

Eva and my friends at Downtown Rotary, thank you very much for your invitation to be here today. And Lynn, thank you for that kind introduction.

Ladies and gentlemen, someone once said: Fairy tales are horrible stories we tell our children to prepare them for the day when they can read the newspaper. In difficult times, the old adage rings particularly true: bad news travels at light speed, while good news walks on crutches.

Make no mistake – these are difficult times. World financial markets have been shaken to their very core. The cascading effect on the global economy has been swift, profound and continues to ripple through every industry.

We've seen our governments act and react to the sudden downturn in the world economy. The recent federal budget included a stimulus package, and for the first time in over a decade Canada will run a large deficit to pay for it. Provincially, we are now aware that Alberta will be dipping into our "rainy day funds" to pay expenses next year.

And over the past few months, the question has been posed – "How is The City reacting? What measures are being taken in response to these uncertain times?"

We all recognize that our City is not an island. We are not immune to international economic forces – that's a fact. But we also recognize two other facts, and can take some comfort in them.

First, while the times ahead are uncertain, they are not unfamiliar. Calgary has weathered economic downturns in the past, and we will weather this one.

Second, our future as a City is ours to make. We cannot control the seas, but we can control how we set our sails.

So when people ask me, "What action is The City taking to respond to this economic downturn?" I offer this answer: We did. We took action in November.

We passed a three-year budget, one that responded to the changes in the economy, but makes strategic investments we need – specifically in core services and infrastructure.

Take the protective services. We're adding 130 new fire fighters over the next 3 years, and 300 new police officers. A growing city needs growing fire protection – it's not optional, it's a necessity when we're dealing with people's lives.

Calgary's become a big city, and we're starting to see big city crime. That's not acceptable, and we're not going to stand by and let it happen. There was a clear message in our budget to the people who choose to lead a life of crime – you don't own the streets, law abiding Calgarians do. And our police force is going to be given all the resources they need to drive these thugs out of business. Calgarians have a right to be safe and feel safe in their own city. And they will.

Another core city service is Transit – we added an additional 300,000 operating hours over the next 3 years. That's a lot of hours, but what does that mean? It means more routes, more frequency of service – we want transit to be easy and convenient for people. We want people in South East Calgary to have Bus Rapid Transit to make their commute easier. We want better feeder-bus services to our C-Train system – a system, by the way, which recently just carried its One Billionth passenger after only 28 years.

In addition to core services, strategic investment means infrastructure. Over the next 5 years, our capital budget is 6 Billion dollars, with over 2 Billion in this year alone. To put it into perspective, the recent federal infrastructure stimulus program is 4 Billion dollars to be invested over the next 2 years, across the country. So that investment this year, for all of Canada, will be about the same as City Council's investing here.

Our program will mean much needed infrastructure gets built, and at the same time as giving a 'shot in the arm' to our local economy. This infrastructure investment over the next 5 years will create or sustain over 51,000 person years of employment – over 16,000 person years this year alone.

Our capital plan is massive, and it is a central feature of our multi-year budget. Without question, it was the most difficult budget we've dealt with in decades. Our three-year budget process itself came under criticism, even from some members of Council who were involved in crafting it from Day One.

Some said three years was too long to plan ahead, and that we should just throw the whole thing out, start from scratch and pass a one-year budget. That argument just doesn't hold any water. Our three-year budget can be adjusted twice a year, based on changing circumstances, whether that be changes in the economy, changes in service demand, and so on.

Even during the preparation of the 3-year budget, we saw how flexible it could be. In spring 2008, our administration brought forward business plans which would have increased property taxes by 14.5 % this year. That was not acceptable, so Council sent them back to sharpen their pencils. And during our budget deliberations, Council brought that down to 5.3% this year.

Even then, some members of Council said 5.3% wasn't low enough. They claimed, they couldn't trim it lower because of the 3-year budget process. Well, that's not true either. Edmonton doesn't use a 3-year budget. Their tax increase was 7.3% this year – it was 11.3% last year. The fact is Calgary's tax increase this year is below average for urban municipalities in Alberta.

But I do understand where some of my colleagues are coming from in their criticism. When we release the preliminary budget, Council gets to endure banner headlines threatening taxpayers with 30% increases. We certainly don't do 3-year budgets because they are politically expedient.

Simply put, a 3-year budget allows us to plan better, see the implications of our decisions, and deliver better value to you, our taxpayers. For example, when we approve construction a fire station in year one, guess what happens? Well, you don't actually start paying to operate it until year two and three and every year after that. In fact, it's 3 million dollars to run it each and every year.

The City is a big corporation, with many different business units – it just makes sense to do multi-year planning and budgeting. It makes for more efficient and accountable management. All budgets are tied to business plans and performance measures – these are reviewed every quarter. People are expected to make their targets, and make adjustments if conditions change.

Our demand for prudent management doesn't change with the ups and downs of the stock market. But our budget system is flexible enough to accommodate changes in the economy.

