



# Town of Gander 2022 Budget







# Budget Speech 2022

Presented by Councillor Wilson Hoffe, Chair of Corporate Services  
January 12, 2022

## Introduction and 2021 Synopsis

Mr. Mayor, fellow Councillors, ladies, and gentlemen:  
As Chair of the Corporate Services Committee, it is my privilege to present the Town of Gander's 2022 budget, the first of our new Council.

Balancing the Town's budget has been a challenging one as expenses and expectations continue to rise. I would like to take this opportunity to thank the various community groups, representatives of our business community, Mayor and Council, and all our staff for their input and suggestions on this budget.

My colleagues and I, along with our senior management team, reviewed our anticipated expenditures and financial obligations for the coming year. Public consultations provided input and insights that were thoroughly considered in the preparation of this budget.

**“ In 2022, we will be taking meaningful measures to address a significant projected operating deficit, reduce our long-term debt and continue to make strategic investments in our future. ”**

This will be challenging as we continue to navigate a pandemic, contend with inflationary pressures on the cost of many goods and services, and a slowed but steady economic return to normal.

In accordance with the Municipalities Act, Council is required to deliver a balanced budget. This has been achieved primarily using a carried over surplus and increases in residential and commercial property taxes, business tax, and the water and sewer levy.

Much like 2020, this past year has been a challenging one. As the Covid-19 pandemic continues, individuals, families, and businesses face uncertainty around their personal and economic wellbeing. Yet despite these difficulties, there were many successes.

Our residents and business owners continue to demonstrate confidence in our future, investing \$27.7M in new construction and renovations. There were 265 permits issued this past year; 20 for new homes with a total combined value of \$4.97M and 188 for residential renovations valued at an additional \$2.34M. During that same time, 57 permits were issued for the construction and renovation of commercial and institutional properties, valued at approximately \$20M. This is indeed a testament to the strength of our local economy, which bodes well for the future.

In 2021, we also saw the start of the first phase of a multi-phase extension of Dickens Street in the Gander Business Park. This \$1.2M project will open 5.6 acres of prime commercial land. Demand for commercial land has been consistently high, and it is expected that the newly available land will sell quickly.



It was also a year of milestone successes with the completion and commissioning of our new wastewater treatment plant and the start of a new soccer and track and field facility, a modern and one of its kind outside of the Avalon Peninsula.



During that same time, we undertook a refresh of your Council Chambers, completed four major capital works projects and upgrades to the Steele Community Centre.

I am also pleased to report that Council has reached an agreement with the McCurdy Group of Companies settling several disagreements, including many associated with the Spruce Court Development. With the resolution of these matters, the developer has committed to creating new residential building lots to meet a growing demand.

Finally, and perhaps most notable, is the emergence of the new mineral exploration sector. This is an exciting time for our community, our region and indeed the entire province. An active mineral exploration and mining sector creates employment, supports local businesses, and helps build community wealth. We look forward to working with and supporting industry and community stakeholders as the industry grows.

### **Strategic Priorities**

This budget was prepared in full consideration of Council's values and strategic priorities as detailed in their revised five-year strategic plan released earlier this year. The five pillars of the plan are 1) Fiscal Sustainability; 2) Enhanced Service Delivery; 3) Inclusion and Accommodation; 4) Mitigating Climate Change; and 5) Economic Recovery and Growth. Council's specific commitments are to:

- work to ensure our long-term fiscal sustainability and continue to provide a full range of core and discretionary services, while maintaining financial obligations on promised expenditures;
- provide residents, business owners and community stakeholders with a full slate of required and discretionary services in a transparent, professional, timely, cost effective and consistent manner;
- recognize diversity within ourselves and our community and understand the ways in which multiple factors influence how we provide services, design policies and programs and interact with our residents;
- consider how our decisions and actions impact the environment and proactively work to lessen the effect of our community's activities; and

- support the economic growth and recovery of our community economy, particularly as it pertains to small independent businesses and the aviation sector.

