



2009 Budget Speech

**PRESENTED ON DECEMBER 17, 2008 BY COUNCILLOR MIKE O'BRIEN,
CHAIR OF THE FINANCE AND ADMINISTRATION COMMITTEE**

Thank-you, Your Worship, and good evening everyone. A special welcome to those watching at home on Rogers cable. It is my pleasure to present the City of Fredericton Budget for 2009.

The budget I am presenting tonight on behalf of Council represents a continuation of the modern era of sound fiscal management that has become the hallmark of the City of Fredericton.

In 1981, the Council of the day was faced with a spiralling public debt, stagnant population growth, and declining tax revenue. Faced with these challenges, they developed the revolutionary pay-as-you-go policy of reducing borrowing, paying down the debt with the savings, and using the resulting debt-servicing savings to fund on-going capital works projects.

As a result, the City found itself basically debt free and with a fully funded capital works program that was the envy of most municipalities in Canada. It did not permit the construction of modern new facilities, but it was the right program at the right time.

However, these are new times, times in which our city is growing and times in which we must compete globally for new residents and business investment. Due to the diligence of Councils past, we have been able to embark on an unprecedented series of capital projects over the last few years.

We have done so by remaining true to the pay-as-you-GO policy for day-to-day operations and small capital projects, but by introducing a pay-as-you-GROW policy for large capital projects.

These projects add to the quality of life that residents have asked for and now enjoy and are key to attracting new residents so our City can grow.

This past year, we were named one of the Top Seven Intelligent Communities in the world, the second best walking city in Canada, the third best place to live in Canada, and the fourth best place to invest in real estate in Canada. We have also been named a Cultural Capital of Canada for 2009 and are once again on the short list for the intelligent community world title.

Even with recessionary threats all around Fredericton, we still enjoyed more than \$156-million in development in 2008 - an all-time record.

Our goals remain high. We are firm in our conviction that the investments we have made in the last several years have made our city safer, healthier, greener, more diverse, more attractive to business and more people-friendly; simply put - one of the best small cities in Canada.

It is a great place to call home and this budget will reinforce that. But it also comes at a cost that we all, as taxpayers, share. I can assure you tonight that while there are additional costs associated with such an aggressive growth strategy, these projects are affordable, and they are manageable.

When you look back at the construction of Willie O'Ree Place, the new E. John Bliss Water Treatment Plant, the new fire station and training centre on Two Nations Crossing, the new conference centre and office complex in the downtown core, these are investments in the safety and economic well-being of our city. They add to our quality of life, and are investments in the future prosperity of Fredericton.

It is what residents and taxpayers deserve from their municipal government, an impressive return on your investment. The fact we have been able to make these investments without raising the property tax rate is a credit to the fiscal responsibility of this and previous Councils, and tonight we are proud to carry on that tradition.

I will have more to say about the 2009 tax rate in a few minutes but first I would like to outline for you the value you get for your tax dollars.

Engineering and Public Works

In the last 10 years alone, the City has acquired 73 lane kilometres of new streets, 56 kilometres of new curbs, 37 kilometres of new sidewalks and more than 55 kilometres of new water and sewer pipes. This is in addition to the numerous kilometres of roads, curbs and sidewalks we have replaced. We grew by almost 3,000 people or 6.2 percent in the latest census while the greater Fredericton area grew by 4,300 or 5.3 percent.

It is like we have absorbed a good-sized town within our city limits in that time frame. This infrastructure is not only expensive to build but every year we add to those numbers as we keep growing.

We are now up to 763 kilometres of streets and 225 kilometres of sidewalks that have to be plowed, sanded and salted after every snowstorm during winter and maintained each and every summer.

The budget for the coming year includes money for snow removal, the fuel for our fleet, asphalt for our road construction and repair plans.

We will spend \$4.7 million in 2009 for paving, curb & gutter, sidewalks and storm water infrastructure renewal. We have added an additional \$572,000 to upgrade several city streets, including Dundonald Street between York and Northumberland streets.

