

Councillor Kirk McDonald
 Chairperson of the Finance Standing Committee
 2022 Midyear Budget Review Statement
 July 19, 2022

The Finance Standing Committee recently completed its mid-year review of the Town's 2022 operating budget. The mid-year review is an important part of our financial management practices, dating back to 2011, because it allows us to assess the fiscal landscape and make adjustments where required. It was very helpful and necessary this year, given the impacts of inflation.

Council will be pleased to learn the budget remains balanced as required by law. Compared to the initial estimates, the budget has increased by 4.37%, or \$155,956, to \$3,723,454.

Mr. Mayor, I'll highlight the changes to the expenditures first and conclude with the revenues.

Expenditures

The revised expenditure estimates are as follows:

	<i><u>Initial</u></i>	<i><u>Revised</u></i>	<i><u>Variance</u></i>	<i><u>Percentage</u></i>
General Government	621,927	650,334	28,407	4.57%
Protective Services	96,870	96,870	-	0.00%
Transportation Services	947,740	985,026	37,286	3.93%
Environmental Health	526,635	577,910	51,275	9.74%
Recreation Services	361,530	393,609	32,079	8.87%
Fiscal Services	<u>1,012,796</u>	<u>1,019,705</u>	<u>6,909</u>	0.68%
	3,567,498	3,723,454	155,956	4.37%

Due to inflation, we are experiencing increases, to varying degrees, in most budget areas. Primarily, however, the biggest impacts are in environmental health and transportation services, where we project an impact of around \$90,000. The latter is attributed to;

- an increase in fuel and utility expenses.
- additional ice control materials.
- an increase in the water treatment service of around \$25,000.
- an increase in the cost of sewer system maintenance.
- an increase in recreation services, including summer student expenses (we are now seeing pre-pandemic funding levels), programs, and stadium operations.

Overall, we are projecting an increase in expenses of around \$155,600, but the Committee and management will continue to monitor and control expenses over the remaining months of the fiscal year to mitigate the impact as much as possible.

Concerning the remainder of 2022, some highlights of the Town's spending plans include;

- \$10,000 for ditching, equating to 1,370 meters.
- Completing the 2022 road shoulder repair program, which is roughly 7 km on Main Street.
- \$9,350 for additional asphalt repairs, which includes \$3,900 for work on Lower Avenue. The latter is in addition to the \$40,650 already invested in asphalt.
- \$13,500 for recreation initiatives, including the summer recreation program, Harvest on the Exploits, Christmas on the Boardwalk, and other events. Council will announce the details regarding Harvest on the Exploits shortly, which will be a much larger event this year, thanks to funding from ACOA under the *Rediscover Main Street Program*.
- \$22,900 for the Main Street Road upgrade (750 meters), which will be completed over the coming months.

To mitigate some of the impacts on the budget this year, the Committee is also recommending adjustments to the gas tax capital investment plan (GTCIP).

Based on our current capital plans, which include Main Street upgrades (750 meters), Greenridge Road water system improvements (pending government decision), stadium dressing rooms (pending government decision), and Newtown Road water system improvements (pending government decision), we do not expect to complete any additional projects until 2024. Our current gas tax agreement expires on March 31, 2024; therefore, we feel Council can free up around \$97,000 by removing the Station Road upgrade from the current GTCIP and deferring it to April 1, 2024. By doing so, we can transfer the following project to the current gas tax agreement:

2024-2027 Strategic Plan	10,899.01
Trestleview Park Completion Project	20,304.13
Chlorine Booster Station	<u>32,510.45</u>
	63,713.59

A recommendation to this effect will be presented as part of my budget report.

I'll now address revenues.

Revenue

The revised revenue estimates are as follows:

	<u>Initial</u>	<u>Revised</u>	<u>Variance</u>	<u>Percentage</u>
Taxes	2,850,474	2,883,048	32,574	1.14%
Sale of goods and services	109,000	196,895	87,895	80.64%
Other revenue from own sources	134,654	142,637	7,983	5.93%
Provincial grants	216,134	216,134	-	0.00%
Federal grants	153,136	146,754	- 6,382	-4.17%
Transfers from reserves	<u>104,099</u>	<u>137,987</u>	<u>33,888</u>	0.00%
	3,567,497	3,723,455	155,958	4.37%

Fortunately, to help defray increased expenditures, the budget is seeing additional revenue in taxation and the sale of goods and services, amounting to approximately \$120,000. The TCH land sale is a large part of this revenue source (\$70,000), although taxation and ice rental fees are higher than we anticipated in December 2021. The Committee drew an additional \$33,888 from prior years' surplus to balance the budget to ensure we can continue implementing our operational plans.

Mr. Mayor that concludes my mid-year budget report. Over the remaining months, we will need to monitor the budget closely, but we must also resist any new initiatives. Inflation is an adverse factor this year, and we will be challenged to complete what we have set to do based on the current budget constraints.

Resolutions

Resolution #1

Be it resolved that Council shall adopt the revised 2022 operating budget as circulated and presented.

Resolution #2

Be it resolved that Council shall adopt the revised gas tax capital investment plan as follows, that;

- (a) removes project 23-2020-7279 (Station Road Upgrade);
- (b) increases the contribution for project 23-2020-7278 (Main Street Park Development) from \$105,100 to \$205,963;
- (c) adds three additional projects, including the chlorine booster station (\$32,510), Trestleview Park completion project (\$20,304), and the 2024-2027 strategic plan (\$10,899):

Project	Gas Tax Project No.	Gas Tax Allocation
Replace asphalt on Main Street.	23-2019-6772	91,892
Asset Management Initiative	23-2020-7277	12,500
Add dressing rooms to the Pat O'Reilly Memorial Stadium.	23-2019-6771	26,174
Beaumont Heights and Hynes Road	56-2014-5039/23-2014-5040	56,886
Exploits River Tourism Product Development	23-2015-5612	749,749
Main Street Beautification Project.	23-2017-6347	156,004
Dominic Street Lift Station Replacement	23-2017-6348	77,308
Main Street Upgrade	23-2014-5041	143,065
Beaumont Heights Brook upgrade project (disaster mitigation).	23-2018-6566	28,154
Recreation infrastructure enhancements	23-2018-6568	7,514
Recreation infrastructure enhancements	23-2018-6567	11,321
Station Road upgrade	23-2020-7279	Remove
Main Street Park Development	23-2020-7278	205,963
Chlorine Booster Station	Pending Approval	32,510
Trestleview Park Completion Project	Pending Approval	20,304
Recreation Storage Shed	23-2021-7336	52,727
2024-2027 Strategic Plan	Pending Approval	10,899
Depot Roof Replacement Project	23-2019-6741	136,357
Total		1,819,328