



Budget Speech 2024

**Presented by Councillor Wilson Hoffe,
Chair of Corporate Services
December 7, 2023**

Introduction

Mr. Mayor, colleagues, and fellow residents, as Chair of the Corporate Services Committee, it is my privilege to present the Town of Gander's 2024 budget; one that aligns with our strategic goals, our mandate and vision.

My colleagues and I, along with our senior management team, have reviewed the anticipated expenditures and financial obligations for the coming year and are pleased to present this balanced budget.

In preparation, residents, business owners, community groups and stakeholders were offered the opportunity to share their thoughts on Town priorities for the coming year. Opportunities were available to present in person, send a written submission or complete a pre-budget survey.



The majority of respondents indicated they were satisfied with fire protection, water treatment, snow clearing and waste management services. Business attraction, municipal enforcement and road maintenance services were identified as areas requiring more attention.

When asked to comment on Council's strategic priorities, respondents felt Council's top priorities moving forward should be traffic safety and enforcement, economic growth, healthcare and physician recruitment, affordable housing, public safety, and crime prevention.

In the coming year, we will continue taking meaningful measures to address a structural operating deficit, reduce our long-term debt and reliance on borrowing, while continuing to make strategic investments in our future.

2023 Synopsis

This past year has been a productive one of recovery and growth with exciting activity in the mineral exploration, tourism, and post-secondary education sectors, to name just a few.

Building Statistics: Despite inflation and the lingering after-effects of the Covid-19 pandemic, our residents and business owners continued to demonstrate confidence in our future, investing \$13.53M in new construction and renovations.

To November 30th, there were 259 permits issued; 30 for new homes with a total combined value of approximately \$7M and 182 for residential renovations valued at an additional \$2.9M. During that same time, 46 permits were issued for the construction and renovation of commercial, industrial, and institutional properties, valued at approximately \$3.62M. With new building lots now available and high demand for housing of all types, 2024 projections look promising.

Central MinEx 2023: In acknowledgement and support of the burgeoning minerals industry in the region, the Town of Gander was proud to play partner and host to Central MinEx 2023.

This inaugural conference and showcase brought together industry leaders, technical experts, suppliers, and the local business community in an exchange of ideas and to ignite new opportunities in the mineral exploration and development sector.

Central MinEx 2024 is scheduled to take place at the Steele Community Centre on April 23-25, 2024.

Tourism: Tourism visitation to Gander continues to solidly increase year over year. Since 2018, tourism increases in Gander have often been in the double-digits, making our community one of the tourism hot spots in all of Newfoundland and Labrador. In 2023, the Chamber of Commerce saw an increase in visitation of 13% compared to 2022. The North Atlantic Aviation Museum saw more than 16,000 visitors, an increase of 13%. The Town Hall saw about 1,100 visitors compared to about 600 in 2022. The outlook for 2024 is even better, with 15 bus tours already scheduled to visit.

Come From Away: 2023 was the inaugural year for the Gander adapted production of the Broadway musical Come From Away, which ran at the Arts & Culture Centre. Producers of the show noted that all 37 offerings sold out well in advance, and Gander and area businesses saw a noticeable increase in activity from out-of-town traffic. Excitement around the show continues to build with the 2024 production expanding to 48 shows, running from June 28th to September 1st, 2024.

MU School of Nursing: In 2022, Memorial University's Faculty of Nursing established a new four-year nursing program in Gander with an initial capacity of thirty students per year. In August of this year the school moved to its new training Facility at the McCurdy Complex. When combined with Practical Nursing program offered by the College of the North Atlantic our community will host upwards of 192 nursing students per year by 2025. This is a remarkable opportunity and a crucial step towards providing continued quality healthcare services throughout our region.



Considerations: Five important considerations influenced our decisions on the 2024 budget.

Structural Operating Deficit: Over the past 20 years, Council has invested heavily in building and upgrading infrastructure to meet the current and future needs of our growing community. With a long-term debt of \$28.4M measures must be taken to reduce this debt and ensure the long-term sustainability of this municipal government.