And that budget was part and parcel of a strategic plan we've been implementing for the last seven years. The goal of the plan is to make Calgary a better place for people – the people who live here today, and those who will live here generations from now.

We've had a pretty good run here at Rotary – these lunches together have been the launching pad for many, many major policy announcements over the last seven years. I want to take a moment to recap just a few of those as a reminder of how they fit into the bigger picture.

We talked about whether or not to sell ENMAX. We kept the company, and that decision has made a positive impact on the lives of all Calgarians. We have a publically owned asset which is increasing in value every single year. We've directed over a quarter of a Billion dollars in dividends to keep your taxes lower: 42 Million dollars this year alone, which translates into about 5 percent off your taxes.

It's allowed us to create the ENMAX Legacy Parks fund, and you see those dollars at work today creating nearly 600 acres of new parks and upgrading existing ones on the Memorial Drive Parkway and Central Memorial Park.

In a big city, green spaces are absolutely essential and irreplaceable. Can you imagine what Calgary would be like without Prince's Island, Glenmore Park, Nose Hill or Edworthy? Can you imagine what it would cost to replace them today? You couldn't. But our decision to keep ENMAX means we have a dedicated source of revenue to make sure Calgary always has great parks.

In previous years we've talked about the importance of building infrastructure. Over the last seven years, we've built a lot of it.

In transportation alone, we've invested over 2.5 billion dollars. We've built 14 interchanges, added bridges, widened roads, and built new paths.

We didn't do that because we like pouring concrete – you don't build interchanges for cars, you build them for people. It's about quality of life. Giving people back their time for their priorities rather than being stuck at a light on Glenmore & Elbow, Glenmore & 19th Street or Crowchild and 50th, and so on.

We've invested heavily in transit too: Over 70 new LRT cars, with another 38 on the way. We've expanded the LRT system in all directions.

After 30 years, we're moving forward with the West Leg, which will make the train a real option for almost 150,000 more Calgarians. When the West leg is complete in 2012, we'll have doubled the size of our LRT system in a decade.

We're investing in "quality of life" infrastructure by committing 330 Million dollars for new recreation facilities.

Some people think rec centres are "nice to haves" – a luxury. I'm here to tell you, for a big city, they are "need to haves".

They are more than just health and wellness, they are a tangible investment in youth. Kids need a place to play – a place to hang out – a place that keeps them focused on having fun with their friends, rather than getting into trouble with their friends.

Actually, recreation centres have become much more than just a place for recreation – they are focal points for the community.

Take the example of the North East Centre. This facility has been 15 years in the making, and is finally ready to go. 15 years with volunteers working tirelessly – fundraising, planning, organizing and building partnerships. It will be a magnificent 120 Million dollar facility opening in 2011. It has support from government, the private sector and individual fundraising. It will be a comprehensive recreation centre, with indoor and outdoor soccer, but it's much more than that. They've partnered with the YMCA, the Public Library, and the Kahanoff Foundation to provide a full range of support services for the community. From The City's perspective – that is 70 Million dollars well spent, making our city a better place by investing in facilities for people.

Finally, in previous meetings together, we talked about rebalancing where your tax dollars go, keeping more of them here for municipal services. We said we needed to end the situation where municipalities are forced to deal with increasingly complicated and expensive problems, but reliant on only 5 cents of every tax dollar. We said we were going to push other orders of government to finally address the financial sustainability of municipalities.

We're not quite there yet, but we've seen some significant progress: The Federal Fuel Tax Agreement; The Alberta Municipal Infrastructure Program; The Municipal Sustainability Initiative; The Building Canada Fund, and; the recent federal stimulus package. Between them, we've secured nearly 5 Billion dollars for Calgary's infrastructure needs.

In 2002 during our first State of the City speech together, I referenced Benjamin Disraeli. He said, "Action does not guarantee happiness, but there can be no happiness without action."

The last seven years at City Hall have been years of action, and most importantly, purposeful action. It has been action driven by a desire to make our City better – to build a future where Calgary is known around the globe as a city that is safe, innovative, affordable and with a quality of life that is second to none.

There is no doubt that 2009 will be a challenging year for all of us, but these are the times when our goals, composure and fortitude matter most. Now is not the time to panic or be timid – now is the time to act on a plan which will see us through these difficult times and keep us on course.

That is the "Calgary Way". Though our history is short, our accomplishments are many. We are proud of what we are today, but with a confidence that says we will always strive to be better. Ours is a city of imagination, drive and optimism. We are a city that chooses "Yes" over "No" – a city that says "we will" rather than "we can't".

Calgary has faced difficult times before, and we have overcome them. And we will again, driven by an enduring belief that our city won't merely survive – we will prevail and we will prosper.

So as we prepare ourselves to face the adversity which confronts us in the immediate future, let us be resolute that Calgary's brightest days and finest hours lie ahead.

Thank you.