### **Considerations**

Three very important considerations influenced our decisions on the 2022 budget:

#### **Staffing and Services**

Each year, Council first looks inward at operations and programs for cost savings and improved efficiency. In 2020, Council decided that an independent review would be beneficial in identifying missed opportunities for improved efficiency. Beginning in late 2020, KPMG was engaged to conduct an operational and organizational review and identify opportunities leading to the more efficient and cost-effective delivery of legislated and discretionary municipal services. Their work included a detailed review of the operations of all Town departments and an evaluation of the current organizational structure and staffing levels, considering the Town's service delivery requirements.

Following the review, KPMG reported that

- "... the Town maintains a high service level standard across the organization"
- "... there were no indications that its staffing complement was excessive to its service level standards."
- "There were resourcing gaps identified, specifically: customer service representative, asset management technician, municipal bylaw enforcement officer and fire dispatcher positions.", and
- "...continued growth by the Town will challenge the existing staffing complement."

These findings effectively mean that staffing levels are appropriate given the number and quality of services we provide. In fact, additional human resources may be necessary. Achieving meaningful savings through labor adjustments would mean cutting or reducing services.





### **Current Long-Term Debt**

Council currently owes \$25.1M in long-term debt, the result of financing several major capital investments. Of this, \$11M is for the Town's share of the new wastewater treatment plant with additional borrowing still required. Energy conservation upgrades at municipal facilities, the new Fire Hall, equipment and several major water/sewer and roads upgrades account for the remainder. The annual cost of servicing this debt is \$3.3M, which is equivalent to 19.39% of every tax dollar and 16.91% of our total revenue. This is a significant diversion of revenue that could be put toward programs and services. We must address this deficit as quickly as possible to ensure our financial sustainability.

### **Property Assessment and PILTs**

The annual revenue required to provide municipal services comes mostly from residential property taxes, commercial property and water and sewer taxes, and payments in lieu of taxes (PILT). Property tax is calculated based on the assessed value of a property, so typically, the higher the assessed value, the higher the tax. Payments in lieu of taxes arrangement are typically performance based, so the more successful an organization is, the higher their payment. Unfortunately, the current economic downturn has negatively impacted revenues from these sources.

### **Operating Deficit**

In addition to our long-term debt issue, Council faces a \$1.26M operating deficit for 2022. This means that the annual cost of providing municipal services such as fire protection, snow clearing, garbage collection and disposal, water and wastewater treatment, road, maintenance and a wide range of recreation and other community programs is costing \$1.26M more than the revenue collected through taxation, levies, fees, and grants.

In accordance with the Municipalities act, 1999, Council is required to present a balanced budget with matching revenues and expenditures.

### **Operating Budget**

Council's overall operating budget for 2022 has matching revenues and expenditures in the amount of \$19,897,211, an increase of \$941,975 or 5% more than the 2021 budget.

Our operating budget includes projected amounts covering a range of expenses. In 2022, payroll costs are expected to account for 46.45%; supplies and services, 20.92%; debt charges, 16.91%; gas tax projects, 2.62%; electrical, 6.47%, commercial land investment 2.26% and Council related expenses at 1.56%. All other expenses account for 2.81% of the overall operating budget.

Our 2022 revenues will come from various sources with residential property taxes, including the water and sewer levy, accounting for 47.06%, commercial property, business and water and sewer taxes contributing 37.04%, and the remaining 15.90% from a combination of grants in lieu of taxes, federal and provincial grants, and user fees.

### **Revenues**

For 2022, we require \$941,975 in additional revenue to present a balanced budget. Achieving this requires a combination of increased tax and levy revenues and partial use of a carry forward surplus. New revenue will be sourced as follows:

### **Business Tax Classification**

In 2022, Council will introduce a revised business tax classification system, one which will more closely align our rates with those of other municipalities. This will be a more equitable system based on the economic principle of ability to pay. The new system is comprised of 18 business classifications divided among 13 tax groupings. Most businesses will see only a small change, either a slight increase or a modest decrease in their tax bill. This will generate approximately \$240,000 of additional annual revenue in 2022.

### **Water and Sewer Levy**

The commissioning of our new wastewater treatment facility earlier this year was the culmination of years of planning, lobbying, negotiations and construction. The new facility was a cost shared investment between Council and the Federal and Provincial Governments



with our share coming in over \$11M to date. As a point of interest, the new facility returns to the environment an average of 213,192m<sup>3</sup>/month of treated water, meeting or exceeding all federal regulations.

