



GREATER CHARLOTTETOWN AREA  
CHAMBER OF COMMERCE

# City of Charlottetown

## Pre-Budget Consultations 2017

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**Submitted to**

**Melissa J. Hilton, Chair**

**Finance, Audit and Tendering Committee**

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Greater Charlottetown Area Chamber of Commerce

February 2017

## Introduction

1. The Greater Charlottetown Area Chamber of Commerce strives to be a community champion and a strong promoter of business interests. We advocate on behalf of the business community in general and our membership in particular, not just as employers, but as members of a community we value. We work to advance the social and economic well-being of our community by promoting the capital region as a place of excellence - to live and make a living, now and into the future. Our focus is to build a strong and vibrant business community.
2. We appreciate this opportunity to present our views on how the City of Charlottetown's 2017 Budget can and should be viewed as an instrument to advance the city's economy through effective programming, competitive taxes and efficient public administration. Ongoing dialogue, open communications and effective partnerships are important to success - the Chamber commits itself to this.
3. Our submission focuses on three topics:
  - i) a review of specific issues which the Chamber believes are deserving of commentary and recommendation
  - ii) the need for more directed attention to the impact of population growth through international immigration
  - iii) the need for the City to implement an open government data initiative

## Specific Issues

4. The **development and continued revitalization of the city** continues to be of paramount importance to the Chamber, for without a strong and growing business base, City finances will wither. Growing the economic base of the city leads to increasing property assessments, both residential and commercial. Without that growth, the City's ability to sustain programs and essential infrastructure will be curtailed. While this may appear obvious, it is worth repeating because it is a central premise of fiscal and community viability.
5. The recent decision to end the CADC's role as a property owner and developer may have a significant impact on future development. Historically, CADC has played a central and stimulus role in property development. While the private sector should be more than willing and able to step into any void left by the withdrawal of CADC, there may still be a significant role for the City and the Provincial Government to perform as stimulator, coordinator, and broker of interests.

- The Provincial Government, in the press release announcing the decisions on CADC (and SWDC) stated:

"Further, government will work with municipalities, community and business leaders to map out economic development and growth scenarios for the province that will include consideration of our economic geography tied to urban development and related infrastructure needs."<sup>1</sup>

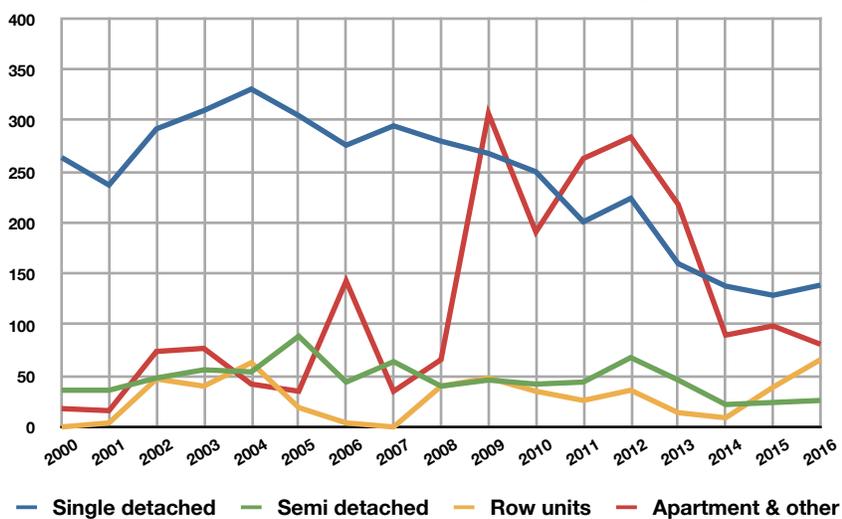
Clearly, there is need for some 'body' or 'framework' to kindle and coordinate development in the capital region. The Chamber looks forward to discussions on appropriate structures and processes regarding how this will be accomplished.

