



2023 GENERAL OPERATING BUDGET RECOMMENDATION TO FINANCE COMMITTEE November 21, 2022



SAINT JOHN

RECOMMENDATIONS

- **2023 General Operating Budget \$177,287,500**
 - Year Over Year budget increase of \$12.6M or 7.6%
 - Year Over Year Property Tax Revenue Increase of 8.1%
- **Property Tax Rate of \$1.62 per \$100 of assessed value**
 - 9 Cent Reduction Year over Year due to assessment increase
- **Property Tax Multiplier**
 - Non Residential Class increase from 1.5 to 1.7
 - Heavy Industrial Class increase from 1.5 to 1.7
- **Budget informed by City Approved Plans**
 - Strategic Plan, Master Plans, Financial Plans
 - Strategy First, Budget Consideration Follow
 - Budgets submissions from Commissioners based on plans

Goals



Vibrancy

We value a city that pulsates with life through arts, culture, recreation, education, employment, innovation, diversity, and population growth.



Prosperity

We are focused on creating an environment where all our citizens, neighbourhoods, natural spaces, and businesses thrive.



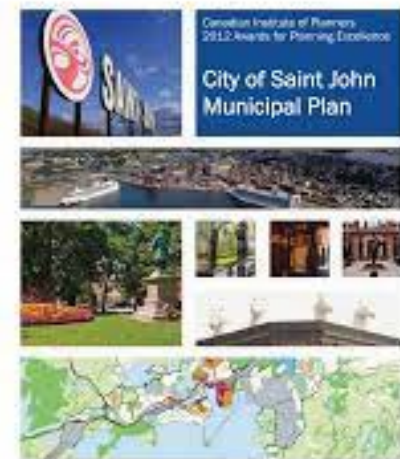
Service

We are a professional public service, and an engaged, informed community working together to ensure quality and innovative service delivery benefits all in a growing Saint John.



Accountability

We are committed, with our partner agencies, boards, and commissions, to demonstrating transparency in financial stewardship, performance management, and reporting outcomes, so our taxpayers and customers see value in their investments.



PlanSJ:

A bold New Plan to guide Saint John's Future



SAINT JOHN

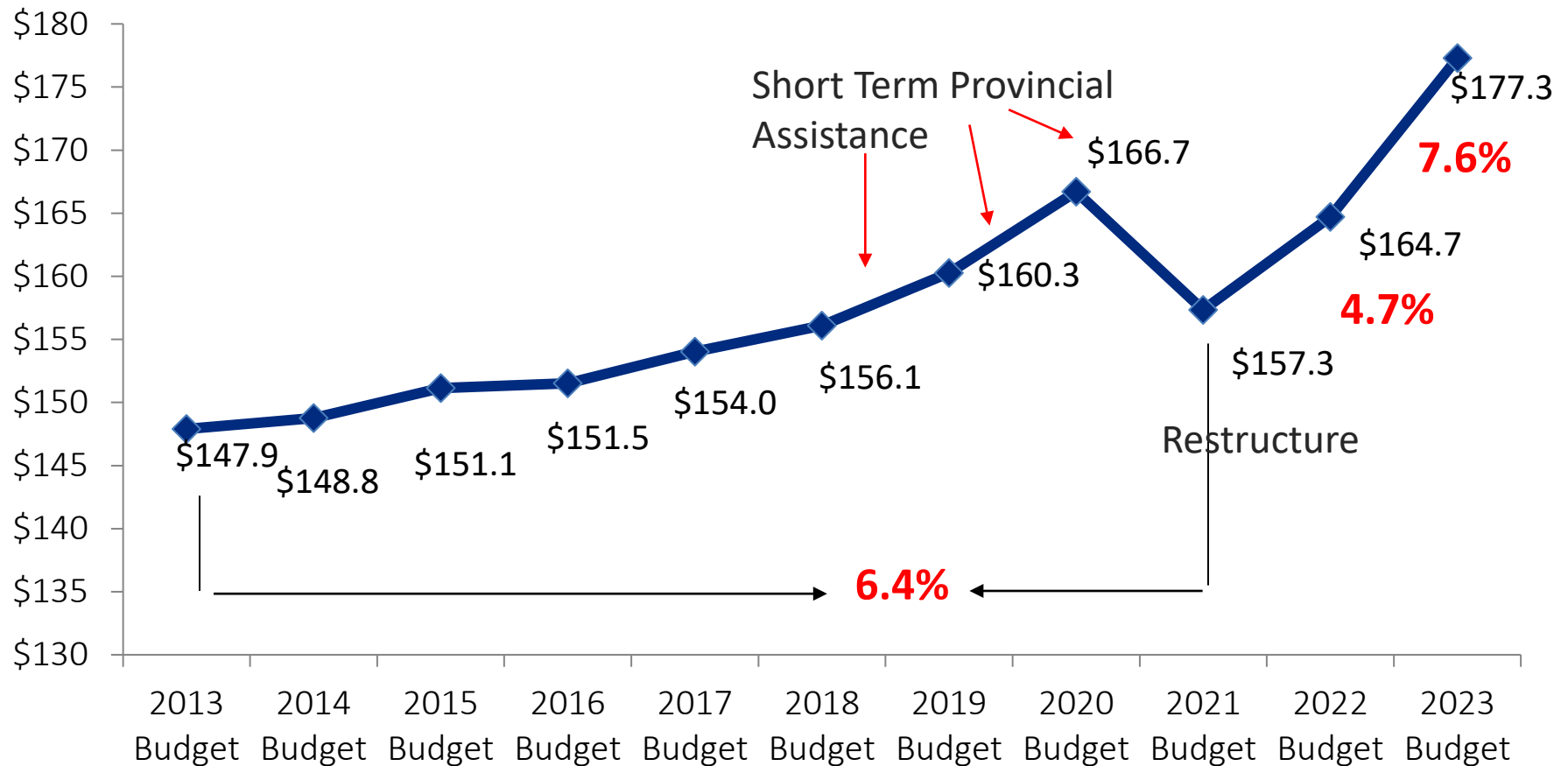
2023 Draft General Fund Budget by Service

