

Town of Gander 2023 Budget





Budget Speech 2023

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

Introduction and 2022 Synopsis

Mr. Mayor, colleagues and fellow residents, as Chair of the Corporate Services Committee, it is my privilege to present the Town of Gander's 2023 budget, the second of this 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 all stakeholders whose input helped shape this budget including residents, community groups, representatives of our business community, Mayor and Council, and our staff.

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 2023, we will continue 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 is a challenging task as we continue to experience inflationary pressures on the cost of many of the goods and services we rely on.

In accordance with the Municipalities Act, Council is required to deliver a balanced budget. This has been achieved by using a carry forward surplus along with increased revenue from residential and commercial property taxes.



While the Town's mil rates have remained unchanged, additional revenues will be realized as a result of property reassessments by the NL Municipal Assessment Agency. Additionally, further adjustments to business tax for large retailers and financial services providers will generate added revenue and more closely align our rates with other municipalities.

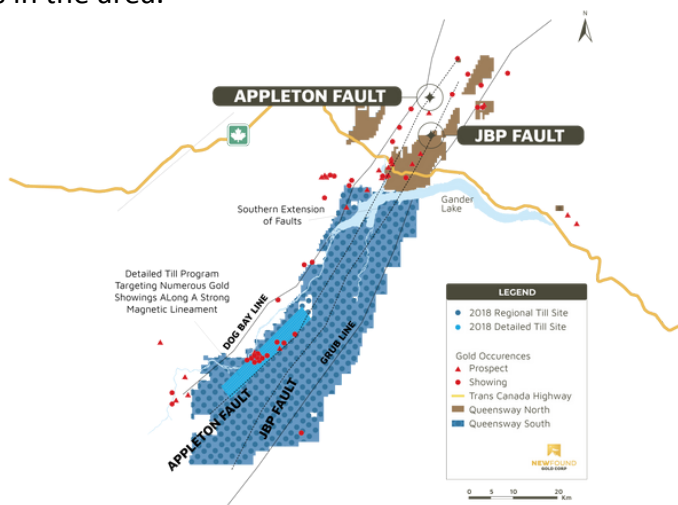
Mr. Mayor, this past year has been a productive one of recovery and growth. Despite inflation and the lingering aftereffects of the Covid-19 pandemic, our residents and business owners continued to demonstrate confidence in our future, investing \$11.57M in new construction and renovations. There were 247 permits issued this past year; 31 for new homes with a total combined value of approximately \$7.2M and 164 for residential renovations valued at an additional \$1.78M. During that same time, 51 permits were issued for the construction and renovation of commercial, industrial and institutional properties, valued at approximately \$2.59M. This is a testament to the strength of our local economy and our resilience as a community.

In 2022, we concluded the first phase of a multi-phase extension of Dickins Street in the Gander Business Park and I am pleased to announce that 5.6 acres of prime commercial land is now available for sale and development. Demand for commercial land has been consistently high, and it is expected that this land will sell quickly.

Memorial University's Faculty of Nursing established a new four-year nursing program in Gander with an initial capacity of 30 students per year. Additionally, the College of the North Atlantic has established a new 60-week Practical Nursing program at its Gander Campus that will see 36 students enter the program each fall. By 2025, upwards of 192 nursing students will be enrolled in these programs each year.



Finally, the mineral exploration sector continues to spur investment and economic opportunity in the region. New Found Gold, which leads the sector, has 250 employees operating from their new facility on Garrett Drive and is currently has 14 active drill rigs in the area.



Strategic Priorities

This budget was prepared in full consideration of Council’s values and strategic priorities as detailed in the five-year strategic plan. We remain committed to:

- working to ensure our long-term fiscal sustainability and continue to provide a full range of core and discretionary services while maintaining financial obligations on committed expenditures;
- providing 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;

- recognizing diversity within ourselves and our community and understanding the ways in which multiple factors influence how we provide services, design policies and programs and interact with our residents;
- considering how our decisions and actions impact the environment and to proactively work to lessen the effect of our community’s activities; and
- supporting the economic growth and diversification of our local economy, particularly as it pertains to small independent businesses and the aviation and mineral exploration sectors.

