

## **CHECK AGAINST DELIVERY**

It is indeed my pleasure to present Budget 2018.

Since assuming office in October, this Council has been working hard to dig into the matters that our residents want us to address – from efficient City operations to service improvements to programs that make St. John’s a city where people want to live and work.

I believe I can speak for you, your worship, and for all members of Council when I say that Council discussions and debates have been passionate, interesting and, most of all, collaborative.

I believe this new energy bodes well for the coming year as this council develops the next three-year budget and a new, corporate strategic plan for 2019-2021.

Today as we announce our budget for 2018, it is important to note that this is the third and final year of the City’s current three-year budget plan, 2016-2018.

Multi-year budgeting has been very successful for the City, helping us to achieve long-term plans and make strategic decisions that are based on progressive financial management principles. Planning over a longer term allows the City to react to economic trends, ease the burdens of expensive projects and keep strategic priorities top of mind.

In 2015 and over the past two years, City Council and staff have engaged with the public on the current three-year plan, constantly reaffirming our budget position.

- When the plan was in development, the City held round-tables with over 21 stakeholder organizations, conducted “pop-up” budget events throughout the City, had over 1200 people read and offer their individual input into the decision-making process through our online engagement portal.
- Public reaction to the budgets delivered for 2016 was carefully considered, and extensive engagement opportunities occurred that year, resulting not only on tax levels being reduced to 2015 levels, but also in some of the initiatives that we will see come to fruition in this budget year, including the start of automated garbage collection.
- In fact, in 2016, budget discussions resulted in over 5,000 touch points with the public, from focus groups and public sessions to online surveys and polls.

Council took the public response to the 2016 to 2018 budget seriously, and determined it was time to take an in-depth look across all operations at City Hall. City staff undertook a year-long Program Review which netted significant annual savings for the City totalling over \$13 million.

I am also pleased to note, your worship, that because our staff implemented cost-saving measures as they were identified -- rather than waiting until the budget announcement -- a budget surplus was realized for 2016.

This surplus will partially be used to pay down the City's pension debt saving taxpayers approximately \$477,000 in interest over the next three years. The City is returning this money to taxpayers by easing expenditure pressures in the operating budget.

This year, I am pleased to announce that our commitment to operational efficiency has been formalized into a continuous improvement program. The goal of this program is to improve overall performance by identifying and reducing waste and making processes better.

Staff are currently being trained in processes that will result in change initiatives designed to add value from the perspective of our citizens and improve quality of work life for employees. The intended outcomes are to, ultimately, reduce turnaround times, improve application processes, reduce the rate of errors and reworking in our efforts and reduce waiting times for essential services.

With so many ongoing efforts to engage and improve services, starting in 2018 we intend to conduct the City's first comprehensive citizen satisfaction survey. The intent of the survey is to: identify priority issues, programs and services; gauge citizen awareness, perception of, and satisfaction with City programs and services; and to identify gaps or opportunities in services.

Data collected from the survey will help identify areas for the City's continuous improvement efforts, and will also help us identify and confirm strategic priorities for a new strategic plan and budget for 2019-2021.

Your worship, I believe that this Council has a mandate to engage more comprehensively than ever before with the publics we serve. Our most recent evaluation of the City's engagement framework reinforced this for us and for our staff: citizens want to be involved and they want to clearly understand why we make the decisions we do – even when they don't necessarily agree with those decisions.

We noted with interest almost 70 per cent of survey respondents that had participated in a City engagement activity indicated that they were satisfied overall. We are pleased with this result, and I am pleased to announce that initiatives in this fiscal year will support an even stronger focus on engagement.

During the extensive engagement on the 2016-2018 budget and during the recent election campaign, the public strongly supported a review of public transit, namely Metrobus and accessible transit. I am pleased, therefore, to announce a review of our public transportation system in 2018.

Another important issue - permitted, free and paid parking within the City - will also be a topic for public engagement when our transportation engineers deliver a parking strategy to Council early in the new year.

Other important strategies are already in development that will also provide opportunities for public engagement as we prepare for our next fiscal and planning period. All of this will help influence and guide decisions that lead to the development of the budget.

Your worship, we are challenged as a Council to ensure that we always operate in the most effective and efficient way possible. I believe another challenge we face as a Council, which is equally important, is to be accountable for our decisions. To do that, we must be open and transparent at all times.

I believe that the ongoing trial of the Committee of the Whole structure helps in that effort, and I am pleased to note that the City is currently investigating ways to make those and other Council forums more accessible to the public via webcasting, social media and other opportunities.

I am also proud to announce that a panel of expert individuals has been struck to review and advise the City on the best governance process for its Internal Audit function. By reviewing the idea of a "Municipal Auditor General" I believe we are responding to calls from the public to improve the City's governance and enhance transparency and accountability.

As independence is crucial to any audit function, best practice is to have any review undertaken by parties independent of the City, and the independent, volunteer members of this panel will be announced soon. Results of the review are anticipated in 2018 in time for the development of the next three-year budget plan.

Your worship, I have outlined today what I believe to be a solid picture of sound fiscal management on behalf of our residents. We have taken great strides to eliminate wasteful spending, improve the efficiency and effectiveness of our programs and services, and have committed to continually improving the way we do business for the benefit of the public.

To ensure we are doing our best on behalf of taxpayers, we have greatly enhanced our public engagement efforts and are taking meaningful steps to assure residents we are a transparent and accountable governing body.

With this said, I cannot understate the challenge that lies ahead for this council. The external environment is highly uncertain: the oil and gas sector is enduring major disruption; our city's population is continuing to grow while also continuing to age; age the provincial and federal governments are making policy and tax changes that will impact our municipality.

Perhaps most significant are decreasing property values, which are the basis we use to determine tax rates. The impact of changing values on the next budget cycle will likely require this Council to make difficult choices to maintain our objective of a low-cost, effective government.

So, looking forward to the 2019 to 2021 planning cycle, we can see that there is much work to be done, both by our staff and Council, as well as our taxpayers -- our residents, businesses owners and community partners -- to set our strategic priorities for the next three years and to deliver a balanced budget plan for a period in which we know we will have significant fiscal challenges.

During the recent election campaign, we heard from the public that they would like a change in approach. I believe this call for change has been reflected in voters' choice of councillors. For some this change means lowering the tax burden; for others it means adding or changing programs and services.

In all cases it means strong leadership, and for this Council that leadership will require us to work together as a team to make difficult choices that balance the needs and wants of our communities with economic and fiscal realities.

For this final year of the current cycle, in spite of powerful external factors and increasing demands from a changing public, and through extensive efforts we have reduced spending and I am pleased to present a balanced, stable budget of \$294,591,088 for 2018. This represents a marginal 0.1% increase over 2017, and requires no change in our mil rate.

Starting early in the new year, I look forward to working closely with this Council and to launching a public engagement process to begin work on the next three-year budget plan.

Thank-you your worship, and I move acceptance of Budget 2018 and all related tax resolutions to set our mil rates and fees for the City of St. John's.