Earlier this year Council agreed to a fiscal sustainability strategy to guide and secure our community's financial future. This strategy includes five initiatives; the establishment of capital reserves, revenue/expense matching budgets, supplemental revenue streams, greater use of capital out of revenue purchasing, and structured prioritizing of capital spending.

For 2024, Council will continue to focus on growth, improved efficiencies, and new revenue opportunities while making steady progress addressing a structural operating deficit. In recent years the cost of providing core and essential services such as snow clearing, garbage collection, water and wastewater treatment, fire protection, and road maintenance has exceeded our overall revenue. The difference for the coming year is estimated to be \$522,000.

Inflationary Pressures: Inflation has had notable fiscal impact on the 2023 operating budget with escalations in the cost of energy and a range of other supplies and services. Inflationary pressures are expected to continue through the upcoming year having an estimated impact of \$245,000. Federal measures to address inflation will mean higher borrowing costs.

Cost of Borrowing: Each year Council finances the previous year's major capital works and equipment investments. This includes water and sewer upgrades, road resurfacing and heavy equipment. For 2024 the annual debt servicing cost will be \$3.7M, which is equivalent to 18% of our total revenue. This is an expenditure that could be put toward programs and services. Council remains committed to addressing this deficit and has set it as a top priority of our new fiscal sustainability strategy.

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 5.9% for residential properties and 5.88% for commercial ones

Socio-Economic Realities: In the midst of high inflation and the aftershock of COVID, we see escalating socio-economic challenges. Homelessness, labour shortages and access to healthcare services top the list. Typically falling under the mandate of other levels of government, addressing them will be critical to sustain and grow our community. In 2024 we will continue to work with our government partners and stakeholders to meet these challenges head on.



Operating Budget

The overall operating budget for 2024 has matching revenues and expenditures in the amount of \$23,044,266, an increase of \$1,929,177 or 9.1 % over the 2023 budget.

The operating budget includes projected amounts covering a range of expenses. In 2024, payroll costs are expected to account for 43.02%, supplies and services, 20.95%; debt charges, 16.13%; gas tax projects, 2.36%; electrical, 5.95%, and Council related expenses at 1.41%. All other expenses account for 10.18% of the overall operating budget.

Revenues:

For 2024, Council will require \$1.9M in additional revenue in order to present a balanced budget, maintain service standards, and address new and emerging priorities. Achieving this will require a combination of new property tax revenue resulting from the increased value of property assessments, the partial use of a carry forward surplus and monies realized from a 7% increase in user fees for building, ice, floor, and field rentals.

More specifically, revenues of \$23M will offset operating expenses for the coming year. Revenues come from various sources with residential property tax and the water/sewer levy accounting for 44.93% of all revenue. Commercial property, business, and water and sewer taxes contribute 36.11% towards the total revenue; and the remaining 18.96% from a combination of grants in lieu of taxes, federal and provincial grants, and user fees.

For 2024 the current mil rate of 7.6 mils for residential properties and 7.7 mils for commercial properties will remain unchanged however this does not necessarily translate to no change in residential and commercial tax bills. Taxes are calculated based on the assessed value of a property, the higher the assessed value, the higher the tax. Based on the most recent assessment numbers, homeowners, business and commercial property will see an average increase of 4.56%.



The 2024 budget includes new spending in the amount \$1.9M of which \$208,000 is for one-time expenditures of products and services.

Human Resources: In 2024, Council will invest \$298,000 to create two fulltime positions, extend three existing seasonal positions to fulltime, and add two new seasonal ones.

- The Public Safety and Protective Services Department will be adding a third municipal enforcement officer for better patrol coverage and the advancement of community safety initiatives including the neighbourhood watch program.
- Community Services Department will add an additional seasonal facility attendant and extend an existing seasonal position by six weeks. These additional resources will focus on maintaining expanding areas of green space and the new soccer/track and field facility. One seasonal special events coordinator position will be made fulltime to support the planning and delivery of an increasing number of special events and community programs.
- Planning and Public Works will transition a seasonal carpenter and a seasonal engineering technician to fulltime.
- Council will be creating a new Community Engagement Officer position to work with Council to facilitate better community engagement.

