

2022 Budget Speech

Mayor Scott and my fellow members of Council, as Chair of the Corporate Services Committee, I am pleased to present the 2022 budget to Council this evening.

As per legislation, municipalities are required to pass a balanced budget. As a community heavily reliant on residential taxation to offer programs and services, striking the balance is never easy. The COVID-19 pandemic and declining property assessments continue to provide challenges to offering levels of services, to which residents have been accustomed. North Pond, our municipal water

supply is near capacity, which hinders growth and development and as a result, restricts revenue growth to offset operating expenditures.

At the beginning of each term of Council, Council sets its vision, which guides the strategic priorities to be accomplished over the four-year mandate. These priorities are selected based on resident feedback. Later this month, Council will meet and determine its goals for the remainder of the term – to 2025. The current strategic plan of 2018-2021 currently remains in effect. Priorities were based on resident feedback and mandated core services as per The Municipalities Act. Infrastructure investments get down to the basics and come at a significant price tag – water quality (estimated at

\$7.5 million), wastewater treatment (\$15 million), mitigating climate change via stormwater management (\$10 million), road improvements (in excess of \$10 million), and sidewalks along Torbay Road (\$4.9 million). The quality of life for residents is reflected in the construction of a new community centre (\$9.4 million), trail construction (\$200,000 committed annually) and recreation facilities (playgrounds, open spaces, and ball/soccer fields).

At every opportunity, the Town of Torbay applies for Federal and Provincial Government funding to help offset capital construction of each initiative – whether this is 33 cent dollars or 50 cent dollars, and we have been successful in leveraging funds – for example, \$6,389,089 for the community centre,

\$372,892 for the History House, \$1,550,000 for zone meters and leak detection, \$600,000 for sidewalks (Phase One) along Torbay Road. The 2019-2024 Gas Tax Agreement has enabled Council to allocate \$2.1 million to infrastructure, specifically \$1,769,618 to road improvements and \$318,585 to storm water infrastructure along Shea's Lane and Canon Marsh Road. Previous infrastructure investments include the construction of the municipal depot (\$7 million), the Town's portion (\$1.52 million) towards the capital construction of the Jack Byrne Regional Sports and Entertainment Centre.

In total, the Town of Torbay has secured \$22.6 Million in federal and provincial funding to help

offset infrastructure investments in the Town of Torbay since 2005. Adding the Town's portion – that's infrastructure investment of over \$30 million. The Town's portion has been covered through fiscal management and a capacity to borrow – all without impacting the mil rate. The fact is the Town's mil rates have not increased since 2013.

Infrastructure development is never done – plans must be made for the construction, maintenance, and replacement of infrastructure. The Federal Government has mandated all municipalities from coast to coast to coast in Canada to develop an asset management strategy – to ensure levels of service can be maintained and sustained well into the future. The Town will take its first steps to

achieving this goal starting in 2022. This will also include a 10-year financial model. If Council does not make efforts to complete its asset management plan, it risks losing future gas tax funding and having to repay the previous funds – for example the 2019-2024 agreement has allocated \$2.46 million to the Town of Torbay, with \$725,264.00 to be provided in 2022-2024.

While much work has been done, much work remains. This Council was elected on September 28, 2021, sworn in on October 4, 2021, and began work in earnest. Having an intensive orientation, along with legislation and department overviews, and budget 2022.

This year's budget work commenced in October 2021 and consisted of resident engagement – in person presentations (respecting COVID protocols, 2 resident presentations), and an online survey (with 231 responses), Department presentations, 8 Committee of the Whole meetings – resulting in **SEVEN** budget drafts before reaching the legislative requirement of a balanced budget. The December 15, 2021, public presentation had a balanced budget, with a residential property mil rate of 7.5. One resident submitted feedback for Council's consideration at this public presentation. Council listened to the additional resident feedback after the December 15, 2021, presentation and deferred the budget adoption to tonight, January 24, 2022.

Council took the extra time to reflect, review and discuss and determine if additional expenditures could be reduced without impacting services.

Like most municipalities in the province, property assessments are now provided on an annual basis – versus the previous three-year base date, which better reflects the current market, but also makes it more challenging if there is a decline in assessments – this in turn potentially impacts operating revenues – once the mil rate is applied. Since 2017, total assessed property values have increased to a high of \$1.077 Billion in 2020 to a low of \$974 Million in 2022. 2021 saw a decrease in residential property assessments as well, in the amount of \$43.47 Million. The previous Council balanced the 2021

budget by using COVID Restart funds of \$464,000.00 and an input tax credit HST rebate from the community centre construction of \$150,000.00, for a total of \$614,000.00. These funds were one-time and are no longer available to the municipality to be utilized to offset expenditures in 2022.

