

County Debt – How Much Do We Really Owe?

In 2005, Rocky View's long-term debt was \$347 per person. In 2020, long-term debt was \$1,199 per person – the second highest in the region. Only Calgary has more long-term debt per person. The scary part is that these numbers include only external borrowing. They don't include the growing amount that has been "borrowed" from residents, both to reduce external long-term debt and to finance new capital projects. They also do not reflect the additional long-term borrowing approved by this council in 2021.

Where did all the debt come from?

Between 2003 and 2010, Rocky View borrowed significantly to build what is still an underutilized water and wastewater infrastructure system in East Rocky View. The council of the day believed that "if we built it, they will come" and promised residents that the debt would be repaid within the decade by the commercial and industrial development attracted to the area once it was fully serviced.

If those expectations had been realized and the new development had paid back the investment on a timely basis, the massive capital investment might well have made sense. Unfortunately, that has not happened.

Instead, the off-site levies intended to recoup the investment have failed to do so. Between 2013 and 2020, the amount still to be recovered from development benefiting from the water/wastewater infrastructure has only fallen from \$94.1 million to \$90.0 million – a mere \$3.2 million.

To make up the shortfall in off-site levies, the County has taken \$1 million out of general revenues each year since 2013 so that it at least pays the ongoing annual interest on the infrastructure debt. When the off-site levies actually collected plus this \$1 million per year was not enough to pay both the interest and principal owing each year, the County simply postponed principal payments, which increased future interest costs.

What has this council done about it?

In December 2020, the County took \$2.2 million out of the Tax Stabilization Reserve (the ratepayers' rainy-day fund), in addition to the \$1 million from general revenues, to pay the combined principal and interest of \$4.4 million owing for the year. Off-site levies collected in 2020 covered the remaining \$1.2 million.

The ongoing contributions from ratepayers to the end of 2020 have totalled \$25.8 million (\$15.6 million from the Tax Stabilization Reserve as part of the initial investment, plus the \$10.2 million since 2013 to pay principal and/or interest on the external debt).

This council has also substantially increased both internal and external borrowing to support development. Last year, \$9.6 million was taken out of the Tax Stabilization Reserve to extend water and wastewater servicing from East to West Balzac. However, they failed to add the \$9.6 million to the off-site levy bylaw, so there is no mechanism to recoup it from the developments that will benefit from the service.

In 2021, the council majority also decided to purchase two community utility systems, with the \$19.45 million cost being financed through new external borrowing. If there was a reliable pay-back strategy for these investments, they might make financial sense. However, the debt repayment expectations are based on extremely unrealistic growth projections. The \$10.45 million borrowed to acquire Cochrane Lake's Horse Creek Water and Wastewater System at least addresses substantial quality control issues for its existing customers. The same cannot be said for the \$9 million borrowed to acquire the Blazer Water System in Bearspaw.

What does the future look like?

For the east Balzac water and wastewater infrastructure to support the development that can occur within the existing Area Structure Plans within its delivery system, the system will require a staggering \$108 million of upgrade investment. This sounds eerily like a repeat of the "build it and they will come" debacle that resulted in the County's current debt that future development may or may not ever repay.

If the future is going to turn out better, it is essential that residents elect candidates who are committed to getting the County's financial house in order. A critical component will be to ensure that off-site levies are restructured to actually collect enough from new development to recoup the amounts already invested, not to mention the planned upgrades. As you evaluate your alternatives in the upcoming October 18th election, the candidates' positions on financial accountability should be an important factor.

ROCKY VIEW NEEDS CHANGE

We need a Council that listens to its residents

Why Should You Care?

Because Rocky View regularly approves new developments in the face of loud opposition from residents and no support from anyone other than the developers.

Think about the Ascension development in Bearspaw, Qualico's Old Banff Coach Road development, the revised Springbank Area Structure Plans, the new Municipal Development Plan – to name just a few.

We all recognize that growth and new development are inevitable; however, they need to reflect the priorities of impacted residents.

Get Informed – Vote!

The election is October 18th
Together we can make a difference!

Rocky View Forward – your grassroots residents' advocacy group
www.rockyviewforward.com