Healthcare Recruitment & Retention: Developed specifically to support the recruitment and retention of the medical professionals required to achieve and maintain quality primary, acute and long-term healthcare services. The plan, built on the pillars of Engagement, Advocacy, Support and Recognition, was produced based on consultation with medical practitioners and representatives of Central Health. This budget includes \$38,000 to support the plan.

Building on Tourism: Much of the increase in visitation since 2018 is attributed to the global success of the Broadway musical *Come From Away*, which ran at the Arts & Culture Centre. Council will be investing \$35,000 to develop a new Tourism strategy that position Gander as a destination of choice for many years to come.

Planning for Growth: Like many growing communities, Gander faces labour challenges that must be addressed. As we begin to develop our strategic approach, we must do so with a solid understanding of our current and future needs. We will be undertaking two projects; a workforce development strategy and a public transit needs assessment and plan. Our total investment for both is estimated at \$50,000.

Capital Out of Revenue: Council will invest \$1,060,600 on preventative maintenance, undertaking minor renovations and acquiring specialized equipment.

Noteworthy investments include:

- Sidewalk blower
- Municipal Enforcement vehicle
- Three light vehicles
- Town Hall entrance upgrades
- Security cameras for new track & field facility
- Fireproof filing cabinets for the Town Hall
- Hydrant replacement program
- Replacement of a diesel fuel tank at the Public Works Depot
- Heat pump / mini split for the Community Centre
- Utility vehicle for the new track & field facility
- Floor scrubber for the Community Centre
- Air compressor Depot for the Municipal Works Garage
- A handheld five gas analyzer
- Loader Forks



*All percentages are rounded for illustration purposes.

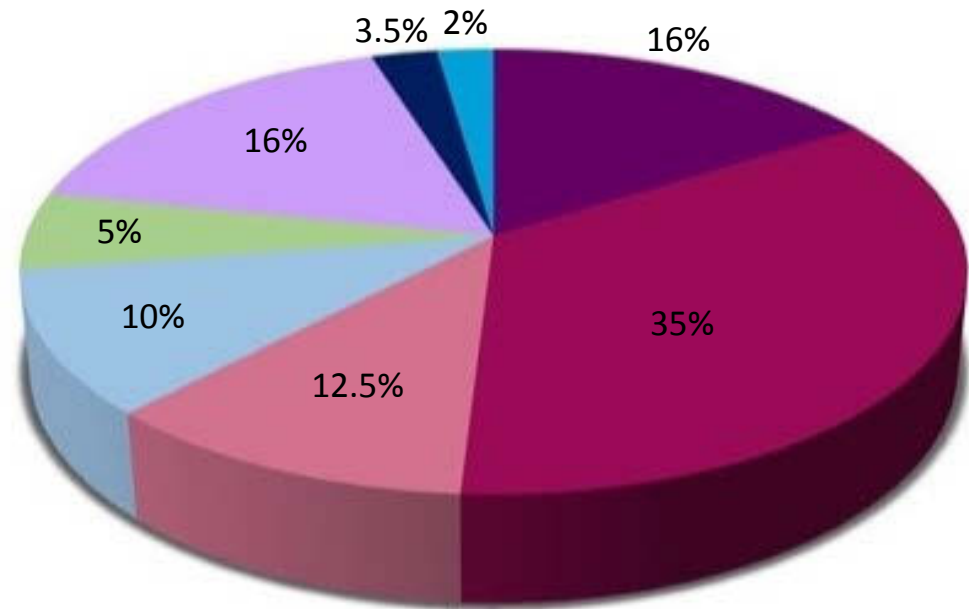
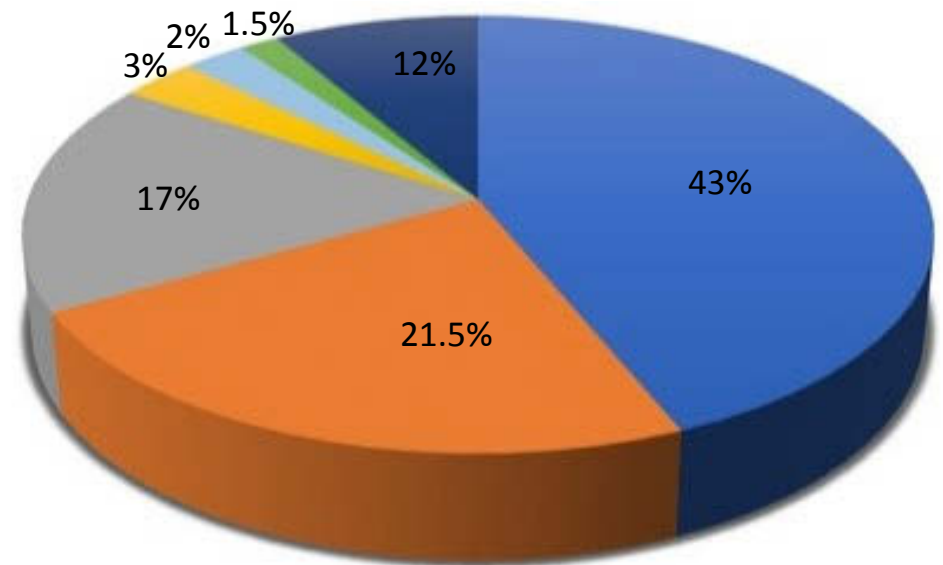
Operating Budget