- Continued development is not only central to City finances, it is crucial to the success of the population strategy of the Provincial Government. We will elaborate on this topic in the Immigration section (page 6). Suffice to say here, that without employment and investment opportunities, the retention and integration of international newcomers is jeopardized. To date, the vast majority of international newcomers (the linchpin of the population strategy) 'land' in the greater Charlottetown area and it is the development of this area that requires focused attention.
- Residential development in the Charlottetown CA<sup>2</sup> has stalled as indicated in Chart 1<sup>3</sup>. The sharp decline in rental supply, accompanied by high levels of immigration, has pushed the vacancy rate to 1.7 per cent, down from 4.2 per cent a year earlier. "Developers appear to be cautiously watching the market, remembering the elevated apartment vacancy rate of 7.9 per cent just three years ago that was linked to the outmigration of recent immigrants."<sup>4</sup>

"Rising levels of international migration and a slow expansion of the stock of rental housing has resulted in a sharp decline for Charlottetown's vacancy rate in 2016."

Sarena Teakles CMHC  
Market Analyst

Chart 1 Charlottetown CA Housing Starts



1 Press Release Nov.9,2016

2 Census Agglomeration

3 CMHC Housing Market Information Portal

4 CMHC Charlottetown CA Rental Market Report, Fall 2016

9. Given that Immigration is a driving force in the Charlottetown housing market, the Chamber suggests that the City, in conjunction with Stratford, Cornwall, and the Province, undertake an open and strategic analysis of the impact of future immigration on residential development within the capital area. The business community needs to be involved to provide on-the-ground tactical data and information. As CMHC has pointed out, “Charlottetown will require residential construction to grow in order to meet the housing needs of today’s and tomorrow’s Islanders.”<sup>5</sup>
10. While immigration may be driving the residential market and has significant implications for employment and investment, the youth of the city are critical to the short and long-term development of Charlottetown. The Chamber congratulates the City’s Youth Retention Advisory Board for its recent and most insightful Report<sup>6</sup>. It is deserving of serious reflection and action by all those with an interest and stake in the future of the city.
11. The **direction of the City’s finances** remains a concern. Up to 2015, the City has managed its finances to avoid deficits and tax increases without increasing the ratio of Net Debt to Property Tax Revenues, a record the Chamber lauds. The 2016 Budget, however, may have changed the underlying fiscal fundamentals unless there is a measured increase in the Provincial Grant. Enough has been said about the need and rationale for increasing the grant - the City laid out a credible case in its 2016 Budget. The Chamber, in its 2016 Pre-budget submission to the City estimated that upwards of an additional \$1.9 million would be owing to the City if municipal grants had kept pace with the growth of Provincial Own-source Revenues. This issue must be resolved if the City is to provide adequate services, particularly in light of population growth and both current and anticipated migration patterns. The future of the Provincial Grant to the City is inextricably tied to the previous comments on city development and revitalization. An overview of the City’s financial position is presented in Table 1.

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5 Ibid

6 <http://city.charlottetown.pe.ca/pdfs2016/Chtown-YouthRetention-Report2016.pdf>

Table 1 Overview of City Finances	2010	2012	2014	2015	2016
Provincial grant	\$11,165,382	\$10,910,147	\$10,876,141	\$10,876,141	\$10,984,903
Property tax	\$25,015,350	\$26,336,956	\$29,161,633	\$30,404,311	\$32,306,299
Transfers from Province	\$140,000	\$140,000	\$140,000	\$1,640,000	:
Other City	\$3,618,073	\$3,832,922	\$3,612,327	\$3,769,753	:
Sewer & Water	\$8,386,228	\$8,854,544	\$9,018,318	\$8,748,311	:
Total revenues (net of New Deal for Cities)	\$48,325,033	\$50,074,569	\$52,808,419	\$55,438,516	:
Total expenses (net of New Deal for Cities)	\$45,297,349	\$47,845,678	\$49,291,300	\$54,356,155	:
Surplus	\$2,715,745	\$1,198,932	\$6,633,135	\$2,059,122	:
Net Debt	\$74,364,568	\$75,959,927	\$77,517,069	\$80,434,295	:
Net debt as % of property tax revenues	297%	288%	266%	265%	:
Long term debt-City	\$43,284,251	\$47,239,523	\$49,447,652	\$46,388,540	:
Long term debt-Utility	\$20,726,548	\$25,334,154	\$25,201,976	\$23,764,079	:
Total debt	\$64,010,799	\$72,573,677	\$74,649,628	\$70,152,619	:
Source: City Financial Statements & 2016 Budget					