There is also money for new pedestrian activated crosswalk signals, and \$1.5 million for upgrades to the Cliffe/Union/St. Mary's Streets area, as well as Brookside Drive and the Hanwell Road.

I am pleased to say some of the "Green" initiatives our Engineering & Public Works division has implemented are starting to pay off. Despite our record growth, we are actually spending less now on the power bill for our traffic signals than before we switched over to LED lighting technology.

We have also saved thousands of dollars by switching over to energy-saving bulbs in the 4,444 streetlights in the City.

Water and Sewer

Fredericton has sound water and sewer systems in place and residents have become accustomed to quality water and sewer services - at low rates.

Did you know that our water and sewer assets have a replacement value of \$470 million? It is an extremely valuable system and we must constantly repair and replace parts of it that wear out to minimize the chance of major breaks or service disruptions.

This budget acknowledges the constant need for renewing and maintaining the system with a \$1.9 million infrastructure renewal investment for 2009. This money will fund projects on Dundonald Street and Fraser Avenue.

We will also continue to install a major water line to connect the Smythe Street reservoir to the water treatment plant. We will also begin to upgrade our waste water treatment plant on Barker Street to ensure it is able to function efficiently as more demands are placed upon it.

This budget also provides \$500,000 for the co-funded extension of water and sewer services on Clements Drive.

We have also provided \$1.8 million for special water & sewer projects, part of which will finish paying for the beautiful new E. John Bliss Water Treatment Plant and allow commissioning to take place in 2009. This plant will ensure we maintain a high quality drinking water system for years to come, and provide an extra level of safety to the system.

Water and sewer rates in Fredericton have not kept pace with inflation and need to be adjusted as we aggressively replace our aging infrastructure. Our rates are currently much lower than rates in other New Brunswick cities. The increase we are announcing in this budget will allow this necessary work to get done. It will result in an additional \$3.25 per month on your water bill on average.

Residents can help reduce their water bills by implementing water-saving measures like the ones we suggested during our Green Matters water conservation campaign earlier this year.

Intelligent and Green City, and Conference Centre

Fredericton has rightly received national and international recognition as a Smart City. We are deeply honoured to be one of the Top 7 Intelligent Communities of the world for 2008. But we are not about to rest on these laurels.

In the coming year we will continue to develop our Intelligent Community Strategy and we will undertake a number of initiatives to strengthen this position and to support our business community. We will foster the development of new businesses; make it easier for citizens to interact with us and strengthen our position as a green community.

In today's environment you can hardly call yourself a Smart City if you do not have a very active green program.

As you are aware, Fredericton has announced its intention to become the first city in North America to meet its Kyoto targets. Our award winning Green Matters campaign and innovative Green Shops program are just two of the initiatives that support this ambitious goal.

In the coming year, we will be publishing a report on our progress towards Kyoto and I am optimistic that the results will be impressive.

Also in 2009, we will be launching new seasonal campaigns targeting active transportation and solid waste reduction. We will be striking new partnerships

with local business organizations to broaden the reach of the Green Shops program.

We will also be positioning Fredericton as the international center of environmental technology innovation that it truly is. We will be working with the environmental firms in the area to develop a common branding and marketing campaign.

You see - being Green is more than just doing the right thing. It can also lead to economic prosperity. We believe that environmental technology will be the next major growth area in Fredericton, and indeed the world, and this Council is prepared to do everything that it can to support that development.

In 2009, the Fred-eZone wireless network and our Fred-eChat and Fred-eNews podcasts will be joined by Fred-eCity.

Fred-eCity will be a unique method for citizens to interact with their municipal government all in one place - either on the Internet or on your cell phone or PDA.

We are committed to delivering our services in a faster, smarter and friendlier manner than any other community. This innovative development will include a new computerized permitting and approval process and include building permits and licenses as well as other information.