Revenue

Property Taxes - Residential	\$ 8,031,800
Property Taxes - Commercial	\$ 1,845,000
Water/Sewer - Non-Residential	\$ 2,610,000
Water/Sewer - Residential	\$ 2,321,000
Business Taxes	\$ 3,096,000
Business Taxes from Utilities	\$ 770,500
Grants in Lieu	\$ 714,000
Federal Gas Tax Grant	\$ 543,870
Provincial Gas Tax Grant	\$ 97,975
Community Services	\$ 367,300
Prior Years Surplus	\$ 2,150,246
Other - Revenues	\$ 496,575
Total Revenues	\$23,044,266

Expenditures by Department

General Government	\$ 3,603,122
Public Works	\$ 8,004,509
Protective Services - Fire	\$ 1,839,000
Protective Services - Enforcement	\$ 445,200
Planning & Development	\$ 1,221,900
Community Services	\$ 2,869,668
Fiscal Services	\$ 3,716,997
Gas Tax Projects	\$ 543,870
Capital Reserve	\$ 800,000
Total Expenses	\$23,044,266



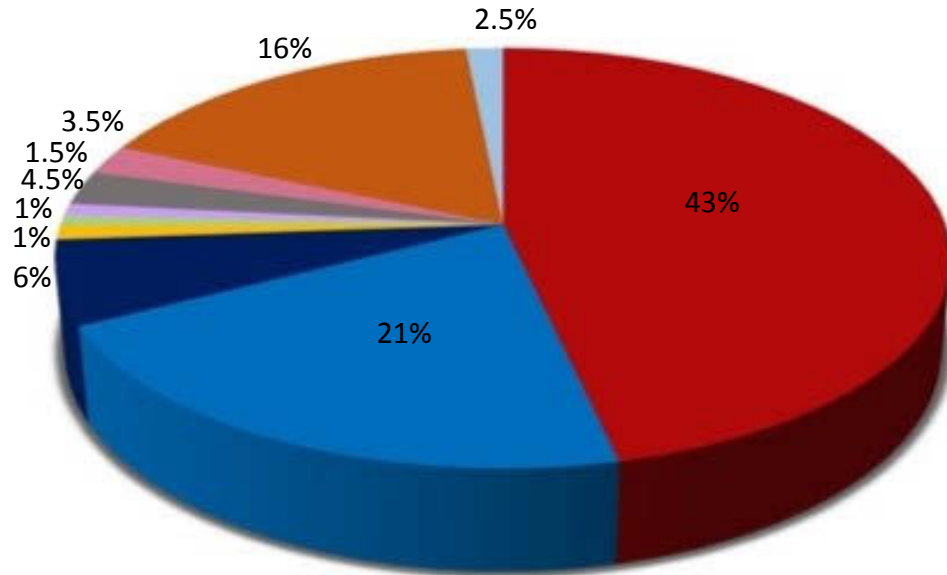
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Expenditures by Type

