

# **Submission on the 2009 Proposed City of Regina Budget**

**Submitted by:**  
CUPE Local 21

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*CUPE Research*

## **INTRODUCTION**

CUPE Local 21 represents about 1000 permanent and casual employees of the City of Regina. Our members provide important front-line services to the citizens of Regina in the areas of public works, parks and recreation and community services.

Our members maintain and repair sewer lines, collect garbage and upkeep the landfill site, maintain and repair city streets, sidewalks and boulevards, and keep our parks and green spaces beautiful. Local 21 members also deliver recreational programs to the citizens of Regina and maintain the hundreds of city facilities.

Our members are dedicated employees and proud of the services we provide. We value the work we do for the taxpayers of the City of Regina and want to provide the highest quality of services possible. Our members and their families are also taxpayers and users of city services. We contribute to the economic and social development of our community through our purchasing of goods and services and with our volunteer commitments to various community organizations.

Local 21 is pleased to have this opportunity to present our views to city council on the proposed 2009 budget. We have a number of concerns about trends that we see in the city's approach to staffing and financial operations. In particular, our presentation will outline our concerns with:

- The trend to reduce permanent civic employees and not fill vacancies even though the city's population, infrastructure and services have been expanding;
- The alarming growth in the level of contracting-out of city services which is more expensive than if city employees did the work;
- The need to develop a sustainable and cost-effective plan for long-term infrastructure needs of the city and build financial reserves;
- The increase in user fees for city services which makes services less affordable and accessible; and,

- The continued shift in the distribution of property taxes onto residential properties.

### **Staffing Levels at the City of Regina**

The 2009 proposed budget proposes a number of increases in staff positions in various departments. The trend over the last 20 years, however, has been constant reductions of permanent staff, especially front-line staff. Even with the staff increases in this budget, the number of permanent employees is 16% below the level in 1988. This decline in permanent staff has occurred while the city’s population, infrastructure and services have been expanding.

The following table shows the reduction in actual permanent full-time equivalents (FTEs) since 1988, and the declining ratio of permanent staff for every 1,000 residents of the City of Regina. Since 1988, the number of permanent FTEs working for the City of Regina has declined by 16.1%.

**Table 1 – Decline in Permanent FTE Civic Staff, City of Regina, 1988-2009**

<b>Year</b>	<b>Permanent FTEs</b>	<b>% Change</b>	<b>Permanent FTEs per 1,000 population</b>
1988	1,604	--	9.05
2001	1,465	-8.7	7.7
2009	1,345.9	-8.1	6.7

*Source: City of Regina Budgets*

The above numbers exclude police and casual employees.

The members of our local have experienced this gradual reduction in staff levels over the years. In the roadways department, for example, we used to have 155 permanent FTE positions. Today we only have 50 FTEs working in roadways -- a 68% reduction.

### **Not filling vacancies**

We are also concerned about the policy of the city to not fill vacancies in a timely manner. On page 29 of the proposed 2009 budget, it states that the city spent \$3.2 million less than

what they budgeted for in 2008 by not filling vacancies. Earlier on page 23, the budget document states that the unfunded liabilities for sick leave and vacation “were covered through savings from staff vacancies.”

The city has financial obligations to its staff and should not be delaying the filling of vacancies to cover these costs. This is, in reality, downloading the costs of the unfunded liabilities to the employees. The city should be budgeting for its financial obligations of unfunded liabilities in sick leave, vacation, and pensions. By not filling vacancies, staff workload remains unreasonably high, there are not sufficient staff to complete work projects and the city increases the contracting-out of public services.

### **Contracting-out: need for transparency and accountability**

Local 21 is deeply concerned about the explosion of contracting-out that has been happening in the city of Regina over the last number of years. The 2009 proposed budget shows that the city budgeted \$1.7 million for “contracted services” in 2008 but actually spent \$6.1 million last year. There is no explanation why the city overspent in contracted services by \$4.4 million.

We believe that the amount of contracted services reported in the 2008 budget is a small fraction of what was actually spent. Documents our local has received on the city’s contracted services show that in the Public Works Division alone, the city had annual or continuing contracts with a total value of \$22.5 million and new contracts valued at \$13 million for a total of \$35.5 million.

