
City of Charlottetown

2018/19 Budget



Melissa J. Hilton, Chair

Finance, Audit and Tendering Committee

March 21, 2018

Budget Speech 2018/19 - Building Upon Success

Your Worship, members of City Council, senior staff, and in particular, citizens of Charlottetown.

Every spring, I look forward to tabling the City's annual budget. This year is no different as it provides me with the opportunity to share with the public, the City's fiscal report card and Council's financial plan for the coming year.

LOOKING BACK

Members of Council, if you will recall, **in 2015, the City suffered its worst ever deficit, whereby ending that fiscal year \$3-million in the red.**

As a result, **for the last two years, we have challenged our City's CAO to review our overall operations,** which included but were not limited to scrutinizing our revenues and service standards, finding greater efficiencies, and developing a financial strategy to ensure that the City can meet its future fiscal challenges.

Mayor Lee and members of Council, as Chair of the Finance, Audit and Tendering Committee, **I am very pleased to stand before you today and proudly share with you that administration has not only met the challenge, but surpassed it. Your Worship, in 2017, the City of Charlottetown ended its fiscal year with a projected \$2.55-million surplus,** one of the largest in the City's history.

As you are well aware, **this significant achievement did not come about in isolation. It was achieved with collaboration and teamwork at all levels of the organization.** It is a testament to the hard work and dedication of City Council and all City employees, who work diligently every day to deliver the municipal services that our residents value, deserve and expect.

During my commentary at last year's budget deliberations, we collectively indicated that the City was not happy with the Province's previous funding model.

Your Worship, after several months of negotiations with a working group of Provincial officials and municipal CAOs, including our own, there was an agreement struck late last fall and the Province tabled its legislation.

The new revenue sharing formula delivered a six-year agreement, which provides increased funding and recognition for the ongoing challenges facing the Island's municipal governments.



Minister Allen Roach announces the agreement with Bruce MacDougall and Minister Robert Mitchell (11/06/17) (Picture is from the Provincial Government's website)

I want to publicly thank the Provincial Government and acknowledge that they have taken positive steps in providing stable and predictable revenue streams that will assist Charlottetown in laying a stronger fiscal foundation for its future.

MOVING FORWARD

With the recently passed Municipal Government Act, Your Worship, municipalities have been legislated to coincide with the Province's fiscal-year of April 1st to March 31st. For this year, municipalities have been given legislative authority for a 15-month budget to allow for transitioning, which started in January of 2018 and will coincide with the Provincial Government's year-end of March 31, 2019.

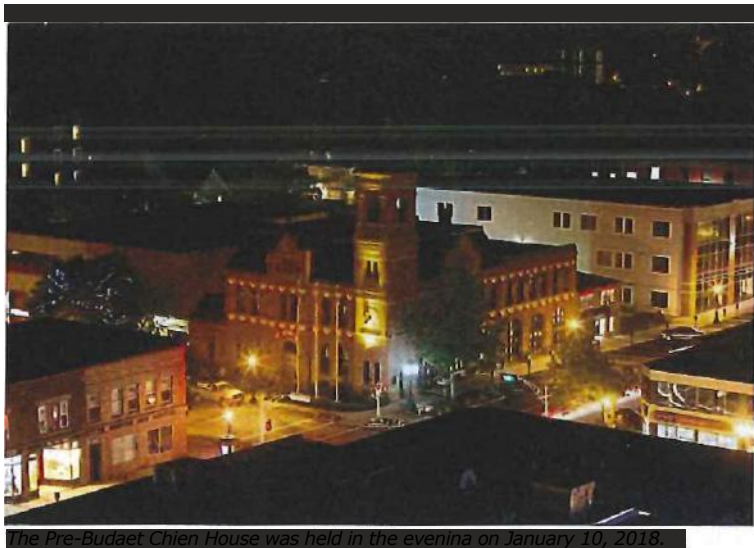
With that being said, the operating budgets for the City, Utility, Bell Aliant Centre and Eastlink Centre will seem much higher than normal, due to our legislated 15-month budget rather than the standard 12-month budget.

PRE-BUDGET PARTICIPATION

Your Worship, the City was fortunate to receive online feedback from its residents, as well as direct input from the business community through the Chamber of Commerce.

