



## **City of Charlottetown**

### **2011 Budget**

Your Worship, Members of Council, Citizens of the City of Charlottetown.

I am privileged to rise and report that the City has achieved a balanced budget for 2011 with no increase to any of our municipal property tax rates. I am also pleased to report that we will continue to advance our City with a combination of needed capital projects and innovative new initiatives while achieving operational improvements to ensure every taxpayer receives maximum value for their municipal property tax dollar.

We have completed 2010 on a very positive fiscal note with a \$949,792 surplus in City operations and a \$474,602 in our sewer and water utility operations. This speaks highly of the commitment to deliver quality services while monitoring expenditures at the Committee level and throughout the administration.

2010 was an exceptionally busy and exciting year. The City was able to strike a balance between progress and fiscal responsibility. Charlottetown continues to lead an economic resurgence that is the envy of cities across the country. Building permits for the past year were the second highest since amalgamation in 1995 with values just over \$101M. New residential development was up almost 8% from the previous year. New Commercial and Industrial development was up a remarkable 65.8%. Renovations were up almost 3.5%. All categories broke the previous 10 year average, impressive given the state of the world economy. We also received national and international recognition for our business friendly culture, receiving honourable mention at the Canadian Brownfield's Conference in the Best Places to Invest In Canada category; Canada's Infrastructure Renewal Magazine naming us one of the best places to invest and we were named one of Atlantic Canada's top ranked cities for business by the Canadian Federation of Business.

Last year, we hosted talented athletes in soccer, hockey and softball and provided the backdrop for entertainers such as Regis and Kelly as our promotional events agenda continued to make Charlottetown the destination of choice.

Council undertook several strategic exercises this past year such as the Eastern Gateway Study, the review of our transit system, the 500 Lot implementation plan, the review of our Utility operations and perhaps the most important and compelling document generated by any municipality, Charlottetown's Integrated Community Sustainability Plan. This Plan provides the City with a long-term and forward-thinking strategic direction so the community can realize our sustainability objectives for the environmental, economic, social and cultural pillars. It has been said that sustainability isn't a project; it is a way of doing business. In recognition of this, clear steps have been identified for implementation by the City Corporation and for the community at large. Actioning this Plan will certainly be key to the future well being of our City.

Each year, the City's budget is the culmination of a collaborative effort between Council and Administration. Throughout the year, it is important to interpret the services the community wants and then design programs and develop estimates to deliver these services. It is a daunting challenge to balance such wants and needs and then address infrastructure that continues to age and need replacement; the fluctuating infrastructure support of our two partner levels of government and the ultimate desire to maintain current service levels when the primary revenue source remains the municipal taxpayer. Taking all into consideration, this is a progressive yet realistic budget where the City is advancing in a fiscally responsible manner.

When I stood before you a year ago, I reported the Province and municipalities were discussing ways to develop a more appropriate means of funding municipal operations. Those discussions have progressed and we remain confident that a new format will be in place for the 2012 budget. The current grant system is inappropriate as determined by Land Use and Governance Commissioner, the Honourable R. Thompson. We look forward to a new, more equitable arrangement.

2010 was a year of unprecedented capital works in both value of construction and the sheer number of projects undertaken. The Federal grants for infrastructure improvements coupled with the Province's share and our Gas Tax Allocation allowed us to do almost \$20M worth of capital works involving more than 50 projects. Last year was the only time since adopting our Capital Debt Reduction Strategy in 2006 that the City went beyond its borrowing plan to take advantage of the significant support from the other two levels of government. This decision was not taken lightly by the last Council as the long term fiscal responsibility had to be weighed against using 33 cent dollars and in some instances 25 cent dollars to achieve a long list of needed capital works. Our debt did increase slightly to afford our share of each project.

The Capital Debt Reduction Strategy directed that the City would spend no more in one fiscal year on capital projects than it paid in debt retirement. The Policy also had an additional directive that the City would implement a "pay as you go" approach beginning in 2011 whereby no additional debt would be added and the City would consequently begin reducing its debt load as retirement of existing debt was realized each year.

