



**Town Council of Gander  
2020  
Operating and Capital Budgets Report**

Presented to Mayor Farwell and Council  
By Councillor Gina Brown, Finance and Administration Committee Chair  
December 18, 2019

## INTRODUCTION

Mr. Mayor, fellow Councillors, ladies and gentlemen:

As the Chair of the Finance and Administration Committee, I am pleased to present the Town of Gander's 2020 budget.

The task of balancing the Town's budget is an increasingly challenging one as expenses and expectations continue to rise. I would like to take this opportunity to thank 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 2020, we will see a significant increase in costs arising from debt servicing and operating expenses associated with our new wastewater treatment plant, escalating hydro costs, and negotiated increases in labour costs. A status quo budget would have resulted in a \$330,000 operating deficit for the coming year and a \$1.4 million deficit in 2021.

In accordance with the Municipalities Act, Council is required to deliver a balanced budget and has achieved this through a combination of expenditure reductions and increases in residential and commercial property taxes, business tax, the water and sewer levy, and various fees.

## 2019 SYNOPSIS

I would like to take this opportunity to speak of a few of the highlights of this past year:

### **Continued Growth**

In 2019, our community continued to grow and diversify with the addition of 40 new residential homes, exciting new additions to our business community, and progress on several promising opportunities. Permits were issued for \$11.2M in new developments, expansions, renovations, and improvements.

We are also pleased to see the Provincial Government's commitment to our community with a major investment in a new 60 bed long term care facility and the \$22.9M replacement for Gander Academy.

Gander remains the primary service hub for communities of the central-east region and beyond, offering expanding retail and dining options, health services, educational and employment opportunities, in-person government services, and access to the world through Gander International Airport.

### **Tourism**

While the number of tourists visiting the province this year was down, the Gander and Area Chamber of Commerce reported their Tourist Information Centre welcomed over 24,000 visitors, an increase of 25% over last year. The North Atlantic Aviation Museum has also reported their visitor numbers were up by 33%. Council believes these increases are due in part, to the publicity being generated by the *Broadway Musical Come From Away*, and its expanding global reach. The *Come From Away* effect is expected to drive increases in annual visitor numbers for years to come.

### **Wastewater Treatment**

By early 2020, our community will have achieved a major milestone: the completion of our new wastewater treatment plant. Once operational, our community will exceed the new federal requirements for the treatment of wastewater by the 2020 deadline. More importantly, our new facility will address the ongoing capacity and odour issues of our existing Beaverwood and Magee Road plants. Our community is now positioned to support new residential and commercial growth for decades to come.

I would like to take this opportunity to thank all those involved with this project and those who supported us. I would especially like to thank our former Council members and staff who have been a part of this process for more than ten years.

### **Infrastructure Investments**

Over the past twelve months, Council invested \$5.2M in roads, sidewalks, and water and sewer upgrades, including the completion of work on Memorial Drive and resurfacing sections of Elizabeth Drive and Airport Boulevard.

Significant investments were made in improving Laurell Road, Conrad Place and Wilcockson Crescent. Each saw a combination of upgrades, including new curb and sidewalks, upgraded water, sanitary and storm sewer infrastructure, and a rebuilding and paving of the road itself.

This past year we also completed important work along Cooper Boulevard, specifically in realigning the Cooper Boulevard/Catalina Drive intersection and extending the dedicated turning lanes for both Edinburgh and Roe Avenues.

## OPERATING BUDGET

Council's overall operating budget for 2020 has matching revenues and expenditures in the amount of \$18,633,850, an increase of \$1.5M or 8.8% over the 2019 budget.

Our operating budget includes projected amounts covering a range of expenses. In 2020, payroll costs are expected to account for 46%, supplies and services, 20.4%; debt charges, 15%; gas tax projects, 2.7%; electrical, 7%; and Council related expenses at 1.5%. All other expenses account for 7.4% of the overall operating budget.

Revenues of \$18,633,850 will offset operating expenses for the coming year. Revenues come from various sources with residential property tax and the water/sewer levy accounting for 48% of all revenue. Commercial property, business, and water and sewer taxes contribute 35% towards the total revenue, tax exempt water and sewer at 3%; grants in lieu of taxes account for 4%; and Steele Community Centre revenue at 2%. The remaining 8% will be realized through a combination of federal and provincial grants, user fees and land sales.

The Town's debt payment to revenue ratio will increase from 13.4% to 15% in 2020, and then to 16.3% in 2021 as a direct result of the repayment of loans associated with the new wastewater treatment plant.

