

BUDGET SPEECH 2010

Mr. Mayor, as Chair of the Corporate Services Policy Advisory Committee, I am pleased to present today, the City of Corner Brook Budget for 2010.

Firstly, I would like to start off by thanking Council and staff for their efforts and contributions in the preparation of this budget, the first budget for this Council. Many hours of debate and discussion have cumulated with a budget that we believe will encourage growth, while at the same time practice fiscal restraint.

In 2009, the City experienced unprecedented investment in our capital infrastructure.

Work was completed or started on a number of major projects including:

- major repaving and resurfacing of roadways
- Margaret Bowater Park south side redevelopment,
- Bartlett's Point redevelopment,
- the new City Hall,
- the new water treatment plant and water main,
- water line looping,
- water metering,
- storm sewer replacement,
- sanitary sewer replacement,
- bike trails,
- new bus shelters and the new transfer station.

Work will continue on many of these projects in 2010 and we look forward to their completion over the next year. Our capital works program for 2010 will continue to be

BUDGET SPEECH 2010

very positive with new projects in roads, water and sewer. Many of these projects would not be possible if it were not for the great support we receive from the federal and provincial government.

On behalf of all of us we would like to thank both levels of government for their assistance thus far, and look forward to more funding in the future.

In 2009, the City once again experienced significant investments by businesses, government and residents. Total building permits issued for 2009 were in excess of \$40,000,000. This in addition to the \$40,000,000 and \$90,000,000 in building permits that were issued in 2008 and 2007, reflects a strong indication of the confidence the public and private sectors have in our economy. We look forward to this level of investment continuing and increasing in the coming years.

Mr. Mayor, in preparing for the 2010 budget Council and staff strived to manage costs against residents' expectations and our obligations. We recognize that to prosper as a community, we must place a priority on quality of life and long term sustainability issues.

When setting out the budget, Council and staff were cognizant to match our fiscal capacity along with operational requirements and the expectations of residents and taxpayers. As we move forward in our tenure, Council and staff are committed to continuing to review all areas of expenditures to ensure that the residents of the City are continually receiving the highest possible value for their tax dollars.

BUDGET SPEECH 2010

Mr. Mayor, while as an organization we have had to limit increases in expenditures, we are pleased to report that we have been able to accomplish this without significantly reducing services. We are also proud to announce expansion of several programs and initiatives.

- The City has dedicated over \$157,000 to Sustainable Development. This division was first created in 2007 and will continue to lead the City in ensuring we are a leader in environmental sustainability.
- Development of a Strategic Integrated Community Sustainability Plan (ICSP) will be completed in 2010. The ICSP process has already received input from residents, businesses and special interest groups within the City. This project will develop an integrated, holistic plan to move Corner Brook towards its desired future – considering sustainability by integrating economic, environmental and social factors.
- Funding is in place for the completion of the Recreation Master Plan. This plan will provide the City with a tool to direct future operational and infrastructure investments in recreation, sport and leisure sectors.
- In the 2010 budget, this Council has increased the budget for street maintenance by 21%. The increased allocation of \$148,000 will bring the total street and sidewalk maintenance budget to \$834,000. This amount is in addition the \$2.5M that Council has directed in capital towards street reconstruction and resurfacing.

BUDGET SPEECH 2010

- In the 2010 budget, Council is investing another \$161,000 to our snow clearing budget. This increase will bring the annual snow clearing budget to \$1,479,000. The City is continuing to review its snow clearing operations to ensure it meets the needs and expectations of residents and businesses. We are optimistic that the introduction of the brine system in 2009 is one new initiative that will have a long term positive impact on the operational and financial performance of the City.

Mr. Mayor, the age of City equipment is a long standing issue that affects our ability to work as efficiently as possible. Over the past several years, significant funds have been allocated to this issue. Council will continue to address this problem, and will allocate \$500,000 in 2010 to replace essential equipment and vehicles. Many City vehicles have reached the end of their lifecycle due to age and high maintenance costs. While significant improvements have been made to City's equipment over the past several years, continued investment is still required to ensure equipment lifecycle costs are minimized.

Last month, this Council approved the lease of 3 new rubber tire loaders for snow clearing operations. These new leased loaders will replace two 1988 loaders and a 1996 loader. The age and unreliability of the previous loaders caused the City to incur significant repairs costs and unpredictable service interruptions. These new loaders are expected to provide a higher level of dependability to the essential snow clearing services.