While last year was unprecedented in infrastructure support, the picture this year is the opposite. There is no new Federal or Provincial infrastructure programs to assist with the cost of capital works and only our New Deal Gas Tax allocation remains to address our ever growing infrastructure deficit. Deteriorating roads and sidewalks, storm water management issues, necessary facility upgrades to prolong life cycles, environmental stewardship projects, and aging sewer and water systems continue to dominate Council agendas. Ignoring these needs is not an option. These works have to be done and if not this year then in the future, with a higher inflationary driven cost for construction and likely escalating maintenance costs to extend useful life.

Because of this lack of funding, the Finance Committee and all Council debated our 2006 Policy at length and agreed to maintain the overriding intention to monitor, control and reduce the City's indebtedness. Council resolved that the City was unwise to implement the "pay as you go" approach in 2011. We have opted for debt financing this year to undertake needed works, resulting in a capital program of \$7.2M. Notwithstanding our

decision to use debt, Council has been cognizant of the intent of the 2006 Policy and will not increase indebtedness beyond what is required for the 2010 projects. We will in effect, be reducing our long term debt by \$400,000 even after our \$7.2M capital plan.

The 2011 Capital Budget will appear modest in comparison to the large number of projects undertaken in the past year. However, we are in the process of carrying out completions of the 2010 projects, primarily University Avenue and Mount Edward Road, while still continuing with our street repair/replacement, storm water management and sidewalk/curb maintenance/construction. We will be considering a round-about at the Belvedere Avenue, Brackley Point Road and St. Peters Road intersection and a new entrance to the Charlottetown Airport. We will also embark on a LED street lighting program for a new subdivision. LED lights have a higher initial cost but energy savings will result in a short term cost recovery in addition to the long term environmental savings.

In Phase II of the Public Works Fleet upgrade, we have set aside \$400,000 to replace four pieces of equipment critical in both summer and winter service delivery. This continues a planned program to ensure that machinery is kept in a condition to meet the rigors of the job and replaced at appropriate intervals considering purchase and annual maintenance costs.

The allocation for Public Works capital outside of Gas Tax funded projects in 2011 is \$2.3M.

Our Parks and Recreation Department is allotted \$800,000 for its capital projects. Within this allocation, we intend to undertake projects which would include improved accessibility in Cody Banks Arena, the addition of new playground equipment, new park development, completion of phase I of the park light replacement program at Confederation Landing Park, building new pedestrian paths and improved access for small watercraft on our waterfront.

New Deal Gas Tax for Cities and Communities for 2011 is a combination of this year's allocation of \$3M and \$1.1M deferred from last year for a total of \$4.1M. These funds will

be used for street resurfacing, sidewalk/curb construction, storm water control systems and traffic/pedestrian controls.

The capital program for the Sewer and Water Utility is just under \$1.8M. There will be watermain replacements and strategic infrastructure renewal at our treatment plant to extend the life cycle of that facility. We will continue with our program of meter replacements and upgrades throughout the City.

Each year, Committees of Council and Administration are tasked with determining new initiatives that will improve upon service delivery and address community needs. Funding for these is to be found within existing budgets through the identification of efficiencies or evaluated as a good use of any revenue growth. New Initiatives force us to look closely into Departmental operations. We must be responsive to changing needs and wants.

There is \$441,000 worth of new initiatives for the City and a further \$77,300 for the Utility included in this budget. It is worthy to highlight several of these undertakings to demonstrate that the City and Utility are aggressively moving towards making sure every tax dollar is well spent. You will also note many of these initiatives are driven by our Sustainability Plan.

The design of the Sustainability Plan uses a four-pillar approach. Our focus and intention in this year's budget and through New Initiatives is to have a balanced integration and alignment of these pillars that will guide our goal to become a more vibrant, healthy and sustainable community.

To support our Sustainability objectives under the environmental pillar we will be developing a long-term plan to change over our street lighting from high pressure sodium lighting to energy efficient LED. We began last year on the reconstruction of University Avenue project and this year we will install LED lights in a new industrial development. Our goal is to have LEDs as the standard for all installations.

We will be commencing energy audits in all our facilities. This multi-year project will identify opportunities for improved energy efficiencies in municipal buildings and infrastructure. This project will result in both increased environmental awareness and reductions of emissions which demonstrate our commitment to be a more sustainable community.