	2023 Budget \$	2022 Budget \$
Revenues		
Property Taxes	142,105,410	131,478,866
PILT Adjustment	64,323	-
Equalization & Unconditional Grant	15,321,432	16,647,119
Regional Services Grant	546,630	-
Surplus 2nd Year Previous Year	1,753,145	-
Transfer from Operating Reserves	800,000	2,367,056
Own Source Revenues	15,684,560	14,228,817
Saint John Energy Benefits	1,012,000	-
Total Revenues	177,287,500	164,721,858
Expenditures		
Growth & Community Services	18,580,739	16,291,320
Public Works & Transportation Services	41,715,344	39,445,202
Public Safety Services	59,633,669	56,204,643
Utilities & Infrastructure Services	6,994,893	6,623,401
Strategic Services	7,917,074	7,286,166
Corporate Services	7,443,379	7,092,813
Other Charges	35,002,402	31,778,313
³ Total Expenditures	177,287,500	164,721,858

General Fund Operating Budget

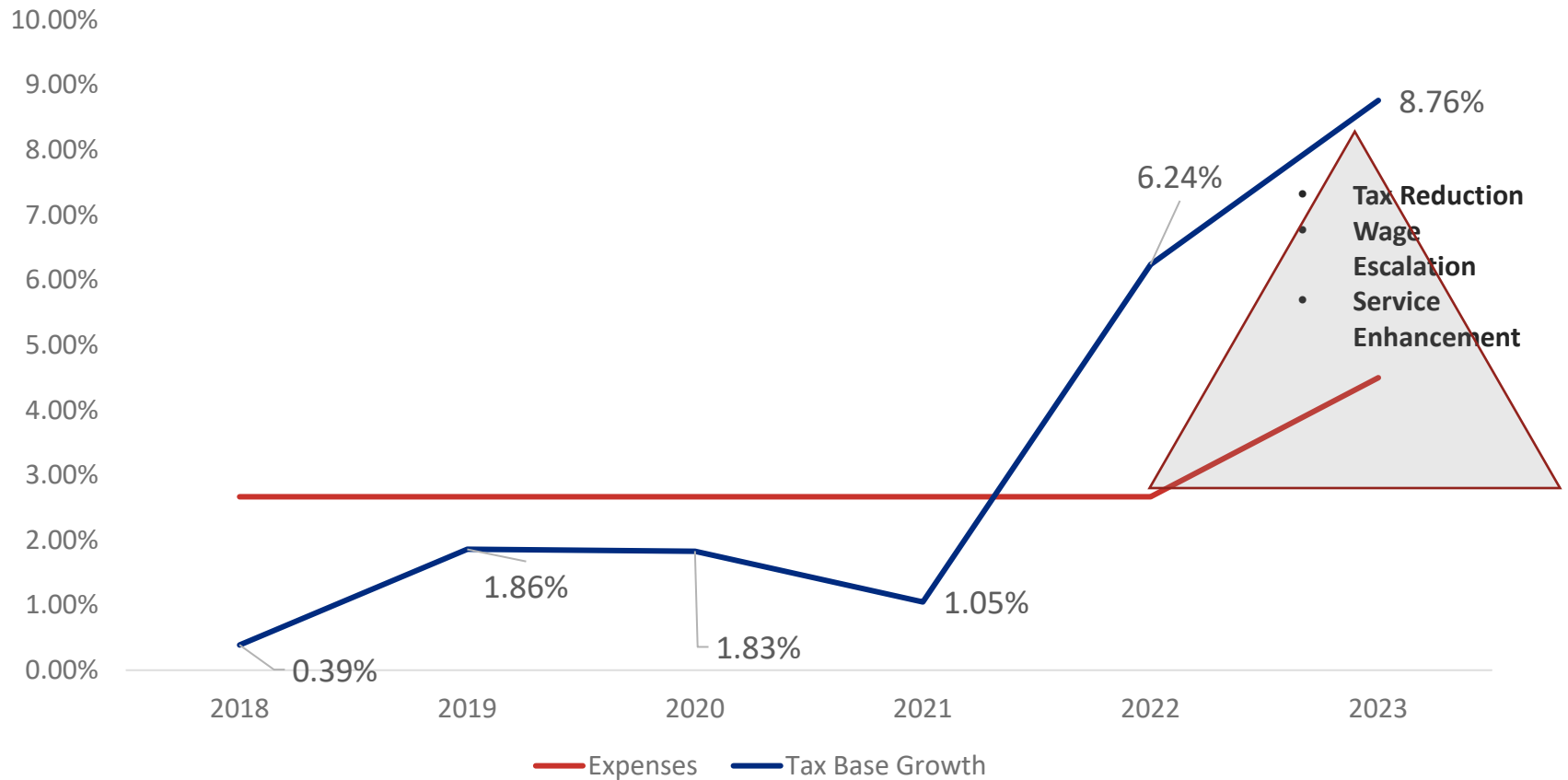
General Fund Operating Budgets 2013-2023

