



2021 BUDGET SPEECH

As presented by Mayor Terry Kostyna
June 2nd, 2021

Members of Council; it is my pleasure as your Mayor to present to you our 2021 Operating and Capital Budget for approval.

Most of us campaigned on the basis of change and this seemed to resonate with voters and in August of 2020; our citizens spoke, and five new members of Council were elected.

The population in our community changes rapidly in the seasons from a small resort village to a city in the summer months. At these times we'd be like a Warman or a couple of Meadow Lakes. This is unique and needs to be handled properly and I feel this budget starts the process.

As a Council, we have made the decision to be progressive and get things done. This will come with a cost; however, we feel that the adjustments proposed will jump start the amenities in our community and add pride for the residents and visitors to Candle Lake.

Although I had previous experience sitting on council for the City of Martensville as a Councillor, all of us were new to our current positions in Candle Lake, and we had things to learn.

The first nine months of our 48-month term has given us insights as to how the resort village actually operates versus what you may see or hear from the outside. Frankly, the learning curve was steep, and we feel now that we have a better understanding of our operation, particularly through the detailed 2021 budget process we recently undertook with our staff and the assistance of HMC Management Inc.

The 2020 budget was completed and approved by the former Council and we were merely the stewards of their previous efforts for four months after we were elected.

We've worked hard, spent a lot of time, and used it wisely in anticipation of what we had to undertake in preparing the 2021 budget.

Over the past months, we have reviewed each and every operating expenditure account, learned what our 2020 reserve balances actually would be, and finally took an in depth look at the revenue side of our budget to see how we generated funds for operations over the past 4 years.

The knowledge we gained served this Council well in our 2021 budget deliberations.

We learned that:

Among many other things, key areas of operational expenditure like road repair and maintenance for example, needed more funds in order to provide a basic level of service, which we agree is not currently the case.

To that end, we began our 2021 budget focus on the revenue side of our budget to learn how we can generate required funds to operate.

We learned that our tax system relies heavily on the residential tax classification versus commercial and industrial uses which means we needed to ensure that there was a balance between what taxpayers and others that just use municipal services pay, in relation to the amount of revenue we needed to generate to fund our annual expenses.

The need for more resources in areas of infrastructure maintenance and related costs will not get better in the immediate future, so it was evident early on in our budget process that we had to ensure we had the additional and required funds allocated to these operational cost centers.

We learned that we had to generate sufficient revenue from our two primary sources – property taxes and what we generally refer to as user fees. Grants from outside services certainly assist in offsetting costs; however, they are subject to shifting and change.

Compounding everything above, we also learned that our projected 2021 assessment (overall property assessment by Saskatchewan Assessment Management Agency) would be lower by approximately 10.52% than we had in 2020 which meant we would need to generate more funds to operate versus the year before, without turning a wheel. This needed to be factored in as we deliberated our 2021 budget.

As a result, for 2021, overall taxes have been reverted back to 2016 levels:

	FROM	TO
Municipal Tax Tools	2020	2021
Mills	3	3
Mill Rate Factor Residential	1.12	1
Mill Rate Factor Commercial	1.44	2.12
Base Tax Residential	\$325	\$650
Base Tax Commercial	\$425	\$845

This will result in an increase in Tax Levy Revenue from \$2,251,092.00 in 2020 to \$2,714,124.00 in 2021.

We also learned that:

- Our 2020 tax discount of 20% (and the 15% over each of the prior 3 years) on early tax payments was higher than almost every other municipality in Saskatchewan. While this was certainly popular with many of our taxpayers, we learned in our 2021 budget deliberations, that this had in fact equated to a significant forgoing of tax revenue over the years (\$1,791,600 from 2016 to 2020 and \$3,345,996 from 2011 to 2020), that we later learned was required to operate the RV on an annual basis.