The 2009 proposed budget allocates the same amount as in the previous year’s budget (\$1.7 million). This figure is unrealistic given the vast amount of contracting-out done by the city. A document listing the anticipated contracted-out services for 2009 in the Parks and Open Space Department alone adds up to \$1.4 million (see appendix A). Once again, much of the work that is proposed for contracting-out in 2009 is work traditionally done by our members: mudjacking, road paving, elm tree pruning, tree planting, welding services

and chipping services. This is just one department and small compared to the amount of contracting-out done by other departments.

City councillors and the residents of Regina should be concerned about the level of contracting-out by the city of Regina for two main reasons:

**1. There is a lack of transparency and accountability around contracting-out.**

The budget does not disclose the full extent of contracting-out, what it costs or the reasons for contracting-out. Taxpayers have the right to know how their tax dollars are being spent and that many of the city services they receive are not provided by city employees.

**2. Contracting-out is not cost-effective and does not provide value for money.**

Contracting-out is never as cost-effective as doing the work in-house. One of the reasons is that private companies need to build profit into their contracts. It is one of the realities of doing business.

We can give you some examples of the cost differences. Our union members used to do all of the winter road maintenance for the city and now the majority of this work is contracted out. The city pays the contractor \$177 per hour plus the cost of renting a grader for \$2,000 a month. The cost of using a city-operated grader to do the same work is about \$80 an hour. A city front end loader is approximately \$65 per hour compared to a contracted loader at \$110 to \$176 an hour for the winter road maintenance program.

The City paid \$125 an hour to thaw frozen water lines. The City no longer uses its own welding truck units which could do this work at a greatly reduced cost.

We urge the city to provide full details of all its contracted services in its budget and outline the true cost of contracting-out. We noted that on page 103 of the 2009 budget, it states that the city's asphalt supply price is 20% less than private contractor prices. This is one more example of how cost-effective city employees are.

## **The infrastructure gap and the need for sustainable planning**

The 2009 budget states that \$2.1 billion in new infrastructure will be required over the next ten years (page 8). There is an urgent need for the city to develop long term budgeting for infrastructure and to ensure that the city has the internal staff expertise to meet those needs. We are concerned that the city is weakening its capacity to address infrastructure needs by reducing front-line staff, hiring external consultants and contracting-out ongoing infrastructure projects to private companies.

The city should also be transferring more money into General Reserves to plan for the long term costs of infrastructure. Instead, this year the city administration has transferred \$6.7 million out of General Reserves to balance the 2009 budget and ensure a zero percent increase in the mill rate in a year of municipal elections.

We are also concerned that the city administration is considering entering into Public Private Partnerships, which is essentially the privatization of public assets. On page 9 of the 2009 proposed budget, it states that the city is “exploring community partnerships with both public and private organizations” to provide infrastructure.

Public Private Partnerships are a way of handing over public assets to private companies to manage and lease back at highest cost over a 30 or 40 year period. Once private companies own what should be city-managed facilities, the city loses all control over the level of service and the costs for providing that service. The private company’s need to make profit overrides any expectation to keep services accessible and affordable. We urge City Council to hold public consultations before entering into any public private partnerships.

## **The increase in user fees by the City of Regina**

The City of Regina’s Vision for 2020 is to build a city that is vibrant, inclusive, attractive and sustainable. City services that are affordable and accessible to all should be part of that vision. We are concerned about dramatic increases in user fees since 2000, and proposals

to eliminate recreational programs and services in the inner city of Regina. These are decisions that make services less affordable and accessible to all, especially for the low-income neighbourhoods in the inner city.

We would like to provide some examples of the fee increases for different City of Regina services between 2000 and 2006:

- Leisure General Admission Fees for city recreational facilities increased by 95.9% for an adult, 159.5% for seniors, and 100% for children;
- A one-month Leisure Pass increased by 156.7% for an adult, 155% for youth, 154.5% for children and 186.6% for families;
- The Currie and Kaplan field hourly rentals for minor league use and tournaments increased by 117.5% (from \$15.40 to \$33.50 an hour).
- Recreation Centre Gymnasium rental fees for non-profit organizations increased by 117.3%;
- Arena hourly rental for youth leagues/tournaments increased by 58%;
- Adult golf fees for the TorHill and Murray courses increased by 43.3%;
- Public transit fares for high school or youth increased by 52.4%.