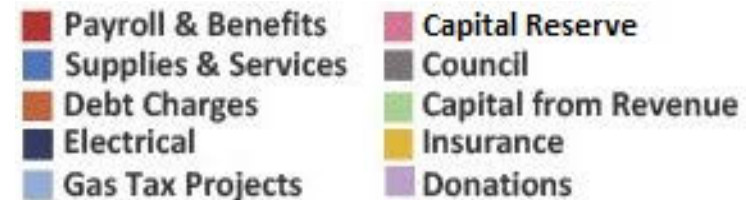
Direct Payroll Costs	\$ 8,070,670
Indirect Payroll Costs	\$ 1,842,211
Supplies & Services	\$ 4,826,918
Electrical	\$ 1,371,300
Insurance	\$ 252,500
Donations	\$ 233,800
Capital out of Revenue	\$ 1,060,600
Gas Tax Projects	\$ 543,870
Debt Charges - Town Share Council	\$ 3,716,997
Capital Reserve	\$ 800,000
Total	\$ 23,044,266



2023/2024 Comparison

Revenues	2023	2024	Variance	% Change
Property Taxes - Residential	\$ 7,555,700	\$ 8,031,800	\$ 476,100	% 6.3
Water/Sewer Tax - Residential	\$ 2,324,000	\$ 2,321,000	\$ -3,000	% -0.1
Property Taxes - Commercial	\$ 1,763,000	\$ 1,845,000	\$ 82,000	% 4.7
Business Taxes	\$ 2,942,000	\$ 3,096,000	\$ 154,000	% 5.2
Water/Sewer Tax-Non Residential	\$ 2,480,900	\$ 2,610,000	\$ 129,100	% 5.2
Business Taxes from Utilities	\$ 737,000	\$ 770,500	\$ 33,500	% 4.5
Grants in Lieu of Taxes	\$ 672,200	\$ 714,000	\$ 41,800	% 6.2
Federal Gas Tax Grant	\$ 543,870	\$ 543,870	\$ 0	% 0.0
Provincial Gas Tax Grant	\$ 97,975	\$ 97,975	\$ 0	% 0.0
Community Services	\$ 337,900	\$ 367,300	\$ 29,400	% 8.7
Prior Years Surplus	\$ 1,173,044	\$ 2,150,246	\$ 977,202	% 83.3
Other Revenues	\$ 487,500	\$ 496,575	\$ 9,075	% 1.9
Total Revenues	\$21,115,089	\$23,044,266	\$1,929,177	% 9.1

*All percentages are rounded for illustration purposes.





Expenditures by Department	2023	2024	Variance	% Change
General Government	\$ 3,262,550	\$ 3,603,122	\$ 340,572	% 10.4
Public Works	\$ 7,390,312	\$ 8,004,509	\$ 614,197	% 8.3
Fire	\$ 1,753,200	\$ 1,839,000	\$ 85,800	% 4.9
Municipal Enforcement	\$ 307,900	\$ 445,200	\$ 137,300	% 44.6
Planning & Development	\$ 1,166,700	\$ 1,221,900	\$ 55,200	% 4.7
Community Services	\$ 2,588,434	\$ 2,869,668	\$ 281,234	% 10.9
Fiscal Services	\$ 3,652,122	\$ 3,716,997	\$ 64,875	% 1.8
Gas Tax Projects	\$ 543,870	\$ 543,870	\$ 0	% 0.0
Commercial Land Investment	\$ 450,000	\$ 0	\$ -450,000	% -100.0
Capital Reserve	0	\$ 800,000	\$ 800,000	
Total Expenses	\$ 21,115,089	\$ 23,044,266	\$ 1,929,177	% 9.1