We realized that this had to be addressed this fiscal year; and we did by reducing the 2021 tax discount to 5%. This move alone is projected to generate approximately \$286,954 which we have invested into our operations budget for road and infrastructure repairs, and improved service delivery among other things.

To put this all into perspective, for a property assessed at \$352,432, this would equate to a \$195.12/year increase in taxes or 6.43%. However, when factoring in the reduced tax discount (to 5%) the overall increase to the aforementioned assessed property would increase to \$496.00 per year or \$41.00 per month.

Although some may say this is too high, while reviewing past taxes levied, we learned that there has not been a tax increase in the past number of years. Under normal circumstances it is prudent to at the very least increase taxes based on the increased cost of living annually.

In a number of past years, the RV had to use unappropriated surpluses to off-set the annual forgone revenue caused by the enormous tax discounts of the past in order to balance past years operational expenditures.

We further learned that:

- Our fees and charges levied to RV Park Owners, based on their user information to us in terms of number of units per park, was not covering the costs of providing services for their use and that this burden was being generally picked up by other tax payers which seemed unfair.

While having seasonal visitors to the RV certainly benefits to our local economy and the RV Park owners, at the same time this seasonal spike in population causes considerable strain on our municipal operations service system by virtue of increased traffic on our municipal infrastructure (such as roads, walking and hiking trails, parks and increased utility demand), as well as regulatory issues involving our first responders, fire department and CSO's, among others things.

To this end, we have increased the RV Park fees to \$611 from about \$380 to \$480 per trailer site. This will generate approximately \$437,500 in required revenue needed to offset the impact of RV park users on our municipal infrastructures and the various services we provide for them.

We also learned that:

- Our past public works budgets for street repair and maintenance were underfunded with no actually costed long term plan to remediate the current unacceptable condition of some of unpaved and paved roads. Many of our roads were crumbling, but there seemed to be little desire in recent years to raise the money for the required work. We have changed that in 2021 by adding the funds generated by reducing tax discounts and increasing RV park fees;
- The Resort Village lacked long term planning to deal with long standing issues related to drainage, land use planning and development, infrastructure management and long-term capital spending
- While some studies had been initiated regarding drainage issues, no coherent longer-term plans were in place to properly address many drainage issues that exist in the village.
- How we were generally operating was less than efficient and effective and that organizational changes needed to be made in terms of governance and operations;
- Our staffing levels in some function key areas required additional review. We hope to be addressing this later in 2021;

Finally, to add to all this, and of utmost concern, we also learned early on that we were not compliant with a variety of provincial and federal regulations related to our wastewater and solid waste management systems, and those absolutely had to be addressed. These types of environmental concerns are not things that should be postponed or ignored, and that seemed to be the case in the recent past. We are committed to getting those facilities back in compliance.

This all leads to us to where we think we need to go moving forward as a community and as a Council whose purpose is to:

- Provide good government
- Provide services, facilities and other things that, in the opinion of council, are necessary and desirable for all or a part of the municipality;
- develop and maintain a safe and viable community
- foster economic, social and environmental well-being and
- provide wise stewardship of public assets.

To this end, the following are the significant projects, actions or tasks including capital expenditures we will be undertaking in 2021 by primary function areas:

General Government

- This function area includes Council and Administration function of the municipality and represents 19.58% of total expenditures.
- This area is fairly stable.
- There has been a reallocation of certain expenditures in this function area to other function areas to more accurately reflect costs of each function area.

Protective Services

- This function area includes Policing, Bylaw Enforcement and Emergency Services (First Responders, Fire and EMO) and represents 12.18% of total expenditures
- Policing, more specifically the CSO (Community Safety Officer) cost now reflects two full time CSOs for a complete year and costs have been accurately allocated.