CUPE Local 21 members believe that affordable and accessible recreational services are important to the city's vision of an inclusive and vibrant community.

### **Revenues and the distribution of property tax**

Property taxes provide the majority of the city's revenues and City Council has historically kept mill rate increases below the annual average increase of the Consumer Price Index. The budget document shows that the average annual mill rate increase between 1999 and 2008 was 1.94%. This year, a municipal election year, the city is proposing no increase in the mill rate. The last time the city had a zero percent increase in the mill rate was in 2006, also an election year.

The 2009 proposed budget includes increased expenditures of \$20.4 million, an increase of 8.6% over the 2008 budget.

To pay for the increased expenditures, the city needs increased revenues. Revenues from property taxes are estimated to increase only by \$1.9 million, but the city of Regina will be receiving an additional \$7.7 million in provincial operating grants and \$11.1 million from the federal government gas tax. The new sources of funding are still not enough to balance the budget so the city of Regina is borrowing \$6.7 million from its General Reserve Fund.

As mentioned earlier, we question the decision to borrow from Reserves and propose a zero percent mill rate increase. The impact of this decision is to drain our Reserves when we need even stronger Reserves to finance the city's long term infrastructure needs. The budget document acknowledges that "the City's overall level of reserves is relatively low compared to other Western Canadian cities." (page 27).

This is bound to lead to a financial crunch in future years that could result in budget and service cuts, increased fees and a significant increase in the mill rate.

We also want to raise our concerns about how the distribution of total property taxes has increasingly shifted onto residential properties.

In 1996, 55.7% of all property tax revenues came from residential properties and 44.3% of tax revenues came from non-residential properties. By 2005, the share of property taxes from residential properties increased to 63% and non-residential properties only accounted for 37% of all taxes.

The 2009 budget shows a further shift onto residential properties. The chart on page 39 indicates that about 66% of all property taxes will come from residential properties, while commercial, industrial and other properties will pay only about 34% of all taxes.



We have also noted that the mill rate factor on multiple family residential properties has been decreasingly significantly over the last five years, from 1.27557 in 2005 to a proposed 0.93390 in 2009. Large property corporations such as Boardwalk (one of the top three payers of property taxes in Regina) are benefiting from the reduced mill rate factor on apartments and we doubt that any of the savings are passed on to the renters.

The mill rate factor for commercial/industrial and agricultural properties has also been decreasing from 1.34557 in 2005 to 1.22945 in 2009 but the mill rate factor for residential properties is increasing from 0.83423 in 2005 to a proposed 0.89783 in 2009.

The trend has been for the city to reduce property tax rates and share of property taxes for non-residential properties and increase the portion of property taxes collected from residential properties. We feel that this is an unfair burden on residential properties, particularly when the city has increased its fees for many of the services that residents use.

Commercial properties have been receiving discounts on their property taxes for many years, and also benefitted from the elimination of the business tax in 1997. Compared to other Western cities, Regina businesses pay the lowest property tax rates than in any other city.

We urge City Council to adopt a policy for the fair distribution of property taxes ensuring that residential properties do not pay more than 60% of the total property tax revenues.

### **Conclusion and Recommendations**

Local 21 is proud of the services it provides to the residents of Regina. Over the last decade, we believe that the quality and cost-effectiveness of these services has been jeopardized by permanent staff reductions, increased levels of contracting-out, higher service fees, and tax policies that shift an increasing majority of the costs to pay for these services onto residential properties.

We believe that the residents of the City of Regina want value for their tax dollars. They want a level of services that provide a good quality of life in this city. They want to be able to go to parks that are well kept and safe, they want their streets and sidewalks maintained, and their sewer and water lines maintained. They want green spaces and affordable recreational programs so their kids and their neighbours' kids can develop and play. These public services are what make our community a good place to live.