### **Impacting Factors**

Factors contributing to this increase include: the financing and operation of our new wastewater treatment plant, escalating hydro costs, and higher labour costs.

#### ***Wastewater Treatment Plant***

More than one-half of the additional expenses next year are directly associated with our new wastewater treatment plant. The Town's share of this \$30M investment is \$10M which will be financed over 25 years at an annual cost of \$600,000. With an additional \$200,000 in annual operating expense, the total cost for 2020 is estimated to be \$800,000.

#### ***Escalating Hydro Costs***

In the absence of confirmed provincial rate mitigation measures, the true impact of Lower Churchill power rates is unknown. Honeywell Canada predicts that hydro charges will increase by 50% in 2021, pushing our annual electrical power expenses up by \$500,000.

#### ***Labour Rates***

Earlier this year, Council reached agreements with its employees resulting in an increase in wage and benefit costs of \$170,000, bringing the 2020 cost to \$8.5M; approximately 46% of the total operating budget.

## **Mitigating Measures**

Council has taken several steps to mitigate increasing expenses.

### ***Energy Reductions***

The Town operates assets and systems that consume significant amounts of electricity or petroleum-based fuels. This past year, we began retrofitting, upgrading, and in some cases replacing less efficient systems. We will continue these efforts in the coming year. Planned investments include work at the Steele Community Centre, Water Treatment Plant, Public Works Depot, Fire Hall, and Town Hall. Council will also be considering energy saving changes to street lighting, the adoption of green technologies, and the use of electric vehicles. In addition to lowering energy costs, these measures are expected to reduce the Town's greenhouse gas emissions by 380 tons per year.

### ***Staffing Adjustments***

Council will be making a number of staffing adjustments to streamline some services and reduce costs. These measures include job consolidation, reductions in some staff benefits, and layoffs. Staffing will be reduced by the equivalent of five full-time positions for an annual savings of \$273,000. These adjustments will affect all departments and include positions from senior management to front line staff. While there will be some reduction in services, the impact on the daily lives of our residents should be minimal.

### ***Training and Professional Development***

Each year Council provides staff with an opportunity to enhance their skills through specialized training, attending conferences, and other professional development activities. While we support professional development and recognize its importance for the long-term success of our organization, fiscal pressures necessitate a reduction in the amount we invest each year. For 2020, Council will be reducing the staff training budget by \$77,000. Mandatory training for safety and professional designation purposes will not be affected by this reduction.

### ***Council Conferencing***

Each year Council attends conferences and training sessions offered by the Federation of Canadian Municipalities and Municipalities Newfoundland and Labrador. These events are important learning and networking opportunities, providing participants with information and updates on current and emerging issues impacting our communities. Council will be reducing its budget for these events by \$13,500; a 45% reduction.

### ***Municipal Enforcement***

As a growing community, we are faced with increasing traffic issues prompting a need for more focused enforcement measures to ensure the safety of our residents and visitors. Beginning in 2020, Council will employ two full-time officers exclusively for traffic enforcement purposes. These officers will be scheduled to cover periods of high levels of motor vehicle activity. Responsibility for property related by-law enforcement will be assigned to the current Engineering Department staff. This realignment of services is expected to save \$112,800 annually.

### ***Grants and Contributions***

This past year Council set aside \$187,500 for various organizations, groups, and individuals to help support some of the community-based programming and services they offer. Though Council values the work of these organizations and their contribution to our community, our obligation to sustain core municipal services must take precedence. In 2020, we will be reducing some grants and contributions by 20%. More specifically, The Community Partnership Fund will be reduced from \$44,000 to \$35,200, the Ambassador Program will be reduced from \$3,500 to \$2,800, the Tournament Hosting Program will be reduced from \$2,500 to \$2,000, and Council's contribution toward the operation of the North Atlantic Aviation Museum and its Beyond Words Tour will be reduced from \$36,000 to \$28,800.

These adjustments will recognize annual savings of \$17,200.

### ***Capital Out of Revenue***

Each year Council purchases some capital items using operating revenues as opposed to term financing. This practice helps reduce our long-term borrowing and the associated interest costs. In 2020, we will be increasing our capital-out-of-revenue purchases to approximately \$1M, up from \$82,800 in 2019. By doing so, we will be saving interest charges of \$121,000 per year for ten years beginning in 2021.

Investments being made include:

- the replacement of workstations,
- a battery-operated Combi Tool (jaws of life/spreader),
- replacing three light vehicles,
- a new metal press plow,
- aerial photography,
- baseball field upgrading,
- a new bocce court,
- dog park grounds improvements
- the implementation of traffic calming measures along Cooper Boulevard.

