



Budget Speech 2021

Presented by Councillor Stephen Hollett, Chair of Finance and Human Resources

Your Worship, it is my pleasure, on behalf on the Finance Committee to present Budget 2021. Section 78 of the Municipalities Act requires that proposed expenditures shall not exceed anticipated revenues and this proposed Budget complies with this requirement.

Operating Budget

It is anticipated that the total operating funds required to operate our Town in 2021 will total \$5,682,963 which is an increase of \$337,980 over last year. Wages and Benefits are expected to account for 29% of the total budget, Supplies and services 40.5%, Debt Charges 11%, Gas Tax projects 3.5%, and Council related expenses 2 %, Capital out of Revenue, which are those Capital Items that Council does not borrow to purchase, account for 14% of the overall operating expenses.

Municipal Assessment Agency completed its three years property assessment cycle in 2020. The assessments are used to calculate taxes for the following year and the values are based on the property values of 2019. The assessed value of Residential properties decreased by 6.1 % and Commercial values rose by 1%. Therefore, overall revenue from taxation is expected to be \$104,420 less than Budget 2020.

The anticipated Revenues are expected to be \$638,555 less than the anticipated expenses and the shortfall will be covered by the expected surplus that will be generated in the current year. As noted in the last Financial projection, Council had consolidated all loan payments in 2020 and the budgeted Debt Charges of \$500,000 were deferred to 2021. Council also received

\$200,000 in funding from the COVID -19 Restart program and the remainder of this one-time source of funding that is not used as current year surplus will be carried forward to next year and will be used to offset unexpected expenses associated with the COVID-19 pandemic.

The major source of operating revenue comes from Property Taxes. Residential Property Taxes, including Property Taxes and Water and Sewer Taxes, account for 44% of revenue and Commercial Property Taxes, Business Taxes and Water and Sewer Taxes account for 24% of Revenue.

Your Worship, there is a great deal of uncertainty created by the COVID -19 pandemic and the Finance Committee is not recommending any new increase in services contained within Budget 2021.

Rates and Fees

During the Budget process, Council reviewed the Schedules of Rates and Fees.

A new permit fee is proposed in this budget for underground work to connect Residential water and sewer services to Town infrastructure. The present fee is \$30 and the new fee is proposed to be \$100, with \$70 of that refunded after Town Staff has completed an inspection.

The Public Works Committee requested this fee because in the past there has been issues with the work being covered before being certified by staff.

At the Regular Council Meeting of December 1, 2020, Council requested that, during the Budget process, the Business Tax rate that is charged for greenhouse operations would be reviewed. It is proposed to remove the Greenhouse business tax rate from the All-Other Business Category, that is presently set at 18 Mills, and include it in the Public Storage Category which has a rate of 9 Mills.

Presently, Council accepts payment of Taxes by Credit Cards. The processing fee charged by the Credit Card companies is expensive and in 2020 Council spent approximately \$70,000 to provide that service. It is proposed in this Budget to accept credit card payments for any payments made before the established Discount Date of March 31, 2021, without charging a fee but after that date, if credit cards are used for payment of Taxes, a 1.5% fee will be added to the amount of payment received.

Debt Charges

Council has been successful in obtaining Cost Shared Funding from the Federal and Provincial Governments. Council share of the total cost funding required ranges from 20% to 33%, depending on the type of project being funded. The cost of borrowing for these projects, funding for those projects applied for and not approved, and the cost to borrow for equipment for non cost shared Capital projects, is expected to see the Town's Debt ration increasing from the present 11% to 19% in 2022. This rate is acceptable to Municipal Affairs, but the Finance Committee is concerned with the rising trend and is recommending that Council establish an Ad

Hoc Committee consisting of the Chair of Finance, Chair of Public Works and the Chair of Recreation and the Department Heads, as resource, to review future sources of Revenue and future expenditures of both Capital and Operating Expenses and to establish an operational plan for the future. The Mayor will be an Ex-Officio member of the Committee

The 2021 Budget is presented as follows:

OPERATING BUDGET

REVENUE

Property Tax – Residential	\$1,890,000
Water and Sewer Tax – Residential	593,600
Property Tax – Commercial	386,300
Water and Sewer Tax – Non- Residential	106,500
Business Taxes	873,000
Recreation and Special Events	404,700
Income from Fire Protection	27,150
Other Revenue	244,650
Municipal Operating Grant	238,350
Grants in Lieu	82,300
Federal Gas Tax Grant	157,858
Provincial Gas Tax Grant	40,000
Surplus from Prior Year	<u>638,555</u>
Total Revenue	<u>\$5,682,593</u>

