

Mr. Mayor, in accordance with the *Municipalities Act, 1999* and the Finance Standing Committee's Terms of Reference, I am pleased to present the 2018 Municipal Operating Budget. As required by law, the budget is balanced and totals \$3,433,218. This is an increase of 4% over the 2017 budget (as revised). The increase in the budget is primarily being driven by an increase in the Town's debt servicing costs relating to the wastewater treatment project loan through the Bank of Montreal (BMO).

### **2017 Summary**

Before I begin presenting the 2018 budget, I believe it is important to reflect on the past fiscal year.

In 2017, the Town issued the following permits:

- 15 new dwellings (compared to 5 in 2016).
- 4 extensions to existing dwellings (compared to 4 in 2016).
- 20 accessory buildings (compared to 23 in 2016).
- 6 fences (compared to 8 in 2016).
- 61 general repairs (compared to 104 in 2016).

In terms of capital works, the Town secured funding from ACOA and the government of Newfoundland and Labrador in 2017 to implement phase one of the *Exploits River Development Strategy* at a cost of approximately \$1.1 million. This has been announced several times, so I will not discuss the details here. Suffice to say, however, that we are excited about this project and the residents of Bishop's Falls will start to see tangible tourism products in 2018 that will enhance access to the Exploits River.

Substantial asphalt and ditching work was completed in 2017, Mr. Mayor. In total, Council invested approximately \$70,000 in these two activities. Maintaining our infrastructure is critically important, and over the past eight years we continually increased our allocation for these projects. There remains much to do, however, but we are focused on finding capacity in the budget to maintain the integrity of the Town's core infrastructure.

There were many other things accomplished in 2017, Mr. Mayor, and they include:

- The commencement of the Riverside Drive boardwalk.
- Upgrades to the Fire Hall through a CEEP project.
- The creation of the Recreation Coordinator/Event Planner job in the Recreation Department by consolidating the Stadium Attendant, Summer Recreation Coordinator, and Recreation Labourer jobs.

- Substantial completion of the wastewater treatment project. There are some residual issues outstanding, but for the most part this project is now completed. That is a significant achievement for Council and the community!
- In terms of collections, at the end of December 2016, the Town was able to reduce outstanding taxes for 2015, 2014 and 2013-prior by 51.45%, 52.53% and 40.42%, respectively. When the accounts are adjusted to remove balances attached to tax sales, payment arrangements, and things of this nature – the reduction rates are 78% (2015 taxes), 72% (2014 taxes), and 73% (2013 and prior taxes). The Accounts Receivable Clerks have done great work!

There were other accomplishments as well, Mr. Mayor, but I'll now turn Council's attention to the 2018 municipal operating budget.

I am pleased to report that taxes will remain constant for the upcoming fiscal year. The Committee was able to balance the budget by using accumulated surplus.

When preparing the 2018 budget, the Committee looked at the Town's debt servicing profile for the next five years. As discussed in the past, the municipality will have two tough years once the wastewater treatment loan is fully on the books, and this will occur in 2018. Starting in 2020, debt servicing costs will decrease as old loans are retired. By 2022, the Town's debt servicing cost is projected to be \$522,913 (down 21% from 2018). In the interim, the Committee will look for efficiencies, manage the budget tightly, and

look to utilize accumulate surplus to weather the storm, so to speak. We are committed to maintaining the same operational standards, and expectations, that have developed in recent years; however, the increase in debt serving costs for the next two years presents a challenge. Fortunately, the previous Council made this situation more manageable by retiring loans (i.e. Olympia/Western start and arena boards) earlier than anticipated. Had that not been done, our situation today would be much more difficult.

### **Expenditures**

Mr. Mayor, I will now outline the expenditures for 2018. They are as follows:

	<u>2018 Budget</u>	<u>2017 Budget</u>	<u>% Change</u>
General Government	573,843	591,173	-3%
Protective Services	93,925	98,900	-5%
Transportation Services	980,876	955,055	3%
Environmental Health	468,341	495,849	-6%
Recreation and Cultural Services	249,012	251,409	-1%
Fiscal Services	<u>1,067,131</u>	<u>921,899</u>	16%
	3,433,128	3,314,285	4%

Highlights from our expenditure plans for the upcoming fiscal year are as follows:

- There are no increases proposed for Councillor remuneration; however, \$3,000 was included for wage reimbursements to accommodate recent policy changes.
- The Fire Department was allocated funds to purchase a new SCBA, two bunker suits, and a thermal image camera.
- Starting in 2018, the Town will pay qualified inspectors in the Fire Department \$75 per inspection. The Department is required to inspect schools and

businesses throughout the year, and the \$75 will compensate the inspector for the work involved to complete an inspection.

