

Municipal Councillors
Financial Committee
Ladies and Gentlemen

As the year draws to a close, so too has the time come to prepare a budget to finance the works we plan to do in the coming year.

As this was an election year and the municipal council has only been in place for a very short time, we will present the budget today, but we will only vote on it on 10 January 2018. Thus, all municipal councillors will have the time to read it quietly and our finance committee will also be able to give its opinion in complete peace of mind.

This is the first budget of the new majority. It is the foundation for implementing the ideas of our programme of the Council of Aldermen that we presented here a week ago.

It is at the same time a budget of continuity. We will be doing some things differently but we will also continue with many items that we planned or started a few years ago.

Looking back one year, we can be satisfied with the work that has been done. Many points were finalised, others are on track or are being planned.

It is no different nationally as many projects are still works in progress.

Although the refugee issue is far less important than it was two (2) years ago, we are always asked to welcome and integrate people who have been forced to leave their homeland against their will.

Municipal finance reform has been completed and, as a municipality, we have done quite well.

The reform of Public Service salaries has been passed and the transposition of the new provisions for our services is still a big job.

Regarding the resumption of our rescue services and the new Grand-Duchy Fire and Rescue Corps (CDIS = *Corps grand-ducal d'incendie et de secours*), as well as the transfer of our church to the new Religious Buildings Management Fund,

these reforms are still not fully implemented and we still have credit in our budget for both our fire services and church maintenance.

The discussions on the future development of our country are also well under way. I think that in the meantime, we are all aware that we cannot continue as before. The problems of traffic and housing, education and training of our children, life together among members of many nations, social security and the protection of our environment are all challenges of our future.

And we also, as municipal officials, we are challenged on all these points. We have to be proactive and think differently in order to ensure that our municipality continues to be in a position to respond effectively to future demands, be it at the staff, technical and infrastructure level.

During last year, we hired a consultancy company to analyse the municipal services to be able to reorganise and strengthen them based on this analysis. All our people participated positively and, in collaboration with our workers and employees, we have been able to establish an organisational chart which we will use to reorganise our technical and administrative services in the near future, with a view to ensuring that our municipality is optimally structured for the future. We have included several line items in the budget to put this reorganisation in place.

We are currently in the midst of planning the extension to our municipal workshop and administrative offices.

I had already raised it last year during the presentation of the budget and this point unfolds like a red thread in the statement of our Council of Aldermen: as a municipality, we have to play an increasingly larger role in these times, in a world of globalisation and free enterprise economy, but sometimes also ruthless exploitation of human resources.

It is incumbent upon us to protect our fellow citizens, ensure that our children receive a good education which will serve as a basis for their future studies and their professional life, that our young people are getting well-paying jobs and affordable housing and that our families are making ends meet, even when one of the members falls ill or loses his job, that our seniors retain sufficient means and find adequate housing to spend their old days among us.

It is our responsibility to ensure that this municipality remains a place where we must stay and live well and where we are there for each other, if help is needed.

In terms of affordable housing, we have, during the course of the past year, hosted a fourth Syrian family who we lodged in a house made available by individuals. We have provided a new home in the Maison Berna for two young families from the municipality, the construction of two (2) houses in Leyeberg is well advanced and the shell is finished, two (2) other houses on rue de la Montagne received the required permits and the works will soon start, other projects are pending. You see that things also move at this level.

Last year we were also active in the environment sector.

Thus, for the time being, we are 59.8% certified according to the Climate Accord. The annual income of €110,000.00 that it brings us, we invest it regularly in our environment and we recently signed a subsidy regulation to provide our residents with substantial support when they embark on a new construction or renovate their existing home to make it energy efficient. During the past year, we officially presented our energy concept and we are about to put it into practice. We are still aiming for a rapid 75% certification and, in this budget, we have already planned the necessary resources to achieve this, together with our Climate Team which we have just substantially expanded.

