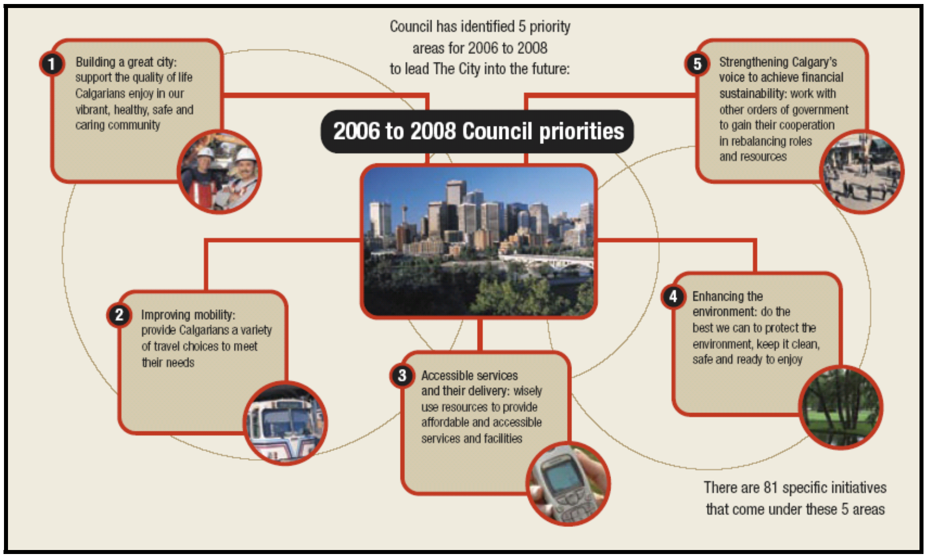

<u>January 2006 Newsletter</u>

Alderman
Diane Colley-Urquhart

<u>Historic Budget Process Completed</u>

The week of November 21, 2004 saw the disappointing culmination of an historic process in preparing and approving our City's budget. An intense 28 hour debate and line-by-line analysis of the budget, together with several dozen mostly-quashed amendments designed to cut spending and increase revenues, resulted in only a minor impact to the tax rate from a proposed 5.4% to 4.4% in 2006 and unchanged from 4.0% in 2007, and 4.5% in 2008 (although adjustments made to reduce the 2006 tax rate will have implications for the final two years of the 2006-08 budget, and will be addressed in November 2006 when Council reviews the 2007 adjustment report). The majority of Council did not support two significant amendments that together could have resulted in a 0% tax increase, or at maximum, a 1.8% increase – diverting a portion of the $50 million from ENMAX dividends and $17 million committed by the Province for Emergency Medical Services to growth and to maintain current levels of service.

Council reviewed the City's operating budget with proposed operating gross expenditures of $1.9 billion in 2006, $2.0 billion in 2007, and $2.1 billion in 2008, premised on municipal property tax rate hikes of 5.4%, 4.0%, and 4.5% in each of the three years. Increases were also proposed in water and wastewater rates, transit fares, golf course fees and recreation facility admission fees. The budget also proposed reductions in withdrawals from the Fiscal Stability Reserve fund for general operations through 2008. The City's capital budget was $1.1 billion, including $576 million for 2006, $261 million for 2007, and $209 million for 2008, $41 million for 2009, and nil for 2010. This forms part of the funded capital budget plan for 2006-10 which totals $3.8 billion; $2.8 billion for tax supported services and $1.0 billion for utilities. Council directed that 70% of the tax-supported capital budget be devoted to transportation projects, 10% for emergency & protective services, 10% to community services, and 10% to corporate infrastructure & public works. Borrowing was planned for $186 million in 2006 and $24 million in 2007.