To function, this system requires pumping, screening, aeration, and UV disinfection processes which require electric power and specialized testing materials. Additional expenses associated with the new plant and inflationary pricing pressures on supplies and services are projected to increase operating costs by approximately 20.92%. These increases will be offset by adjustments for both residential and commercial property owners. For 2022, the residential water and sewer levy will increase by \$100 per household, the equivalent of \$8.33 per month, while commercial rates will be calculated using a mil rate of 7.7 mils, up from the current rate 7.15 mils.

These adjustments will bring our water & sewer rates in line with those of other municipalities across the province and will generate over \$400,000 in new revenue.

### Property Taxes

Residential property tax mil rate will increase from 7.3 mils to 7.6 mils, the equivalent to approximately \$6 per month increase based on a property assessed at \$250,000. The mil rate for commercial properties will move from 7.15 mils to 7.7 mils. Residential property tax will account for \$218,000 in new revenue while commercial tax will move from 7.15 mils to 7.7 mils without generating new revenue.

Mr. Mayor, some people may wonder how an increase in a mil rate would not result in new revenue. Property tax is calculated by multiplying the mil rate by the assessed value of a property, both of which can vary. For 2022, the overall assessed value of most commercial properties decreased. To maintain current revenue amounts it was necessary to increase the mil rate by 0.55 mils. While some will see an increase and others a decrease, the effective result of this is that when the new assessed value is multiplied by the new mil rate, the total amount of revenue generated from commercial property taxes in 2022 will be the same as 2021.

### New Spending

The 2022 budget includes new spending in the amount of \$576,357 of which \$107,000 has been allocated for one-time expenditures, including \$32,000 for two six-month term positions to ensure that public health guidelines are followed by patrons of the Steele Community Centre, \$25,000 for upgrades at the Eastgate subdivision, and \$20,000 for technology upgrades.

The remainder of new spending is directed primarily toward meeting new operational needs, including \$26,850 for mandatory specialised training, professional development and participation in conferences and special events and \$51,500 to improve workplace safety. An additional \$80,500 will be directed toward the preventative maintenance of municipal infrastructure, and \$62,700 will be used for specialty tools, equipment and furniture required across the organization.

Approximately \$116,000 of this new spending will be offset by reduction in some programs and services. Staffing adjustments will account for \$39,000 with the remaining \$77,000 being recognized through reductions in the purchase of a combination of supplies and services.

### Commercial Land Development

As stated earlier, demand for quality commercial land in Gander has been building over the past few years and with opportunities at our doorstep- the time to act is now.

“As such, I am pleased to announce that in addition to the Dickens Street extension, Council will be partnering with the Gander International Airport Authority to prepare approximately 15 acres of airport land at the corner of Cooper and James Boulevards for new commercial development. Council will invest up to \$1M in total over the next six years as the Town’s contribution.”

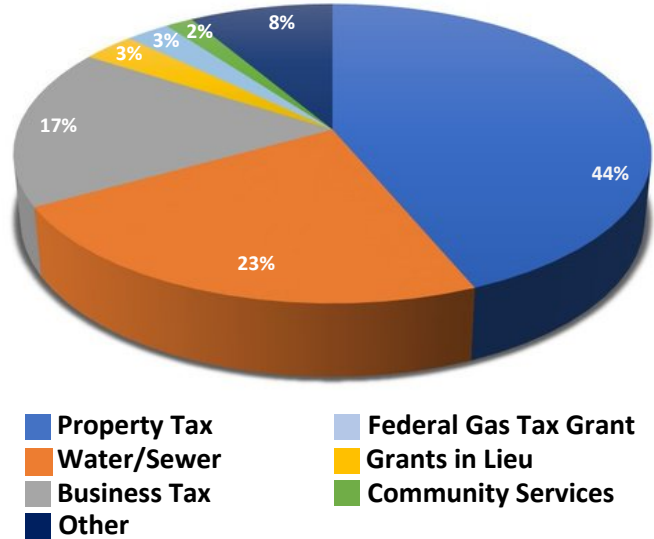
This is an important and necessary investment for our community and the Authority. Once developed, the property will further solidify Gander as the dominant retail service hub for the central region while providing needed reoccurring revenue for both parties.