Considerations

Six important considerations influenced our decisions on the 2023 budget:

Operating Deficit

For 2023, Council is forecasting an operating deficit. Providing municipal services such as snow clearing, garbage collection, water and wastewater treatment, fire protection, road maintenance and a wide range of other community programs will cost \$1.17M more than revenue collected.

Inflationary Pressures

With a reported high of 8.1% this past June, inflation had a notable financial impact on the 2022 operating budget. Escalation in the cost of energy and a range of other supplies and services accounted for a majority of the increase. The estimated financial impact for 2023 is \$250,000, up 1.2% from previous years.

Council anticipates continued higher than normal inflation rates, which has been factored into the 2023 budget.



Cost of Borrowing

Each year Council finances the previous year's capital works and equipment investments including water and sewer system upgrades, road resurfacing and heavy equipment. Council currently owes \$26.5M in long-term debt, the result of financing several major capital investments. In recent years, Council has enjoyed historically low interest rates, in fact as low as 2.05%. Unfortunately, along with inflationary pressures, the future cost of borrowing is expected to exceed 5%. In 2023, the annual debt servicing cost will be \$3.65M, which is equivalent to 17.30% of our total revenue. This is a significant diversion of revenue that could be put toward programs and services. Council remains committed to address this deficit as quickly as possible to ensure our financial sustainability.

Property Assessment

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; the higher the assessed value, the higher the tax. The most recent assessment numbers show an average increase of 5.18% for residential properties and 2.92% for commercial ones.

New Agreements

Council recently reached a new four-year collective agreement with its unionized staff with similar agreements with non-unionized staff being finalized. Staff will receive an 8.0% increase over the term of these agreements, with 2% in the first year and 2% each year thereafter. The total cost of payroll for 2023 is estimated to be \$9.4M or 44.89% of the total operating budget. Council was pleased to reach agreements that are both reasonable and fair for employees and taxpayers.

Termination of Severance Benefits

In May 2015, Council stopped offering severance benefits for future employees and allowed voluntary early payout for those who requested it. At present there are 55 eligible employees with remaining benefits. Council will be ending severance benefit for all employees, a measure that will save approximately \$125,000 per year on our operating budget. This decision is consistent with those of the federal and provincial governments in recent years.

Operating Budget

In accordance with the Municipalities act, 1999, Council is required to present a balanced budget with matching revenues and expenditures. The overall operating budget for 2023 has matching revenues and expenditures in the amount of \$21,115,088, an increase of \$1,217,876 or 6.1% over the 2022 budget.

Our operating budget includes projected amounts covering a range of expenses. In 2023, payroll costs are expected to account for 44.89%, supplies and services, 21.33%; debt charges, 17.30%; gas tax projects, 2.58%; electrical, 6.35%, commercial land investment 2.13% and Council related expenses at 1.51%. All other expenses account for 3.91% of the overall operating budget.

Our 2023 revenues will come from various sources with residential property taxes, including the water and sewer levy, accounting for 46.79%, commercial property, business and water and sewer taxes contributing 37.52%, and the remaining 15.69% from a combination of grants in lieu of taxes, federal and provincial grants, and user fees.

Revenues

For 2023, we require \$1.17M in additional revenue to present a balanced budget. Achieving this will require a combination of increased tax revenues and the use of a carry forward surplus.

The current mil rate of 7.6 mils for residential properties and 7.7mils



for commercial properties will remain unchanged, which will mean \$506,000 in new revenue based on the latest property assessments. An additional \$120,000 will be realized by an increase in the commercial rate for properties over 40,000ft², from 26 to 30 mils, and an increase of a minimum tax for banks, credit unions and financial institutions.

Tax Reductions

“ Council recognizes that increases in the cost of living have caused financial hardships for many, especially for those with a lower household income. To help offset rising costs, we will be increasing the threshold of income levels for a tax reduction by \$2,000.

Households with total annual income of up to \$20,750 will be eligible for a reduction of 50%. Those with an income between \$20,751 and \$22,500 may receive a 40% reduction while those in the \$22,501 – \$24,500 qualify for a reduction of 20%. Households with an income of between \$24,501 and \$27,000 are eligible for a 10% tax decrease.