This year, the City held its first-ever Pre-Budget Open House, which provided an opportunity for residents to come to City Hall and meet with members of the Finance, Audit and Tendering Committee, yourself, Council members and senior management to discuss any matter of budgetary or operational concern.

Although, not a large crowd attended the event, it was well received and we were encouraged with the public's willingness to participate in the City's budgetary preparation process.



The Pre-Budget Open House was held in the evening on January 10, 2018.

BUDGET SYNOPSIS

Once again, I am pleased on behalf of Council, to advise the public that **a municipal property tax rate increase for either residential or commercial properties will not be necessary this year as the City's \$66.8-million budget is balanced.**

I am equally pleased to advise that **there will be no increase in the sewer or water rates for the coming year as this year's Water and Sewer Utility operational budget is also balanced,** with planned expenditures of \$15.4-million.

The City's gross expenditures for this year's Capital Budget year are \$16.4-million, down from \$21.5-million in 2017. This decrease is due, in large part, to the City waiting for the Federal Government to replenish its infrastructure programs.

The Water and Sewer Utility's new gross Capital expenditures for 2018/19 are \$1-million as the Utility continues to work to complete the \$40.3-million of Canadian Waste Water Fund (CWWF) Projects announced last year, most of which are expected to wrap-up by 2020.

Some highlights from this year's budget expenditures are:

- \$3.0-million for upgrading our major storm water management systems;
- \$6.2-million for snow removal;
- \$1.0-million for Parks and Recreation;
- \$3.0-million for street resurfacing;
- \$1.7-million for property acquisition;
- \$1.4-million for street lighting;
- \$2.7-million for municipal buildings; and
- \$1.3-million for transit services.

On the revenue side, there is a good news story in our building construction statistics. From 2016 to 2017, the value of building construction went up from \$60.9-million to \$90.2-million, a 50 per cent variance — a substantial increase, indicating strong market demands within the City. Housing units increased by 244 units last year and looks to be trending the same or better for the coming year's construction season.

Your Worship, in the budget document you will find a more detailed breakdown of this year's revenue and expenditure allocations.

ONGOING CHALLENGES

Last year, Your Worship, I stated that although we have had many successes it was **no time for the City to become complacent or rest on its laurels**. I continue to stress that we cannot rest; we must continue to look for opportunities to meet our residents' expectations.

As in previous years, the City still has many challenges before it, whether it is the Province's continuing review of provincial policing, cannabis legalization, carbon tax credits, social housing needs, or the City's ongoing infrastructure deficiencies. We must endeavor to continue to find resolve. I'd like to take a few minutes to briefly touch on each of these areas.

PROVINCIAL POLICING REVIEW

As Council is aware, we continue to work with the Province in defining what policing will look like in the City of Charlottetown well into the future.

In September of 2015, the Premier gave a directive to the Department of Justice and Public Safety to find options for cohesive, integrated and efficient public safety services.

The Department of Justice appointed the Chief of Police and our deputies to collaborate with the working group and our CAO with the management committee in an effort to assist with that directive.

We are hopeful, over the next few months, that the committees will bring forward a defined Governance Strategy that will carry the Province and the City onward.

LEGALIZATION OF CANNABIS

Council, the Federation of Canadian Municipalities is well aware that municipalities will be in the forefront once the federal government legalizes non-medical cannabis; and that Cities will need to ensure that their communities are safe and well-served.



On April 13, 2017, the Federal Government tabled two bills to legalize and regulate cannabis in Canada and it intends to enact both pieces of legislation in 2018.



Cannabis, which can be used in many forms, will be legalized through legislation by the end of July 2018.

According to the Federation of Canadian Municipalities, "the Federal Government has now publicly confirmed that it will release 25 per cent of cannabis excise tax revenues to support municipal legalization costs."

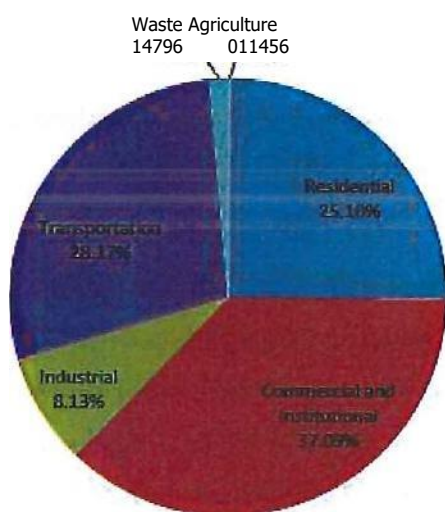
The Federation stated, "We know that this is fair and achievable, and we will continue working with all orders of government to ensure that the community start-up and enforcement costs associated with cannabis legalization are covered."