Details for service delivery and growth included:

- **FIRE**: funding 3 new stations and expanding an existing station, including 74 additional full-time equivalent (FTE) staff for growth;
- **POLICE**: additional 128 FTEs for growth;
- **TRANSIT**: 360,000 additional hours transit service and 84,100 additional Access Calgary trips over 3 years, including 263 transit operator FTEs, with yearly fare increases that match the City's corporate inflation rate;
- **WASTE COLLECTION**: additional funding for residential waste collection, recycling & disposal, including 32 FTEs for growth;
- **ENVIRONMENT**: additional funding for environmental regulatory compliance, improving water quality discharge into the Bow River and increased service volume, offset by higher drainage fees;
- **PARKS**: additional 44 FTEs for parks operations & maintenance;
- **DEVELOPMENT & BUILDING APPROVALS**: additional 12 FTEs for increases in applications & compliance activities, offset by rate and activity increases in each of the 3 years;

As well, the EMS operating funding will be reduced by 50% in 2007 and 25% in 2008, in anticipation of full transfer of this service to the Province.

Council's November review resulted in the following changes to the budget:

- Increase in the Calgary Police Service operating budget revenue by $1 million for each of 2006, 2007, and 2008. By doing so, the net budget for CPS was reduced by the same amount, which reduces the tax-supported requirement for this budget. The Police Commission will determine how that revenue is raised;
- Increased the Calgary Fire Department budget revenue to bring in $125,000 in each year by changing the False Alarm Policy to one free alarm from two;
- Approval to increase EMS operating expenditures by using the $17 million grant from the Province to add 25 personnel, three 12-hour ambulances, purchase pandemic readiness supplies and fund capital projects in 2006. The net effect is to reduce the total tax-supported operating budget by $1.8 million per year;
- Decreased $500,000 in 2006 for lifecycle costing assessment for City facilities;
- Decreased $66,000 in 2006, $65,000 in 2007, and $60,000 in 2008 affecting implementation of the Land Use Bylaw;
- Delayed the start of the Beddington Trail/Country Hills Blvd. interchange. Decisions on increased costs for road construction projects at Beddington Trail/Country Hills Blvd., and Shaganappi Trail/Edgemont Blvd., await further information from Administration;

I have been a strong advocate of small government, leveraging public dollars with the private sector, and have been vocally opposed to continued tax increases, user fees, recreation levies, lot levies and borrowing to increase our debt load. We have received $1 billion from the Province in addition to fuel tax and GST rebates from the federal government that have been viewed by some as not enough. We cannot continue to sustain our anticipated growth from the tax base with the infrastructure requirements of a city with a current strategy to accrue a 50 year land supply by annexing 150 km^2 land from the MDs of Rockyview and Foothills. Rather, our 50 year vision must be one that sustains smart growth by providing a mix of land uses, creating a variety of housing choices, encouraging growth in existing communities (up, not out!), providing a variety of transportation choices and encouraging citizens to participate in these decisions.

The investment in infrastructure and services related to growth includes transportation, utilities, protective services, waste & recycling, parks & recreation, and administrative functions. These costs are already arduous and will continue to increase dramatically if we continue to grow out, rather than up. When new homes are built, the increase in revenue from property tax and user fees should compensate for the increased cost in infrastructure. However, by continuing to annex more land and inheriting the capital costs associated with infrastructure and services, the delay in recovering the full costs from the property tax base requires debt financing and shifting the burden of financing growth to established communities. This is not sustainable and citizens and Council must be mindful about who should pay and how much.

I have questioned the accelerated pace we have set for ourselves to catch up with our accrued 10 year infrastructure deficit, and whether it makes better economic sense to phase construction projects in our hot economy. We have seen a number of project estimates dramatically balloon as a result of the shortage of skilled labor, as well as a shortage of construction materials such as steel. Industry must be provided a reasonable window to keep pace and to adequately plan ahead in order to achieve reasonable results both related to time and budget. As stewards of public money, we must be fiscally responsible and practice sound project management principles.

I will continue to fight and mobilize citizens in order to end the tax, spend and borrow regime that has become a significant burden to seniors and young families in our city. The final mill rate will be set in April 2006, and I will continue to work towards an equitable taxation system based on the “Benefits Principle,” where the taxes we pay are related to the benefits received.

As always, you can contact my office regarding this or any other civic matter at 268-1624, by email at dcolley@calgary.ca, or through my new reconstructed website, www.aldermandiane.ca. Alternatively, you can contact ‘311.’