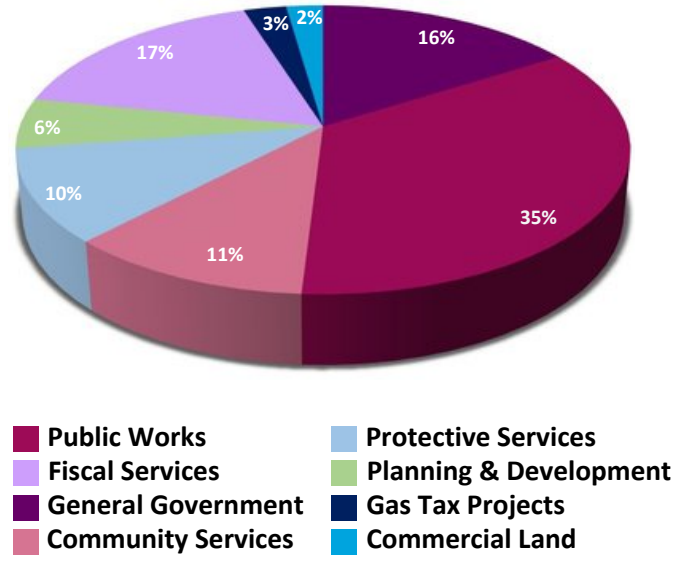
## Operating Budget

Revenue	
Property Taxes - Residential	\$7,074,000
Property Taxes - Commercial	\$1,625,000
Water/Sewer - Non-Residential	\$2,311,000
Water/Sewer - Residential	\$2,290,000
Business Taxes	\$2,685,000
Business Taxes from Utilities	\$750,000
Grants in Lieu	\$620,900
Federal Gas Tax Grant	\$521,208
Provincial Gas Tax Grant	\$97,975
Community Services	\$327,400
Prior Years Surplus	\$883,028
Other - Revenues	\$711,700
<b>Total Revenues</b>	<b>\$19,897,211</b>



\*All percentages are rounded for illustration purposes.

Expenditures by Department	
General Government	\$3,176,261
Public Works	\$6,961,635
Protective Services - Fire	\$1,804,300
Protective Services - Enforcement	\$272,670
Planning & Development	\$1,121,495
Community Services	\$2,224,504
Fiscal Services	\$3,365,139
Gas Tax Projects	\$521,208
Commercial Land Investment	\$450,000
<b>Total Expenses</b>	<b>\$19,897,211</b>



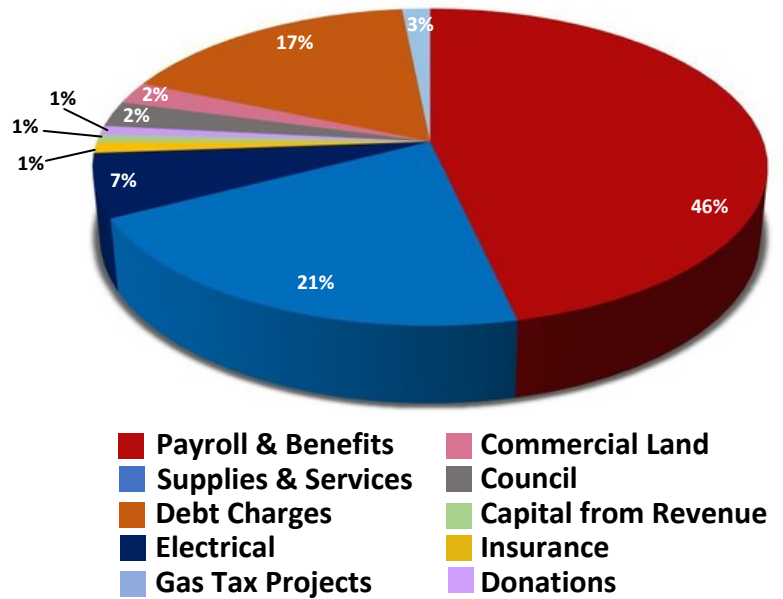
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## Operating Budget

### Expenditures by Type

Direct Payroll Costs	\$7,474,992
Indirect Payroll Costs	\$1,767,655
Supplies & Services	\$4,162,117
Electrical	\$1,287,200
Insurance	\$217,500
Donations	\$159,400
Capital out of Revenue	\$181,000
Gas Tax Projects	\$521,208
Commercial Land Investment	\$450,000
Debt Charges - Town Share	\$3,365,139
Council	\$311,000
<b>Total</b>	<b>\$19,897,211</b>



\*All percentages are rounded for illustration purposes.