CLIMATE CHANGE

Your Worship, climate change remains one of the major challenges facing government at all levels. Cities are in the forefront as they endure severe weather events that continue to cause property damage and economic disruption.

The City has taken some positive steps forward and has reduced its greenhouse gas emissions through a variety of projects — in particular, lighting and heating system upgrades in City facilities and tracking and monitoring systems for City fleet. However, there is more to do.

As noted in the chart below, 37 per cent of emissions in Charlottetown come from the commercial and institutional sectors, 28 per cent from transportation, and 25 per cent from the residential sector.



We spend an estimated \$3.5-million on energy costs, per year. The City's greenhouse gas emissions associated with these expenditures are 27% for fleet; 26% for water & sewer; 24% for buildings 24%; 12% for solid waste; and 11% for streetlights.

Greenhouse Gas Emissions by Sector, 2015

Ottawa had originally set a deadline for all provinces to bring in a carbon tax or a cap-and-trade system by January 1, 2018 and, if not, Ottawa would impose a carbon tax of its own. The Province has not yet defined its approach and has been given a slight reprieve.

As we await their decision, we remind the Province that they must get this right. Whatever approach they choose, the City will be looking to ensure that the funds derived from such programs are reinvested in local projects that will assist in greenhouse gas reduction, building climate-resilient municipalities and supporting other environmental priorities. The protection of our families, our communities, and our economy — for generations to come — remains paramount.

SOCIAL HOUSING

In September of 2017, the Federation of Canadian Municipalities Big City Mayors stated that, "Safe, affordable housing is the bedrock of livable, competitive cities — and of the stronger Canada we all aspire to build. Yet our cities are grappling with a serious housing crisis. As low- and moderate- income households increasingly struggle to both pay the rent and feed their families, unprecedented housing market pressures, particularly in big cities, pose an unparalleled threat to our future economic prosperity."

The FCM stated in its Affordable Housing Overview that, "Housing is more than just a roof over your head. Safe, affordable housing makes our cities and communities welcoming places to live, work and start a business. It's also important to retaining workers and attracting newcomers to enrich our neighborhoods and drive economic growth."

Your Worship, clearly, Charlottetown is no stranger to these challenges. In the recent Rental Market Report from Canada Mortgage and Housing Corporation, the City's overall vacancy rate fell to a record low of 0.9 per cent.

Market analysis shows low availability of rental units. In the tight market conditions that currently exist, the cost of rental units continues to climb, with the average rent for a one bedroom unit being \$733, \$901 for a two bedroom, and \$1,022 for a three bedroom.

Your Worship, although social housing in Charlottetown is not the City's legislated responsibility, it is a moral one. We continue to support and push for the availability of additional social and affordable housing stock within all sectors.

The Housing Forum you held was a great success with many key stakeholders around the table. From that discussion, we are developing a

social housing policy for the City of Charlottetown which will be forthcoming in the near future.

INFRASTRUCTURE DEFICIENCIES

The FCM's Infrastructure Position Paper states that, "Public infrastructure is the foundation on which our communities are built.

Good roads, bridges and water systems are just some of the municipally owned core infrastructure that is essential to our quality of life. Smart investments in infrastructure drive our economy, increase, prosperity and create jobs, even in times of slower economic growth. Building and maintaining local infrastructure provides a clear and measurable return on investment.

Local governments own nearly 60 per cent of public infrastructure. They've consistently shown that they can get shovels in the ground quickly on major projects. However, taking advantage of key infrastructure renewal to strengthen

Canada's long-term economic competitiveness will require collaboration among all orders of government."

Your worship, the City continues to stand shovel-ready as we look forward to working with the other levels of government in bringing additional investment to our City's infrastructure.