Combined, our mitigating measures will save, at a minimum, \$636,500 annually.

### ***New Spending***

During the budget planning process, Council considered requests totaling approximately \$102,500 for new programs. While each had merit, considering the previously mentioned cost cutting measures, our new spending was limited to a single initiative.

We will be undertaking a full review of our operations and organizational structure. With the guidance and assistance of an independent consultant, we will conduct an in-depth review of each service we provide, the resources required to offer each service, and determine how each can be improved or made more efficient. We will also be reviewing our management and supervisory structure, evaluating our current model with the objective of finding ways to streamline our overall structure.

### **Taxation**

Mr. Mayor, unfortunately we were unable to achieve our budget objectives by further cuts without impacting core services and as a result, will require tax and fee increases of 5%. This means the residential property mil rate will increase from 6.95 to 7.3, while the water and sewer levy will increase from \$430 to \$450.

The commercial/business property mil rate will increase from 6.8 to 7.15. Commercial water tax will be based on a mil rate of 7.15.

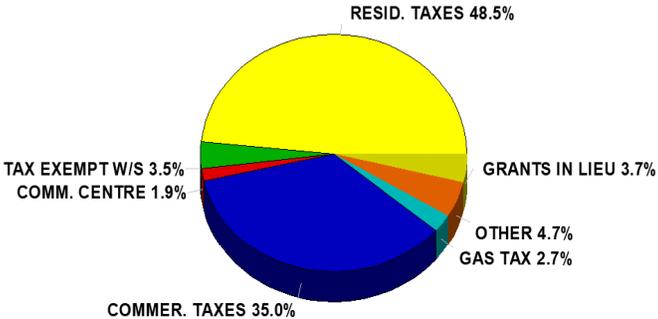
The 2020 Operating Budget is presented as follows:

## 2020 Budget Summary

<u>DEPARTMENT</u>	<u>BUDGET 2019</u>	<u>BUDGET 2020</u>	<u>VARIANCE</u>	<u>% CHANGE</u>
<b><u>REVENUES</u></b>				
Property Taxes - Residential	6,380,500	6,930,000	549,500	8.6%
Water/Sewer Tax-Residential	1,777,000	1,880,000	103,000	5.8%
Property Taxes-Commercial	1,460,000	1,600,000	140,000	9.6%
Business Taxes	2,210,000	2,400,000	190,000	8.6%
Water/Sewer Tax-Non-Residential	2,045,000	2,232,000	187,000	9.1%
Business Taxes from Utilities	700,000	760,000	60,000	8.6%
Grants in Lieu of Taxes	640,000	669,000	29,000	4.5%
Provincial Share Debt Grant	122,128	122,128	0	0.0%
Federal Gas Tax Grant	502,236	498,547	-3,689	-0.7%
Provincial Gas Tax Grant	97,975	97,975	0	0.0%
Land Sales	100,000	125,000	25,000	25.0%
Community Centre	359,200	344,400	-14,800	-4.1%
Special Events	76,300	74,500	-1,800	-2.4%
Prior Years Surplus	178,000	350,000	172,000	9.6%
Other Revenues	<u>478,700</u>	550,300	71,600	15.0%
<b>Total Revenues</b>	<b><u>17,127,039</u></b>	<b><u>18,633,850</u></b>	<b><u>1,506,811</u></b>	<b><u>8.8%</u></b>
<b><u>EXPENDITURES - By Department</u></b>				
General Government	2,493,100	2,577,100	84,000	3.4%
Fire	1,632,000	1,628,000	-4,000	-0.2%
Municipal Enforcement	320,000	260,700	-59,300	-18.5%
Municipal Works	6,546,007	6,590,200	7,450,100	13.0%
Engineering	895,863	892,600	910,600	2.0%
Development	424,700	390,500	-34,200	-8.1%
Recreation & Special Events	1,811,100	1,978,000	166,900	9.2%
Fiscal Services	2,338,975	2,818,175	479,200	20.5%
Gas Tax Projects	502,236	498,547	-3,689	-0.7%
Provincial Share Debt Changes	<u>122,128</u>	<u>122,128</u>	0	0.0%
<b>Total Expenses</b>	<b><u>17,127,039</u></b>	<b><u>18,633,850</u></b>	<b><u>1,506,811</u></b>	<b><u>8.8%</u></b>
<b><u>EXPENDITURES - By Type</u></b>				
Direct Payroll Costs	7,024,700	6,971,900	-52,800	-0.8%
Indirect Payroll Costs	1,453,000	1,530,200	77,200	5.3%
Supplies & Services	3,870,500	3,784,200	-86,300	-2.2%
Electrical	1,130,600	1,296,600	166,000	14.7%
Insurance	192,500	192,500	0	0.0%
Donations	177,300	187,500	10,200	5.8%
Capital out of Revenue	82,800	1,008,300	925,500	1117.8%
Gas Tax Projects	502,236	498,547	-3,689	-0.7%
Debt Charges - Town Share	2,286,475	2,769,675	483,200	21.1%
Debt Charges - Provincial Share	122,128	122,128	0	0.0%
Council	<u>284,800</u>	<u>272,300</u>	-12,500	-4.4%
<b>Total</b>	<b><u>17,127,039</u></b>	<b><u>18,633,850</u></b>	<b><u>1,506,811</u></b>	<b><u>8.8%</u></b>