\$ in Millions



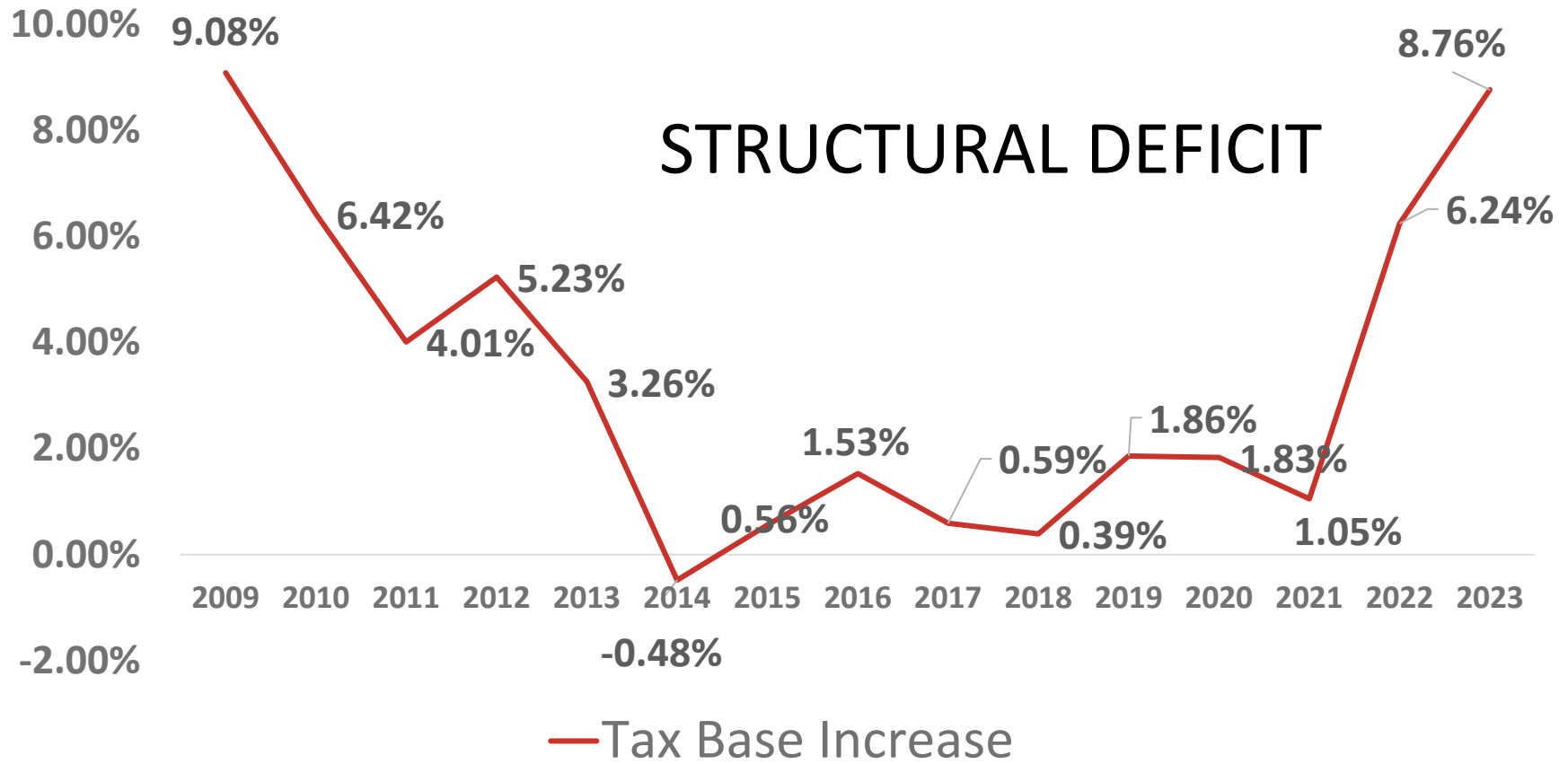
Structural Deficit

Expense Growth vs Tax Base Growth



LTFP Needed in Good Times and Bad

Saint John Tax Base Increase



Economic Pressures

Recent inflation rates for Canada

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2022	5.1%	5.7%	6.7%	6.8%	7.7%	8.1%	7.6%	7.0%	6.9%	6.9%			
2021	1.0%	1.1%	2.2%	3.4%	3.6%	3.1%	3.7%	4.1%	4.4%	4.7%	4.7%	4.8%	3.4%
2020	2.4%	2.2%	0.9%	-0.2%	-0.4%	0.7%	0.1%	0.1%	0.5%	0.7%	1.0%	0.7%	0.7%
2019	1.4%	1.5%	1.9%	2.0%	2.4%	2.0%	2.0%	1.9%	1.9%	1.9%	2.2%	2.2%	1.9%
2018	1.7%	2.2%	2.3%	2.2%	2.2%	2.5%	3.0%	2.8%	2.2%	2.4%	1.7%	2.0%	2.3%

City Debenture Rate

2021 – 2.28%
2022 - 4.44%

Direct Core Funding & Equalization to be Eliminated in 2027

>Approx \$3.4M

CREA - Property Sales In Saint John

<Approx 30% YOY
< Approx 15% last 5 Years

RBC Forecast - Recession Early 2023

Saint John Core Funding & Equalization Grant

		Direct Municipal Funding		
		2023	2022	Change
<i>Core Funding & Equalization</i>		\$ 2,058,534	\$ 2,573,168	-\$ 514,634
<i>Equalization</i>		\$ 13,262,898	\$ 14,073,951	-\$ 811,053
<i>RSC Grant</i>		\$ 546,630	-	\$ 546,630
Total		\$ 15,868,062	\$ 16,647,119	-\$ 779,057
		Direct Municipal Funding		
		2027F	2022	
<i>Core Funding & Equalization</i>		\$ -	\$ 2,573,168	-\$ 2,573,168
<i>Equalization</i>		\$ 13,262,898	\$ 14,073,951	-\$ 811,053
<i>RSC Grant</i>			\$ -	\$ -
Total		\$ 13,262,898	\$ 16,647,119	-\$ 3,384,221

2023 SERVICE ENHANCEMENTS

1. No Service Reductions
2. \$3 million dollars for Recreation Facility in the Operating Budget
3. \$800,000 Community Services Operating Reserve
4. 5 new casuals to cut grass and mow medians
5. 6 new casuals to look after Fundy Quay and beautification
6. Saint John Transit Subsidy increase 7% - \$360K
7. Funding for North End Neighborhood Plan