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*Drive on March 7, 2018. (Photo credit:
Blaine Parkman)*

IN CLOSING

As I bring my commentary to a close, I wish to, once again, recognize my committee members, Deputy Mayor Duffy and Councillors Bernard and Rivard and thank them for their invaluable contributions.

To you, Your Worship, a special thank you for your continued guidance. Your financial acumen and corporate knowledge has certainly been beneficial throughout our budgetary process.

And, to you, Council colleagues thank you for bringing the voice of your constituents to the budget discussions. With that valued input, we are able to provide first-rate service levels while at the same time maintaining our fiscal focus.

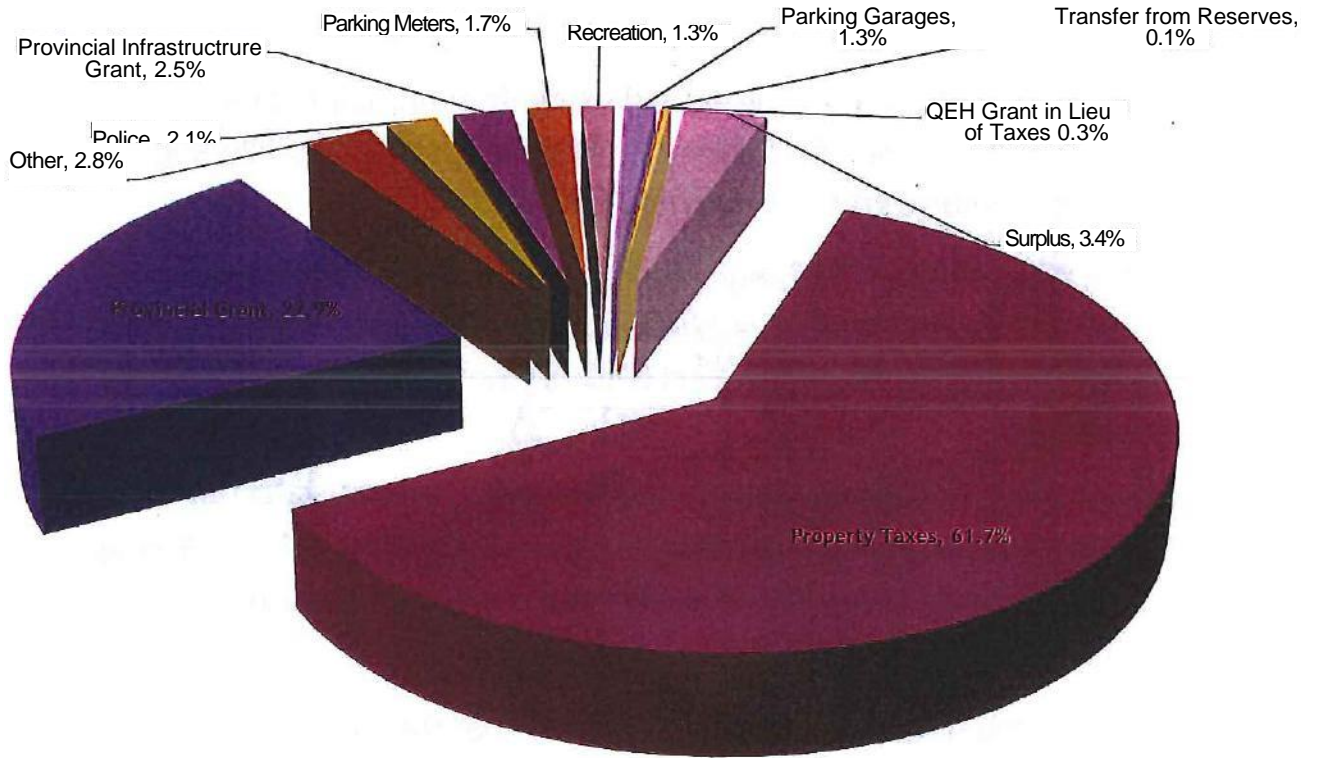
To our senior management team and the City's finance staff, thank you for the time and energy that you've put into the budget to ensure that we maintain balanced budgets and meet our timeframe obligations. Your efforts are sincerely appreciated.

Your Worship, this year's budget reaffirms that the City has made significant strides towards its fiscal accountability and is now well-poised for its future. We will continue to be innovative to ensure that the City of Charlottetown remains a great place to live, work and raise a family.

