

Annual General Council Meeting Minutes

January 23, 2017

Present

Mayor Bill Martin
Deputy Mayor Norma McColeman
Councillor Frank Costa
Councillor Gordie Whitlock
Councillor Brent Gallant
Councillor Bruce MacDougall
Councillor Brian McFeely
Councillor Greg Campbell
Councillor Tyler Desroches
Bob Ashley, Chief Administrative Officer
Rob Philpott, Director of Financial Services
Brian Hawrylak, HR Officer
Lorri Laughlin, Director of Communications
Media
Members of the public

Call to Order

The meeting was called to order by Mayor Martin

Opening Remarks & Dedication

Mayor Martin welcomed the public to the meeting in both official languages. Mayor Martin thanked staff and Council for their efforts in preparing the budget as well as citizens for their input in the public consultation process.

The 2016 Annual Report has been dedicated in memory of Ralph C. Thompson who served as a member of the Provincial Court of Prince Edward Island.

Presentation of 2017 Budget

Councillor Costa:

"I would like to welcome you all and thank you for being here this afternoon. The City of Summerside's top priority is service to our residents, and making our community a great place to live, work and raise a family. Members of council are also Summerside residents, who, like all residents, care deeply about their community's health.

Mayor and Council have worked long and hard deliberating, debating, and discussing the myriad concerns, hopes, challenges, and sometimes difficult choices facing all of us. Our team has done our level best to produce a 2017 budget which is fair, equitable, and achievable.

Backing up Council at all times we have a devoted, professional and hardworking staff.

Often, they go above and beyond the call of duty, whether it's to fix a water main break on a Sunday morning or to pitch in to help restore electric power to other parts of the Island in the cold and dark, or to volunteer their personal time to assist local groups and charities.

One theme for this year's Budget is one to adapt and innovate to meet the dynamic and evolving needs of our community. We aim to be responsive, not just responsible. But adaptation and innovation is also about building on recent successes of our great City.

We must be poised to capitalize on opportunities as they arise. For example, this past year Council's collaboration with the private sector and senior government resulted in the revitalization of the former Co-op building on Central Street.

We welcomed the arrival of a world-class customer service organization, IOS Solutions, and along with it, upwards of 150 jobs.

Thanks to the tireless efforts of our Mayor and my Council colleagues, 2017 finds us poised to seize new economic opportunities for our City and the region.

The vision builds on our award winning strengths in areas such as energy generation and clean technologies. Summerside has led all municipalities in PEI by enhancing openness, transparency and citizen participation. The City has made a concerted effort to prepare a budget which draws upon ideas, suggestions and insights from citizens, groups and the business community.

This participatory process is a crucial building block for local democracy. We plan to keep it up, to invest in it, to continuously improve upon it. No different than running a household or running a business, Council must make difficult choices to keep our city running well. We all know that competing or even conflicting priorities routinely confront the reality of finite resources.

The most objective way to do this is use agreed-upon principles, values, and priorities as a foundation for making the choices that need to be made. One such principle is sustainability. Thinking about just today's needs or next week's will never do.

Commitment to sustainability calls for peering far out into the future, reckoning how we can remain healthy and successful, 10, 20, 50 years or more from now. From a budgetary perspective, this means

balancing immediate and long-term needs, using a variety tools such as tax revenues, short or long term debt, reserves and senior government grants.

On long-term debt, Citizens have also told us how important it is to manage it prudently, keeping in mind infrastructure deficits, economic development, and operational efficiencies.

They've let us know that the City's budget obligations should not grow unnecessarily, holding the line on taxes wherever we can.

Council has heeded this advice with perhaps its most important budget decision, that is, setting the tax rate. I am pleased to announce, therefore, that there will be no property tax rate increases in 2017. Freezing the tax rate at its current levels while continuing to provide a high level of service in the face of escalating costs is not easy. But, I am confident that City Council, management and staff will address this challenge.

In light of the high service standards our residents expect and deserve from our many programs and services, we must design them to be as cost-effective and sustainable as possible. Ideally, we would have sufficient revenues to support all the programs and services that everyone needs and wants. However, while expenses have increased by approximately 10% over the past five years, our revenues have not grown at the same pace. Nor have property assessments, on average, escalated as sharply as the basket of goods and services needed to run City operations.