And our regional Climate Team, together with the neighbouring municipalities and coordinated by the SIAS, will also remain in the future an important partner to achieve the 75% certification in the five (5) municipalities concerned.

The SIAS organic station will remain in the future also a valuable partner of the municipality on all issues in the protection and preservation of our farmland and living spaces.

We wish to become even more active in all areas of environmental protection within the meaning of the Climate Accord. Source protection, measures against atmospheric and light pollution, purchase of products from sustainable production and fair trade, promotion of public transport and soft mobility, recycling and circular economy, etc. All this will not go unheeded, even if it will cost us a few more Euros for years to come.

Unfortunately, we were unable to get our new development plan on track in the last legislative period, since the opinion of the Ministry of the Environment on our strategic assessment of the impact on the environment (*SUP - Strategische Umweltprüfung*) was not presented on time. At the beginning of next year, at this table, however, we will start discussing the plans and the written part of the

development plan and you will also find the credits for the rest of the planning in this budget.

We will again tackle the issue of redevelopment of the Schuttrange centre, around Church Square. Together with the working group to whom we had entrusted this assignment, we will analyse the data and complete what has been compiled and ensure that this important project comes to fruition. The necessary credit for the architectural competition is also provided here.

The expansion of our Maison Relais and the construction of a new day-care have been completed and both the parents and the staff working there are delighted with this new infrastructure.

The redevelopment of the various playgrounds on the "an der Dällt" campus has also progressed well and by the Easter holidays the schoolyard and the planned awning should be completed. A next step will be to make the "an der Dällt" school site secure, which continues to grow.

The redevelopment of the Cultural Centre and a part of the school is finished. It was anything but an easy job, but due to the exemplary involvement of all the participants, the school part was delivered on time for the start of the school year. The last works on the Cultural Centre have been started and are expected to be completed in the coming months. As usual when working in this area, the work cost more than expected and we will still present an additional estimate during the next session of the municipal council. But it is worth it because the municipality only gets praise for this project as well.

We are also constantly working to develop playgrounds throughout the municipality and replace existing infrastructure. At Grousbuer, between Schuttrange and Schrassig, a playground sees the light of day that will make us proud. This was not an easy job either, but with the works scheduled to be finally completed by next spring and the playground with the mini stadium will open for good, the problems and worries will be no more, and our children will be able to enjoy to their heart's content.

For those of our fellow citizens who are seniors, they should know that the "helping hand" service (Handreechen) meets with increasing success and that more and more people are taking advantage of the team to maintain their home or garden. The project for suitable housing for those over 50 years old has also been started. The residents of the Municipality of Schuttrange enjoying a right of first refusal were also able to manifest themselves. This project has provided the

Municipality with four (4) apartments that can be rented later on to less fortunate people over 50 years old.

You will find in this budget, like every year, apart from the substantial support we give our Associations through subsidies, that we also give credits for the infrastructure they need to carry out their activities. These are credits for the football field refreshment bar, infrastructure for our cultural associations, a bike path, the expansion of the Scouts' chalet and the small pet breeding centre.

In the future, we will still have to invest in the pipeline system and, in this context, we plan to start the construction of one or the other of the retention ponds this year.

As for the roads, the Rue de Senningen to Neuhausgen, the Rue du Village in old Schuttrange to the entrance of the castle grounds (*Schlassgewann*) projects are about to start. The planning for zone 30 at Munsbach is under way. We have had to delay the pavement and bike path project between Munsbach and Niederanven since permission to move or fell trees has not yet been granted. We are working on the last part of the bike path toward Uebersyren in old Schuttrange.

Creos and Post are also supposed to do some works and we will ensure to try to coordinate everything as best as we can. All these works are only done in the collective interest of our fellow citizens since it is only in this way that supplies and evacuations are guaranteed and, accordingly, our quality of life ensured.

We have a lot to do as you saw in the statement from the Council of Aldermen, and we must ensure that we have the financial means necessary to achieve it. And even more important, we must make sure that these are used as pertinently as possible.