Your Worship, as Chair of the Finance, Audit and Tendering Committee, I move the adoption of the City of Charlottetown's 2018/19 Operation's Budget.

City of Charlottetown 2018/19 Budget

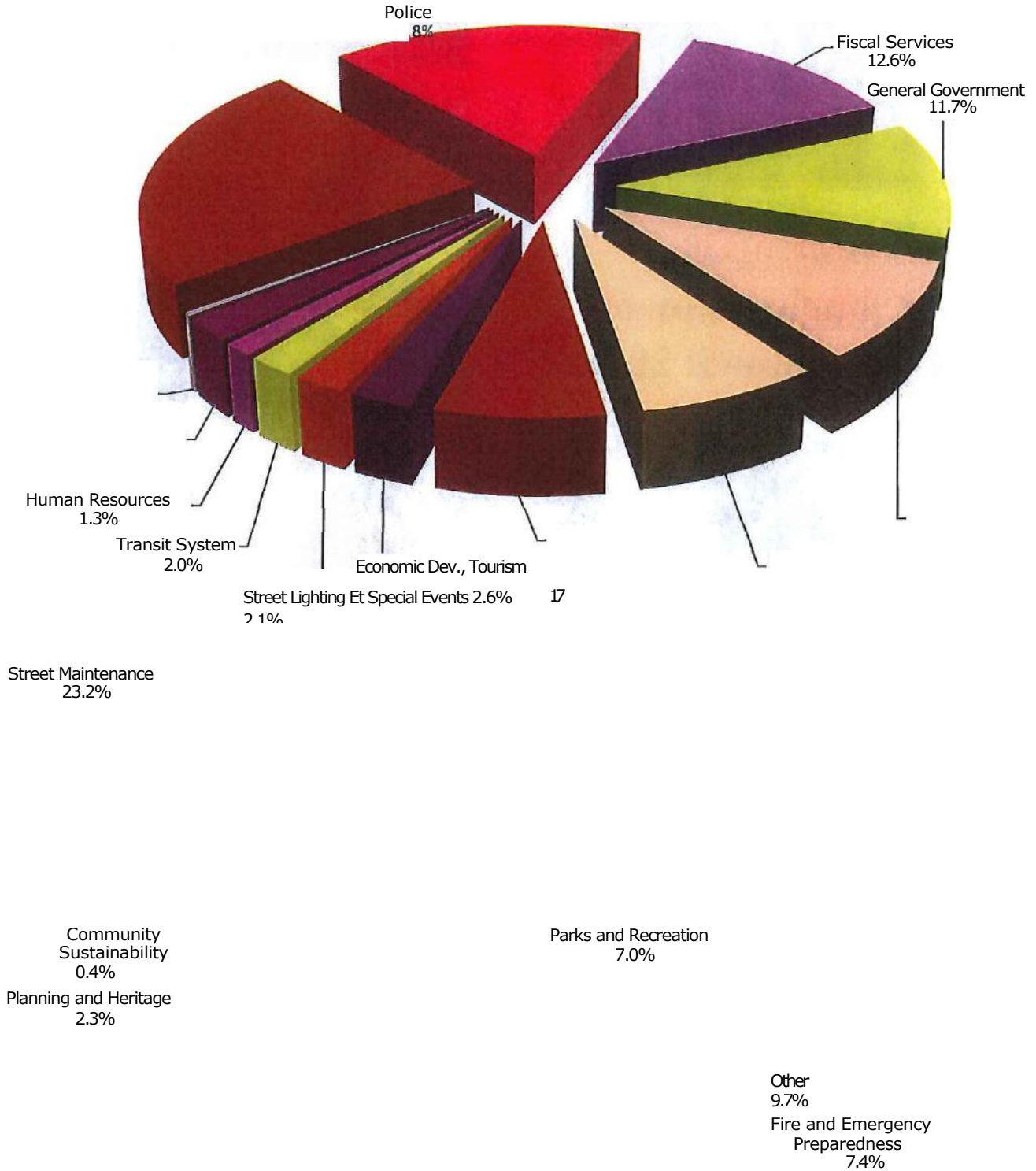
City Operational Revenue



Property Taxes	\$ 41,199,957	61.70%
Provincial Grant	15,259,336	22.85%
Other	1,849,650	2.77%
Police	1,397,250	2.09%
Provincial Infrastructure Grant	1,639,757	2.46%
Parking Meters	1,162,500	1.74%
Recreation	895,075	1.34%
Parking Garages	868,750	1.30%
Transfer from Reserves	43,000	0.06%
QEH Grant in Lieu of Taxes	175,000	0.26%
Surplus	2,286,834	3.42%
Total Revenue	\$ 66,777,109	100.0%