And with the growth in business that will result from these initiatives I have no doubt that we will find the new conference center to be a key element for our future. We are on track with our timeline and will see the official opening in 2011 as planned.

We will begin marketing the facility so that we can bring new business to the area and we will be developing our own events to be hosted in the conference center. We expect that these events will support our knowledge industries and our emerging environmental technology cluster.

While the economy in general is facing some challenges, our outlook for Fredericton in the near term is that it will continue to be strong and Council is determined to support our local firms in every way that it can.

Tourism

Our tourism programs continue to be innovative and in 2009 we will build on our unique edVentures Learning Vacations Program, which enjoyed success in 2008. This coming season we will be working with our partners at the College of Crafts and Design, the Beaverbrook Art Gallery, which will be celebrating its 50th Anniversary, Kings Landing and the Charlotte Street Arts Centre to provide more than 120 courses - in only its second year of operation.

And keeping with our Green commitment, Fredericton Tourism's 2009 Visitor Guide will be printed on Forestry Stewardship Certified paper and, for the first time ever, the guide will be printed using vegetable-based inks.

Heritage and Cultural Affairs

As I mentioned earlier, this budget will also support our designation as a Cultural Capital of Canada for 2009. It's going to be an exciting year that will see unprecedented investment in our arts & culture communities.

Fifteen special projects will share up to \$800,000 in funding from the City, the federal government and the arts & culture community. These funds will support a wide array of projects, including the commissioning of a piece of public art for a new sculpture garden at the Beaverbrook Art Gallery and the development of a new production by Theatre New Brunswick at The Playhouse to be staged in 2010.

Public Safety - Police

This budget will also make strategic investments in public safety. Our fire and police departments must grow in a responsible manner along with the City to ensure we maintain our level of service.

In 2007, we added 10 new uniform and civilian positions to the police department and in 2008, we hired nine more. I am pleased to report that in 2009 we will once again support our police department by hiring a full-time clerk to provide administrative support. We will also fund a new six-month contract position for a crime analyst. The new crime analyst will assist in the development of an integrated crime reduction strategy that will be rolled out in 2009 as we focus on operational and strategic innovation in the way we deliver police services.

In 2009, we will focus on prevention and intervention strategies to combat domestic violence. We will also be participating in an innovative international policing initiative that will see two of our officers assigned for six-to-nine-month tours of international policing duties in places like Haiti, or Afghanistan or any number of countries around the world.

Public Safety - Fire

This budget will also fund the completion of the new fire station and state-of-the-art training facility that is currently under construction on Two Nations Crossing.

These facilities are expected to open on schedule in May 2009 and herald a new and exciting chapter in the city's proud fire fighting history.

This new training complex will not only train our own firefighters in the latest techniques and best practices, but will attract firefighters from throughout Atlantic Canada who are already lining up to use it. This will generate revenue which will more than cover the cost of creating a new training facility coordinator position, which we are funding in this budget, to look after this important new asset.

The Fire Department will also receive a new pumper tanker fire-fighting apparatus.

Human Resources

Along with the new staff for the police and fire departments, we will also hire a new Disability Management Coordinator in our Human Resources office, a foreman responsible for our fleet management and a new secretary in our legal services office. In addition, we will hire three transit operators.

In total, there will be eight new employees at a corporate cost of \$474,000. All of these costs, with the exception of three new bus operators, have been completely offset by savings and improvements in departmental efficiencies, and I wish to thank all Directors for meeting this challenge from Council.

Community Services

As you know, we recently received a Transit Master Plan, which maps out the direction the transit system will take over the next decade and beyond. As a result of the growth in the Two Nations Crossing area we have been operating a new route as a pilot project during the last few months. This budget provides \$252,000 to fund this pilot, and eventually a new permanent route, as we continue to address improvements in transit service.

Across Canada, municipal transit systems are heavily subsidized by taxpayers and that is also the case here in Fredericton where our fares currently pay less than half of the actual cost of operations.

