



# Town of Gander 2021 Budget





# Budget Speech 2021

Presented by Councillor Gina Brown, Chair of Finance and Administration  
December 7, 2020

## Introduction and 2020 Synopsis

Mr. Mayor, fellow Councillors, ladies and gentlemen:

This past year has been a challenging one filled with anxiety and worry for our health, social well-being and economic future. Many small businesses have struggled to keep their doors open while others have been less fortunate. Those in the hospitality and aviation industries have been hit particularly hard and likely face a long road to recovery. Yet through it all, our community has persevered.

Our residents and business owners continue to demonstrate confidence in our future, investing \$6.09M in new construction and renovations. As of the end of November, there were a total of 267 permits issued. Fifteen permits were issued for new homes valued at \$4.28M and 252 permits for residential renovations valued at an additional \$1.81M. During that same time, 36 permits were issued for the construction and renovation of commercial and institutional properties, valued at \$4.44M.

Our municipality also had a busy year with the commissioning of our new Wastewater Treatment Plant, the completion of 10 major capital works projects, upgrades to the Steele Community Centre and securing cost-shared funding for a new soccer/track and field complex. These projects created much economic activity, supporting local businesses and their employees at the most challenging of times.

Though better days are ahead, uncertainty around the long-term economic impact of the COVID-19 pandemic remains.

**“** In 2021, Council will continue providing quality services and making important strategic investments and do so with no increase in the residential or commercial mil rates or levies for the coming year.

## Debt Management

As residents of Gander, we enjoy a range of quality municipal services including potable drinking water, wastewater collection and treatment, curbside and bulk waste collection and disposal, fire protection, snow clearing and access to parks, playgrounds and community recreation facilities. Many of these services required significant initial capital investment and further investments to maintain and upgrade.

From a financial perspective, the biggest challenge facing our community is long-term debt and a reliance on borrowing. Our debt servicing level is quickly approaching 20% and may exceed this in 2023, much of this is due to the repayment of loans associated with the new Wastewater Treatment Plant.

In 2020, as a response to rising debt, Council undertook immediate action to decrease annual operating costs. Measures taken to date include staff reductions, reductions in discretionary spending and increasing the use of capital out of revenue for some major purchases in order to avoid increasing interest charges. While these changes were a step in the right direction, further actions will be required.

In October, Council entered into an agreement with KPMG to undertake an independent review of its operations and organizational structure. The purpose of the review is to identify opportunities for improved efficiencies and reduced costs in the delivery of services. Should savings arise from this review, they would be available to reduce future borrowing and pay down existing loans. One of Council's priorities for 2021 will be adopting a formal debt reduction strategy. The goal is to reduce long-term debt with as minimal impact as possible on services.



## Operating Budget

Mr. Mayor, as the Chair of the Finance and Administration Committee, I am pleased to present the Town of Gander's 2021 budget, the fourth and final one of this Council.

Council's overall operating budget for 2021 has matching revenues and expenditures in the amount of \$18,955,236, an increase of \$321,386 or 1.7% over the 2020 budget. This is due primarily to increases in the cost of payroll, benefits and debt charges. Allowances have also been made for new expenses associated with operating under pandemic conditions.

Payroll and benefit costs are expected to account for 47% of total operating budget with supplies and services at 20%; debt charges, 17%; gas tax projects, 3%; electrical, 6.5%; and Council related expenses at 1.6%. All other expenses, including capital out of revenue purchases, account for 4.4% of the overall operating budget.

Given the current economic downturn, we are anticipating \$400,000 less in revenue. Approximately one half of this would be due to reduced contributions from the Gander International Airport Authority and NAV Canada, both of which make payments in lieu of taxes based on their previous year's performance.

Overall, tax revenues are expected to be lower based on the 2021 property assessment values.

“ On average, residential properties have decreased by 2% while commercial properties have increased by an average 1%. Though the mil rate will not change, some owners will see an increase in taxes while others will see a decrease.

Combined, increased expenses and decreased revenues will result in an operating shortfall of \$513,000. As a one-time measure only, Council will use a carry-forward surplus and portion of special COVID-19 - Safe Restart Funding to balance the budget.

Our 2021 revenues will come from various sources with residential property taxes, including the water and sewer levy, accounting for 46.3%, commercial

property, business and water and sewer taxes contributing 44.7% and the remaining 9% from a combination of grants in lieu of taxes, federal and provincial grants and user fees.