We will be embarking on further water conservation efforts in 2011, also in accord with our sustainability objectives in the environmental area. We have engaged a contract individual to spearhead this program and already are seeing an impact in our own water usage practices. We will encourage the use of water meters for all properties and will continue to demonstrate ways we all can conserve this precious resource.

Accessibility, mobility and improved connectivity are integral to our City's social and economic fabric. The Charlottetown Area Public Transit has celebrated five years of service with a significant increase in ridership. Our recent review will ensure this continues. Our transit buses have had accessibility issues. Because accessibility is important to us, funds have been allocated to retrofit all our units with the proper equipment.

Our cultural pillar is being addressed by several initiatives associated with the Cultural Capitals designation the City has received for 2011. We are one of three communities in the Country to receive this designation, which includes a financial contribution from the Federal government to support special activities that celebrate the arts and culture. The City will be making its own contribution to this effort in order to build a cultural legacy for the community.

Our review of the sewer and water department has been completed and the recommendations in that report are in the hands of the Standing Committee. Once the Committee has completed its review, the report will be presented to departmental staff and then will be shared with the public. This organizational and operational review was undertaken to ensure efficiencies are achieved and our service is provided in the most

effective manner. This report follows the beneficial reviews undertaken in Fire and Police over the past three years.

Later this year, we will be enhancing our customer service by implementing a computerized tracking and follow up system with the expressed intent of providing the best possible service to our citizens. This was an issue raised during the campaign and we will be taking positive steps to address our processes.

Also heard during the campaign was the need to review both our Official Plan and the Zoning and Development Bylaw to ensure our land use policies are current and meaningful. Funding has been allocated for this project which will extend over two years given the magnitude and desire to fully engage the community.

There are also important matters sanctioned by Council that do not have direct budgetary impact but again demonstrate the fiscal prudence of the City. The Finance Committee will be coordinating a review and refinement of our long term fiscal and infrastructure plans. This will include four year capital plans for Public Works, Utility, Parks, Fire, Police, Transit, Community Facilities and Fleet. This will also involve examining long term financial forecasts with our partners including CARI, the Civic Centre, and the Charlottetown Airport. We will tie a review of our core services into this exercise and an overall review of our financial policies.

We have not funded another departmental review in 2011 in order to provide an opportunity for the two new Members of Council and the various new Committee Chairs to fully familiarize themselves with departmental operations. Notwithstanding, there will be an internal review in the Public Work's Department of the senior management organization and its operational effectiveness.

2011 is the first year of our four year term of Council. The citizen feedback during the campaign and the input from organizations like the Chamber of Commerce has reinforced our need to examine the ways in which we operate. In the coming months, we will be examining performance indicators and examining our processes to ensure we align our

actions with our strategies. I believe an examination of this budget will convince everyone that we have listened and we have adjusted as needed. We will continue to identify and deliver on service improvements to our citizens while also continuing to implement operational efficiencies.

The past Council moved our City forward and I am confident this Council will be able to boast the same at the end of its term. Our budget process illustrates that collectively we are acting in the best interests of the City.

As Chair of the Finance, Audit, Tendering and Public Property Committee, it has been a privilege to present the 2011 Budget. I wish to thank the efforts of Councillors Terry Bernard, Melissa Hilton and Edward Rice for their input, guidance and direction in reaching this budget. I extend my thanks as well to His Worship Mayor Lee, whose keen interest and involvement with the budget was greatly appreciated. My colleagues on Council also deserve special recognition. The input, the debate and the passion for our City came through in every Standing Committee and collectively when we developed this important financial plan. Lastly, I would like to thank our entire Administration for their hard work in the preparation of the budget. In particular, our Director of Fiscal Services and Development Phil Handrahan, our Manager of Finance Scott Ryan and our CAO Roy Main each provided exemplary service over the past several months to bring us to this point.

The adoption of this balanced budget of \$42.6M for City purposes and \$9.98M for the Utility means the City and its Utility will remain strong and well positioned for the future. We have responded to our citizens and we have been diligent to ensure taxpayers receive value for each tax dollar.

Your Worship, it is my pleasure to move the adoption of the City of Charlottetown Budget for 2011.