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City Operational Expenditures



Street Maintenance	\$ 15,497,064	23.2%
Police	11,853,869	17.8%
Fiscal Services	8,392,335	12.6%
General Government	7,785,294	11.7%
Other	6,508,591	9.7%
Fire and Emergency Preparedness	4,955,665	7.4%
Parks and Recreation	4,641,206	7.0%
Economic Dev., Tourism & Special Events	1,725,361	2.6%
Street Lighting	1,406,250	2.1%
Transit System	1,345,971	2.0%
Human Resources	876,976	1.3%
Planning and Heritage	1,529,922	2.3%
Community Sustainability	253,643	0.4%
Total Expenditures	\$ 66,772,147	100.0%



Clifford J. Lee, Mayor

Charlottetown City Council 2018



Mission Statement

*To manage the resources
of the City of Charlottetown
to the optimal benefit
of its citizens and the community*



Edward J. Rice
Ward 1



Terry A. MacLeod
Ward 2



Michael A. Duffy
Deputy Mayor, Ward 3



Mitchell G. Tweel
Ward 4



Kevin M. Ramsay
Ward 5



Robert A. Doiron
Ward 6



Greg T. Rivard
Ward 7



Jason E. Coady
Ward 8



Melissa J. Hilton
Ward 9



Terence H. Bernard
Ward 10



**CITY OF CHARLOTTETOWN
STANDING COMMITTEES
EFFECTIVE DECEMBER 192014**

ADVANCED PLANNING, PRIORITIES & SPECIAL PROJECTS1

CHAIR Councillor Kevin Ramsay
Vice-Chair Councillor Mitchell Tweel
Member at Large Mayor Clifford Lee

ECONOMIC DEVELOPMENT, TOURISM, ARTS & CULTURE

CHAIR Councillor Bob Doiron
Vice-Chair Councillor Greg Rivard
Member at Large Councillor Kevin Ramsay

ENVIRONMENT & SUSTAINABILITY

CHAIR Deputy Mayor Mike Duffy
Vice-Chair Councillor Jason Coady
Member at Large Councillor Kevin Ramsay

FINANCE, AUDIT TENDERING

CHAIR Councillor Melissa
Vice-Chair Deputy Mayor Mike Duffy
Members at Large Councillor Greg Rivard
Councillor Terry Bernard

HUMAN RESOURCES, COMMUNICATIONS & ADMINISTRATION.

CHAIR Councillor Terry MacLeod
Vice-Chair Deputy Mayor Mike Duffy
Member at Large Councillor Bob Doiron

INTERGOVERNMENTAL AFFAIRS & EVENT ATTRACTION

CHAIR Mayor Clifford Lee
Vice-Chair Councillor Kevin Ramsay
Member at Large Councillor Bob Doiron

PARKS, RECREATION & LEISURE ACTIVITIES

CHAIR Councillor Mitchell Tweel
Vice-Chair Councillor Melissa Hilton
Member at Large Councillor Terry Bernard

PLANNING & HERITAGE

CHAIR Councillor Greg Rivard
Vice-Chair Councillor Terry MacLeod
Member at Large Councillor Jason Coady

PROTECTIVE & EMERGENCY SERVICES

CHAIR Councillor Jason Coady
Vice-Chair Councillor Terry Bernard
Member at Large Councillor Greg Rivard

PUBLIC WORKS & URBAN BEAUTIFICATION

CHAIR Councillor Terry Bernard
Vice-Chair Councillor Melissa Hilton
Member at Large Councillor Terry MacLeod

WATER & SEWER UTILITY

CHAIR Deputy Mayor Mike Duffy
Vice-Chair Councillor Melissa Hilton
Member at Large Councillor Mitchell Tweel