- The Public Works Department has a storage issue. It requested permission to purchase two sea cans for the Depot. The Committee, however, was able to find capacity for the Department to purchase one can at \$4,000.
- The culvert at 590 Main Street will be replaced at a cost of \$10,000.
- \$5,000 was allocated to construct a fence around the Mayor Avenue lift station.
- \$50,000 was included for asphalt work. The Committee is very pleased to have found room for this important investment again.
- Beginning in 2018, the Town will no longer accept credit card as an acceptable form of payment for taxes and similar fees (credit card will still be accepted in the Fallsview Municipal Park). This will save the Town approximately \$11,000 annually.
- As for special projects, Mr. Mayor, the budget includes \$45,600 for the following:
  - o Commercial water and dryer for the Fire Department to wash bunker suits and similar equipment (\$22,700).
  - o McDonald Crescent gabion retaining wall (\$13,900). This will address the land erosion issue that is impacting properties at 16-20 McDonald Crescent.
  - o Sound system for the Pat O'Reilly Memorial Stadium (\$9,000).

- Earlier in the year Council discussed the issues with the 2006 loader. The Committee analyzed the purchase/lease option, and it is leaning towards the latter, although more work is required before a decision is reached. That said, the budget includes an allocation for a loader replacement later in the year.
- The Committee is also pleased to announce that it has restructured the labour in the Public Works Department to create two temporary operator/labourer positions that will start in May and conclude in September. These positions will ensure the Department does not go below four (4) employees throughout the summer. The Committee hopes this adjustment and increase to the labour resource in the Public Works Department will ensure certain activities (i.e. line painting) are done earlier rather than later in the year. It is important to note this is a pilot year for this approach, and it will be closely monitored by the Committee. With the changes in expectations, and the amount of leave that must be accommodated in the Department, the Committee hopes the increase in labour will enhance productivity.

Mr. Mayor, I will now discuss the revenue estimates.

## **Revenue**

The revenue estimates for 2018 are as follows:

	<u>2018 Budget</u>	<u>2017 Budget</u>	<u>% Change</u>
Taxes	2,644,973	2,630,427	1%
Sale of Goods and Services	207,000	213,201	-3%
Other Revenue From own Source	37,800	74,434	-49%
Provincial Grants/Subsidies	223,894	235,333	-5%
Federal Grants/Subsidies	157,679	147,502	7%
Transfers from Authorized Reserves	<u>161,782</u>	<u>13,389</u>	1108%
	3,433,128	3,314,286	4%

As previously noted, there are no increases in taxes for 2018. There is one change, however, relating to fees - the cost of a tax certificate or compliance letter will increase from \$125 to \$150.

For the most part revenue is consistent with the previous year, save for the increase in surplus spending and the reduction of other revenue from own source. In 2017, the Town received special revenue from the NL Power rebate, and the Committee is also budgeting less interest revenue in 2018. That accounts for the variance in other revenue from own source.

## **Operational Plans**

To conclude my presentation, Mr. Mayor, I will touch on some objectives emerging from the Departments' operational plans for the coming year. These plans are components of the overall strategic planning process, but they do not represent the totality of the

municipality's activities during a year. They set a path to achieve key objectives, but other things develop throughout the year that supersede, replace, or add to the plans.

That must be remembered. To summarize;

- The Administration Department has been tasked with 13 objectives. Among general operational activities, special objectives include finalizing the Town's new website, Facebook page, and Twitter account; implementing phase one of the *Exploits River Development Strategy*; facilitating a review of Council's strategic plan; negotiating the collective agreement (the current contract expires March 31, 2018); and advancing the Dominic Street Industrial Park expansion project.
- The Public Works Department has been tasked with 19 objectives. Among general operational activities, special objectives include implementing the curbside spring clean-up service, reinstating the green walking lane by Hobbs Park, and implementing the following capital works projects: Hampton's Hill water tower, Main Street paving project, Main Street beautification initiative, Newtown Road booster pumps (subject to government approval), Riverside Drive paving project (subject to government approval), residual issues with wastewater treatment project (i.e. SCADA), and Beaumont Heights brook repairs/upgrade.



- The Recreation Department has been tasked with 21 objectives. Among general operational activities, special objectives include modernizing the stadium's scheduling process; continuing the Riverside Drive boardwalk project; enhancing our recreation programs/services; and developing a community garden program.

That concludes my presentation, Mr. Mayor. I would like to thank the Committee for its work and commitment to prepare the budget. Many hours and meetings go into this process, and I want to thank the members for the great discussions and debates. I also want to extend appreciation to the Town Manager/Clerk and staff who contributed greatly to the Committee's work.

### **Resolutions**

- (1) Be it resolved that Council shall adopt the 2018 Municipal Operating Budget and the *2018 Municipal Operating Budget Tax Schedule and Policy* as presented and circulated.
- (2) Be it resolved that Council shall adopt the *2018 Administration Department Operational Plan, 2018 Public Works Department Operational Plan, and the 2018 Recreation Department Operational Plan* as circulated.