## 2021/2022 Comparison

Revenues	2021	2022	Variance	% Change
Property Taxes - Residential	\$6,887,000	\$7,074,000	\$187,000	2.7%
Water/Sewer Tax - Residential	\$1,886,900	\$2,290,000	\$403,100	21.4%
Property Taxes - Commercial	\$1,545,000	\$1,625,000	\$80,000	5.2%
Business Taxes	\$2,425,000	\$2,685,000	\$260,000	10.7%
Water/Sewer Tax-Non Residential	\$2,215,700	\$2,311,000	\$95,300	4.3%
Business Taxes from Utilities	\$743,000	\$750,000	\$7,000	0.9%
Grants in Lieu of Taxes	\$555,000	\$620,900	\$65,900	11.9%
Provincial Share Debt Grant	\$122,128	\$0	-\$122,128	-100.0%
Federal Gas Tax Grant	\$498,547	\$521,208	\$22,661	4.5%
Provincial Gas Tax Grant	\$97,975	\$97,975	0	0.0%
Federal Safe Restart Fund	\$686,836	\$0	-\$686,836	-100.0%
Community Services	\$325,400	\$327,400	\$2,000	0.6%
Prior Years Surplus	\$513,400	\$883,028	\$369,628	72.0%
Other Revenues	\$453,350	\$711,700	\$258,350	57.0%
<b>Total Revenues</b>	<b>\$18,955,236</b>	<b>\$19,897,211</b>	<b>\$941,975</b>	<b>5.0%</b>





Expenditures by Department	2021	2022	Variance	% Change
General Government	\$2,715,856	\$3,176,261	\$460,405	17.0%
Public Works	\$6,996,030	\$6,961,635	-\$34,395	-0.5%
Fire	\$1,688,550	\$1,804,300	\$115,750	6.9%
Municipal Enforcement	\$277,550	\$272,670	-\$4,880	-1.8%
Planning & Development	\$1,341,950	\$1,121,495	-\$220,455	-16.4%
Community Services	\$2,032,280	\$2,224,504	\$192,224	9.5%
Fiscal Services	\$3,282,345	\$3,365,139	\$82,794	2.5%
Gas Tax Projects	\$498,547	\$521,208	\$22,661	4.5%
Commercial Land Investment	-----	\$450,000	\$450,000	100.0%
Provincial Share Debt Charges	\$122,128	-----	-\$122,128	-100.0%
<b>Total Expenses</b>	<b>\$18,955,236</b>	<b>\$19,897,211</b>	<b>\$941,975</b>	<b>5.0%</b>

Expenditures by Type	2021	2022	Variance	% Change
Direct Payroll Costs	\$7,318,000	\$7,474,992	\$156,992	2.1%
Indirect Payroll Costs	\$1,611,135	\$1,767,655	\$156,520	9.7%
Supplies & Services	\$3,868,921	\$4,162,117	\$293,196	7.6%
Electrical	\$1,228,300	\$1,287,200	\$58,900	4.8%
Insurance	\$207,500	\$217,500	\$10,000	4.8%
Donations	\$161,900	\$159,400	-\$2,500	-1.5%
Capital out of Revenue	\$421,500	\$181,000	-\$240,500	-57.1%
Gas Tax Projects	\$498,547	\$521,208	\$22,661	4.5%
Commercial Land Investment	-----	\$450,000	\$450,000	100.0%
Debt Charges - Town Share	\$3,209,545	\$3,365,139	\$155,594	4.8%
Debt Charges - Provincial Share	\$122,128	\$0	-\$122,128	-100.0%
Council	\$307,760	\$311,000	\$3,240	1.1%
<b>Total</b>	<b>\$18,955,236</b>	<b>\$19,897,211</b>	<b>\$941,975</b>	<b>5.0%</b>





## Capital Budget

Mr. Mayor, each year Council makes substantial investments in building, upgrading, and replacing roads, water and sewer infrastructure and recreation facilities. In 2022, we will invest approximately \$4.4M toward work valued at \$8.8M in new major capital projects and equipment. The remainder of the funding will come from the provincial and federal governments.