New Spending

The 2023 budget includes spending in the amount of \$735,040 for new programs, maintenance of existing programs and capital out of revenue purchases.

Programs

Spending in the amount of \$273,210 has been allocated for new programs of which \$161,700 is for one-time expenditures, including a \$75,000 contribution toward hosting 2024 Newfoundland and Labrador Winter Games and \$86,000 for projects being undertaken by the SPCA, Gander Golf Course and the Nordic Ski Club.

As a growing community, we continually strive to meet the needs and expectations of our residents while positioning our community to capitalize on new opportunities.

To do so, we will be investing \$76,710 to add an additional seasonal facility attendant position and extend current facility attendant positions by a combined 6 weeks. This will increase our capacity to attract and support new special events, conferences, and sport tournaments as well as other economic opportunities.

Additionally, a current seasonal position with the Planning and Development Department will assume the full-time position of Engineering Technician to meet increasing demands on the department.

Mr. Mayor, I am pleased to announce the first Central MinEx - Mineral industry Supplier Development Showcase, will be held at the Steele Community Centre on April 26-28, 2023. and businesses to engage with mineral industry leaders to ignite new opportunities in the mineral exploration and development sector. As there is a great deal of general interest in the on-going mineral activity in the region, the Showcase will also feature educational and interactive elements for the general public.



Mining Industry Supplier Development Showcase

Save the Date **April 26-28 2023**
Steele Community Centre
Gander, NL Canada

We look forward to seeing a strong turnout from businesses and residents throughout the region. Council has partnered with the Gander & Area Chamber of Commerce with the planning and delivery of this inaugural event.



New Spending

Operational Spending

Approximately \$161,855 has been budgeted for program enhancements and meeting operational needs. This includes allocations for mandatory training and professional development, protective clothing, technology upgrades and special events. An additional \$23,500 will be directed toward the preventative maintenance of municipal infrastructure.

Most noteworthy are increases in the Hosting Grants and Community Partnerships Programs. The Hosting Grants will increase by \$51,500 from \$14,000 to \$65,500 and an additional \$10,000 allocated to Community Partnerships Programs. Council recognizes the social and economic value of supporting community groups and their programs and initiatives.

Capital Out of Revenue

In 2023, Council will invest \$299,775 on preventative maintenance, undertaking minor renovations and acquiring specialized equipment.

Noteworthy investments include:

- asphalt repairs for the Steele Community Centre parking lot,
- new siding for the municipal reservoir,
- replacement of the radar and video technologies for Municipal Enforcement,
- replacement of a Desiccant Dehumidifier at the Steele Community Centre,
- replacement of batteries for the Zamboni ice-resurfacing machine,
- a forklift for the Water Treatment Plant,
- a heat pump for the Steele Community Centre,
- renovations at the Town Hall, and
- a storage shed for the new Soccer/Track Facility.



Operating Budget

Revenue

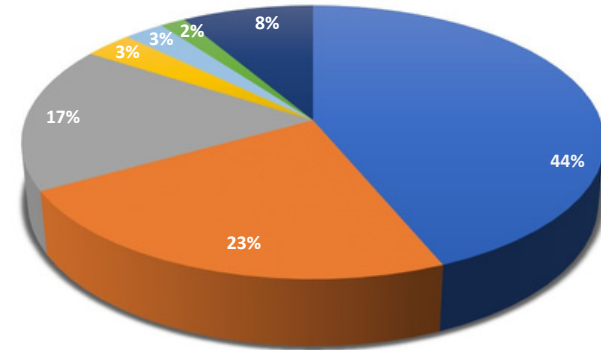
Property Taxes - Residential	\$7,555,700
Property Taxes - Commercial	\$2,324,000
Water/Sewer - Non-Residential	\$1,763,000
Water/Sewer - Residential	\$2,942,000
Business Taxes	\$2,480,900
Business Taxes from Utilities	\$737,000
Grants in Lieu	\$672,200
Federal Gas Tax Grant	\$543,870
Provincial Gas Tax Grant	\$97,975
Community Services	\$337,900
Prior Years Surplus	\$1,173,043
Other - Revenues	\$487,500

