

Councillor Robert Canning
Chairperson of the Governance Standing Committee
2013 Budget Address
December 18, 2012

Your Worship, I am pleased today to present the 2013 Municipal Operating Budget that has been prepared for Council's consideration by the Governance Standing Committee as per its mandate. As my colleagues know, the assessed value of residential and commercial properties will increase, on average, by 15% and 5% in 2013, respectively. Confronted with this reality, the Committee was challenged to find the right blend of fiscal policies that meet the needs of the municipality while ensuring our residents and businesses are not unreasonably burdened with taxation. To this end, I am pleased to state that we have satisfied our statutory obligation to produce a balanced budget, and have done so by lowering the mill rate from 11 to 9.5, increasing the residential water/sewer tax from \$395 to \$450, and updating our business taxation policies. These decisions were not easy, rest assured, and the Committee considered many options when designing the 2013 budget. The budget before you today reconciles the diverse perspectives on the important issues and needs facing our community, and we are quite pleased with the 2013 spending plan. That said, Your Worship, I will now highlight the material aspects of the budget.

General Statement

Generally speaking, Mr. Mayor, the budget has grown by approximately 10% since the initial estimates for 2012 were adopted in December 2011, and it now rests at \$3,206,170. When compared to the 2012 mid-year budget, however, revenues and expenses have increased by 4.5%.

In terms of community growth, the Town issued 112.5% more permits for new developments in 2012 than it did in 2011. This equates to an additional nine (9) homes over 2011, bringing 2012 new construction to 17 dwellings. I believe this is significant when you consider the fact our development opportunities are limited until the Department of Environment and Conservation releases its restriction on expansions to the sewer system. As you know, sewage treatment has been the Department's primary concern, and now that it's about to become a reality, we hope this restriction will be lifted in the very near future. The further development of our community is constrained until such time.

As a final note on the subject, Your Worship, Council will be pleased to learn that the Town issued 55% more permits in total this year (this includes new dwellings, expansions, accessory buildings, etc.), along with four (4) business licences.

Revenue and Taxation

Revenues and taxation were the cause of great debate at Committee during the preparation of the budget. Many of us, listening to our colleagues and residents, recognized that status quo, in light of the increase in assessed values, would be difficult to maintain. To this end, from the beginning the Committee was resolved to find a way to reduce the mill rate; therefore, we are pleased to report that on a macro level, the increase in assessed values has been effectively negated because the mill rate will be lowered from 11 to 9.5. It is important to note that while the decrease of 1.5 mills neutralizes the increase in assessed values for the Town as a whole, individual tax bills will not remain the same for all.

Some will pay more because their assessed value increased by more than 15%. Conversely, others will pay less.

As stated earlier, the Town is in the process of bringing about a sewage treatment system. Our engineers are presently working on the design and location of the plant, and we hope to be in a position to tender in 2013. This project is a key objective in the municipality’s ICSP (strategic plan), and many, many residents have expressed the need for this system for over 15 years. Indeed, the future development of the Town is constrained until sewage treatment becomes a reality. Beyond that, we recognize our environmental obligation to cease the practice of depositing waste water into the Exploits River. This, however, does not come without a cost, and the 2013 budget includes an increase of \$55 to the resident water/sewer tax to pay for the present costs of the sewage treatment project. In our view, this is money well spent, and we trust the taxpayers feel the same way.

Mr. Mayor, the Committee conducted an extensive analysis of our business tax policies. We reviewed the tax schedules for five (5) other similar municipalities in this context, and it was quickly discovered that Bishop’s Falls was not only the lowest in most cases, it was sometimes the lowest by 1340%! That said, the Committee was cognitive of the fact that taxes cannot be increased unreasonably, especially when the businesses of Bishop’s Falls have become accustomed to this extremely low level of taxation. Furthermore, unreasonable increases to the business taxes can have adverse effects on the local economy. These entities must, however, pay a reasonable share of the municipality’s expenses. Hence, the 2013 budget includes the following reasonable increases to business taxes:

Type	2013 Tax	2012 Tax
Minimum business tax	\$350	\$300
General business tax	3.5 mills	NA
Farms and resource based industries	2.5 mills	1.0 mills
Manufactures	2.5 mills	1.75 mills
Drug stores	4.0 mills	1.25 mills
Funeral homes	4.0 mills	1.25 mills
Doctor offices	4.0 mills	2.50 mills
Senior/Retirement homes	2.0 mills	1.25 mills

Overall, Mr. Mayor, the revenue estimates for 2013 are as follows:

		% of Revenue
Property Taxes	1,332,587	41.56%
Business Taxes	227,511	7.10%
Water and Sewer Taxes	785,231	24.49%
Poll Taxes	65,250	2.04%
Utility Taxes	157,000	4.90%
Sale of Goods and Services	109,203	3.41%
Other Revenue	30,500	0.95%
Provincial Government Transfers	283,445	8.84%
Federal Government Transfers	148,462	4.63%
Other Transfers	<u>66,981</u>	2.09%
	3,206,170	

Before moving on to expenses, I want to highlight the fact that in 2013, church properties will once again be exempted from the water/sewer tax.