## New Spending

The 2021 budget includes new spending in the amount of \$229,899, approximately 55% of which will be for one-time expenditures including the addition of a new maintenance person position, hired on a temporary basis to meet the enhanced cleaning and disinfection requirements associated with COVID-19.

A one-time investment of \$72,500 will be made to plan and support milestone and special events including the 20th anniversary of 9/11 and to cover a portion of the preparatory costs for hosting the 2022 Newfoundland and Labrador Winter Games.

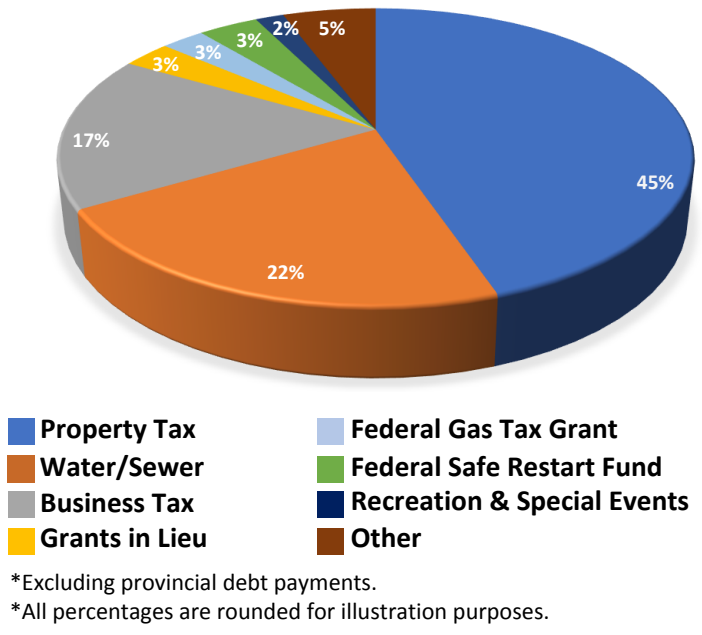
The remainder of new spending is directed primarily towards public safety initiatives, improved infrastructure maintenance measures and support for organization wide communications. More specifically, Council will be increasing its annual investments in sidewalk maintenance, traffic calming measures, sport field maintenance, IT infrastructure maintenance and communications.



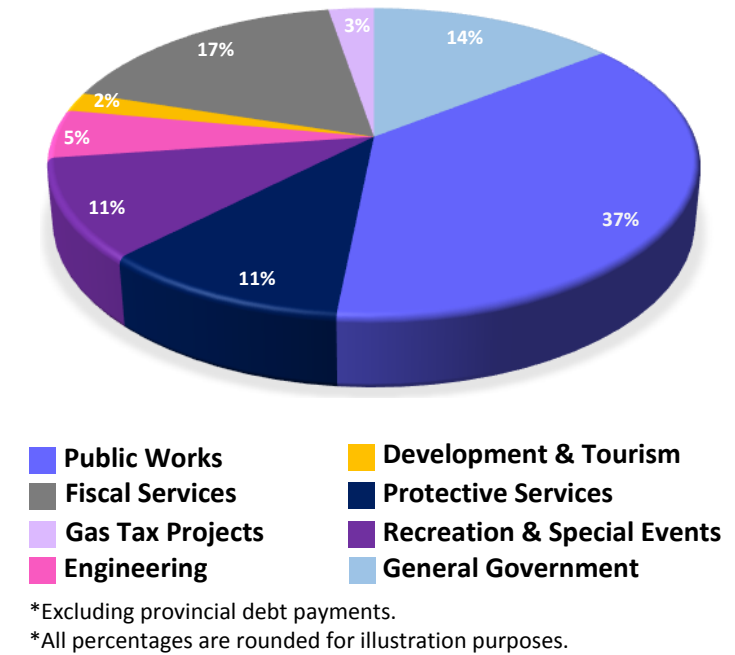


## Operating Budget

Revenue	
Property Tax - Residential	\$6,887,000
Property Tax - Commercial	\$1,545,000
Water/Sewer - Non-Residential	\$2,215,700
Water/Sewer - Residential	\$1,886,900
Business Taxes	\$3,168,000
Grants in Lieu	\$555,000
Federal Gas Tax Grant	\$498,547
Federal Safe Restart Fund	\$686,836
Recreation & Special Events	\$325,400
Other - Prior Years Surplus	\$513,400
Other - Revenues	\$453,350
Other - Provincial Share Debt Grant	\$122,128
Other - Provincial Gas Tax Grant	\$97,975
<b>Total Revenues</b>	<b>\$18,955,236</b>