8. Funding for a City Market Strategic Plan
9. Funding new contract position to support Affordable Housing Action Plan as well as increased budget in goods and services
10. Funding for 5 new Recreation programs (including cost of 2 all terrain wheelchairs and reinstatement of Passport to Parks)



2023 SERVICE ENHANCEMENTS (Continued)

11. 27% Increase in Community Grants (\$50,000)
12. Additional staffing for Community Services included (2FTE) to support recreation, community development and social inclusion
13. Additional temporary staffing to support enhanced recreational programming (Playground supervisors, special events summer support staff)
14. 10 Year HR Strategy and Employee Performance System
15. Recreation Subsidization Review
16. Parking Study
17. Development of Community Energy Action Plan (net zero 2050)
18. Funding to support Civic Commemoration & Abilities Advisory Committees



2023 SERVICE ENHANCEMENTS (Continued)

19. New full-time resource to increase ability to support traffic enhancements, active transportation, as well as design and construction management of capital projects
20. Additional temporary staffing to support City Market Strategic Plan and Night Market
21. Continued investment in IT Security and infrastructure , Public Safety Records Management Systems
22. Employee recognition program
23. New Internal Audit/Risk Management Position
24. Professional development funds for Mayor and Council
25. Funding for Urban Stormwater outfall inspections



*Community
Services
Operating
Reserve*



OPPORTUNITIES



Affordable Housing One-time Investments (Example M.H.E)



One-time blitz to Dangerous Buildings



One-time blitz to Minimum Standards



One time community improvements



One time top of social programs



Growth Committee Oversight



Who is Responsible?

