

Kanata Chamber of Commerce Luncheon

Kanata Ballroom
Holiday Inn Select
101 Kanata Avenue, Kanata
Tuesday, March 8, 2005 (11:55 A.M.)

Kristine - Congratulations for being President of Kanata Chamber of Commerce.

Kanata is now an international destination - Canada's Hi-Tech Capital and home of one of the world's elite hockey teams, the Ottawa Senators.

But it was only about 45 years ago that Kanata was just a sub-division and a vision. And like a satellite, planned and developed here, Kanata moved a break-neck speed, but like a view from the satellite it didn't always appear to be moving that quickly.

I say this because I remember visiting my sister Mary Venier when, with her family, she moved into the original Bill Teron Kanata subdivision - before Kanata was a city - and she still lives in that house. The change and the growth since then were unprecedented.

We are still experiencing that explosive growth and it is challenging our city's program services and budget.

But, in spite of our challenges, our local economy continues to boom...

- Last year we created over 25,000 jobs in Ottawa and we have the lowest unemployment rate in 4 years;
- We have had 5 consecutive years of record breaking levels of construction; and,
- The City's finances are very strong.

The City of Ottawa has been granted a Triple A financial rating from the last Moody's Investors Services Report, the highest possible grade.

This exceeds the ratings of Montreal, Toronto, the Province of Ontario, and Hydro one.

This last report stated that Ottawa's rating is "supported by a low debt burden, fiscal discipline and a commitment to long range financial planning..."

And thanks to the work of Kent Kirkpatrick and his team, the City's administrative costs, as a percent of total budget, have been reduced to 5.9% - that compares by way of example to 12.3% at the former City of Nepean, and 12% in the old City of Ottawa.

This year's budget requires 9.5 million dollars of administrative cuts and it would appear again this year that of all larger Ontario cities, Ottawa will have the lowest or second lowest tax increase.

And looking to the future, Kanata is poised for a significant rebound. The suburban office market is recovering, notably in the West-end of the City. In 2004, more than 336,000 square feet of Kanata office space were leased by hi-tech companies.

And despite layoffs by hi-tech multi-nationals, local hi-tech companies created over 6,000 new jobs in 2004.

There are now more than 1,600 technology companies in Ottawa. That compares to 1,000 companies five years ago.

Venture capital markets are starting to build again. There are about 67,000 people employed in our technology industry today.

And Jeffery Dale, president of OCRI is boldly predicting there will be 100,000 high tech jobs in Ottawa by 2008. Our job is to channel that explosive growth into better planning of our communities so that smart growth principles such as transit, recreation, and culture are critical components of any new neighbourhood, and that these will continue to attract talent and investments in our city.

That's why the expansion of the O-Train is so important for the future of Ottawa.

Many of you will recall the May 2004 announcement in which the federal and provincial governments committed \$400 million in funding for the O-train expansion.

This project is poised to become the largest construction project in Ottawa's history.

The north-south line now carries up to 10 thousand passengers a day along an 8-kilometre stretch of track that travels from Bayview to Greenboro, on a route that was expected to carry about 5,000 per day.

The good news is that we're not going to stop with a North-South route.

I witnessed first hand the demand for east-west light rail service when the O-train travelled to Kanata and Carp in a demonstration run last September.

You may not realize it, but in the early 1990's, Regional government purchased the right of way and track that runs from Walkley Road to beyond Carp - the new City actually now owns it.

There was tremendous excitement when the O-Train stopped near Carling Avenue and March Road - and Carp residents gave it a cheering reception.

To that end, the city is now in the midst of an environmental assessment for an east west light rail service. That study will determine the best logical route and technology and I'm sure many in this room would love to see a light rail stop right at the Corel Centre, which is highly likely. This will ease congestion on the 417 west.

A world-class public transit system is essential for any modern city:

- essential for quality of life
- essential for the environment, and
- essential for a competitive economy.

And every major city has more than one mode of public transit. For Ottawa that means a compatible system of buses and light rail.

In two weeks, we will celebrate the grand opening of the Terry Fox transit station terminal, a Kanata investment of 22 million dollars.

This is already making a huge difference for transit riders which follows on the heels of 22 millions invested for the Castlefrank overpass and 30 million dollars to complete Terry Fox Drive.

To help pay for expanded light rail and bus transit operations, the city of Ottawa will tap into new revenues from the federal and provincial governments

Along with other big city Mayors, I've been aggressive in getting the province and the federal government to commit to a "New Deal" for municipalities.

Critics scoffed at the Mayors. They said we'd never see a dime.

They were wrong.

Just two weeks ago, the federal government in its budget confirmed it would start the flow through of gas tax revenues this year to municipalities to the tune of \$600 million and ramping up to over \$1 billion annually in five years.

The provincial government was first off the mark with gas tax rebates last October and is flowing through a payment that will climb to two cents a litre in two years.

The Federal government also announced a GST rebate for cities, which means about 750 million dollars per year for cities.

All this will add up to 80 million dollars per year for the City of Ottawa.

So, the work of the Mayors has paid off and now cities indeed do have a voice at the table in helping to determine how best to solve the infrastructure deficit.

The infrastructure deficit nationwide is estimated at between \$60 billion and \$125 billion dollars, as confirmed by credible analysts such as the Conference Board of Canada and the TD Canada Trust.

Infrastructure funding challenges have forced cities such as Ottawa to find new ways to provide services, programs and facilities to taxpayers.