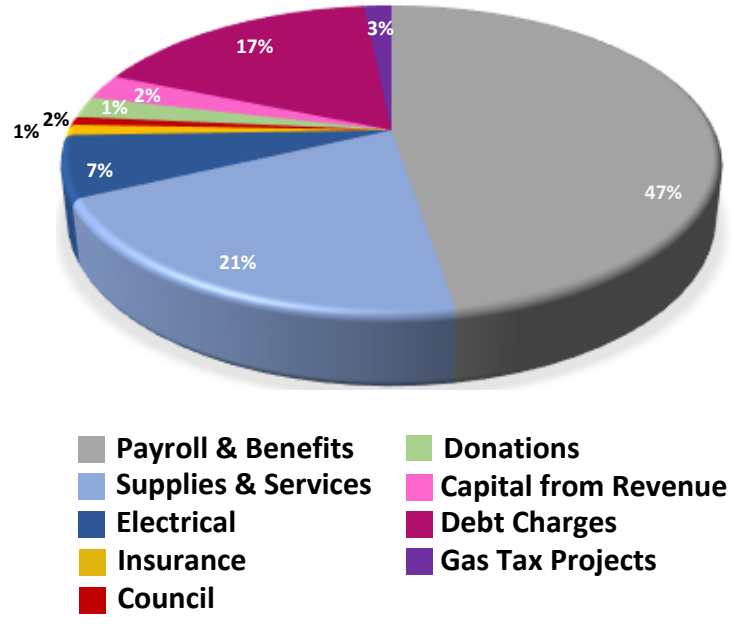
Expenditures by Department	
General Government	\$2,715,856
Public Works	\$6,996,030
Recreation & Special Events	\$2,032,280
Protective Services - Fire	\$1,688,550
Protective Services - Enforcement	\$277,550
Engineering	\$960,600
Development & Tourism	\$381,350
Fiscal Services	\$3,282,345
Gas Tax Projects	\$498,547
Provincial Share Debt Charges	\$122,128
<b>Total Expenses</b>	<b>\$18,955,236</b>





## Operating Budget

Expenditures by Type	
Payroll & Benefits	\$8,929,135
Supplies & Services	\$3,868,921
Electrical	\$1,228,300
Insurance	\$207,500
Donations	\$161,900
Capital from Revenue	\$421,500
Gas Tax Projects	\$498,547
Debt Charges - Town Share	\$3,209,545
Debt Charges - Provincial Share Council	\$122,128
<b>Total</b>	<b>\$18,955,236</b>



\*Excluding provincial debt payments.  
 \*All percentages are rounded for illustration purposes.

## 2020/2021 Comparison

Revenues	2020	2021	Variance	% Change
Property Taxes - Residential	\$6,930,000	\$6,887,000	-\$43,000	-0.6%
Water/Sewer Tax - Residential	\$1,880,000	\$1,886,900	\$6,900	0.4%
Property Taxes - Commercial	\$1,600,000	\$1,545,000	-\$55,000	-3.4%
Business Taxes	\$2,400,000	\$2,425,000	\$25,000	1.0%
Water/Sewer Tax - Non Residential	\$2,232,000	\$2,215,700	-\$16,300	-0.7%
Business Taxes from Utilities	\$760,000	\$743,000	-\$17,000	-2.2%
Grants in Lieu of Taxes	\$669,000	\$555,000	-\$114,000	-17.0%
Provincial Share Debt Grant	\$122,128	\$122,128	\$0	0.0%
Federal Gas Tax Grant	\$498,547	\$498,547	\$0	0.0%
Provincial Gas Tax Grant	\$97,975	\$97,975	\$0	0.0%
Federal Safe Restart Fund	\$0	\$686,836	\$686,836	100.0%
Land Sales	\$125,000	\$0	-\$125,000	-100.0%
Steele Community Centre	\$344,400	\$250,900	-\$93,500	-27.1%
Special Events	\$74,500	\$74,500	\$0	0.0%
Prior Years Surplus	\$350,000	\$513,400	\$163,400	46.7%
Other Revenues	\$550,300	\$453,350	-\$96,950	-17.6%
<b>Total Revenues</b>	<b>\$18,633,850</b>	<b>\$18,955,236</b>	<b>\$321,386</b>	<b>1.7%</b>