12. **Infrastructure** remains a vital concern of the Chamber. In our last Submission, we made extensive reference to the Canadian Infrastructure Report Card and its methodology to identify and “assess the condition of municipally-owned infrastructure to help decision-makers identify cracks in this important foundation, and inform solutions to address them.”<sup>7</sup> Although we stand to be corrected, we are led to believe that the City of Charlottetown did not participate in the latest survey. If so, we find this to be disappointing. Infrastructure is central to city development, both social and economic, and as such it deserves to be managed in the most professional manner, including identification of needs, priority setting, project delivery and asset management over the life of the asset.
13. The Chamber is most encouraged by the efforts of the City and Stratford to identify mutual benefits of integrating sewage treatment infrastructure. Furthermore, if all three municipalities in the capital region face a fiscal future where revenue growth will be slower for longer (as is anticipated at the Provincial level), then joint planning and delivery of infrastructure seems to be a necessity. It is perhaps better to be proactive than reactive, given the interest of the Province in seeing things done differently.
14. As the Chamber has previously commented, despite a previous commitment<sup>8</sup> the City has not released a multi-year capital plan. We suggest that this be a deliverable in 2017 and include infrastructure plans, priorities and net impact on the City’s finances.
15. The need to **address value for money** in City expenditures is related to both City finances and infrastructure. This is dependent on a commitment by the City and its administrators to focus on results and outcomes, and not just line items or program

<sup>7</sup> [http://www.canadianinfrastructure.ca/downloads/Canadian\\_Infrastructure\\_Report\\_2016.pdf](http://www.canadianinfrastructure.ca/downloads/Canadian_Infrastructure_Report_2016.pdf)

<sup>8</sup> 2012 City of Charlottetown Budget Speech

expenditures. To say that the cost of a particular service is increasing over time tells nothing about what is being achieved. The 2015 Budget indicated that the City was drawing functional comparisons with other municipalities as it developed key performance indicators. This information supposedly was to be used by the City to develop benchmarks when reviewing City services. In the interests of transparency, the City should make this information available.

16. The implementation of the **City's sustainability plan** appears to be moving forward with strong public support as evidenced by the interest and turnout at the Sustainability Workshops and the Inspired City Meet and Speak events. While the Chamber looks forward to reviewing the outcome of the 2016 Review (called for in the original Plan documents), we do continue to emphasize the central importance of the 'economic pillar' in the Sustainability Plan. This links back to our earlier comments on development and revitalization. A sustainable city and a livable city can only thrive if there are employment and investment opportunities. While development must be guided by sustainability principles, a thriving and growing economic base is a prerequisite. The Chamber congratulates the City for its efforts to make Charlottetown a more sustainable and livable community, and we are committed to working with the City to make Charlottetown both a great place to live and a great place to earn a living.

## **Immigration**

17. The Chamber has demonstrated a strong and continuing interest in immigration, as evidenced by direct programming such as PEI Connectors, event organization and hosting, advocacy, and the building of networks and partnerships. The Chamber's involvement is based on the following:
  - i) With deaths now outnumbering births in the province, growth in population is solely dependent on reducing the net migration to other provinces and on positive international migration.
  - ii) The Provincial Government has initiated a significant effort to attract, retain and integrate international newcomers.
  - iii) Upwards of +90% of newcomers 'land' (either temporarily or permanently) within 15kms of City Hall, making the city and the capital region the geographic hub for adaptation, accommodation, employment and investment.
18. Provincial success in retention and integration may well depend on what transpires within the city specifically and the capital region in general. As previously noted, developments in the residential market are being driven by immigration factors.

19. The City has responded with a number of initiatives, focusing on making Charlottetown a 'welcoming community'. The characteristics of a welcoming community are well documented in a 2010 Report released by Citizenship and Immigration Canada.<sup>9</sup> This Report strongly suggests that employment is the key to retention. Given this, the Chamber suggests that a more pointed focus on employment and investment opportunities in the greater Charlottetown area may be required. Without this focus, retention and integration success may be limited.
20. Obviously, the City does not have the financial resources nor the instruments to deal with these challenges, yet as stated, it is the geographic hub of impact. In the Chamber's view, what is required is a much more coordinated and integrated strategy and partnership, led by the Province, but with the full involvement of the City and the surrounding municipalities. The Chamber encourages the City to be proactive in pursuing this critical issue, and offers whatever assistance it can to make this a reality. This of course has direct ties into our comments (# 5) on the post-CADC framework yet to be established.

