

City of Charlottetown 2004 Budget

Tuesday, March 30, 2004



**Sterling (Stu) H. MacFadyen, Deputy Mayor
Chair, Finance, Audit and Tendering**

BUDGET ADDRESS

Your Worship, Councillors, Ladies and Gentlemen, Members of the Media and City Staff,

I am pleased to be here today to present my first City Budget to the citizens of Charlottetown and to City Council. This, as Council is aware, is the 10th Budget for the newly incorporated City of Charlottetown.

City Budgets have been challenging over the past decade with none more challenging than the one we faced this year.

Council is well aware of the difficult time we had to bring in a balanced Budget which required cuts in all areas throughout the City Corporation.

This year's Budget was made even more difficult as a result of the Provincial Government's claw back of the Federal GST rebate. This Province's downloading to municipalities across this Island will cost the City of Charlottetown over \$400,000 in this coming budget year. This

"10th Budget for the newly incorporated City"

"... past decade ...challenging one"

"... difficult time... to bring in a balanced Budget"

"... Provincial Government's claw back of the Federal GST... will cost the City of Charlottetown over \$400,000"

downloading is no different then the practice of the Federal Government's downloading on the Provinces.

An even greater problem for the City is the decision of the Province of PEI not to participate in the National Municipal/Rural Infrastructure Program. That decision will result in a loss of over \$54 million of necessary infrastructure improvements across this Province. Improvements such as new streets, sidewalks, ditch infilling and water and sewer projects both in this year and in the years to come. It is our belief that the Province must go back to the table and enter into an agreement with the Federal Government on this program. If they do not, the other Provinces in this country will be happy to pick up the unused money from PEI.

An area of concern to me is the significant growth in the City's General Government Capital Debt which has almost doubled in the past three years. The City's total Capital Debt will be approximately \$70 million by the end of this year. This growth in the City debt has occurred because of the legitimate requests from our citizens for an equal level of municipal services across the newly amalgamated City. The City will continue to expand these municipal services in a fiscally responsible way, but we will only be able to do this if the Province agrees to enter into the recently announced Federal/Provincial/Municipal Infrastructure Program.

“...decision of the Province...not to participate in...Infrastructure Program....a loss of \$54 million...”

“...significant growth in City's Capital Debt”

As an indication of just how difficult things are in the City Corporation, you will see that in order to bring in a balanced Budget for 2004, the City had to cancel a \$1.5 million payment on capital debt, which was approved in April 2003, and use those capital funds to balance the Budget in 2004. This will only provide a one year infusion of revenue in 2004. In order to maintain the same level of services in 2005 and beyond, the City must find new revenue to replace these funds.

“...cancel a \$1.5 million payment on capital debt...”

Council has directed City staff to explore what opportunities exist for new revenue sources throughout the City and to present the findings to City Council within three (3) months.

“...explore ...opportunities for new revenue...”

All citizens will remember, the City of Charlottetown faced a significant clean up after Hurricane Juan in 2003. The costs related to this clean up and infrastructure repairs are in excess of \$2 million and the City had to finance these costs out of our current budget. It is our expectation that the Federal Government will reimburse the City for 90% of those costs through the Federal Disaster Relief Program. We are hopeful that these funds will be forwarded to the City in an expeditious manner. At this time, I would like to take this opportunity to offer my congratulations to our staff for carrying out a superb job addressing this emergency and for cleaning up the City so efficiently.

“Hurricane Juan costs...\$2 million...”

“...superb job...cleaning up the City”

Now for the Budget Highlights

- Our total City Budget = \$40 million
- General Government = \$33 million
- Water & Sewer Utility Budget = \$ 7 million

*“total City Budget
\$40 million”*

- There will be no tax increase for the year 2004. The residential tax rate will remain at \$1.35/\$100 of assessment and the commercial tax rate will remain at \$2.31/\$100 of assessment.

*“...no tax increase
for the year 2004”*

- The Water and Sewer Meter Rates will be increased by 50% in 2004 and the Flat Rates will go up by 10%. The Flat Rates will increase from \$331/year to \$364/year. It is worth noting that even with the 50% increase in Meter Rates, metered customers will still be receiving water at a cost which is 25% lower than the cost to our Flat Rate customers. It was therefore felt by the City that a higher rate was warranted for metered water users.