Total Revenues \$21,115,088

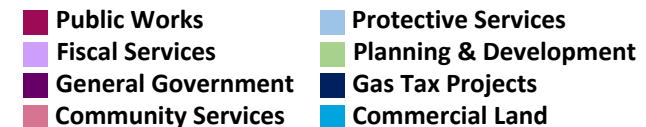
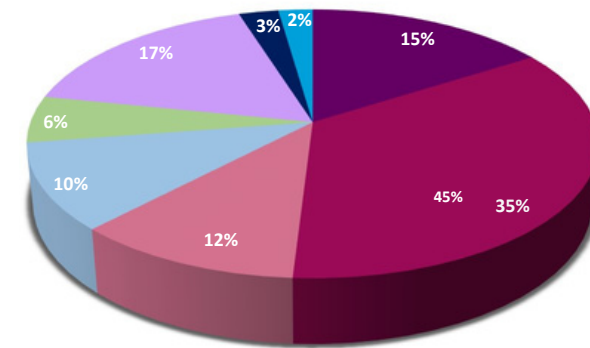
Expenditures by Department

General Government	\$3,262,550
Public Works	\$7,390,312
Protective Services - Fire	\$1,753,200
Protective Services - Enforcement	\$307,900
Planning & Development	\$1,166,700
Community Services	\$2,588,434
Fiscal Services	\$3,652,121
Gas Tax Projects	\$543,870
Commercial Land Investment	\$450,000

Total Expenses \$21,115,088



*All percentages are rounded for illustration purposes.

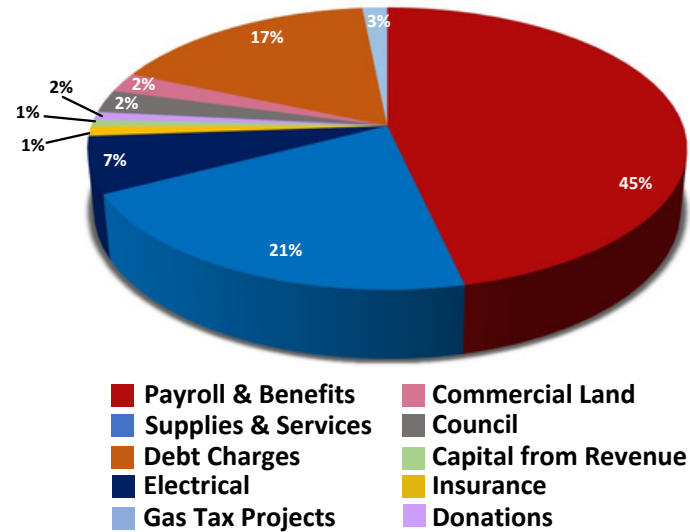


*All percentages are rounded for illustration purposes.



Expenditures by Type

Direct Payroll Costs	\$7,726,482
Indirect Payroll Costs	\$1,751,695
Supplies & Services	\$4,502,845
Electrical	\$1,340,400
Insurance	\$222,500
Donations	\$320,900
Capital out of Revenue	\$285,275
Gas Tax Projects	\$543,870
Commercial Land Investment	\$450,000
Debt Charges - Town Share	\$3,652,121
Council	\$319,000
Total	\$21,115,088



*All percentages are rounded for illustration purposes.

2022/2023 Comparison

Revenues	2022	2023	Variance	% Change
Property Taxes - Residential	\$7,074,000	\$7,555,700	\$481,700	6.8%
Water/Sewer Tax - Residential	\$2,290,000	\$2,324,000	\$34,000	1.5%
Property Taxes - Commercial	\$1,625,000	\$1,763,000	\$138,000	8.5%
Business Taxes	\$2,685,000	\$2,942,000	\$257,000	9.6%
Water/Sewer Tax-Non Residential	\$2,311,000	\$2,480,900	\$169,900	7.4%
Business Taxes from Utilities	\$750,000	\$737,000	-\$13,000	-1.7%
Grants in Lieu of Taxes	\$620,900	\$672,200	\$51,300	8.3%
Provincial Share Debt Grant	\$521,208	\$543,870	\$22,662	4.3%
Federal Gas Tax Grant	\$97,975	\$97,975	\$0	0.0%
Provincial Gas Tax Grant	\$327,400	\$337,900	\$10,500	3.2%
Federal Safe Restart Fund	\$883,029	\$1,173,043	\$290,014	32.8%
Community Services	\$711,700	\$487,500	-\$224,200	-31.5%
Prior Years Surplus				
Other Revenues				
Total Revenues	\$19,897,212	\$21,115,088	\$1,217,876	6.1%