To strengthen the value and level of services provided by the city of Regina, CUPE Local 21 makes the following recommendations on the 2009 budget:

- That the city review all contracted out services with the goal of bringing services traditionally delivered by city employees in house. This would require the hiring of additional staff but would result in significant cost savings in the long term.
- That the city develop a plan for ongoing costs of unfunded staff liabilities in the budget
- That the city publicly announce any intentions to enter into public private partnerships and that it hold broad public consultations on the issue
- That the city conduct an evaluation of the affordability and accessibility of recreational services and programs with particular attention to reducing costs and increasing accessibility for low-income neighbourhoods.
- That the city develop a long term financial plan for infrastructure needs by building up its general reserve fund
- That the city of Regina adopt a more fair distribution of property taxes so that residential properties do not pay more than 60% of total taxes.



**Parks & Open Space Department  
Community & Protective Services**

**Anticipated Contracting Out Services  
2009**

<i>Title</i>	<i>Description of Work</i>	<i>Time Frame</i>	<i>Budget</i>	<i>Contact*</i>
Welding services	Specialized welding required on the installation of tower signs, bollards, backstops, dugouts and receptacles.	Spring/Summer	\$10,000	KP
Welding services	Field welding services required for water supplies and pump stations.	Spring/ Summer	\$20,000	CS
Heavy Loader Requirement	Supply and operate heavy excavators/loaders during the landscape construction season. (Includes Lakeridge Lake dredging).	Spring/Summer	\$80,000	KP/CS
Silk Screening Requirement	Supply and install decals to metal tower signs.	Spring/Summer	\$10,000	KP
Mudjacking Requirements	Safety concern: In order to keep concrete level mud- jacking is required during the season.	Spring/Summer	\$5,000	KP
Fence and Backstop Replacement / Restoration	A general tender is prepared for ongoing replacement and restoration of chain link fencing and ball diamond backstop mesh.	Summer	\$25,000	CS
Road Paving	Parks pathway paving & resurfacing in parks, cemeteries and golf courses.	Spring/ Summer	\$115,000	KP/CS
Irrigation System Upgrade	The replacement and upgrading of current equipment in various parks space.	Fall	\$70,000	CS

<b>Title</b>	<b>Description of Work</b>	<b>Time Frame</b>	<b>Budget</b>	<b>Contact*</b>
Parks Water Supplies	Installation of backflow equipment for irrigation systems.	Spring/ Summer	\$50,000	CS
Pump Station Control Equipment	Trouble shooting & repairs to control equipment pump stations (software equipment).	Spring/ Summer	\$5,000	CS
Power line Pruning	Contract with SaskPower to prune city trees growing in power lines.	Summer/Fall	\$5,000	RM
Elm Tree Pruning	Pruning of City elm trees and removal of DED infected trees on private properties.	Summer/Fall	\$70,000	RM
Stumping	Removal of inaccessible stumps that the Forestry section stumper is too large to remove.	Spring/ Summer	\$2,000	RM
Tree Planting	Relocating trees with the tree spade for the tree planting programs.	Spring/ Fall	\$10,000	RM
Tree Pruning	Pruning of private trees that are identified by Bylaw Enforcement as causing a hazard to the public.	Year round	\$5,000	RM
Chipping	Chipping services for Parks Maintenance and Athletic Fields.	Summer/ Fall	\$24,000	CS
Cemetery Foundations	Installation of continuous-strip concrete monument foundations at Riverside Memorial Park Cemetery.	Spring/ Summer	\$10,000	KP
Riverside Memorial Park Cemetery Columbarium	Installation of concrete foundation for columbarium unit.	Summer	\$60,000	KP
Playground Structures	Purchase and installation of 3 play structures. Sites to be determined	Summer	\$150,000	LL
Major Park Upgrade	North East Park Redevelopment	Summer	\$600,000	LL

<b>Title</b>	<b>Description of Work</b>	<b>Time Frame</b>	<b>Budget</b>	<b>Contact*</b>
Interpretive Panels	Design and installation of interpretative panels at Prairie Island and water detention sites.	Summer	\$75,000	LL

Total = \$1,401,000

<b>* Contact</b>		
CS Charmaine Sawchyn	Manager, Parks Maintenance	777-7069
RM Ray Morgan	Manager, Forestry, Horticulture & Pest Control	777-7065
KP Ken Poure	Manager, Cemeteries, Golf Courses & Landscape Trades	777-7269
LL Lisa Legault	Manager, Business Support	777-7346