

Deputy Mayor Robert Canning  
Chairperson of the Finance Standing Committee  
2018 Midyear Budget Review Statement  
July 17, 2018

Mr. Mayor, I am pleased to report the Finance Standing Committee completed its mid-year budget review, and it is now prepared to present the updated estimates to Council. The mid-year review, as we know, enables Council to refocus and balance the fluctuations that inevitably emerge in the municipality's operational budget. Our mid-year review is a critical element of our budget management measures.

Council will be pleased to learn the budget remains balanced as required by law. Compared to the initial estimates, the budget has increased by 0.11% to \$3,437,073. This variance is not material in the larger context, but there are considerable impacts to specific accounts on both sides of the equation that I'll now explain.

### **Revenues**

The revised estimates for revenue are as follows:

	<b><u>Initial</u></b>	<b><u>Revised</u></b>	<b><u>Variance</u></b>	<b><u>Percentage</u></b>
Taxes	2,644,972	2,655,452	10,480	0.40%
Sale of goods and services	207,000	175,561	- 31,439	-15.19%
Other revenue from own sources	37,800	55,596	17,796	47.08%
Provincial grants	223,894	223,894	-	0.00%
Federal grants	157,679	157,679	-	0.00%
Transfers from reserves	<u>161,782</u>	<u>168,892</u>	<u>7,110</u>	0.00%
	3,433,127	3,437,074	3,947	0.11%

Primarily, the biggest variances in revenue are attached to the sale of goods and services and other revenue from own source. Regarding the former, the Committee;

- (1) decreased the revenue for the Fallsview Municipal Park by 35% (or \$9,800). As of July 1, 2018, when compared to the previous three-year average, park income is down by this percentage. We feel, Mr. Mayor, the federal government's decision regarding the retention limits of salmon is a contributing factor to the decrease in revenue; and
- (2) decreased land sales by \$24,500. The latter was done to reflect the uncertainty of an ongoing land sale transaction.

For other revenue from own source, the increase of 47.08% is the accumulation of small, upward movements in line items such as building rents, miscellaneous fees, and civic events. The Town also accrued special revenue from NL Power rebates, CEEP admin fees, and insurance claims.

I'll now speak to the expenditure adjustments.

### **Expenditures**

The revised expenditures are as follows:

	<b><u>Initial</u></b>	<b><u>Revised</u></b>	<b><u>Variance</u></b>	<b><u>Percentage</u></b>
General Government	573,843	595,858	22,015	3.84%
Protective Services	93,925	94,498	573	0.61%
Transportation Services	980,878	998,411	17,533	1.79%
Environmental Health	468,341	439,601	- 28,740	-6.14%
Recreation Services	249,011	253,734	4,723	1.90%
Fiscal Services	<u>1,067,131</u>	<u>1,054,971</u>	<u>- 12,160</u>	-1.14%
	3,433,129	3,437,073	3,944	0.11%

Council received the expenditure details in advance of the public meeting for each account. Rather than address all the variances, as most are part of normal operations, I will focus on the larger expenditures that we have maintained or added to the budget.

The revised 2018 municipal operating budget includes the following expenditures:

Expenditure	Description	Budget	Council Approval Level	
			New	Approved
Resolute land investigation project	Hire surveyors to determine what Resolute land remains in and around the municipal boundary.	\$3,129	X	
Cell phone upgrades for management	The TMC will receive a cell phone. The Town will also upgrade the ATM and PWS's cell phones that are three years old. The budget includes the new monthly charge and the hardware upgrade.	\$1,662	X	
Arena operators training	Provide the "arena operators" training to the Recreation Coordinator/Event Planner and the Assistant Town Manager.	\$3,400	X	
13 Mile Crossing culvert replacement project	Replace two additional culverts on 13 Mile Crossing.	\$6,000	X	
Main Street culvert replacement	Replace the large oval culvert under Main Street (east end) with new infrastructure.	\$9,438		X
2018 ditching program	Repair/Restore 937 meters of ditches throughout town (areas to be determined).	\$6,609	X	
114-116 Main Street drainage project	Install a catch basin and pipes to resolve drainage issues near 114-116 Main Street.	\$12,806		X
Mayor Ave lift station fence	Install a fence around the Mayor Ave lift station (pressure treated lumber posts with rope/chain fencing).	\$4,740		X
McDonald Crescent bank erosion mitigation project	Install a gabion retaining wall behind 16 McDonald Crescent to prevent the bank from eroding.	\$17,468		X
Lift station infiltration mitigation project	Redirect water from NL Styro's operation from the system to ease the pressure on the lift station.	\$5,000	X	
Asphalt repairs	Engage a contractor to repair large sections and address potholes.	\$50,000		X
Fallsview Park power restoration project	Reinstall power to the lower level washroom and former band stage area.	\$2,041	X	
Repair the "blue building" in the Faulkner Recreation Complex.	Re-shingle the roof.	\$3,265	X	

Hockey nets and peg system.	Purchase new hockey nets and a peg system to modernize ice maintenance efforts.	\$3,150	X	
Stadium repairs and upgrades.	Replace the plant exit door (\$4,688), repair the brine pump (\$6,000), and purchase a sound system (\$9,000).	\$19,688	X	
Riverside Drive Boardwalk	Finish the boardwalk to the Trestle with funding from the JCP program (confirmed) and the CHLF (\$10,000 funding decision pending). The allocation in the budget represents the Town's share.	\$9,800	X	
Beaumont Heights Brook upgrade project	Install gabion retaining walls in the upper section of the brook as tendered. The latter work is the Town's responsibility. The other components are fully funding by the provincial and federal governments.	\$28,154		X
Volunteer room improvements	Purchase chairs, stools, and tables for the room. Install a raised ledge.	\$5,579	X	
Fire Department equipment improvements	Purchase a commercial washer and dryer.	\$25,000		X
Dominic Street lift station upgrade	Town's share of the costs to replace the lift station on Dominic Street.	\$6,642		X

This a comprehensive list, Mr. Mayor, and the investments are necessary to maintain our infrastructure and to deliver our programs and services.

As a side note, throughout the budget, Council will likely notice an increase in utilities across the Departments. As reported in June, electricity rates in the province are increasing by nearly 7% as of July 1, 2018. The budget was adjusted to reflect this.

In addition to investments from the operational budget, this year the Town has an aggressive capital works plan. We are in the process of implementing the following projects:

- (1) Hampton's Hill water tower replacement.
- (2) Main Street road upgrade (approx.  $\frac{3}{4}$  km).

- (3) Sewer lateral connections and backflow valves.
- (4) Fallsview Park boat launch and supporting infrastructure (Exploits River tourism project).
- (5) Station Road boat launch (Exploits River tourism project).
- (6) Main Street viewing area and river access (Exploits River tourism project).
- (7) Main Street beautification.
- (8) Newtown Road booster pumps upgrade/replacement.
- (9) Beaumont Heights Brook repairs and upgrades.
- (10) Riverside Drive road upgrade.
- (11) Library upgrade.
- (12) Dominic Street lift station upgrade.
- (13) Stadium warming/volunteer room.

These projects are all at various stages – from completion to pre-tender – and together they will bring about positive changes to the community. These projects would not be possible without support from the provincial and federal governments, and for that we are appreciative.

In addition to everything noted so far, the Town is also enhancing the Public Works Department's fleet. This year the Town will add the following to its equipment inventory:

- A new loader.
- A used dump truck.
- A used pick-up truck.
- A new utility vehicle.

In conclusion, Mr. Mayor, the Committee is pleased with the 2018 budget. Many positive, and necessary, investments are being recommended. The budget still includes prior year surplus spending, but the Committee believes this is necessary if we intend to maintain taxes and continue to improve our infrastructure, equipment, programs, and services. We are fortunate to be in this position, and it comes with great work and a team effort. It's going to be a good year!

## **Resolutions**

Be it resolved that Council shall adopt the 2018 operating budget as circulated and presented.