There are several noteworthy investments in the areas of public safety, preventative maintenance, recreation upgrades:

### Public Safety

Council will be reaffirming its commitment to public safety with a substantial investment of \$382,830 toward the acquisition of \$751,518 in a new fire apparatus and equipment for Gander Fire Rescue. This includes a new Digital Data Logger, which will be used to record and track all inbound and outbound calls and radio communications, and a vehicle stabilization apparatus to allow for safer extraction of drivers and passengers from vehicles found in deep or steeply inclined ditches. Most of this investment, \$297,312, will be Council's share toward the purchase of a new Pumper Truck to replace an aging 1993 Volvo Snozzle. This amount was previously budgeted in 2021 and carried forward to this year due to delays in the delivery of the vehicle.

### Pumphouse Upgrade Design Work

Integral to our water treatment and distribution system are two main pumphouses. The first is located at lakeside and pumps water to the water treatment plant, while the second is adjacent to the main water reservoir and pumps treated water throughout the community. Both pumphouses are more than 50 years old and antiquated by today's standard. The reliability of both units is of concern due to the limited availability of parts required to service and maintain them. In 2022, Council will be investing \$200,000 in the design and engineering work for upgrades to both pumphouses.

### Preventative Maintenance

The Municipal Works Department will undertake or coordinate several preventative maintenance projects at Town facilities, including upgrades to the Carr Crescent lift station, replacement of shingles at the Fire Hall, a new roof for the Town Hall, and painting the exterior of the Steele Community Centre. The combined estimated cost for this work is \$469,000. Preventative maintenance is a critical part of sustainable and affordable infrastructure, a key strategy for achieving our goal of fiscal sustainability.

### Recreation Upgrades

Council remains committed to expanding, maintaining, and upgrading our recreation infrastructure. In 2022, we will be investing more than \$1M for capital improvements and new equipment purchases, including \$570,800 to complete the new Soccer and Track and Field facility located on Magee Road.

This year the Steele Community Centre enters its 22nd year of operation. Council has made several upgrades to this popular arena and special events venue, including new doors at the main entrance, lighting upgrades, a new ice plant and other energy conservation measures. Wear and tear on the boards system has resulted in progressive functional and safety concerns that must be addressed. In 2022, we will be investing approximately \$295,000 to replace and upgrade this system.

The remaining investment has been allocated as follows:

- \$100,000 for track and field equipment
- \$100,000 for accessibility matting for the playground at Cobb's Pond
- \$50,000 for the recap of Ballfield A – the field behind the tennis courts and splash park and parallel to Memorial Drive



### Other Major Capital Expenditures

An additional \$1.29M is required for other capital investments and improvements, including:

- a front-end loader,
- the replacement of three light vehicles,
- a new accessory building of the wastewater treatment plant, for the storage for replacement parts, supplies and equipment; and
- the acquisition of a new property suitable for the storage of tools, utility vehicles, and municipal equipment with optional space for community programming.

### Capital Roads Program

Mr. Mayor, I am pleased to announce the 2022 Roads Program will invest \$3.6M to complete road, curb and sidewalk, and water and sewer projects, including:

- Alcock Crescent – a complete rebuild including water and sewer infrastructure
- TCH Loop Watermain - Aviation Museum to Airport Club
- Elizabeth Drive, Caldwell to the Town Hall – sewer upgrades
- Street resurfacing at multiple locations

### 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 2022 Schedule Rates and Fees established within this budget, as attached.

The Committee recommends, and I move, that March 31, 2022, 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, 2022 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 2022 Operating & Capital Budgets as presented. This afternoon’s budget presentation is available online at [www.gandercanada.com/budgets](http://www.gandercanada.com/budgets).

Mr. Mayor, the preparation of the 2022 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 this afternoon’s presentation.