- **3 Levels of Government**
- **Who is responsible for what service provided to the Citizen of Saint John?**

Canada

New Brunswick
Nouveau Brunswick



SAINT JOHN

Federal Government



- Seniors Programs
- Poverty Reduction
- Employment Programs
- Funding Health Care
- Citizenship & Immigration
- Criminal Law
- Family Policy

Canada 



Provincial Government



- Education
- Healthcare
- Highways
- Income Assistance
- Subsidized Housing
- Nursing Homes
- Tourism



Municipal Government



- City Roads
- Police and Fire Services
- Drinking Water
- Public Transit
- Zoning (land use)
- Recreation
- Garbage, Compost and Recycling



SAINT JOHN



Allocation of Total Tax Income By level of Government



Canadians count on local governments for good roads and bridges, efficient public transit, reliable water and waste systems, quality recreational facilities and so much more. In fact, municipalities build and maintain 60 percent of the core public infrastructure that supports our economy and quality of life.

From every tax dollar spent, the City only receives 8 Cents



Federal Provincial Municipal



AFFORDABLE HOUSING FUNDING

Funds Available

- 2022 Affordable Housing Fund - \$1,100,000 (Fed/RDC)
- 2022 Affordable Housing Operating Budget - \$300,000
- 2022 PEDL via HDC - \$25,000
- 2022 CANF – \$75,000
- 2023 Community Services Fund - \$800,000 (New)
- 2023 Affordable Operating Budget - \$105,719 (New)
- 2023 Expanded Urban Development Incentive - \$220,000
- Total Funds Available 2022/2023 - \$2,625,719

SPENT TO DATE APPROXIMATELY \$116,000



SAINT JOHN

Affordable Housing Action Plan Priorities for 2023

- Establish Affordable Housing Planner role - \$110,000 Fully Budgeted
- Create a Housing Advisory Committee
- Research governance models for a municipal housing entity to enable coordination and stewarding of the plan (TBD)
- Establish municipal Affordable Housing Fund to stimulate development of new units (\$800,000)
- Leverage funding available at federal & provincial governments to accelerate supply
- Work with community partners to address homelessness
- Expand Urban Development Incentive program \$220,000 Fully Budgeted
- Enhance Property Compliance programs (TBD)
- Launch North end Neighborhood Plan - \$200,000 Fully Budgeted
- Review of Zoning Bylaw review to address any barriers
- Develop policy for municipal land disposition that supports affordable housing
- Develop monitoring system for tracking plan indicators

100% of 2023 Affordable Housing Action Plan action items is fully budgeted



BENCHMARKING TAX RATES

MUNICIPALITY	TAX RATE	MULTIPLIER
Saint John	Proposed \$1.62 per \$100	1.7
Moncton	Approved \$1.44 per \$100	1.61
Quispamsis	Approved \$1.278 per \$100	1.7
Rothesay	Approved \$1.19 per \$100	1.7
Grand Bay-Westfield	Approved \$1.35 per \$100	1.7
Fredericton	Proposed \$1.3386 per \$100	1.7



Competitive Advantage New Construction

Competitive Advantage

	<u>Residential Development</u>	<u>Tax Rate</u>	<u>Property Taxes</u>	<u>20 Years</u>	<u>Savings over Saint John</u>
<i>Saint John**</i>	\$50,000,000	1.62	\$810,000	\$16,200,000	N/A
<i>Rothsay</i>	\$50,000,000	1.19	\$595,000	\$11,900,000	\$4,300,000
<i>Quispamsis</i>	\$50,000,000	1.278	\$639,000	\$12,780,000	\$3,420,000
<i>Fredericton*</i>	\$50,000,000	1.3386	\$669,300	\$13,386,000	\$2,814,000
<i>GBW</i>	\$50,000,000	1.35	\$675,000	\$13,500,000	\$2,700,000
<i>Moncton</i>	\$50,000,000	1.4443	\$722,150	\$14,443,000	\$1,757,000