The cost of doing city business 2017 is not exempt from the forces of inflation. More specifically the organization will have to cover more than \$300,000 in budget inflation pressures over the previous year, even while spending less than we did in 2016. This is how we have managed to hold firm in not increasing the tax rate.

In spite of this challenge, we look forward to a renewed fiscal partnership with the Government of Prince Edward Island which recognizes the challenges of delivering municipal services in an environment of increasing demands.

We also look forward to working under the auspices of the new Municipal Government Act which will strengthen and clarify our roles and responsibilities in delivering services to our residents, as well as those beyond our boundaries.

The City also intends to strengthen its position as a regional energy provider. While work is underway for two new electricity cables between New Brunswick and Prince Edward Island, the City will assert the right on behalf of its residents to receive safe, cost-effective and reliable electricity.

We recognize the increasing demands on the province's energy grid and we intend to show leadership on the generation, transmission and delivery of electricity to customers.

However, this will come with a significant annual cost impact on the City's electric utility, which I will describe in further detail shortly.

Municipal infrastructure gets people and goods moving, ensure safe drinking water, handles our waste, create spaces for sport and recreation, and help protect our homes against flooding and other natural disasters.

It is the foundation that the daily life of Canadians is built upon. The strength of this foundation enables our communities and local businesses to grow, and ensures Canadians have a high quality of life.

To ensure Summerside continues to have sustainable and effective infrastructure in place, I am pleased to announce that the City will be committing over \$13 million in capital spending in 2017. This includes \$4.6 million for the electric system, \$2.3 million for the water system and \$1.1 million for the sewer system, \$800,000 for paving, and over \$300,000 for replacement sidewalks.

The City forecasts and plans its needs through a 10-year Capital Improvement Plan. This is a comprehensive strategy detailing the scheduling of construction or replacement of roads, sidewalks and sewers as well as the replacement or acquisition of equipment and other needs. More importantly, it also outlines how the city intends to pay for these needs, and how and when we may leverage the support of other partners to contribute to these projects.

In keeping with the need to maintain and renew our infrastructure, it is incumbent upon us to ensure the safety, security and reliability of our energy supply. To that end, we anticipate that our electric utility will have approximately \$3.6 million of infrastructure to be replaced each year, for the next 10 years. In addition, we need to plan accordingly to set aside resources in the form of reserves. Reserves are a safety net, used in the event that unanticipated requirements emerge over time. Council has also committed to reducing the electric utility's \$1.4 million accumulated operating deficit.

We should not overlook the fact that the wind farm helps support the provision of programs and services across all city departments. For example, Credit Union Place as a recreational service provider relies on user fees for 40% of its revenue, with the remainder coming from property tax revenues and dividends from the wind farm. In short, without direct and indirect financial support from the wind farm, it would not be feasible to build and maintain a \$50 million facility like ours without much higher taxes. The wind farm also helps keep many user fees at affordable fees/prices.

Wise investments like owning the electric utility and creating the wind farm has enabled us to not increase property taxes at all since the City was formed in 1995. In municipalities across the country, this achievement is truly a rare phenomenon.

The city will continue to seek innovative ways to use its ownership and assets in industry to lessen the burden of taxation on residents. I mentioned at the start of my speech that the new electric cables as well as the City's desire to provide cost-effective electricity will produce a significant annual cost impact on City rate payers. This impact is projected at almost \$700,000 every year for at least the next 10 to 20 years.

This is due primarily to two factors: the expected cost of the City's share for the two new undersea cables, as well as the possibility that we may need to additionally compensate Maritime Electric for the right to transmit electricity across their grid. To put these costs in perspective, the total cost of the new undersea cables is projected at \$150 million.

While these costs come with significant impacts on City residents, rest assured that the City will continue to advocate for fairness and equity in the transmission and delivery of electricity to all residents. For all of the reasons mentioned, the prudent course will be to match Maritime Electric's rates, projected to increase 2.3% per year over the next two years (already experienced one of the increases last year).

This adjustment is necessary to combat escalating costs of operations and capital. It also supports our capacity to support capital renewal of ageing infrastructure.

We also need to set aside sufficient funds in a reserve for future requirements or emergencies, and to address our deficit burden.

Our electric utility provides an essential service and above all, it must be reliable, adequate to meet rising demands, and sustainable.