Expenditures by Department	2020	2021	Variance	% Change
General Government	\$2,577,100	\$2,715,856	\$138,756	5.4%
Fire	\$1,628,000	\$1,688,550	\$60,550	3.7%
Municipal Enforcement	\$260,700	\$277,550	\$16,850	6.5%
Municipal Works	\$7,450,100	\$6,996,030	-\$454,070	-6.1%
Engineering	\$910,600	\$960,600	\$50,000	5.5%
Development	\$390,500	\$381,350	-\$9,150	-2.3%
Recreation & Special Events	\$1,978,000	\$2,032,280	\$54,280	2.7%
Fiscal Services	\$2,818,175	\$3,282,345	\$464,170	16.5%
Gas Tax Projects	\$498,547	\$498,547	\$0	0.0%
Provincial Share Debt Charges	\$122,128	\$122,128	\$0	0.0%
<b>Total Expenses</b>	<b>\$18,633,850</b>	<b>\$18,955,236</b>	<b>\$321,386</b>	<b>1.7%</b>

Expenditures by Type	2020	2021	Variance	% Change
Direct Payroll Costs	\$6,967,900	\$7,318,000	\$350,100	5.0%
Indirect Payroll Costs	\$1,530,200	\$1,611,135	\$80,935	5.3%
Supplies & Services	\$3,814,300	\$3,868,921	\$54,621	1.4%
Electrical	\$1,299,100	\$1,228,300	-\$70,800	-5.4%
Insurance	\$187,500	\$207,500	\$20,000	10.7%
Donations	\$187,500	\$161,900	-\$25,600	-13.7%
Capital out of Revenue	\$984,700	\$421,500	-\$563,200	-57.2%
Gas Tax Projects	\$498,547	\$498,547	\$0	0.0%
Debt Charges - Town Share	\$2,769,675	\$3,209,545	\$439,870	15.9%
Debt Charges - Provincial Share	\$122,128	\$122,128	\$0	0.0%
Council	\$272,300	\$307,760	\$35,460	13.0%
<b>Total</b>	<b>\$18,633,850</b>	<b>\$18,955,236</b>	<b>\$321,386</b>	<b>1.7%</b>



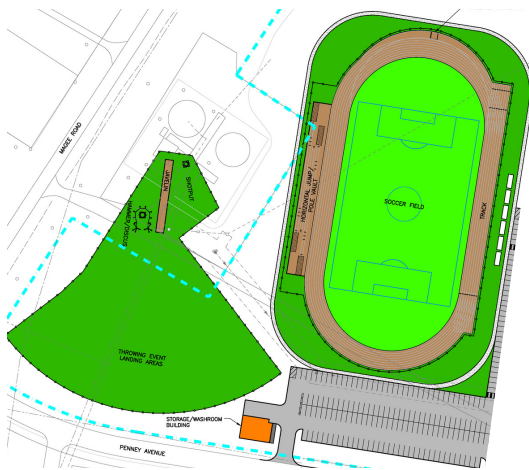
## Capital Budget

Mr. Mayor, each year Council makes substantial investments in building, upgrading and replacing roads, water and sewer infrastructure and recreation facilities. Over the past number of years, Council's focus has been on roads and water and sewer upgrades including the new Wastewater Treatment Plant. To achieve this meant forgoing other much needed investments. In 2021, we will be renewing our commitment to community recreation and growing the economy, all while continuing our commitment to public safety and core municipal infrastructure.

In 2021, the Town will invest \$4.96M toward work valued at \$10.8M in new major capital projects and equipment. The remainder of the funding will come from the provincial and federal governments.

### A Renewed Commitment to Recreation

As announced earlier this year, Council will be contributing \$2.2M towards a new \$6.6M soccer/track and field facility with the remaining \$4.4M being provided by the Government of Canada and the Government of Newfoundland and Labrador. The new facility will include a FIFA regulation-sized outdoor soccer field, an eight lane 400-metre rubberized running track and field sports area.



This new facility will be an important hub for the community, providing residents with an inclusive place to gather and connect. It will promote active and healthy lifestyles and strengthen our position as a progressive community, and regional service centre. Just as important, will be its role as an economic

catalyst. Gander has long been a preferred location for provincial special events and sport tournaments. A new soccer/track and field facility will have a positive economic impact allowing the hosting of a broader range of sporting competitions and tournaments.

In addition, Council has allocated \$184,500 for specialized field maintenance equipment, new playground amenities and a ¾ ton truck with a dump insert.

Another notable investment is a \$30,000 contribution to complete the seniors and family play area adjacent to the tennis courts on Memorial Drive. Championed by the Gander Tennis Association, the new facility will include four bocce ball courts, two shuffleboards, two horseshoe pits, green space for croquet and lawn bowling as well as benches and manicured flower beds for sitting and enjoyment. On behalf of Council, I would like to thank and commend the Gander Tennis Association for their vision and leadership on this most welcomed initiative.