Expenditures

The residents of our community expect a reasonable standard of service, Your Worship. They expect infrastructure to be maintained and basic public services (i.e. snow clearing, garbage, etc.) to be provided. This Council has worked hard over the past three (3) years, against significant financial constraints, to do just that. We have, among other things, repaved roads, repaired asphalt, cleaned ditches, and upgraded the sewage system while maintaining present services. The 2013 budget will continue this good work. Our spending plan highlights include the following:

- (1) Approximately \$62,000 for the Town's share of the Beaumont Heights/Hynes Road reconstruction project. If approved by the Department of Municipal Affairs, the municipality is positioned, for a second consecutive year, to pave a road without resorting to debt.
- (2) \$47,000 for payments on a new flyer for the Public Works Department. As stated many times before, the Town's equipment is aging and we must begin a replacement program. The flyer is where we must start.
- (3) Approximately \$40,000 to repair the road shoulder in Town and to replace the worn culvert on Beaumont Heights.
- (4) \$35,000 for asphalt repairs.
- (5) \$20,500 for additional ditching, calcium and other road related works.
- (6) Approximately \$20,000 for payments on a new Zamboni. It comes as no surprise that our Zamboni has outlived its useful life, and so long as we have a stadium, this equipment is necessary. We need something dependable.

In addition to these measures, the Committee also considered the honourarium structure in the Bishop's Falls Fire Department. These men and women put their lives on the line each time they respond to an emergency situation, and while we show them our appreciation in other ways, the honourarium is our official means of doing so. It has been at least three (3) years since they received an increase, and Council believed it was time to acknowledge, once again, their endless commitment to the service of our community. Mr. Mayor, we also recognized that our Fire Chief and the other Executive Officers take on a greater workload and responsibility, and this should equate to a larger honourarium. In this context, Your Worship, the 2013 budget includes the following honorariums for the Bishop's Falls Fire Department (it is important to note the current honourarium is \$200):

- (1) Fire Chief - \$600
- (2) All other Executive Officers - \$400
- (3) Firefighters - \$300

Mr. Mayor, the Committee would also like to highlight that, for the fourth budget since we assumed office, Council remuneration is fixed. Our focus has been to direct the municipality's resources to the areas of most need. While our fiscal situation has improved over the past three (3) years, Council remuneration has never been increased along with local revenues. It has remained fixed for four (4) years. Austerity requires leadership.

Overall, Your Worship, the expenditure estimates are as follows:

		% of Expenses
General Government	569,981	17.78%
Protective Services	92,704	2.89%
Transportation Services	717,245	22.37%
Environmental Health	374,517	11.68%
Recreation	249,811	7.79%
Fiscal Services	<u>1,201,912</u>	37.49%
	3,206,170	

Conclusion

The Governance Standing Committee is pleased to present the last of our budgets for this mandate. This budget has been, perhaps, one of our greatest policy challenges. We had a goal to include preventive maintenance and capital spending in our budgets on an annual basis. This will not only maintain what we have, but it will encourage growth and improvement as well. This has been achieved in 2013. Moreover, as Council and the residents of our community know, many substantive expenditures have been downloaded to the municipality over the past couple of years by government, not the least of which is the new method of waste collection and disposal. Despite these additional costs, Council has managed to avoid tax increases for the past two (2) years. In 2013, however, with sewage treatment becoming a reality, this can no longer be avoided. By reducing the mill rate on property tax, increasing the water/sewer rate, and updating the business tax, the Committee believes we have struck a reasonable balance between the diverse needs of our community and its local government.

We are on the right path, but our vigilance must not waver. We must continue to be effective stewards of the treasury to ensure our investments are strategic and in the best interest of Bishop’s Falls.

That concludes my presentation, Your Worship.

Motions

Adoption of the Budget

That Council shall adopt the 2013 Municipal Operating Budget as presented.

Adoption of the Budget Tax Schedule and Policy

That Council shall adopt the 2013 Municipal Operating Budget Tax Schedule and Policy as presented.