Our finances are healthy. The impact of municipal finance reform for our Municipality is positive. We have approximately €2.35 million in state revenue more in the 2017 adjusted budget than in 2015. This additional revenue is due in part to the favourable economic environment and the growth in the number of residents.

Our responsibility is to maintain our buildings and systems in a good state of repair so that future generations can also enjoy them.

Since the middle of this year, we have been working with a company that deals with the maintenance of our buildings and we must note that some facilities are not in the best condition. We are therefore forced to invest substantial amounts in maintenance over the coming years, as already shown by the ordinary expenditure for 2018.

And since in the future we must still be able to finance the projects that a modern municipality needs, it is important to continue to pursue a prudent and reasonable financial policy.

Our taxes still cover the majority of our costs. However, we will have to control them during the year and adjust them if the gap between revenue and expenditure becomes too wide.

As such, in terms of waste disposal, we have adopted a new concept for our waste management, based on which taxes will have to be adjusted. We also wish to find a way to calculate the taxes more often so that the amounts are lower for our fellow citizens.

Staff costs represent 26.9% of our ordinary expenditure. They are increasing this year by €200,994.00 (6.8%) since we planned to hire more people in all services based on the implementation of the analysis completed by our consultants and related to the various services. Such a staff increase is essential if we want to continue to fulfil our duties toward our fellow citizens. The rise that this represents in 2018 is effectively high but is due, among other things, to the fact that we have had fewer people this year. As for knowing if we are going to use the additional credits allocated for the coming year, this also depends of course on how quickly we will be able to find the adequate staff.

For the time being, 35 persons work for the municipality of whom 16 are workers and 19 civil servants or private employees.

For the 2018 budget, our ordinary revenue increases by about 3.5% as compared to the 2017 adjusted budget. The reason for this is the increase in revenue from the commercial tax and the Municipality Global Endowment Fund (FDGC = *Fonds de Dotation Globale des Communes*).

From the expenditure side, these climb by about 7.9% as compared to the 2017 adjusted budget. This is €873,034.30.

As each year, I insist that this is a budget.

Our principle is and remains the following: do not inflate the revenue at the outset so that you do not plan for funds that will not come in and start with a sufficiently high amount of expenditure to have the necessary credit to meet any unforeseen expenditure. And nowhere is it written that one should spend whatever is budgeted.

2017 Adjusted budget

Before passing to the 2018 budget, I wish to return to the figures of the adjusted budget for the current financial year, on which we will vote before the 2018 budget.

Our **2017 adjusted budget** reports **ordinary revenue** of approximately €15.5 million, namely 2.5% **more** than what was established when we were preparing the 2017 budget.

The reasons are mainly the additional revenue from the commercial tax from the FDGC and VAT.

We estimate the **ordinary expenditure** for **2017** to be €10.99 million, which is 7.88% **less** than what was estimated in the initial budget for 2017.

In comparison with the initial budget, we note differences among other things in the following line items:

- €12,000 less for IT leasing costs;
- €125,000 less for human resources at the secretarial office;
- €16,000 less for the Syri-Bus;
- €49,000 less for operational costs at the grouping place for green waste;
- €38,000 less for operational costs of SIDEST;
- €17,500 less for operational costs of SIAS;
- €20,000 less for maintenance costs of public places;
- €13,000 less for buying drinking water;
- €25,000 less for the maintenance costs of the sports hall;
- €969,794 less for the part of the teachers' salaries;
- €24,000 more for communication costs;
- €15,000 more for the Employment Fund (*Fonds pour l'Emploi*);
- €130,000 more for introducing Facility Management;
- €100,000 more the maintenance costs of the communal buildings;
- €27,500 more the maintenance costs of the communal roads.

Ordinary revenue, up to €2.66 million are approximately 0.55% less than what was initially estimated.

The most important extraordinary revenue streams for 2017 are:

- €360,000.00 in infrastructure taxes and developer holdings in infrastructure;
- €705,000 in state subsidies for the construction of the new day-care and the extension of the Maison Relais;
- €400,000 in state holdings for the construction of social housing;
- €196,875 in subsidies as part of the Housing Accord.