BUDGET SPEECH 2010

Mr. Mayor, I look forward in anticipation to what the next four years will bring to our municipality. As a new Council, we have the opportunity to work with our community partners and our residents to help play a major role in shaping a positive future for our community. On a personal level, I am now into my second term on Council and I have a much better appreciation of the responsibilities and time commitments involved in being municipal councilors. Given the responsibilities, time commitments and accountability associated with being members of Council, and the fact that there has been no extensive review of Council remuneration for quite some time, Council has directed staff to commence the process of an external review of Council remuneration. This review will involve remuneration provided to members of Council, including base salary, other forms of compensation, benefits, pensions, and other allowances and will compare our remuneration to that being paid to comparable size municipalities. We recognize this is politically sensitive issue and have therefore requested that this review be conducted by the independent external body which will allow for an unbiased analysis of the total compensation package.

Over the past year, the City approved annual discounts and deferrals of over \$186,000. While this is a significant amount of money, Council is committed to continuing our tax discount and deferral program in an effort to assist seniors and those citizens experiencing financial hardship. We will continue to offer a deferral for property owners who meet the criteria. Homeowners who qualify under this program will still be required to pay the water rates as well as the water and sewer levies annually. By

BUDGET SPEECH 2010

following this process, the outstanding property taxes remain a lien on the property and can be collected by the City at a later date.

Mr. Mayor, during the past number of years, staff and Council has reviewed the operation of the City sponsored summer program. While, the City understands the necessity of summer programs, the City needs to balance the feasibility of the City operating the program versus other organizations offering similar programs. It has been our assessment that the efficiency and effectiveness of the City run program is well below the expected standards of the City. As of 2010, the City will no longer be providing the summer program. The City will work with its community partners and businesses over the next several months to ensure that there are sufficient spaces available in alternative programs.

Mr. Mayor, in reviewing and setting residential and commercial property taxes, Council had to consider all the facts available both for the long and short term. 2010 is a reassessment year, and most properties in the City experienced significant increases in their property values. While the increased assessed values for properties within the City are a sign of the strong economic growth in the region, Council also considered the impact the change in assessed value had on individual property owner's.

I am pleased to announce today that residential mill rates will decrease by an unprecedented 2.0 mills from 11.25 mills to 9.25 mills for 2010. For a residential property assessed at \$150,000, a 2.0 mill decrease represents a

BUDGET SPEECH 2010

tax savings of \$300 per year. There has never been a mill rate decrease as significant as this in the history of the City of Corner Brook.

With respect to commercial property taxes and business taxes, Council has reviewed the various mill rates and is proud to announce that once again this year, there will be no mill rate increases for any classifications of businesses. Up until a few years ago, the City currently had a very exhaustive list of business classes and varying mill rates. Over the past several years, Council sought to reduce the complexity and number of classes and mill rates for similar types of businesses. In 2008, two mill rate levels were eliminated. In 2009, the City moved all businesses that were previously in the 21.0 & 22.0 mill rate level into the lower classification of 20.0 mills. The City is pleased to announce that in 2010 all businesses that were previously taxed at 19.25 & 20.00 mills, will see a reduction to 19.00 mills. The results of this reduced mill rates represents an average of a \$148 decrease for 542 businesses. The businesses at 19.00 mills will now be classified as "General Commercial". We will continue to work with our business community to ensure our City offers a strong and competitive business climate.

Mr. Mayor, while Council is proud to be able to announce mill rate reductions, we felt it was also important to review all of our rates and fees. One area which we felt required an adjustment was the basic unit charge. This rate is charged to all properties that have access to water and sewer. The residential and commercial rate had been set at \$220 and \$300 respectively since 2002. In the seven years since this time, the cost of providing the core basic services, such as water and sewer, has increased significantly.

BUDGET SPEECH 2010

For this reason, in 2010, the basic unit charge will be increased by \$30 per unit to \$250 per residential unit and \$330 per commercial unit.

Mr. Mayor, in preparing the 2010 budget, Council and staff did not only plan for the current year, but we also looked forward for the following two years. We forecasted anticipated revenues and expenses expected to occur in 2011 and 2012 to ensure any current changes in taxation or mill rates is sustainable. Based on the calculations arrived at in this review, Council is not anticipating any change in mill rates for 2011 or 2012 from the 2010 levels.