The City of Summerside prides itself in having made many strategic infrastructure investments over the last few years. However, to maintain our existing infrastructure and to keep it working requires ongoing investment. This is no different for our water system or our sewer system. As an example, certain sections of our water system date back to the early 1900's. This is part of a transmission and distribution network of over 130 kilometers of in-ground pipes, which will cost us \$4 million to maintain over the next 10 years. For 2017, the water and sewer rates will each be adjusted up by 2%, which equates to an additional \$1.18 per month, per household. We are being proactive in adjusting these rates, as we realize that it will help ensure we have the safest and highest quality drinking water system available and an efficient sewer system for our residents for decades to come.

We have made good use of long term borrowing to finance strategic investments over time (such as our Wastewater Treatment Plant, Credit Union Place, and our Wind Farm). More importantly, Council has made debt management a priority. As well, our practices for managing our debt obligations have been assessed and validated by an independent, outside expert, which gives us added confidence in knowing that our financing decisions are based on best practice and are consistent with our Council's stated intention to appropriately manage our debt. The long term debt of our general fund is projected to drop from \$35.1 million at the end of last year to \$33.4 million by the end of 2017, a \$1.7 million reduction.

This is due to our program of debt management and repayment, which has given us the flexibility to finance our significant infrastructure needs while still being fiscally responsible with the tax dollars entrusted to us.

To make the community one we all can be proud of, the City has invested much time and effort in developing relationships and partnerships with all sectors of our great City. For example, we believe very strongly that our youth are the pathway to our future.

As such, we strive to ensure that we can provide the best possible environment for our youth to develop effective life skills and to thrive in what has become an increasingly challenging world. With that as our guiding principle, the City has developed strong relationships with organizations such as the Boys and Girls Club and Generation XX to help our youth grow into leaders of our community. The City has also nurtured strong linkages with our seniors.

Through our investments in Parkview Seniors Club, the East Prince Seniors Initiative, and the City's own Age-Friendly Committee, our seniors are able to avail of programs and services which tap into their knowledge, wisdom and mutual support of one another.

In turn, we as a City are the better for their contributions to the fabric of our community. Finally, one of the hallmarks of a strong community is its support and engagement of arts and culture.

Our City has a thriving arts and culture sector, and we look to organizations such as the Harbourfront Theatre and the College of Piping (among others) to set the tone for engaging our community to support the arts and putting in place a foundation for this support for years to come.

Residents and the business community want more emphasis on economic development and growth. I am pleased to announce that in recognition of the feedback from our community, we will be dedicating almost \$618, 000 of our operating budget to economic development. As well, we are taking steps to grow the city's economy and to build on our successes in innovation and entrepreneurship. While we are blessed with leading-edge thinking and approaches in our city, it is still a constant challenge to attract and develop new lines of business to diversify our economy.

You may recall that Council recently announced its intent to develop a solar energy farm here in Summerside. I am pleased to announce that the City continues to work with a leading international technology organization on the ongoing development of this project, which will help grow our local economy. Further details will be announced in the coming weeks.

We all know that a City cannot afford to be all things to all people. As much as we all want a strong and vibrant community, Council recognizes that the City cannot do it alone. We all depend upon and appreciate the dedication, commitment and perseverance of the dozens of not-for-profit organizations who deliver critical programs and important services to our community that may otherwise not be available. To ensure the most fair and equitable distribution of resources and support, the City is undertaking an extensive review of the support it provides to external organizations. It should be noted that in addition to the \$467,000 of financial support that the City provides to outside groups, additional thousands of dollars in-kind services is also provided to many of these groups to enable them to deliver high-quality services and programming to the broader community.

I am pleased to announce that in 2017, the City will be committing \$400,000 in community grants to these organizations, to give them the opportunity to deliver much-needed programs and services in Summerside. While this is slightly lower than last year's total, it is in keeping with the five-year average of support that the City has provided through community grants. Nevertheless, we acknowledge that this year's funding may be a challenge for our community partners, some of whom face sustainability issues of their own in service delivery.

Furthermore, we believe strongly in keeping our recreational programs and services accessible and affordable to the community and the region. At the same time, affordability must be balanced with the need to ensure that the City is able to adequately finance and support these programs on an ongoing basis.

Cost recovery benchmarks in municipalities across the country range from 40-60%. The City Summerside's revenues used to recover costs for community services has dipped below the 40%. Our community survey indicated that most citizens would favor more emphasis on a user-pay system than a general tax rate increase. To that end, I am announcing that fees for programs in Community Services will be increased 6% over last year. This will mean for example a pool pass for a child will go from \$3.61 to \$3.85 and skating for certain programs will go from \$3.62 to \$3.84.