### Business Park Expansion

An integral part of Council's debt management strategy is building on Gander's role as a leading economic growth and service centre. Since its inception, the Gander Business Park has grown to become an economic hub, boasting a balanced mix of professional service providers, retailers and commercial industrial enterprises of local, national and international ownership.

“Gander's strategic location and growing economy has piqued the interest of investors and commercial developers, creating an increasing demand for commercial land. In 2021, Council will be investing \$1.2M in the first phase of a broader expansion of the Park.”

This will include the construction of an initial section of a new roadway connecting Dickins Street with Memorial Drive East, immediately opening approximately five of 25 acres of commercial land, made available with the decommissioning of the Beaverwood Wastewater Treatment Plant. This will be undertaken in at least three phases over the next few years depending on market demand.



## Capital Budget

### A Public Safety Priority

Council is committed to ensuring its career and volunteer firefighters have the tools and equipment they need to protect themselves and our community.

In 2021, Gander Fire Rescue will be acquiring a new pumper truck to replace the current apparatus, now in its 27th year of service. The total cost of this new vehicle is estimated at \$666,000 of which the Town's share will be approximately \$457,000 with the remaining amount provided by the Provincial Government.

### A Commitment to Core Infrastructure

Though Council will be focusing more on recreation priorities, significant investments in water, sewer and roads infrastructure will continue in 2021 with \$1.79M being invested as the Town's share of more than \$4.11M in capital works projects. Work slated for the upcoming year includes:

- final work associated with the new Wastewater Treatment Plant,
- phase 2 of Magee Road upgrades (Rowell Boulevard to Cooper Boulevard), and
- various street resurfacing projects.

An additional \$360,000 will be invested in a new backhoe and four pickup trucks.

As referenced earlier, as a response to rising debt, Council has increased the use of capital out of revenue purchasing. In 2021, the Town will see \$442,100 invested in this manner for a wide range of infrastructure upgrades and equipment including:

- replacement of Toughbook laptops required by Municipal Works and Municipal Enforcement staff,
- replacement of five fire hydrants,
- renovations at the Town Hall (COVID-19 related),
- lift station upgrades,
- replacement of three light vehicles,
- the installation of netting and gates at the ballfields,
- the installation of a new 9/11 memorial,
- IT upgrades to the main network and Council Chambers,
- new GIS Software,

- the replacement of a floor scrubber for the Steele Community Centre, and
- the replacement of a welding machine at the Public Works Depot.

## Closing Remarks

The task of balancing the Town's budget is a tremendous responsibility and challenging one. I would like to take this opportunity to thank our residents, community groups, representatives of our business community, Mayor and Council, and our staff for their input and suggestions.

## Enabling Motions

The Committee recommends, and I move, approval of the 2021 Schedule Rates and Fees established within this budget, as attached.

The Committee recommends, and I move, that March 31, 2021, be established as the due date for payment of all taxes.

The Committee recommends, and I move, that all taxes in arrears after March 31, 2021, will be charged a simple interest rate of 12% per annum and will be charged at the first day of each month on the outstanding principal. For those property owners who elect to pay their property tax monthly by post-dated cheque or pre-authorized bank payment, the due date is the last banking day of the month in which the tax is payable and will be considered overdue if unpaid after the end of the month. All other invoices, including those issued because of supplementary assessments, are due 30 days from the date of issue and all invoices in arrears at the end of the month following the issuance will be subject to simple interest charges of 12% per annum.

The Committee recommends, and I move, adoption of the 2021 Operating & Capital Budgets as presented. Tonight's budget presentation is available online at [www.gandercanada.com](http://www.gandercanada.com) and will be available at the Town Hall at the start of tomorrow's business day.





Mr. Mayor, the preparation of the 2021 budget required many hours of preparation and meetings before it could be presented to you and Council tonight for consideration. At this time, I would like to thank Council, management and staff for their assistance in preparing this balanced budget. I would also like to thank the media for attending and assisting in tonight's presentation.

### **A Special Thank You**

Before closing, and on behalf of Council, our residents and community as a whole, I would like to acknowledge our healthcare professionals, first responders, grocery and department store clerks, postal and courier workers, truck drivers and municipal workers, to name a few, for their commitment and dedication throughout the COVID-19 pandemic. These individuals put their personal well-being at risk to keep us all safe and healthy over the past year. We owe them all a debt of gratitude. A special thank you to each and every one of you.



*Artwork by local artist, Melissa Francis.*