# TOWN OF GANDER 2020 BUDGET

## SOURCES OF REVENUE

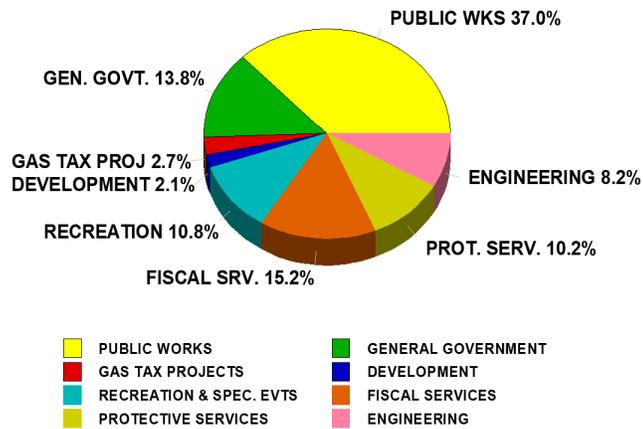


- RESIDENTIAL TAXES
- COMM. CENTRE
- GAS TAX REVENUE
- GRANTS IN LIEU
- TAX EXEMPT W/S
- COMMERCIAL TAXES
- OTHER

# TOWN OF GANDER 2020 BUDGET

## EXPENDITURES BY DEPARTMENT

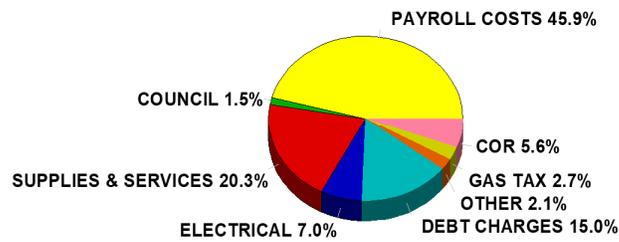
(Excluding Provincial Debt Payments)



# TOWN OF GANDER 2020 BUDGET

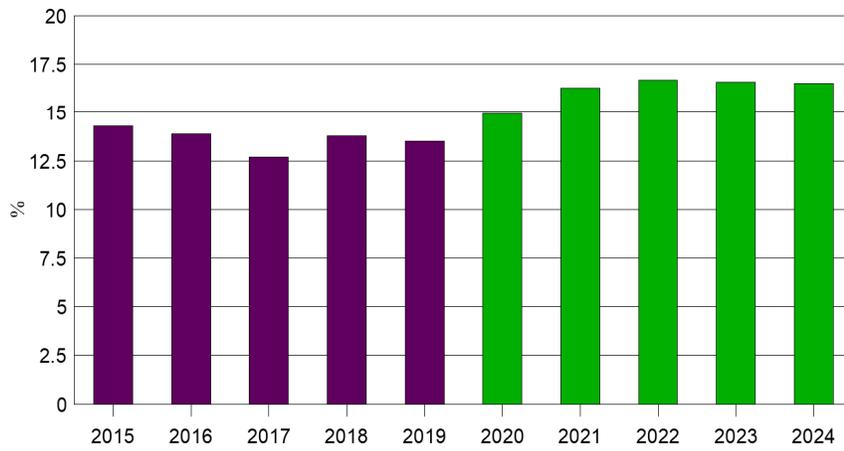
## EXPENDITURES BY TYPE

(Excluding Provincial Debt Payments)



# TOWN OF GANDER 2020 BUDGET

## DEBT PAYMENT TO REVENUE RATIO



## CAPITAL BUDGET

Each year Council undertakes several major projects and purchases, focusing almost exclusively on roads, water and sewer infrastructure, and related services. In 2020, Council will invest \$2.6M as our share, for work valued at \$8.5M in new major capital projects and equipment. The remainder of the funding will come from the Provincial and Federal governments.