Transportation Services

- This function area includes primarily the maintenance of roads, streets, walking, biking and hiking trails, and other similar infrastructure and represents 41.07% of total expenditures.
- Road work has been increased significantly with \$533,000.00 worth of maintenance works planned to include work that will be contracted and materials for projects that will be undertaken internally with our own staff and equipment.
- In 2020 approximately \$196,000.00 was allocated and yet only approximately \$44,000.00 was actually spent.
- Major maintenance work in 2021 includes:
 - Lakeview Alligator Crack and chip Seal Only \$ 75,000.00 **
 - Main Street Crack Seal \$ 32,730.00
 - Fairway Drive to Golf Course \$ 120,000.00
 - Simon Lehne North to near boat launch \$ 300,000.00
 - Repair to Main Street, near HWY 120 \$ 6,000.00
 - Dust Proof All Streets \$ 40,000.00
 - Some of the Internal Work
 - Nipawin Drive Repair to Bulb
 - Parkland Place
 - Jorton Drive

** Money has been allocated in the capital budget for an engineering study to determine what funding might be required in the future to do a proper and complete repair of Lakeview Drive, including re-surfacing, drainage issues, pedestrian use among other things.

Environmental Health and Welfare Services

- This function area includes costs associated with the landfill and garbage pickup services and represents 3.62% of total expenditures.
- This function area has been newly created. These costs have been historically allocated to the Transportation Services function area.
- This function certainly will be a focus area this year as we plan for decommissioning older portions of our landfill and beginning to work within our newest provincially required and monitored operating plan.

Public Health Services

- This function area includes cemetery maintenance as well as Health services and represents 1.00% of total expenditures.
- Reallocation of costs has occurred to more accurately reflect the costs of this function area.

Planning and Development Services

- This function area includes land use related expenses to address development, planning and building issues and represents 1.16% of total expenditures. This includes things like building permits and various zoning related issues

Parks and Recreation Services

- This function area includes parks (including trail planning), recreation, culture and sport related expenditures and represents 8.86% of total expenditures.
- In 2021, we have chosen to offer grants to primary recreation organizations versus lump sum dollar amounts which should provide the organizations with resources based on their financial needs. We further intend to meet with those recreation organizations created by RVCL bylaw to further discuss recreation service delivery in general.
- We realize we are primarily a resort community with an emphasis on recreation, and that this should be a key function area.

Utility Services

- This function area includes water treatment and distribution and sewer collection and treatment and represents 1.19% of total expenditures.
- The wastewater (lagoon) function area will also be a key focus area, as we’ve undertaken plans to address previous critical regulatory compliance concerns, both for this fiscal year and to plan for what will almost certainly be required to ensure compliance in future years.

Fiscal Services

- This function area includes finance related issues including debt servicing and transfers to and from reserves and represents 11.34% of total expenditures.
- The RV is intending to transfer \$728,000 in from reserves to undertake planned capital and major maintenance work.
- The RV also intends to transfer back into reserves \$325,000 for future projects
- Total reserves, including unappropriated surplus, began in 2021 at \$4,346,649 and is estimated to have a year end balance in 2021 of \$3,918,277.
- Principal debt servicing is \$212,796 for previous paving projects.

Capital Projects - Investing and Planning for Tomorrow

The RV has included a number of major capital projects and initiatives in its 2021 budget. Overall, general capital projects will expend \$1.017 million of total expenditures and includes:

GENERAL GOVERNMENT SERVICES		2021
Project #	Capital Project Name	Expense
GG-01	Website Design	\$14,000.00
GG-02	Security Alarm/Fire Monitoring	\$14,092.40
GG-03	New Horizons for Seniors Program	\$6,993.00
		\$35,085.40

PROTECTIVE SERVICES		2021
Project #	Capital Project Name	Expense

PS002	New Snowmobile trailer for existing First Responders snowmobile and sleigh	\$3,500.00
PS003	Fire Water Truck	\$120,000.00
PS004	Fire Hall Location/Housing Study	\$25,000.00
PS005	Watch Guard System Installed	\$10,000.00
		\$158,500.00