This past year has seen the City capitalize on significant opportunities in economic development and energy efficiency, building on its success as a provincial and regional leader in innovation. We've heard from our residents that economic development; debt management and infrastructure renewal continue to be major priorities.

We also assess our progress in enhancing transparency and accountability on a regular basis, ensuring that my Council colleagues have good information on which to base our decisions, and to ensure our residents know the basis for these decisions. Thanks to these accomplishments, we are on the verge of other economic opportunities for our City and the region, which build on our strengths in areas such as energy generation and renewal.

As well, our ongoing dialogue with the community through our public consultations represents an important building block for more public engagement in the future on a whole variety of issues for municipalities, and strengthen our Council's ongoing commitment to enhanced transparency and accountability.

I look forward to continuing to work with all colleagues on Council as we build upon the accomplishments of this past year and set a foundation for continued success. While it is an exciting time, it is also a time for us to focus on sustainability and on "living within our means". I believe that the initiatives we've highlighted today will do both. With no reduction in services and no increase in property taxes, I am pleased to announce that we are projecting a balanced budget in 2017.

I want to take this opportunity to express my sincere appreciation to the management and staff of the City for the work they do in support of transparency, accountability and public engagement all for the greater good of our community and for the people we serve.

Ladies and Gentlemen, This is your Budget for 2017. Thank you and good day."

Resolutions

Moved by Councillor Costa and seconded by Deputy Mayor McColeman
Be it Resolved that the 2017 Operating and Capital Budgets for the City of Summerside be approved as presented.

Resolution Carried

Moved by Councillor Costa and seconded by Deputy Mayor McColeman
Be it Resolved that the 2017 Municipal Tax Rates for the City of Summerside be approved as presented in the 2017 Budget Document - Exhibit C.

Resolution Carried

Moved by Councillor Costa and seconded by Deputy Mayor McColeman
Be it Resolved that the incremental 2017 Business Improvement Area (BIA) Tax Rate be approved at \$0.18 cents per \$100 of total assessment commercial and non-commercial, excluding residential assessments. This BIA tax levy includes all properties within the boundaries of the Downtown Summerside Business Improvement Area.

Resolution Carried

Moved by Councillor Costa and seconded by Deputy Mayor McColeman

Be it Resolved that the 2017 Water and Sewer Rates be approved as presented in the 2017 Budget Document- Exhibit F

Resolution Carried

Moved by Councillor Costa and seconded by Deputy Mayor McColeman

Be it Resolved that the **"22nd Annual Report"** for the City of Summerside be approved as circulated.

Resolution Carried

Comments

Councillor Whitlock thanked Councillors for their work with the budget as it is an intense four days of deliberations as not everyone may be happy, but it was important to him not to have tax increases. He thanked Mayor Martin for his leadership and Greg Gaudet director of municipal services for his efforts.

Councillor MacDougall thanked fellow Councillors for their work with the budget and he stated that GPS Committee will be reviewing community grants and as the new municipality act has been passed, he believes the City is going in the right direction.

Councillor DesRoches thanked the public for coming and stated that there had to be cuts made along the way, and that money has been set aside for playground equipment for disabled people to enjoy.

Councillor McFeely stated that it was important to have debt management with this budget and to share in solutions with departments for them to look for savings in their department. He stated it was a balanced approach that provided a compromise.

Deputy Mayor McColeman stated that there was a lot of conversation on needs for this budget between councilors. She stated every year it is important for all orders of government to work together and it is important to have the community consultations to find out what citizens want. She stated a policy will be developed in dealing with community grants.

Councillor Campbell stated that Council may argue about the budget, but that shows to him that they care. He stated it is a learning experience and it is hard to say no to things that you believe in when it comes to community grants.

Councillor Gallant stated that there were many items cut in the budget with the exception of one capital item.

Mayor Martin stated that in conversation with his brother who recently returned from a trip out west stated to him that the main road in Grand Prairie is plowed in the city in the winter and none of the rest

of the streets and it costs \$7 to visit the recreation facility. He stated that everyone should be proud of the budget. He recognized previous council's who did much of the groundwork.

Adjournment

Motion It was moved by and seconded;
That The meeting be adjourned.
Motion Carried