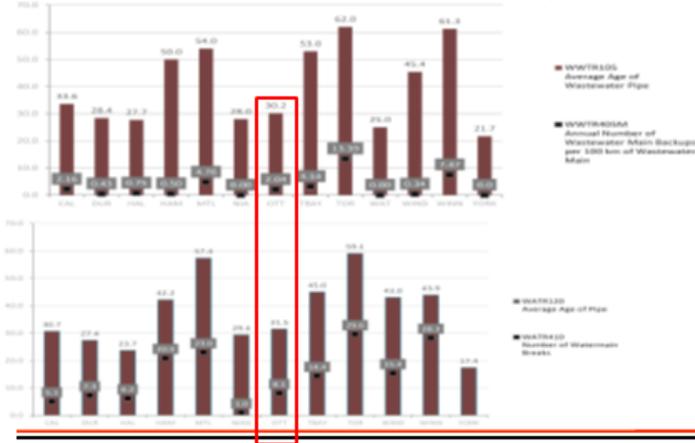
Infrastructure Report Card

Service	Asset Replacement Value	Overall Average Asset Condition Rating	2012 Status		
			% of Assets in Poor to Very Poor Condition	% of Assets in Fair Condition	% of Assets in Good to Very Good Condition
Water	\$ 6,636 M	Good	13 %	28 %	59 %
Wastewater	\$ 5,678 M	Good-Fair	13 %	28 %	60 %
Stormwater	\$ 4,653 M	Good-Fair	6 %	21 %	74 %
Trails	\$ 1,406 M	Good-Fair	7 %	14 %	79 %
Transportation	\$ 11,179 M	Fair	25 %	54 %	21 %
Recreation and Culture	\$ 1,970 M	Fair	17 %	43 %	40 %
Libraries	\$ 94 M	Good	12 %	41 %	47 %
Community Services	\$ 176 M	Good-Fair	0 %	57 %	43 %
Fire, Paramedic and By-Law	\$ 313 M	Good-Fair	9 %	46 %	45 %
Civic Facilities and Realty	\$ 257 M	Fair	1 %	94 %	5 %
Overall Summary	\$ 32,264 M	Fair-Good	16 % (\$4.2B)	37 % (\$12.0B)	47 % (\$16.2B)

Very Good - Fit for the future. Well maintained, good condition, new or recently rehabilitated.
Good - Adequate for now.
Acceptable - generally approaching mid stage of expected service life.
Fair - Requires attention.
Signs of deterioration - some elements exhibit deficiencies.
Poor - At risk of affecting service.
Approaching end of service life - condition below standard, large portion of system exhibits significant deterioration.
Very Poor - Unfit for sustained service.
Beyond expected service life - widespread signs of advanced deterioration, some assets may be unusable.

- With Respect to Environment Committee assets, this Council appears to have taken the right road when it comes to maintaining its assets.
- The 2012 Canadian Infrastructure Report Card revealed that Water, Waste Water and Stormwater were in generally good condition compared to other city assets.
- The same cannot be said for city roads.
- According to the Infrastructure Report Card, while almost 50% of roads in Canada are deemed to be in good or very good condition, the story in Ottawa is quite different.
- In the City of Ottawa, just 20% of all roads are deemed to be in Good to Very Good condition.
- The story gets even scarier when you look at Collector Roads, where over 50% are rated as being in Poor to Very Poor condition.

2014 OMBI Performance Measurement Report



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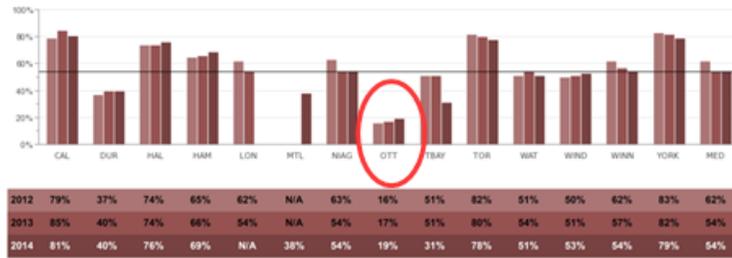
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- The 2014 Ontario Municipal Benchmarking Initiative report would seem to confirm the results of the Infrastructure Report Card.
- Ottawa wastewater and water pipes are on average about 30 years old. This is on par with the other cities participating in the study.
- The average number of wastewater main backups and watermain breaks in Ottawa are also on par.

2014 OMBI Performance Measurement Report

What percent of paved roads are rated good to very good?

Fig 28.5 Percent of Paved Lane Km where the Condition is Rated as Good to Very Good



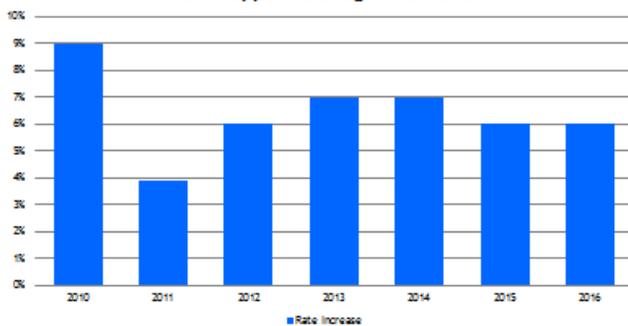
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- The same cannot be said about Ottawa Roads
- The 2014 OMBI report revealed that Ottawa had the worst roads of the major cities participating in the benchmarking study.
- Only 19% of paved roads in Ottawa were rated as being in good or very good condition. This compares to a mean of 54%.
- Clearly, road infrastructure in Ottawa needs attention.