Project #	TRANSPORTATION SERVICES	2021
	Capital Project Name	Expense
OPS	Main Street Parking Lot Barrier	\$5,000.00
TS001	Streetlight - Aspen and Main	\$13,000.00
TS002	Glendale Second Access Study	\$15,000.00
TS003	Bayview Drive Development & Main Parking Expansion Study	\$15,000.00
TS004	Grader Gate	\$16,000.00
TS005	ICIP Drainage Project	\$253,951.00
TS006	Traffic Safety Items 4ft Rectangular Planters	\$3,450.00
TS007	Traffic Safety Items Flashing Pedestrian Sign	\$9,615.00
TS008	Traffic Safety Items Delineators	\$13,913.00
TS009	Traffic Safety Items Traffic Paint Bike/Walking Path Install	\$38,961.00
TS010	205 Lakeview Drive Resurfacing Study	\$15,000.00
TS011	Soft Cover Building (for storage of salts and other consumables)	\$18,000.00
TS012	Tri Axle Trailer	\$18,000.00
TS013	Truck Replacement	\$60,000.00
TS014	Flashing Cross Walk Signs (Three locations in the Resort Village - Main Street and Simon Lehne, Main Street and Highway 265 and Highway 265 and Bayview Drive.)	\$30,000.00
		\$524,890.00

Project #	ENVIRONMENTAL HEALTH AND WELFARE SERVICES	2021
	Capital Project Name	Expense
EHW001	Landfill Piezometer Installation	\$15,290.00
EHW002	Soft Cover Building (located at the Landfill site for storage of recyclable items)	\$18,000.00
		\$33,290.00

Project #	PUBLIC HEALTH AND WELFARE SERVICES	2021
	Capital Project Name	Expense
PHW001	Beach Wheelchair	\$6,282.00
PHW002	Computers and Training	\$9,029.58
		\$15,311.58

Project #	PARKS AND RECREATION	2021
	Capital Project Name	Expense

PR001	Greenspace, Parks & Trails Master plan	\$50,000.00
PR002	Hall Renovation Phase 3	\$200,000.00
		\$250,000.00

We have worked to identify our capital requirements for the next 5 years but have much more work to do on this front. This work will continue with the initial planning of a comprehensive asset management program for the RV in 2021 via the FCM Municipal Asset Management Program which, if approved, will assist us acquiring accurate data to make future decisions regarding maintaining, replacing and repairing our municipal infrastructure

While not required by the Municipalities Act but a very good practice, we have commenced the development of an internal 5-year capital plan which our preliminary estimates indicate capital and major projects being in excess of \$6 million dollars which we will have to pay for in due course.

Increasing Communication/Customer Services

These are areas we knew we have to work on and be better at.

To this end, we have allocated funds to do better in these areas by:

- Allocating for \$14,000 for the re-development of the RV webpage;
- Introducing “The Wave”;
- Researching ways and means to have greater public access to Council meeting utilizing technology;

Community Partnerships and Involvement

The RV has strong community partnerships in conjunction with our Parks and Recreation Board, Trails Committee, Communities in Bloom Committee, First Responders and Volunteer Fire Department.

Each of these organizations plays an integral role in our community and for those impacted by the pandemic restrictions; we look forward to their strong return when safe to do so. The RV’s 2021 total budgeted contribution to these partnerships is \$280,808.00.

Summary

In summary, the RVCL’s 2021 budget includes:

- Annual 2021 expenditures projected to \$4,744,227 with revenue generation of \$4,744,227 projecting a balanced budget for 2021 with no projected surplus.
- No surpluses are forecasted. When actual results are better than budget, the difference is contributed to our reserves for use in a future year for projects and capital purchases.

As your elected council, we are committed to providing “value for taxes”.

We are projecting your tax billing will be mailed ~~June 16th, 2021 to you by xxx, 2021.~~

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This 2021 budget speech will be posted on the RV's website in the next few days.

Yours sincerely

Mayor Terry Kostyna