Expenditures by Type	2023	2024	Variance	% Change
Direct Payroll Costs	\$ 7,726,482	\$ 8,070,670	\$ 344,188	% 4.5
Indirect Payroll Costs	\$ 1,751,695	\$ 1,842,221	\$ 90,516	% 5.2
Supplies & Services	\$ 4,499,345	\$ 4,826,918	\$ 327,573	% 7.3
Electrical	\$ 1,343,900	\$ 1,371,300	\$ 27,400	% 2.0
Insurance	\$ 222,500	\$ 252,500	\$ 30,000	% 13.5
Donations	\$ 320,900	\$ 233,800	\$ -87,100	% -27.1
Capital out of Revenue	\$ 285,275	\$ 1,060,600	\$ 775,325	% 271.8
Gas Tax Projects	\$ 543,870	\$ 543,870	\$ 0	% 0.0
Debt Charges - Town Share	\$ 3,652,122	\$ 3,716,997	\$ 64,875	% 1.8
Commercial Land	\$ 450,000	\$ 0	\$ -450,000	% -100.0
Council	\$ 319,000	\$ 325,400	\$ 6,400	% 2.0
Capital Reserve		\$ 800,000	\$ 800,000	% 100.0
Total	\$ 21,115,089	\$ 23,044,266	\$ 1,929,177	% 9.1



Capital Budget

Pumphouse Upgrade: Integral to 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, 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. Though planned for replacement in 2023 at a cost of \$4.3M, Council was successful in negotiating and securing Federal and provincial funding in the amount of \$2.8M as a part of a cost sharing arrangement. Council's share is now \$1.5M. Work will begin in 2024.

Traffic Calming: As Gander continues to expand to the northeast, traffic volumes along the Cooper Boulevard are steadily increasing and have now reached the point where traffic calming measures are necessary. These measures make roads safer for all users including cyclists, pedestrians, and children. Typical mechanisms include the use of traffic lights, speed humps, roundabouts and other modifications that encourage drivers and riders to slow down. In 2024, Council will be installing a roundabout at the Cooper-Memorial intersection and implementing a suitable calming solution at the Cooper-Raynham-Briggs intersection. This is a 50/50 cost-shared undertaking valued a just over \$2M.

Recreation Investments and Upgrades: Council remains committed to expanding, maintaining, and upgrading our recreation infrastructure with a commitment of \$811,000 toward investments totaling \$1.28M in new facilities, capital improvements and new equipment. The remaining \$469,000 will be covered by external funding.

Planned work and investments include:

- Outdoor ice rink
- Upgrades and improvements to other outdoor facilities
- Three new lawn mowers
- Replace electronic message board at Community Centre
- Replace flooring, frames / doors in Community Centre

Other Major Capital Expenditures:

An approximate \$947,000 is required for other capital investments and improvements, including:

- Replace twenty-six breathing apparatus for Fire Rescue
- Rebuild a compressor at the water treatment plant
- The roof at the municipal works depot and a pumphouse
- Replace the HR and payroll software

Capital Roads Program

Mr. Mayor, I am pleased to announce that our Roads Program will continue in 2024 with work valued at \$2.03M. This coming year will see the phase one full rebuild of Sullivan Avenue between Elizabeth Drive and Nungesser Street including water and sewer upgrades, new curb, sidewalks, and road. The remainder of the work will be sectional paving as required.



Enabling Motions

The Committee recommends, and I move, approval of the various 2024 tax rates, rental rates and fees which have been established within this budget, as attached.

The Committee recommends, and I move, March 31, 2024, be established as the due date for payment of all taxes.

The Committee recommends, and I move, all taxes in arrears after March 31, 2024, 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 2024 Operating & Capital Budgets as presented.

Closing Remarks

The 2024 Operating & Capital Budgets will be available at the start of tomorrow's business day at the Town Hall or online at www.gandercanada.com.

The preparation of the 2024 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.