During 2007, federal funding was announced for the water treatment plant. Construction on this project started in 2009 and is anticipated to be completed by 2012. While this facility will provide residents with high quality drinking water, it does come at a cost. It is anticipated that the operating costs for this facility will be in excess of \$1.5M annually. This project, in addition to other major projects planned for the City, will result in increased operating cost. With these costs in mind, Council does anticipate modest increases in the unit charges in 2011 and 2012.

In 2004, the Council of the day initiated a water and sewer levy to assist the City in its share of the capital costs associated with the construction of water and sewer treatment plants. These rates have progressively increased from \$10 to \$50 in 2009. In 2010, the water and sewer levies will increase from \$50 to \$60 each. To date, we have collected approximately \$3,700,000 from these levies, with an estimated \$1,175,000 to

BUDGET SPEECH 2010

be added in 2010. In 2010, the City will begin to draw down on the water levy to pay for the City's share of the capital costs for the new water treatment plant. With this reserve, we will be able to ensure these projects can be funded in a way that minimizes the debt obligations for the City.

As we did in past years, we encourage neighbouring communities, who use our water and/or sewer services, to consider the implementation of the appropriate levies as currently paid by the residents of the City. In particular, at current housing levels, and in accordance with our existing agreement, the Town of Massey Drive will be expected to contribute in excess of \$1.3 million towards the capital cost of the City's new water treatment facility. In addition to these capital costs, residents of Massey Drive and Mount Moriah will see significant increases in their water and sewer rates once new treatment facilities are brought on line. Therefore, residents of these two communities should be planning for the day when the existing agreements expire and new agreements based on full cost recovery for financing, capital, and operating expenses will be required.

The City has a discount program in place for those citizens over 65 and in receipt of the Guaranteed Income Supplement under the Old Age Security Act. Currently this discount is 10%. This Council however recognized the challenges for some seniors to pay their taxes. Mr. Mayor, I am therefore extremely pleased to announce that the seniors discount has been increased to 15% effective January 1, 2010.

BUDGET SPEECH 2010

Mr. Mayor, as a Council we continue to support the future expansion of our post-secondary institutions. We are committed to working with the provincial government and University personnel to ensure Sir Wilfred Grenfell College achieve greater academic, administrative and fiscal autonomy. We were pleased that Dr. Gary Kachanoski, the incoming President of Memorial University took the opportunity to visit Corner Brook and Sir Wilfred Grenfell College to familiarize himself with our great City and in particular the University campus. We are also encouraged by the recent announcement by Minister King and Minister Marshall regarding planned changes for the local campus. The seven areas identified for change are steps towards autonomy that are long overdue. The impact of this announcement will change the name and face of the local campus, the City and the region. The 38% increase in the operating grant and the independent budget process and priority setting will have a tremendous impact on our economy. Included in this increased operating grant is funding for in excess of 30 new jobs. The funding of \$1.76 million towards marketing and student recruitment will boast not only the profile of the University, but also the City and the region. "Since its inception Sir Wilfred Grenfell College has had a real impact upon our community. From direct economic benefits to cultural and social interactions the university has enriched and enhanced lives. I believe the direction announced by the provincial government will lead the City firmly on the path to becoming a "University town. Investment in Grenfell College is an investment in the skills and knowledge of our residents and is vital to ensuring Corner Brook continue to have a strong, competitive and dynamic economy. It is up to us all to take full advantage of the opportunities available to us from this

BUDGET SPEECH 2010

recent announcement. We look forward to working with University Administration, the Board of Regents, and the Provincial Government to ensure the necessary changes are put in place to ensure the full benefits of autonomy are realized.

I am sure I speak on behalf of all residents of Corner Brook and Western Newfoundland in saying how proud we are that the long awaited site selection process for the new Regional Hospital has concluded. As a Council and staff, we look forward to the opportunity to work with Provincial government officials on the development of this much needed facility. The hospital location is expected to be a catalyst for both residential and commercial growth in the City. Careful planning must take place between the Province and the City to ensure the full value of this potential for growth is captured.

Mr. Mayor, in summary, as required by legislation, and critical to sound fiscal management, our budget today is a balanced budget. I would now like to move the adoption of the 2010 budget, along with the rates and fee schedules, for the City of Corner Brook:

Revenue	\$26,550,400
Expenditure	\$26,550,400