## **Open Data**

21. Open government data is defined as structured data that is machine readable, freely shared, and can be used and built on without restriction.<sup>10</sup> The Provincial Government has adopted a set of open data principles to oversee its efforts, and is proceeding to expand data available through its web site. The Chamber recommends that the City follow suit and implement an open data framework, as has been done across Atlantic Canada, including Moncton, Fredericton, Saint John and Halifax.
22. So what would this mean for the City, the business community and the citizenry at large? First, it would enhance transparency - which is not just about access to data but to data published in a format for reuse. Following open data principles, the City would make data files available in a format which would allow users to analyze and interpret. Thus, data becomes information. A good example is weekly building permits approved. The data is published on the City's web site but in a static format that defies any attempt to assess and understand the data in terms of trends and geospatial information. If available in an open data format, the business community could easily monitor trends by type and geographic location as input to ongoing business planning. (Compare this to the City of Fredericton's Open Data Initiative<sup>11</sup>).

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<sup>9</sup> <http://p2pcanada.ca/wp-content/uploads/2011/09/Characteristics-of-a-Welcoming-Community-11.pdf>

<sup>10</sup> <https://www.princeedwardisland.ca/en/information/finance/what-open-data>

<sup>11</sup> <http://data.fredericton.ca/en/dataset/building-permits-issued-ward/resource/7dbc1327-aa15-49b3-9456-303ff040a508>

23. Second, the adoption of an open data initiative would encourage and ease the expansion of the publication of a broad range of informative material that would be of value in understanding City affairs. “By opening up data, citizens are enabled to be much more directly informed and involved in decision-making. This is more than transparency: it’s about making a full “read/write” society, not just about knowing what is happening in the process of governance but being able to contribute to it.”<sup>12</sup>
24. Thirdly, an open data initiative may lead local entrepreneurs to examine the commercial use of released data sets, resulting in new opportunities for the business community. For example, when Halifax launched its pilot on open data, accompanied by an apps4halifax contest, 275 ideas came forward. An open data initiative would signal to the growing ‘digital community’ that the City is “committed to improving citizen engagement and enhancing transparency and accountability to its residents”.<sup>13</sup>
25. Given the benefits to residents and the business community, and the fact that best governing practices include an open data portal, the Chamber believes that the time has come for the City to move ahead with implementation.

**In summary:**

- The Chamber stresses that development and revitalization are critical to the City’s fiscal health, immigration retention/integration, youth retention and engagement, and indirectly to sustainability. As such, a refocusing on expanding employment and investment opportunities is critical. A review of City policies and practices on development applications should be included - our members continue to express concerns over delays and inconsistencies.
- The 2017 City Budget should avoid tax increases. If the Provincial grant is not increased commensurate with need, the business (and residential) community must be assured that all options for reducing expenditures have been analyzed and addressed, with public input.
- Sound management and administration of City affairs requires:

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<sup>12</sup> <https://opengovernmentdata.org>

<sup>13</sup> <http://www.halifax.ca/opendata/>

- i) performance measurement and benchmarking with similar sized municipalities, and with progress reporting (follow through on previous commitments)
- ii) the adoption of a multi-year capital/infrastructure plan, available to the public (as previously recommended)
- iii) introduction of an open data portal to provide timely, user-friendly data, as has been implemented by numerous municipalities of various sizes
- The City should continue to pursue a sound sustainability plan, recognizing that a sustainable municipality must, at its core, have a strong and vibrant economic base to provide tax revenues, and employment opportunities for youth and newcomers alike.

We trust that these comments and recommendations contribute substance to improving the administration of the City, add value to the discussion of the future economic development of Charlottetown (and environs), and are received in the true spirit of partnership and mutual interest.

Submitted by            Pam Williams  
                                  President, Greater Charlottetown Area Chamber of Commerce