For 2017, our **extraordinary expenditure** amounted to approximately €8.8 million, representing 56% less than what was planned for in the initial budget.

Here are the major expenditure streams:

- €100,000 for converting the rectory;
- €100,000 for the development plan;
- €71,919 for the sky pictures of the municipality;
- €348,681 for the construction of the new day-care;
- €220,110 for the extension of the Maison Relais;
- €85,000 for converting the Maison Relais;
- €391,212 for the breeding centre for small domestic animals;
- €300,000 for the construction of rainwater overflow basins by SIDESE;
- €130,000 for projects in the framework of the Climate Accord;
- €126,185 € for the transformation of a house acquired by the municipality for rental purposes;
- €518,606 € for the building of 2 houses at "Leyebierg";
- €335,000 € for the building of a new playground at "Grousbuer" and "Leyebierg";
- €175,000 € for the rehabilitation of our green spaces;
- €100,000 € for the rehabilitation of the entrancy of Schlossgewann/rue de Luxembourg;
- €50,000 € for the rehabilitation of Chemin Brehm;
- €191,267 € for acquiring new vehicles for the technical service;
- €1,000,000 € for acquiring new land;
- €285,000 € for purchasing reserve capacities at SIDERE;
- €2,193,797 € for the rehabilitation of the school, sports and cultural centre in Munsbach;

- 350,000 € for the rehabilitation of the surroundings for the schools “an der Dällt”.

The adjusted budget for the financial year ended 2017 shows a penalty of €1,511,928.08 **€1,531,928.08.**

If the bonus of €13,481,422.11 from the 2016 financial year was added here, 2017 should be closed with a bonus to carry forward assumed of €11,969,494.03 **€11,949,494.03.**

III. Budget 2018

Let us turn now to the 2018 budget, namely the credits we need to implement our projects for the coming year.

Ordinary revenue amount to some €16 million. They are about **6%** more than the 2017 **initial** budget, and **3.5%** more than the 2017 adjusted budget.

Thanks to municipal finance reform, we cash directly 35% of the commercial tax which comes from our territory, which amounts to some €2 million. This is why we receive approximately €10.9 million from the new FDGC, which represents about 80% of the ordinary revenue of the Municipality of Schuttrange. Compared to the 2017 adjusted budget, that gives us a 4.7% increase.

The ordinary expenditure amount to a total of €11.87 million. Compared to the initial budget for 2017, they are less than €0.068 million or 0.57%. Compared to the 2017 adjusted budget, we are, however, showing a 7.93% increase in ordinary expenditure for 2018.

We are thus witnessing a relatively strong increase in expenditure compared to the 2017 adjusted budget. This is due to a wage agreement in the public sector, to an index tranche of 2.5% in the second half of 2018, for additional staff that we intend to hire (1 editor (*rédacteur*), 1 urban-architect, 1 supervisory officer (*Pechert*) and 1 foreman, 1 worker), pursuant to the Facility Management contract and the relatively high maintenance costs it will incur over the next two (2) years.

For 2018, we have projected salary costs of around €3.2 million, representing some 2% of our ordinary expenditure. These salary costs are allocated as follows: €1,195,000 for municipal workers, about €1,355,000 for administrative

staff (secretariat and revenue), some €70,000 for the person in charge of the firemen, knowing that the Municipality of Niederaanven reimburses us 50% of his salary, the municipal officer, as well as €577,000 for the technical services staff.

In heading 1 "*General services of public administrations*", the projected expenditure for 2018 is €3,514,629.86. This represents a 2.7% increase compared to the 2017 adjusted budget, mainly due to the strong participation in the Employment Fund and a rise in staff costs.

Heading 2 "*Social protection*" comprises expenditures of €1,300,026.28. This includes Meals-on-Wheels and the Seniors Club, but also the day-care and the Maison Relais. Compared to the 2017 adjusted budget, this shows an increase of about €195,000, mainly due to the additional costs for the day-care and the Maison Relais where we are constantly welcoming more children.