That's why I pushed City Council to establish Canada's first municipal public-private partnership office two years ago.

I'm proud of the results of this "Triple P" policy.

The "Triple P" office has leveraged investment of over \$100 million from the private sector.

One of the projects built under this office was the \$25.6 million Bell Sensplex, a state of the art four ice pad and multi recreational facility.

The Bell Sensplex is taking the community by storm. In fact, it is taking the country by storm as officials from other municipalities are taking the trip to Kanata to see what the facility looks like and how it was financed.

Other "Triple P" projects include:

- The construction of a new arena facility in West Carleton;
- The new Gary. J Armstrong Long Term Care Health Centre on Porter's Island;
- Expansion of two more ice pads at the Ray Friel Centre in Orléans;
- A new Thunderdome indoor soccer and recreation facility in Orléans; and
- An R.F.P. process for an East-End Arts Facility.

What's good for the city is also good for business.

We've taken some steps to improve the dialogue with the business community.

Just last month, City Council approved the establishment of a new Business Advisory Committee.

The Committee will allow the city to be more proactive rather than reactive in dealing with the concerns of small and medium sized business owners.

We're now working on plans to hold a Rural Summit. It will also deal with cutting down on red tape for some small businesses.

The slogan for the Rural Summit should read: one size doesn't fit all.

We have also implemented "On Time Review" to help speed up development applications through established timelines.

A new process has been implemented in partnership with the development community.

And, I'm sure one of the topics that will be raised at the Rural Summit and at the Business Advisory Committee is business property taxation and assessment.

I've said it before and I'll repeat it today: the property tax system is broken.

It's broken for small business.

It's broken for homeowners.

For all the small business owners in this room, you should remember this sequence of numbers:

62-41-26-15

I'll repeat that again; **62 - 41 - 26 - 15**, and that's not a play out of the Renegades' play book.

Let me explain.

- **62 means: 62** per cent all small or medium sized businesses in Ottawa last year should've received a tax decrease and did not because of this broken system. Under the rules, the tax decrease was clawed back.
- **41 means: 41** million dollars is the amount clawed back from the small and medium sized businesses
- **26 means: 26** million dollars of that was used to help lower taxes for 300 office properties in the city.
- **And 15 means: 15** of the biggest office buildings downtown were the biggest beneficiaries of this claw back. (They take almost \$20 million of that capping away from smaller commercial property owners.)

So, here is the tally so far of the new property tax system and how it affects small business six years after it was implemented.

More than 5 thousand commercial properties that should have received a tax decrease are getting 92 per cent (almost all of it) clawed back to fund the shortfall.

Here's just one example of the broken system.

This is an actual case in the city.

We took two commercial properties assessed at \$620 thousand. That means they should be paying approximately \$24 thousand in property taxes. Under the broken system, one owner is paying \$39 thousand dollars. The other owner is smiling because his tax bill is just over \$5 thousand dollars.

There are many more examples like this.

A municipality in Ontario has no power to fix this. I repeat - No municipality in Ontario has the power to change this. It results from provincial property laws.

So, no wonder small business owners feel overtaxed. Even when they're in line for a tax break, it gets taken away from them.

We need a system that is fair to all classes of taxpayers.

That's the message I left with Finance Minister Greg Sorbora during a meeting about this very topic at his Queen's Park office earlier this year.

And this taxation year, we've been given a holiday from this type of assessment-related tax changes - thanks to our lobbying of Queen's Park.

On January 1, 2001, the City of Ottawa became the fourth largest city in Canada, and the largest agricultural city in Canada too. Since that time, the City has become a leader among the other large cities across the country, and is considered one of the best cities in the world in which to live.

And we are a great city. But we are great not because we are now a big City, but because we are a community of strong neighbourhoods.

Every morning, I travel from my own neighbourhood in Carlingwood through McKellar Park, Westboro, Hintonburg, Mechanicsville, Little Italy, Chinatown, Centretown and Elgin Street to City Hall - a journey that last 15 minutes but that speaks volumes about what Ottawa has been, and about what is really important about our work at City Council - which is building a City of communities.

We see the same diversity in the far west-end - Galetta thru Constance Bay thru Carp, Dunrobin or Kanata.

And building a City of communities is what I believe our City government needs to focus on now.

If there is one thing I have learned as Mayor, it is that one size does not fit all when we are talking about how we deliver City services - different neighbourhoods have different needs.

Fallingbrook has different needs than Manotick, which has different needs from Lowertown, which has different needs from Craig Henry. Kanata is distinctively different from Orléans.

And the City needs to recognize that in a meaningful way, beginning this year. I have asked the City Manager to make strengthening neighbourhoods a key focus of the new Corporate Plan.

I have asked him to sit down with his Deputy City Managers and find ways to take all the work that we are already doing in neighbourhoods, across all City departments, and make sure departments are working together and working with communities to resolve neighbourhood issues and support community development to the maximum extent possible.

Separate departments working in the same community will coordinate their common efforts and work with community leaders and Councillors. I have asked the City Manager to come back to Council with at least two pilot projects that will accomplish that this year. When fully implemented, we believe this initiative will help to keep communities whole by focusing on their uniqueness.

Time doesn't permit me to speak about many other important issues such as great environmental policies.

Council, the administration and the public have the same challenge: we are building a city; we are helping to build a world-class capital city.

And while we've laid a solid foundation over the 4 years - my job, your job and our job in building this new city, is far from over...

Thank you!