So to keep moving forward and improving our transit system we have made some necessary changes to transit fares. I am very pleased to report we are reducing the cost of Senior's bus passes by \$5, and holding the line on regular monthly passes and student passes. However, the cost of a single fare to ride one of our buses is going up 25 cents, from \$1.75 to \$2.00.

This increase will allow the City to maintain its stated policy of recovering between 35-45 percent of this heavily subsidized service and keep pace with increasing costs. This increase can be mitigated by purchasing a monthly pass for \$65, which would allow you unlimited number of trips, or by purchasing 10-ride booklets for \$18.

In the last few years, we have made significant improvements in our city's recreational infrastructure by building Willie O'Ree Place, outdoor pools and many other projects. We also have in hand a new recreation master plan to guide our efforts for years to come.

We will continue in 2009 to provide recreational infrastructure that will make our city even more people-friendly as we implement the master plan, including a major improvement to Royal Road Park, which will include new playground equipment and other amenities.

We are also investing \$250,000 in 2009 in a major upgrade to the tennis courts at Wilmot Park.

This is a two-year project with additional funds to come in 2010.

We will also continue to implement the recommendations of the Trails/Bikeways Master Plan by adding new bike lanes in the City and developing the trail system on the riverfront in the downtown area.

We will be twinning the section from the Lighthouse on the Green to the Ste. Anne's Point Drive pedway. One side will feature a stone dust surface and the other a paved surface. Seating will be incorporated into the landscape and decorative lighting will be installed.

Design work has already started on the new Grant • Harvey Centre, our new sports and leisure complex on Knowledge Park Drive. We expect to have the tender documents prepared by next November and award the construction contract early in 2010.

To keep up with inflation and rising energy costs, and to bring us in line with what other municipalities are charging, hourly ice-rental rates will be going up by \$12.50 an hour for adult prime time to \$137.50 while minor prime time rates will rise \$10 per hour to \$61.

Parking Rates

With respect to parking fees, rates will not be going up in 2009 for on-street meter parking, for hourly parking or parking fines. Monthly parking fees have not increased in more than seven years and this rate will be increasing slightly in 2009 to reflect the increased cost of service delivery

Social Conscience

This budget also provides funds to support opportunities to form partnerships with social agencies and community groups to ensure all citizens have a chance to share in our city's prosperity.

Our Transit Fare Assistance Program will continue to provide 5,650 city bus and Dial-A-Bus passes to community agencies whose clients need assistance with transportation. Our Bikes for the Community Program will continue to donate unclaimed bicycles from our lost & found to organizations who work with clients in need.

We will also continue the work of the City's Affordable Housing Committee to increase the development of housing for low-income earners, and work to improve the College Hill area through the Mayor's Working Committee on Community/University Relations.

We will continue to participate in the City Voucher Program as an option to panhandling.

We recognize there is an ongoing need to assist our most vulnerable citizens and we also understand things are difficult for the agencies on the front lines.

We are pleased to see the Province of New Brunswick reinforcing its mandate to fund social programs with the recent announcement of a Poverty Reduction Task Force. They will travel the province seeking community input.

Task force representatives have acknowledged the City's innovative support programs, and for having created the only Community Liaison Officer staff position in New Brunswick.

We have accepted their invitation to participate in the February 23rd session in Fredericton, and we will be a strong voice in that process in support for the 30+ local agencies that provide the crucial assistance and programs to support the disadvantaged.

New Revenue

With record development in 2008, our tax base grew by 7.92 percent, which translates into \$5.5 million in new revenue. Together with changes in non-tax revenue, the total new revenue is \$6.3 million.

This new revenue has been allocated in the following way:

- \$2.7 million for increases for costs associated with corporate personnel changes for incremental salary and benefit costs.
- \$796,000 to cover inflation increases on goods and services we purchase and other capital charges.
- \$496,000 to cover increases in energy costs for fuel, lights and power, and natural gas.