*“Water and Sewer
Meter
Rates...increase
50%...”*

*“...Flat Rates
increase 10%”*

To put these costs in perspective, the cost of water for a single family dwelling is approximately .44 cents a day. The cost of both the water and sewer services to a single family dwelling is \$1.00 a day. That is among the cheapest rates for water and sewer services in the country for communities of our size or larger.

*“...cost of
water...single
family dwelling...
.44 cents a day*

Despite the fact that the Province will not be funding major infrastructure, the City will still carry out some necessary capital projects throughout the City. The City will be spending approximately \$3.4 million on General Government Capital projects in 2004: \$2.3 million in Public Works and \$1 million in Recreation. Details on specific projects in these Departments will be announced by Council in the near future.

“...carry out some necessary capital projects...”

“\$2.3 million in Public Works and \$1 million in Recreation”

In the Water & Sewer Utility, the City will be carrying out \$26 million worth of capital projects in 2004. This will include the previous announced Treatment Plant upgrade, the sewer separation project in Brighton and three new projects:

- 1) The East Royalty Watermain Extensions
- 2) Spring Park Road Watermain Replacement, and
- 3) The Upton Park Water and Sewer Infill

“...three new capital projects for Water & Sewer Utility”

As stated earlier in my address, amalgamation of the seven communities into the one new City of Charlottetown has brought with it significant demands for capital improvements throughout the City. If the City is to continue providing these services to the rest of our community, we will require the cost sharing which is available for these projects under the Federal/Provincial Infrastructure Program. One such project which we have as a result of this Program is our new

Aquatics/Arena facility located on the campus of the University of Prince Edward Island.

The arena portion of the facility was opened up in November 2003 and the entire facility should be opened by May of this year. It is a beautiful facility, second to none in Eastern Canada and one we can be all proud of.

In the Police Department budget, City Council has approved the addition of one (1) new officer, bringing the new complement of Police Officers up to fifty-four (54). Council made the decision to increase the complement of Police Officers within the City to help address enforcement problems throughout the City and on the City's waterfront.

Another new initiative in our 2004 Budget, is the creation of a Business Improvement Area (BIA) for downtown Charlottetown. The Business Improvement Area was created through the initiative of the downtown commercial property owners. In their business plan, which has been presented to Council, they propose to carry out market promotion for the downtown. In order to assist them, the City has agreed to the implementation of a 0.1125¢ sur-tax on these businesses. The revenue generated from this sur-tax will be turned over to the Business Improvement Area Association so they can carry out their marketing and development programs to better enhance the retail sector

“Aquatics/Arena facility should be opened by May of this year”
“...second to none in Eastern Canada...”

“...one (1) new officer increasing complement to fifty-four (54) officers”

“... new initiative...creation of...Business Improvement Area (BIA)...with a 0.1125¢ sur-tax”

of our downtown core. The City applauds their efforts and wishes them success in the upcoming year.

This budget is essentially a status-quo budget with service levels remaining the same as last year. There are no significant new initiatives in this budget because we simply did not have the revenues to consider new endeavours.

For example, the City had proposed to implement a transit system in 2004. Unfortunately, those plans have to be put on hold until the Federal/Provincial Infrastructure Program is back on track. We are optimistic that that will happen in the near future.

We are very committed to providing a transit system in the City of Charlottetown and we will have to find new initiatives to make this happen.

Ladies and Gentlemen, 2004 will be a tight fiscal year for the City of Charlottetown. Our backs are against the wall and we have no room to maneuver. All our City Departments will need to be diligent in order to remain within budget.

In closing, I want to thank His Worship Mayor Clifford Lee, Members of Council and City Staff for your hard work and the cooperation you have provided in preparing the 2004 City Budget. This

“...essentially a status-quo budget...”

“...proposed transit system...put on hold...”

“...2004 will be a tight fiscal year...”

is a Budget I feel that we can all live with. We would have liked to have done more, but we can only do what we can afford. It is my hope that in the weeks and months ahead, we will be able to get back on course with the Federal and Provincial Governments and address the infrastructure demands within our City. As well, the City will need to identify additional revenues in the year to come to address our share of the cost of these projects.

The challenges are great but the opportunities are greater.

Thank you Ladies and Gentlemen.

Your Worship, it is my pleasure to move the adoption of the City of Charlottetown's 2004 Budget.