Heading 3 "*Public order and safety*" has expenditures of €401,386. We are witnessing an increase of 30.13% compared to the adjusted budget, by the fact that the municipalities receive a share in the operating costs of the new CGDIS which was created under the restructuring of the emergency services.

The heading "*Financial Affairs*" amounts to €520,650 and includes rural roads, the Forestry Service, tourism and the buses that we organise. Our annual membership fee to the Central-West-Regional-Tourism-Office (*ORT-Centre-Ouest - Office Régional du Tourisme*) is also part of it.

The heading "*Environmental protection*" projects expenditures of €1,413,497.23. It includes waste management (€688,750), wastewater treatment (up to €599,272) as well as the share of the SIAS nature protection (€125,475,23). An increase of some 7% is noted for this heading, due to the constantly increasing expenses of the unions that take up these missions for us.

Under the heading "*Collective housing and equipment*" are maintenance of public spaces, traffic, maintenance of municipal roads and the cemetery as well as the operating costs for the workshop of the Technical Services. This heading includes worker salaries and all the costs of vehicles and work equipment. The costs here amount to €2,536,000, namely a moderate increase of 2.77% when compared to 2017, due to the hiring of additional staff and the costs associated with the Facility Management contract.

The heading "*Leisure, culture and worship*" includes sports fields (€100,000), sports halls (€355,875), sports club subsidies (€22,500), the Cultural Centre (€208,875), the music school (€235,500), the church (€15,000), official meetings (€120,000) and finally sundry expenditure such as allowances for course lecturers, subsidies for the cultural association, the purchase of artwork, etc. (€87,750). All in all, this heading amounts to €1,145,500, representing a 11.16% increase when compared to 2017, due to the Facility Management contract costs.

Finally, the heading "*Education*" amounts to an expenditure of €961,975. Within this context, it must be said that due to municipal finance reform, municipalities are no longer responsible for the staff cost item under the heading education, namely some €975,000. That is why we are showing a 46.5% drop as compared to the initial budget for 2017.

We will continue to control our ordinary expenditure since we know that we cannot consider current growth and related revenue as a given, but rather we should be prepared for less favourable times.

Extraordinary revenue streams

We estimate the extraordinary revenue for the year to be €3,250,932. As such, this shows a 21.2% increase compared to the initial budget for 2017 since we are entitled to different state subsidies for our day-care and the Maison Relais, as well as for the construction of homes.

Here is an overview of the most important revenue streams on which we depend for 2018:

- €100,000.00 as developer holdings under the PAPs;
- €125,000.00 in infrastructure taxes;
- €2,622,500.00 in state subsidies for the construction of social housing;
- €150,000.00 in state subsidies for a road linking Munsbach to Niederanven;
- €108,216.00 in subsidies as part of the Housing Accord.

Extraordinary expenses

The planned extraordinary expenses amount to €19,187,615.00 for 2018 and are broken down as follows:

- €410,000.00 for converting the rectory in Schuttrange;
- €200,000.00 for the development plan;
- €20,000.00 for possible projects in the framework of the "Airregion convention" (*Convention pour un développement intercommunal coordonné et intégratif des Communes limitrophes de l'Aéroport de Luxembourg*);
- €100,000.00 for the architectural competition in the framework of the restructuring of the centre of Schuttrange;
- €45,000.00 for the geographic IT system;
- €50,000.00 for consultancy fees in the framework of the extension of our services;
- €100,000.00 for the studies and town-planning advice;
- €20,000.00 for reassessing the municipal youth plan;
- €50,000.00 for repair of forest roads;
- €100,000.00 for our part of the vehicles of the forestry officer;
- €1,000,000.00 for the breeding centre for small domestic animals in Uebersyren;
- €100,000.00 for the refurbishing of the public spaces in the activity parc Syrdall;
- €153,750.00 for the development of the recycling centre;
- €200.000,00 for repairing the pipeline system in rue d'Oetrange in Schrassig;
- €25.000,00 for moving a rainwater pipe in Schuttrange;
- €100.000,00 for moving a rainwater pipe for surface waters in Schuttrange / Munsbach;
- €50.000,00 for preventing flooding;
- €100.000,00 for pipeline repair in Munsbach;
- €1.500.000,00 for capital input at water trade union SIDEST;
- €375.000,00 for measures in the interest of climate protection;
- €250.000,00 for acquiring land for social housing;
- €2.825.000,00 for the construction of housing for rental purposes for young people and families;
- €1.000.000,00 for the construction of housing for rental purposes for our seniors aged 50 and above;
- €110.000,00 for a bikepark;
- €200.000,00 for expanding playgrounds all over the municipality;
- €50.000,00 to renew barbecue areas;
- €25.000,00 to create green areas;
- €100.000,00 to improve pedestrian crossings (*phase 2*);
- €500.000,00 for the restoration of rue de Senningen in Neuhäusgen;
- €300.000,00 for the construction of a parking lot next to the cemetery and the rehabilitation of the cemetery;

- €50.000,00 for the cycling and walking path under the motorway between Munsbach and Niederanven;
- €300.000,00 for a cycling and walking path between Munsbach and Niederanven;
- €220.000,00 for the zone 30 in front of the campus "an der Dällt";
- €600.000,00 for restructuring the entrance of Schrassig and the entrance of the castle grounds (*Schlassgewann*);
- €560.000,00 for the recovery of rue du Village in old Schuttrange;
- €150.000,00 for infrastructure works in rue de Canach and in rue principale in Schuttrange;
- €400.000,00 of the rehabilitation of Chemin Brehm;
- €125.000,00 for creating a footpath between rue de la Vallée and CR 171 "Birelergronn" in Neuhäusgen;
- €100.000,00 for creating cycling and walking paths;
- €300.000,00 for the last part of the cycling and walking path between old Schuttrange and Uebersyren;
- €50.000,00 for expanding our technical services hall;
- €200.000,00 to acquire vehicles for the technical service;
- €100.000,00 for measures in view of creating a source protection area;
- €50.000,00 for the study in view of the new development project of a source in Birelergronn;
- €75.000,00 for the rehabilitation of the water basin in Neuhäusgen;
- €2.600.000,00 to acquire land and homes;
- €295.000,00 for refurbishing the football field refreshment bar;
- €200.000,00 for the reclamation of the roof of the pavilion in Munsbach;
- €50.000,00 for the study in view of the construction of a multi-purpose hall;
- €50.000,00 for the study in view of the expansion of the Scouts' chalet;
- €300.000,00 for the rehabilitation of the Cultural Centre in Munsbach;
- €400.000,00 for the ecological rehabilitation of the school centre;
- €50.000,00 for the study in view of the expansion of the school centre.

The 2018 budget is closed with a bonus of €231,581.64. The ordinary surplus amounts to €4,218,770.61 for 2018 which represents 26% of our ordinary revenue.

You see, our finances are healthy and this is about now using our funds in the most sustainable and efficient way. If we continue to employ reasonable management, we will not have any major concerns for the future.

We will also be able to finance some other major projects that are still outstanding such as the construction of a new Cultural Centre and a multipurpose hall for our associations, the extension of the municipal workshop and the water treatment plant, the construction of various roads and the possible expansion of the School Centre. But when planning all the projects, it is a question of analysing all the secondary costs that can occur during the entire life of the project since it is often those which are by far more important than the project itself.

I take this opportunity to warmly thank all our agents who assisted with preparing this budget document.

I am speaking to all those who share this table and ask you to submit any additional proposals to the budget to the Council of Aldermen within a week.

I look forward to a constructive discussion on this document at our meeting of 10 January 2018 and I wish you all a Happy New Year.

We look forward to seeing you with pencils sharpened in January.