### **Capital Investments**

The 2020 Capital Budget makes significant investments covering a range of undertakings including:

#### ***Multiplex and Soccer/Track Facilities***

In 2019, Council allocated up to \$8.2M as the Town's share of a new multiplex and soccer/track facility. Due to limitations of available funding programs, we were unsuccessful in our efforts to secure full funding. Since then, Council has reevaluated our approach and will be completing the work in two phases, the first being the completion of all site work and the development of a regulation sized artificial turf soccer field with a surrounding 400m, eight-lane running track. Council will be allocating \$2.5M as our share of the first phase of this investment in new recreation infrastructure.

#### ***Steele Community Centre Upgrades***

This past year Council began the process of midlife upgrading of the Steele Community Centre. Opening its doors to the public for the first time in 2000, the Centre is now approaching 20 years of operations, approximately 40% through its 50-year life expectancy. During this time it has been the venue of choice for thousands of events including: hockey games, memorial services, and even a Broadway bound musical.

Important work has already been completed including upgrades to dressing rooms, lobby renovations, new exterior doors, and a new sidewalk and walkway adjacent to the Centre's main entrance. In the coming year we will completely overhaul the ice making system, lighting, mechanical, and control systems. Working with Honeywell Canada, the Town has applied for financial assistance in the amount of \$2.38M from the Climate Change Challenge Fund (CCCF) and expects to invest \$635,000 as our share.

Other planned improvements include the installation of a new wireless network and furniture upgrades for the cafeteria.

### ***Cooper Boulevard Traffic Plan***

Council's 2019 budget allotted monies to complete a corridor-wide transportation plan for Cooper Boulevard, a main traffic route with significant development in recent years. The plan considers present and anticipated demands to determine functional requirements over the next 10 years. The study encompassed Cooper Boulevard from the Trans-Canada Highway to Magee Road, as well as adjacent developable lands.

Council has budgeted \$600,000 to implement the anticipated recommendations from the report expected to be ready for presentation to Council early in the New Year.

### **Capital Roads Program**

Mr. Mayor, I am pleased to announce the 2020 Roads Program will invest \$5,076,000 to complete road, curb and sidewalk, and water and sewer projects, including:

- Raynham Avenue, Corrigan Street to Cooper Boulevard – Replace subgrade and pave,
- Magee Road, Memorial Drive to St. Paul's School - Replace subgrade and pave
- Bennett Drive, Airport Boulevard to Shopper's Drug Mart – Mill and resurface (1 Lane),
- Airport Boulevard, Bennett Drive to Armstrong Boulevard - Mill and resurface (1 Lane),
- Cooper Boulevard, Memorial Drive to Airport Boulevard – Mill and resurface,
- Airport Boulevard, McCurdy Drive to Memorial Drive - Mill and resurface (1 Lane),
- Intersection of Airport Boulevard and Elizabeth Drive - Mill and resurface,
- Alcock Crescent – Full rebuild,
- Medcalf Street – Partial sewer upgrade,
- Corrigan Street, Byrd Avenue to Johnson Crescent – Sidewalk, curb and resurfacing,
- Brock Crescent – Curb and resurfacing.

### **Other Major Capital Expenditures**

An additional \$851,000 is required for other capital investments and improvements, including:

- a dump truck with salt insert,
- an ozone generator re-build,
- a communications upgrade at the Water Treatment Plant,
- the replacement of the overhead furnace at the Public Works Depot,
- the industrial park lift station rebuild,
- the replacement of groomer,
- the replacement of emergency exit doors at the Steele Community Centre,
- an enclosed trailer
- stage panels.

## ENABLING MOTIONS

**The Committee recommends, and I move,** approval of the various 2020 tax rates, rental rates and fees which have been established within this budget, as attached.

**The Committee recommends, and I move,** March 31, 2020, be established as the due date for payment of all taxes.

**The Committee recommends, and I move,** all taxes in arrears after March 31, 2020, 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 2020 Operating & Capital Budgets as presented.

The 2020 Operating & Capital Budgets will be available at the start of tomorrow's business day at the Town Hall or online at [www.qandercanada.com](http://www.qandercanada.com).

Mr. Mayor, the preparation of the 2020 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.