Council is also bound by the Provincial Government's Community Sustainability Partnership – in which we must keep own source revenues, on a per capita (per resident) basis, as per 2015 taxation levels. In 2015, revenue per capita was \$1015, 7 years later, in 2022, at a 7.05 mil rate per capita will be \$1083 – a \$67.50 increase.

Non-compliance would mean a loss of gas tax funding, the annual municipal operating grant, in addition to no approvals to borrow. This would be catastrophic for the Town of Torbay – as we would not be able to avail of cost shared government funding programs to support capital infrastructure investment, nor have the necessary funds to maintain core services within our community.

Fortunately, the Town of Torbay remains compliant to date.

When commencing the 2022 budget process, it was confirmed that residential property assessments declined from 2021, in amount of \$59.6 Million. To

reconfirm, over a two-year period, residential property assessments have **DECREASED** by \$103 Million – which provides challenges to Council to maintain services, when property assessments are declining, operating costs are increasing and there are no additional COVID Restart funds to offset operations as we continue to live and operate in COVID. In fact, living in COVID has increased the municipality's operating costs. Council is committed to providing a safe work environment for its staff and acquires the necessary personal protective equipment and undertakes deep cleanings of all facilities as required. Living with COVID also impacts the operation of recreation facilities and associated revenue generation. Programs are either cancelled or offered at reduced numbers. We have issued

staff layoffs due to COVID. Living with COVID and following Public Health guidelines presents its challenges to everyone. Please support the local business where and when you can – not only during COVID, but every day.

Tonight, the Corporate Services Committee is recommending a total budget for the fiscal year of 2022 in the amount of \$20,401,063.00, which includes \$9,270,202.00 for day-to-day operations and \$11,130,861.00 for cost shared capital infrastructure development. This budget will see a further reduction in the mil rate for residential property tax by 0.45 of a mil (7.05 from the 7.5 mils proposed on December 15, 2021), use of \$590,000.00 in reserves, along with program and

services reductions to balance the 2022 budget. In addition, Council is committed to developing a long-term financial plan – that will balance infrastructure development, maintenance, and replacement along with levels of service – to ensure the long-term financial sustainability of the Town.

Because of declining assessments in 2021 and further declining assessments in 2022, most residents will see a reduction in their tax bill from the 2020 amount. The average tax bill in 2022 will be \$1928, compared to \$1891 in 2021 and \$1983 in 2020.

Point two of the mil rate increase (6.7 to 6.9) makes up for the decrease in assessed values from the

2021 levels and puts the Town back at 2021 revenue levels. The 0.15 adjustment from 6.9 to 7.05 funds the Town's portion of \$3.498 Million in both the Multi Year Capitals Works and Investing in Canada Infrastructure Programs – with the Provincial and Federal Governments providing \$6.03 Million for a total commitment of \$9.5 Million in infrastructure development for the Town of Torbay.

In 2022, Council is offering several tax payment options, that will assist residents and businesses. This includes the 12-month interest free tax payment plan; the 25% property tax payment discount to those in receipt of the Guaranteed Income Supplement; the 20% property tax payment

discount to those who meet Low Income thresholds; and a Tax Deferral Program. Council encourages everyone to learn more about these programs and to confirm your eligibility. Corporate Services staff are available to answer all questions regarding these programs.

Since the December 15, 2021, budget presentation,
additional proposed reductions to the 2022 budget are as follows:

1. Professional development reduced by 50%
across the entire organization.
2. Our partnership with the Town of Portugal
Cove-St. Philip's regarding municipal

enforcement services will be terminated. The Town will move to a summer security option only, similar to 2016 and prior.

3. One full-time staff position will be repurposed.

4. Traffic Calming measures will be reduced by 50%.

5. The Town will no longer paint crosswalks on Provincial Government roads within the municipality.

6. While the Town has an aging equipment fleet, the maintenance budget will be reduced by \$32,000 and kept in line with 2021 budget levels.

7. The procurement and construction of a salt storage shed will be eliminated.

8. Several initiatives under the Economic Roadmap (Town Centre Scheme and Housing Strategy) and Climate Change Mitigation Plan (Solar Panel Installation, Composting and Engineered Wetland Feasibility) are eliminated.

9.The Economic Development and Tourism

budget will be reduced by 50%.

10. The resident engagement platform 'My Torbay' will not be renewed.

11. The Service Tracker platform will not be renewed.

12. A proposed update to the Recreation Master Plan will be cancelled.

13. Recreation Facility Operational Costs at Upper Three Corner will be maintained at the 2021 budget level.

14. The recreation program budget will see programs eliminated or reduced to prior year expenditure levels.
15. Public relations/donation resources will be reduced.
16. The Town's 50th Anniversary Celebrations will be scaled back and kept in line with previous years' festival commitments.
17. Capital works investments will be completed over the 2022 and 2023 fiscal years.