** *Saint John Proposed 2023 Rate*

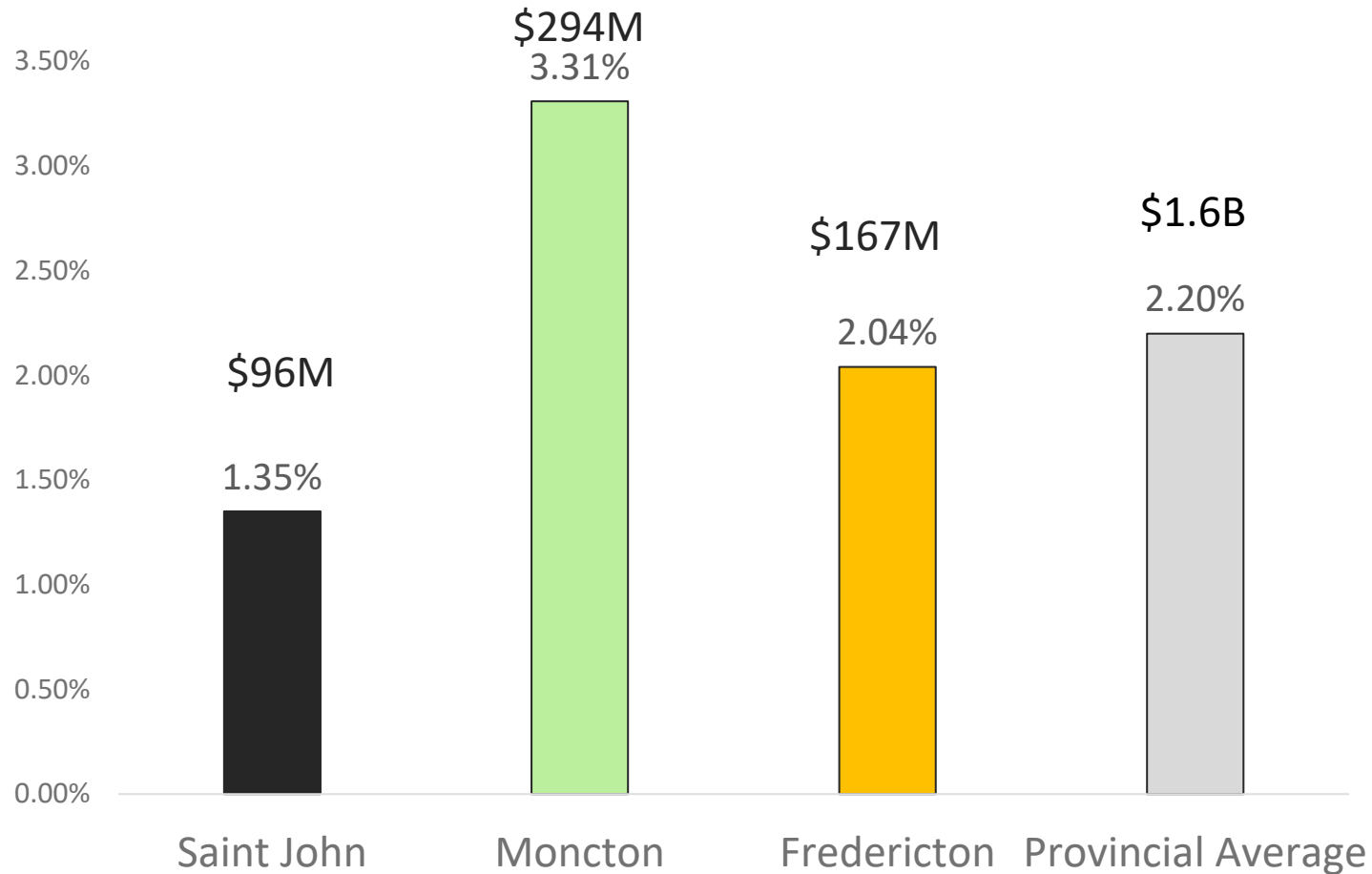
* *Fredericton Proposed 2023*



ASSESSMENT



2023 New Construction % of Tax Base Growth



Provincial Property Tax Room

Provincial Budget 2022-2023 proposes that over the next three years, beginning in 2022, the Provincial Property Tax Rate for non-residential properties be reduced by **15%**, from \$2.1860 to \$1.8560 (*Tax Room*)

	Assessment	Provincial Tax (2.186)	Provincial Tax (1.856)	Tax Room
Non Residential	\$ 1,524,674,900	\$ 33,329,393	\$ 28,297,966	\$ 5,031,427
Heavy Industry	\$ 522,135,900	\$ 11,413,891	\$ 9,690,842	\$ 1,723,048
Total	\$ 2,046,810,800	\$ 44,743,284	\$ 37,988,808	\$ 6,754,476



Total Non-Residential Property Tax Rate

	Non Residential Property Tax Rate		
	<i>Municipal Tax Rate</i>	<i>Provincial Tax Rate</i>	<i>Total Tax Rate</i>
2022	2.565	2.186	4.751
2023	2.754	1.856	4.61
Change	0.189	-0.33	-0.141

City needs a tax rate of 2.895 (multiplier of 1.787) or a City Tax Rate of 1.703 to enter 100% of Provincial Tax Room

