

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Presented by: Colin Smith, CAO

Date: November 21, 2018

Subject: Proposed Budgets – General /Utilities Operating and Capital Budgets

BACKGROUND

Attached is the proposed General and Utility Operating budgets as well as the General and Utility Capital draft budgets for 2019. The Town has scheduled two full days for Town Council to review, discuss and debate the proposed budgets in advance of receiving formal approval in December. As has been discussed before, additional days will be added as well if Council requires further time to discuss the budget details.

There has been a significant amount of work that has already gone into developing this year's preliminary budgets. Senior Management and staff have dedicated a number of hours developing these proposed budgets to align with the Town's budget objectives and to meet the expectations and objectives of Town Council and residents.

The Proposed Budgets that were developed by staff are in line with the direction established by the Budget Parameters discussed in September as well as the long term capital and financial plan that was reviewed, significantly updated and approved in May 2018. The plan stays consistent to Council's objectives of investing in roads and streets; planning for a future Wellness Centre; setting aside funds for the future impact of the new RCMP station on the Town's operating budget; keeping the Town's debt levels within a manageable range; and planned management of future tax rate increases.

2019 Budget Parameters – Direction to Senior Management

To start the 2019 operating budget process, a number of guiding budget parameters and assumptions have been established for the initial draft of the 2019 budget. Those assumptions include:

Revenue Assumptions:

- *The 10 year capital plan endorsed by Council assumed a 0.5% overall increase to the Town's tax assessment base. **The budget was updated to reflect a 1.78% assessment base growth rate, after receiving preliminary information from Service New Brunswick.***

- Assume that the Town's unconditional grant will return to the levels of 2017.
- The 10 year capital plan endorsed by Council assumed a 1 cent increase to tax rate to help fund the capital budget priorities.

Expenditure Assumptions:

- The 10 year capital plan forecasting model assumed that the overall operating budget for the departments would increase by 2%, below current CPI levels (August CPI -2.9% Statistics Canada). Therefore, to start the budget process, it is assumed that all known increases such as salary and benefits; contract settlement terms; etc. will be covered within those parameters. Decisions outside the existing operating budgets that will need to be included in that 2% inflation increase also include:
 - \$30,000 for Riverview's share of the planning costs for the new RCMP station.
 - The anticipated annual budget increase associated with the RCMP budget.
 - Per the negotiation agreement with the IAFF, a new firefighter position will be added to the budget. As part of the negotiations, the Town committed to add one new fire fighter each year for 4 years to increase the complement on the current shifts.

Note: The 10 year forecasting model predicts that the 2.0% increase to the overall operating base budget will cover all the known required budget increases (i.e. salary contracts, benefits increases like WSNB, etc.) as well as the other decisions listed above.

- \$250,000 will continue to be allocated to support the fundraising initiative and the project management requirements for the Wellness Centre.
- The Town will allocate \$600,000 to an operating reserve, as per the 10 year capital plan, to earmark funds to help offset the sizable increase in rent costs associated with the new RCMP station that are anticipated in 2021.

The budget presentation to Council will be led by the Director of Finance and all departmental directors will be available to answer Council's questions and inquiries.

CONSIDERATIONS

Legal: - N/A

Financial: - N/A

Policy: - N/A

Stakeholders: - N/A

Strategic Plan:

An open and transparent budget process aligns to the overall direction established by the Strategic Plan.

Interdepartmental Consultation: - N/A

Communication Plan:

Not required at this time.

RECOMMENDATION FROM STAFF

Town Council to approve the 2019 General Operating budget; Utilities Fund budget and Capital budgets.