Council recognizes that it needs to do a better job on engaging and communicating with residents regarding the actual costs to operate a municipality. This will commence with a detailed budget newsletter to all residents, quarterly fiscal updates to the public and additional measures – which will be confirmed over the coming weeks.

What will be accomplished in 2022 then? I would like to highlight those initiatives to be completed in 2022. From an operational perspective:

1. Asset Management – completion and digitization of the location and condition assessment of all town assets.

2. Continued support to the Torbay Volunteer Fire Department in the amount of \$488,795.78.
3. Updating and exercising the Town's Emergency Preparedness Plan.
4. Continued sampling of our current water supply North Pond as per the Town's permit to operate.
5. Continued wastewater sampling and submission of results to the Federal Government as part of the Wastewater Regulations.

6. The five year of review of the 2017-2025
Municipal Plan and Development Regulations as
mandated by legislation.
7. Continued work on the Feasibility of Great
Pond as a municipal water supply.
8. A business retention and recovery survey to be
administered to all local businesses.
9. Redesign of the Town's website to make it more
user friendly.
10. Opening of the History House and Museum
in late June/early July.

11. Expanded community partnerships to offer increased programs to the youth and young at heart in our community.
12. Volunteerism continues to be the backbone of our community like all others. Our volunteers are tirelessly dedicated to improving our Town and are the lifeblood that makes our beautiful Town so unique. The Town is delighted to continue to support the many community groups and committees in our Town – Torbay Folk Arts Council, Torbay Lions Club, Torbay

Harbour Authority, the High School Safe Grad,
Torbay Library, and East Coast Trail Association.

13. We will continue with trail development along Western Island Pond to the ByPass Road and proceed with new trail development in the Flora Drive neighbourhood.

From a capital investment perspective, the Town will:

1. As part of the 2020-2023 Multi Year Capital Works Program – total funding in the amount \$3,809,145 – which is cost shared with the Provincial Government, and the Town's portion

being \$1,539,096. The Town will borrow its share and will repay over a 15-year period. The following initiatives will be undertaken:

- Emergency Preparedness – Procure a generator for the warming centre at Torbay Common at a cost of \$289,200
- Stormwater Mitigation – The Gully, Whiteway's Pond and Island Pond Brook at a cost of \$1,432,775.28
- Road Improvements – 13 roads – namely Dunphy's Lane, Cantwell Place, Gallow's Cove Road, McCormick Place, Russworthy Place, Hiscock's Lane, Quarry Road

Extension, Roblyn Place, Gosse's and Rodger's Crescent, Bullock's Town Road, and Whitten's Lane at a cost of \$1,812,215.88

- Open Space and Trails - specific initiatives include trail development and repairs to the Junior Ball Field at Upper Three Corner Pond Park, and the addition of a multi-purpose court at the Pineridge Playground, at a cost of \$274,954.00

2. As part of the Investing in Infrastructure Canada Program, the Town will await the outcome of its application to improve the water quality at North Pond and complete

sidewalks along Torbay Road from Mahon's Lane to Foodland and along Marine Drive to Lynch's Lane. The total cost shared funding request for both initiatives is \$9,380,600.00, with the Town's portion being \$3,920,400, and will be covered by a fiscal borrow over 15 years. The Town has budgeted based on a June 1, 2022, approval.

3.Additions to the equipment fleet will see arrival of the sidewalk plow, procurement of a new pumper for the Torbay Volunteer Fire Department and a new loader and backhoe for the Infrastructure and Public Works Department. Delivery dates will be solely based on public

procurement results once the tenders are issued and awarded.

4. Phase one of Sidewalk construction along Torbay Road, which commenced in 2021, will be completed in the spring of 2022.

5. 2022 will also see the installation of 6 (SIX) zone meters within the serviced areas of Torbay. This will enable the Town to have more accurate information regarding water usage within the Town and to assist with troubleshooting leaks within the system.

Before concluding my summary of the 2022 Budget, I would like to thank Mayor Scott, Council members and staff for the significant number of meetings and the number of hours that was required to balance this 2022 Town of Torbay Budget.

This was indeed a very stressful process. To me, it is ironic that as your Mayor back in 2013 when the current mil rate was set at 6.7mils, current Mayor Scott was also a member of that Council. Through his term as Mayor starting in 2018, that same mil rate was maintained throughout that term as well. I

can assure you, neither of us, nor any member on this Council would like to see that rate change, especially to move upward. However, in our current situation, I believe we have no other recourse, and we must move forward.

More details regarding the Town of Torbay 2022 budget will be found on the Town's website in the coming days.

I now ask for Council's support as I present several motions required for the adoption of the 2022

budget for the Town of Torbay as recommended by
the Corporate Services Committee.