EXPENDITURES

General Government	\$1,455,955
Vehicle and Fleet Maintenance	229,300
Street Maintenance and Snow Removal	516,550
Environmental Health -Water Supply and Garbage Collection	591,600
Recreation and Special Events	677,700
Protective Services – Fire	138,600
Development and Tourism	296,050
Federal Gas Tax Projects	157,858
Principal and Interest Payments on Debt	630,050
Capital Expenditures Out of Revenue	800,000
Discounts on Taxes and Allowances	119,300
Bank Charges and Interest	<u>70,000</u>
Total Expenditures	<u>\$5,682,963</u>

Surplus/Deficit

 \$0

Included in the operating budget is Capital Out of Revenue expenditures of \$800,000 which are Capital items that Council prefers to purchase from Revenue, rather than borrow to purchase, in order to reduce its Debt Charge Ratio. Some of the major purchases that are Included in this account is a provision to acquire lands through expropriation, purchase a condenser for the stadium, purchase 8 breathing apparatus for the Fire Departments, purchase two Pick Up Trucks, install fencing around the Public Works Depot and Install 4 Crosswalk signals. Also included is provision to repair the Town Hall, including Roof, Siding and Grounds. There is also provision to purchase equipment to enable broadcasting of the Regular Council Meetings.

Prior to COVID -19, Council Meetings were held in Council Chambers and very few residents attended these meetings. Since the meetings have been available through social media, statistics have shown that there is a great deal of interest in what is happening in Council, so provision is made to purchase the equipment necessary to continue to broadcast the meetings from the Council Chambers, after COVID -19 pandemic is no longer a factor.

CAPITAL BUDGET

Each year Council makes substantial investments in buildings, upgrading and replacing roads, and upgrading water and sewer. In 2021 the Town is budgeting an investment of \$\$5,300,000 for upgrades to Water and Sewer infrastructure, \$1,750,000 to upgrade Roads infrastructure, and \$431,250 for emergency upgrades to the Stadium.

The Town has secured funding, or has submitted application, for these projects and the Town's share of funding is expected to be approximately \$1,742,300 with the remainder being obtained through cost shared arrangements with the Provincial and Federal Governments.

There is also provision for projects that are not eligible under the Municipal cost shared programs and Council will seek funding from other sources or will fund these projects, if funding is not available.

Provision is made in the Capital Budget to upgrade one of the Ballfields, continue to upgrade Woolfrey Pond Park, continue with the upgrade to the Stadium and purchase a Dump Truck for Public Works operations.

The building which houses the Museum requires a major upgrade and provision is made in the Budget to undertake a study to see if a new building is more cost effective.

CONCLUSION

Your Worship, the Committee is very pleased to report that there is no change to the Mil Rates which were established in the 2020 Budget and many of our Residents will see a decrease in taxes, if the value of their property assessed value declined.

At this time, I would like to take this opportunity to thank you, Council, and staff for the time and effort that was required to prepare and present this budget.

ENABLING MOTIONS

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

The Committee recommends, and I move, that May 31, 2021 be established as the Due Date for payment of taxes.

The Committee recommends, and I move, that a 3% Discount will be applied to tax payments received before March 31, 2021

The Committee recommends, and I move that all taxes in arrears after May 31, 2021 will be charged a compound interest rate of 15% per annum and will be charged at the first day of each month on the outstanding principal. All other invoices, including those issued because of supplementary property assessments, are due 30 days from the date of issue and all invoices in arrears at the end of the month following issuance will be subject to compound interest charges of 15% per annum.

Payment of Taxes is permitted by credit card, without a fee, up to and including March 31, 2021 and after that date a fee of 1.5% will be added to the payment.

2021 Tax Exemptions

The Committee recommends and I move, that pursuant to Section 111 of the Municipalities Act M-24, the properties owned by the Kinsmen Club of Notre Dame located at 47 Centennial Drive and Loyal Orange Lodge located at 230-232 Main Street be exempt from property tax for 2021.

The Committee recommends, and I move, that pursuant to Section 111 of the Municipalities Act M-24, the property owned by the Lions Club located at 18 Bowater Avenue be exempt from property tax for 2021.

The Committee recommends, and I move, that pursuant to Section 111 of the Municipalities Act M-24, the property owned by the Calypso Foundation located at 45 Centennial Dr. be exempt from property tax and business tax for 2021.

The Committee recommends, and I move, that pursuant to Section 111 of the Municipalities Act M-24, the Interfaith Goodwill Centre be exempt from the payment of 2020 business tax and water tax.

ADOPTION OF BUDGET

The Committee recommends, and I move, adoption of the 2021 Operating & Capital Budgets, as presented. The Budget will be available online or a copy will be available at the Town Office at the start of business tomorrow.