2023 Municipal Property Tax Calculation

1.62 Tax Rate

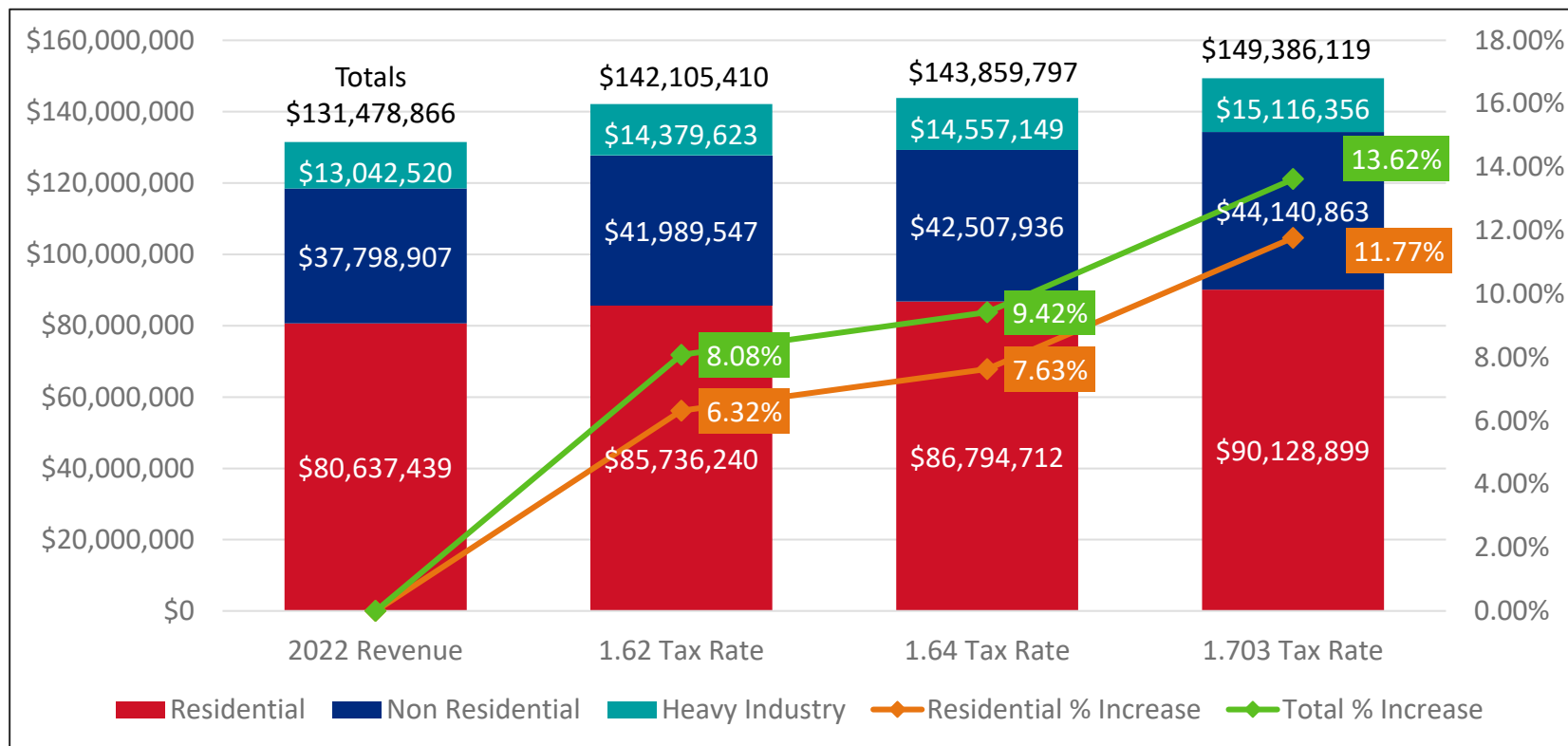
Residential Class						
		2023		2022	Change	%
Assessment Base	\$	5,292,360,500	\$	4,715,639,700	\$ 576,720,800	
Tax Rate	\$	1.62	\$	1.71		
Property Taxes	\$	85,736,240	\$	80,637,439	\$ 5,098,801	6.32%

Non Residential						
		2023		2022	Change	%
Assessment Base	\$	1,524,674,900	\$	1,473,641,600	\$ 51,033,300	3.46%
Tax Rate	\$	2.7540	\$	2.5650		
Property Taxes	\$	41,989,547	\$	37,798,907	\$ 4,190,640	11.09%

Heavy Industry						
		2023		2022	Change	%
Assessment Base	\$	522,135,900	\$	508,480,300	\$ 13,655,600	
Tax Rate	\$	2.7540	\$	2.5650		
Property Taxes	\$	14,379,623	\$	13,042,520	\$ 1,337,103	10.25%