- \$1.5 million for long-term principal and interest payments for major capital projects, short term capital borrowing, and lease payments. Our debt servicing costs amount to 7.2 percent of our total gross budget, which compares favourably to the 16-17 percent other major cities in New Brunswick are running.
- \$245,000 to cover an increase in operating costs at Willie O'Ree Place. This state of the art facility is open longer and has more programs to offer the more than one million visitors in 2008.
- \$85,000 to position Fredericton as the centre for green technologies in New Brunswick.
- \$91,000 to begin a five-year upgrade of the Fredericton public library...the busiest public library in New Brunswick.
- \$150,000 to promote and market our new conference centre that will be opening in 2011.
- \$95,000 to develop Royal Road Park as a hub which will include upgrades to playground equipment and other park amenities, a recommendation of the Recreation Master Plan.
- \$59,000 for new bus shelters, shelter maintenance and a dial-a-bus study, recommendations of the Transit Master Plan.
- And last but not least, we have set aside \$16,000 for the hosting of the Vancouver 2010 Olympic Torch Relay and \$21,500 for hosting the 2009 star skate championships.

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Ladies and gentlemen; we, as your Council, believe you have a right to live in a community that has excellent public services provided by a fiscally prudent and professional administration. And that is what this budget accomplishes.

We also clearly heard from our Citizen Attitude Survey, that you appreciate the services you receive from the City and you don't want those services reduced. With this budget we are maintaining what we have, adding where we must, and ensuring our city keeps moving forward.

We have a stable tax base and the lowest tax rate of any major city in New Brunswick. We have affordable municipal licences and fees which are being adjusted to keep up with inflation and in line with what other major municipalities are charging.

The unconditional grant has been frozen by the Province for 2009 at the 2008 level. We look forward to the recommendations of the Finn report on local governance in the near future which will hopefully address this component of funding to all municipalities.

We will continue to maintain our capital pay-as-you-go infrastructure and renewal program while continuing on with Pay-As-You-Grow for Council's major initiatives in 2009 and beyond.

We continue to have ambitious plans for the coming year and all made possible with the \$88.7 million general fund and \$10.7 million water and sewer utility budgets we are unveiling tonight.

As such, I am pleased to reconfirm there will be no increase in our municipal tax rates for 2009.

The 2009 Municipal Tax rate will remain \$1.41 per \$100 of assessment. The outside tax rate - for those not connected to municipal water and sewer - will also be unchanged at \$1.06.

Real estate values have continued to increase in Fredericton with provincial assessments of existing residential properties increasing, on average about 5.1 percent.

Some assessments in the coming year will increase by more than the average and others by less.

As an example, based on a 5.1 percent provincial assessment increase, an owner-occupied home valued at \$100,000 in 2008 will be assessed at about \$105,100 in 2009, with a provincial tax bill increase of about \$73.

Conclusion

Ladies and gentlemen, before concluding my remarks tonight, I want to thank City Treasurer Marven Grant and Assistant City Treasurer Tina Tapley-Jones for providing Council with all the facts and figures and guidance that goes into the budget process. I also want to recognize the commitment of each and every City employee to this process.

I would also like to thank City Administrator Paul Stapleton for his support and guidance. His is a wise and calm hand at the rudder of our ship.

I am also indebted to my Council colleagues for their contribution to our successes in 2008, and to the days of planning that went into today's budget. In particular, Mayor Woodside was a clear and consistent advocate that while this City must continue to grow, we must wring every possible efficiency out of each department and tax dollar.

Your Worship, I began tonight with a brief history lesson of how each Council faces its own challenges, all dictated by the circumstances of the day. I will conclude by saying that this Council is very much aware of the circumstances and challenges of today. We are confident this is the right budget, at the right time.

And finally to you Your Worship, my Council colleagues, and to the residents of our growing, green, and great little capital city.....our future is bright - and the best is yet to come. Thank you.