Environmental Services Infrastructure Investment

Rate Supported Budget Increases

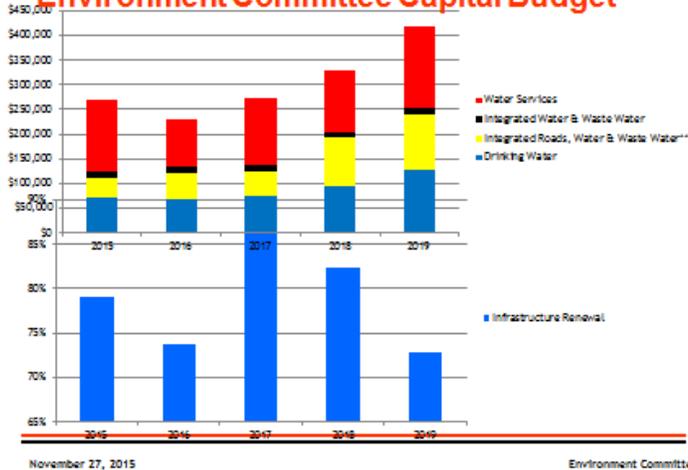


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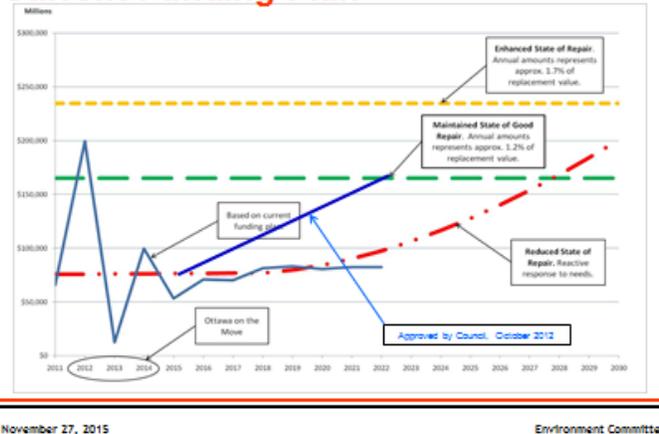
- It is safe to say that the city has chosen the correct road when it comes properly maintaining its Environmental Services Infrastructure.
- This has been made possible by the city as a result of:
 - adopting realistic increases for rate supported infrastructure; and
 - Investing the vast majority of its infrastructure dollars on the renewal of these valuable assets.

Environment Committee Capital Budget



- While the City has reduced its capital investment this year, and the percentage of renewal investment has also declined, the planned future investments appear to be improving.

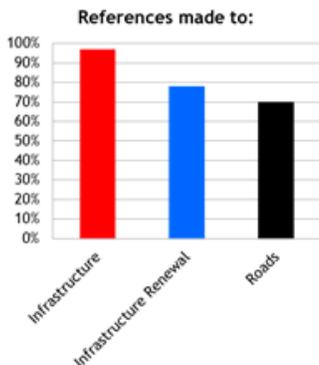
Funding Requirements vs. Current Funding Plan



- The Long Range Financial Plan 4 was adopted in the last term of Council.
- This plan identifies a need to increase the tax supported funding for renewal of City assets to a level of \$165 million per year to maintain a state of good repair versus the average historical expenditure on the renewal of roads, bridges, buildings and parks of only approximately \$80 million per year.
- Unfortunately, tax supported funding for city assets is a long way behind rate supported assets.

Councillor Survey

(Ottawa Citizen, November 11, 2015)



- Every dollar we evade spending on these things can create a bill of 10-50 times that amount in avoidable future costs when, instead, we have to reconstruct the asset. (Rick Chiarelli)
- Funding for road renewal and continuing our commitment to increase our contribution to capital. I think we need to focus on needs rather than wants. (Scott Moffatt)
- Adequate investment in renewing our older assets people rely on for services - pipes, roads, parks and playgrounds. (Mark Taylor)
- We need realistic maintenance plans for our infrastructure, such as roads, sidewalks, sewers (Jean Cloutier)
- It is important that we properly budget for the maintenance of current city infrastructure (Jody Mitic)

- The good news is, is that as a Council, you appear to be getting it when it comes to infrastructure investment.
- Matthew Pearson of the Ottawa Citizen reported on November 11, 2015, the results of a survey about the upcoming budget.
- 96% of you noted infrastructure or roads in your responses
- 78% of you noted infrastructure renewal as a priority
- 70% specifically commented on the condition of roads.
- Here is what a few of you had to say:

In Conclusion

1. Maintaining a 2% tax increase is arguably the right road to take.
2. Taken right road with respect to rate supported assets.
3. But Council has reached a fork in the road when it comes to transportation infrastructure.
4. The City must take "the road less traveled" in order to make a difference.
 - a. Reallocate funding from across all budget.
 - b. Increase debt to pay for these much needed repairs before they cost even more in the future.
5. Send a message to provincial and federal partners.



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In Conclusion:

- Maintaining a 2% tax increase is arguably the right road to take in terms of providing reliable and affordable City services.
- It would appear that Council has taken the right road when it comes to maintaining Environmental assets, but appears to have reached a fork in the road when it comes to Transportation assets.
- Evidence is mounting that the City must take "the road less traveled" in order to make a difference.
- This new road could include reallocating funding from across all budget envelopes to help pay for needed infrastructure renewal.
- The City could also choose to increase debt to pay for these repairs before they cost even more in the future. This would be consistent with what the City is already doing.
- Investing more this year would also send a strong message to your provincial and federal partners that the City is prepared to step up to the plate on infrastructure project funding.
- Thank you for the opportunity to address the committee. I would be pleased to answer any questions you might have.

For more information please contact Dale Harley, 613-882-5684