Impact of Change in Tax Rate to Max Room

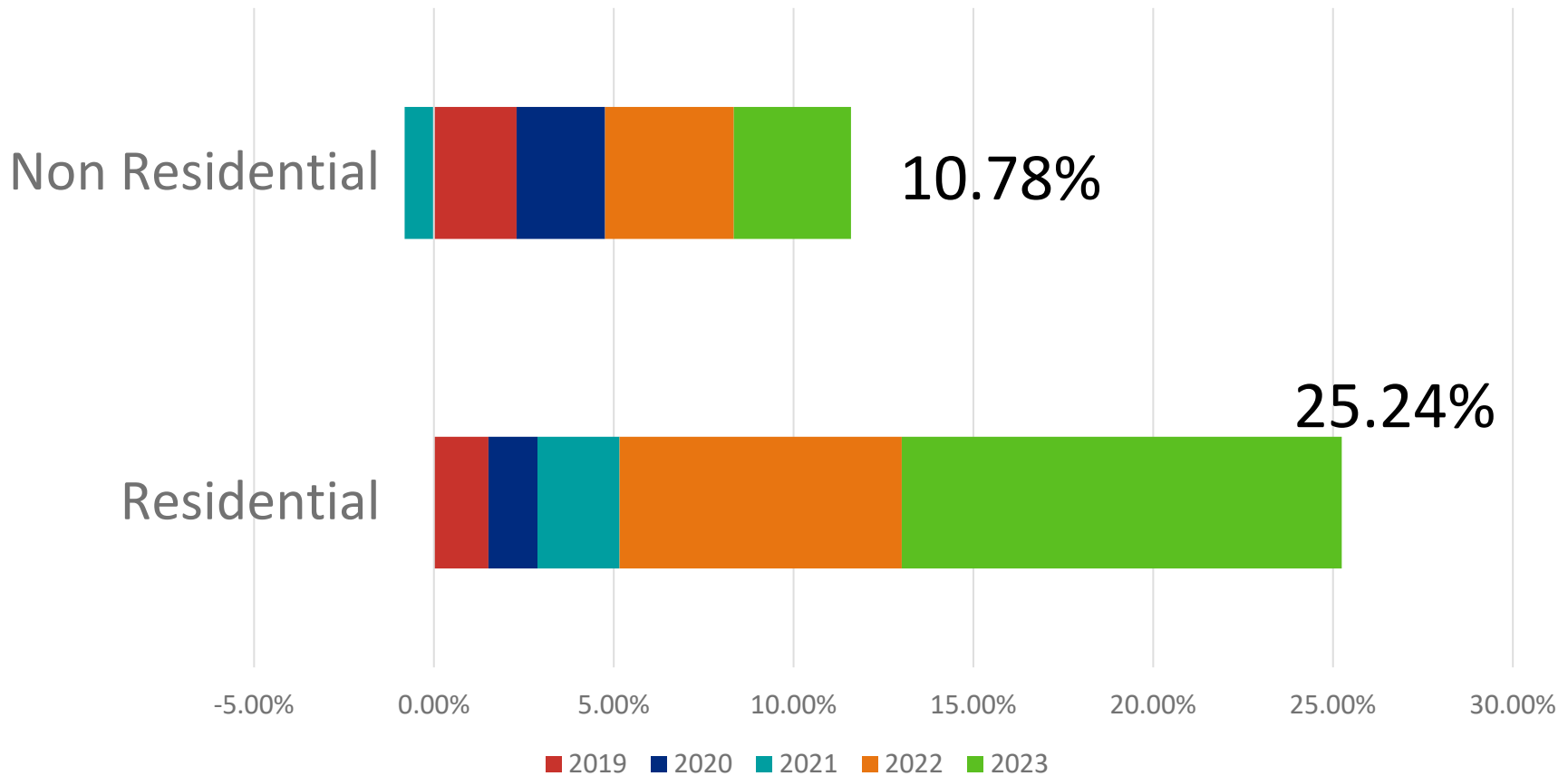


At Max Room, City raises property tax revenue by \$17.9M in one year (13.62%), however residential increases 11.77% paying \$9.49M more than 2022.

Operating budget expenditures would increase at an unsustainable level.

Saint John Tax Base Growth – 2019-2023

Non-Residential Class vs Residential Class Tax Base Growth



FINANCIAL SUSTAINABILITY

The budget follows 4 key financial values set out in the long-term financial plan:

1. **Don't spend more money than you make** – 2023 budget is a structurally balanced budget
2. **Borrow Wisely** – the budget includes principal and interest charges of \$15.7M. The city continues to reduce debt and increase pay as you go and is on track with its Debt Management Plan.
3. **Save your money for a rainy day** – The budget includes approximately \$3.9M in capital reserves to address several Council priorities, avoiding new debt and continuing a culture of “save first” versus “spend first”.
4. **Take control of your expenses before they take control of you** – the 2023 operating budget follows the City's wage escalation policy.



Financial Performance

Measure	Direction	LTFP Base	2023 Budget	2030 Target
Debt per Capita	Lower is better	\$1,427	\$1,233	\$1,175
Debt Service Ratio	Lower is better	10.5%	8.9%	9.0%
Total Debt as a % of Operating Budget	Lower is better	60%	49%	50%
Tax Rate	Lower is better	\$1.785	\$1.62	\$1.57
Total People Cost (% of total revenue)	Lower is better	57%	52%	N/A

Recommendation to Finance Committee

It is recommended that the Finance Committee approve the proposed 2023 General Fund Operating Budget and forward to the next meeting of Common Council for receive and file and endorse the following

RESOLVED:

1. That the sum of \$177,287,500 be the total Operating Budget of the City of Saint John for 2023.
2. That the sum of \$142,105,410 be the Warrant of the City of Saint John for 2023.
3. That the tax rate for the City of Saint John be set at \$1.62.
4. That the City of Saint John set the property tax rate for Heavy Industrial Class at 1.7 times the residential rate.
5. That the City of Saint John set the property tax rate for Non-Residential Class at 1.7 times the residential rate.
6. That Wage Escalation Policy apply to the Management Professional Group.