Expenditures by Department	2022	2023	Variance	% Change
General Government	\$3,176,261	\$3,262,550	\$86,289	2.7%
Public Works	\$6,961,635	\$7,390,312	\$428,677	6.2%
Fire	\$1,804,300	\$1,753,200	-\$51,100	-2.8%
Municipal Enforcement	\$272,670	\$307,900	\$35,230	12.9%
Planning & Development	\$1,121,495	\$1,166,700	\$45,205	4.0%
Community Services	\$2,224,504	\$2,588,434	\$363,930	16.4%
Fiscal Services	\$3,365,139	\$3,652,121	\$286,982	8.5%
Gas Tax Projects	\$521,208	\$543,870	\$22,662	4.3%
Commercial Land Investment	\$450,000	\$450,000	\$0	0.0%
Provincial Share Debt Charges				
Total Expenses	\$19,897,212	\$21,115,088	\$1,217,876	6.1%

Expenditures by Type	2022	2023	Variance	% Change
Direct Payroll Costs	\$7,474,993	\$7,726,482	\$251,489	3.4%
Indirect Payroll Costs	\$1,767,655	\$1,751,695	-\$15,960	-0.9%
Supplies & Services	\$4,162,117	\$4,502,845	\$340,728	8.2%
Electrical	\$1,287,200	\$1,340,400	\$53,200	4.1%
Insurance	\$217,500	\$222,500	\$5,000	2.3%
Donations	\$159,400	\$320,900	\$161,500	101.3%
Capital out of Revenue	\$181,000	\$285,275	\$104,275	57.6%
Gas Tax Projects	\$521,208	\$543,870	\$22,662	4.3%
Commercial Land Investment	\$450,000	\$450,000	\$0	0.0%
Debt Charges - Town Share	\$3,365,139	\$3,652,121	\$286,982	8.5%
Debt Charges - Provincial Share	\$311,000	\$319,000	\$8,000	2.6%
Council				
Total	\$19,897,212	\$21,115,088	\$1,217,876	6.1%



Capital Budget

Mr. Mayor, each year Council makes substantial investments in building, upgrading, and replacing roads, water and sewer infrastructure and recreation facilities. In 2023, we will invest approximately \$4.5M towards work valued at \$9.83M in new major capital projects and equipment. The remainder of the funding will come from the provincial and federal governments.

Pumphouse Upgrade

Integral parts of our water treatment and distribution system are the two main pumphouses. The first is located at lakeside and moves water to the water treatment plant, while a second 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 2023, Council will invest \$4.3M in upgrades to both. Federal and provincial funding in the amount of \$2.8M has been requested to help cost share this work.

Recreation Upgrades

Council remains committed to expanding, maintaining, and upgrading our recreation infrastructure with a further \$700,000 investment in capital improvements and new equipment.

“ This includes \$200,000 for new playgrounds in the Eastgate and Spruce Court Subdivisions, \$300,000 to install washroom facilities adjacent to the new Soccer and Track and Field and \$50,000 for a new accessibility ramp at Cobb's Pond Rotary Park.

The remaining funds have been allocated as follows:

- \$50,000 for ballfield netting,

- \$50,000 to recap the Town Field, and
- \$50,000 for work on the multi-use trail.

Other Major Capital Expenditures

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

- tandem salt truck,
- the replacement of three light vehicles, and
- asphalt recycler.

Capital Roads Program

Mr. Mayor, I am pleased to announce that our Roads Program will continue in 2023 with work valued at \$942,000, including:

- sanitary upgrades, curb, sidewalk and paving in the area of Wright Crescent and Scott Place; and
- 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 2023 Schedule Rates and Fees established within this budget, as attached.

The Committee recommends, and I move, that March 31, 2023, 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, 2023 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 2023 Operating & Capital Budgets as presented. This afternoon's budget presentation is available online at 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 2023 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.