



**City of Saint John**  
**Finance Committee - Open Session**  
**AGENDA**

Thursday, December 6, 2018

5:15 pm

8th Floor Boardroom, City Hall

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	<b>Pages</b>
<b>1. Call to Order</b>	
1.1 Approval of Minutes - October 17, 2018	1 - 6
1.2 Coast Guard Administration Building	7 - 11
1.3 2018 Year End Forecast and Reserve Recommendation	12 - 30
1.4 Transit Reserve	31 - 32
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The City of Saint John

MINUTES – OPEN SESSION FINANCE COMMITTEE MEETING  
OCTOBER 17, 2018 AT 4:30 PM  
8<sup>th</sup> FLOOR BOARDROOM, CITY HALL

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Present: Mayor D. Darling  
Councillor D. Merrithew  
Councillor G. Sullivan  
Councillor S. Casey  
Councillor D. Reardon

Absent: Councillor G. Norton

Also

Present: Acting City Manager N. Jacobsen  
Commissioner of Finance and Treasurer K. Fudge  
Commissioner Saint John Water B. McGovern  
Comptroller Finance C. Graham  
Senior Manager Financial Planning H. Nguyen  
Commissioner Transportation & Environment Services M. Hugenholtz  
City Solicitor J. Nugent  
Deputy Commissioner Growth & Community Development P. Ouellette  
Deputy Commissioner Building Inspection A. Poffenroth  
Deputy Commissioner Administrative Services I. Fogan  
Assistant Comptroller Finance and Administrative Services C. Lavigne  
Commissioner Growth and Community Development J. Hamilton  
Senior Financial Analyst J. Forgie  
Fire Chief K. Clifford  
Police Chief B. Connell  
Police Director HR & Finance M. Corscadden  
Senior Financial Analyst J. Forgie  
CEO Transit & Parking Commissions I. MacKinnon  
Common Clerk J. Taylor  
Administrative Assistant K. Tibbits

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1. Meeting Called To Order

Councillor Merrithew called the Finance Committee open session meeting to order.

1.1 Approval of Minutes – September 20, 2018

Moved by Councillor Reardon, seconded by Councillor Casey:  
RESOLVED that the minutes of September 20, 2018, be approved.

MOTION CARRIED.

1.2 2019 Utility Fund Operating Budget

Mr. McGovern reviewed the 2019 Utility Fund Operating Budget. The budget reflects the completion of the SCDW project, the first full year of service for the Loch Lomond water treatment facility, and two new wastewater treatment facilities. The water rate for 2019 is \$1428, an increase of 4.39%, and less than initially planned. (\$60 per year, rather than the planned \$72 per year increase) The focus remains on expenditure reductions, paying down debt to lower operating costs, and leveraging federal and provincial funding when possible.

(Councillor Sullivan entered the meeting)

Moved by Councillor Reardon, seconded by Mayor Darling:

RESOLVED that the Finance Committee approve the 2019 Utility Fund Operating Budget and submit to Common Council for the October 22<sup>nd</sup> meeting for receive and file; and that the 2019 budget submission be received for information.

MOTION CARRIED.

### 1.3 2019 General Fund Operating Budget

Mr. Fudge stated that departments will comment on their respective areas in terms of service levels and planned projects for 2019. There were a few minor changes from the first draft of the operating budget, as follows:

- Request for IT website design of \$120K
- Reduction in the Growth & Community Development revenue line of \$117K
- Funding for the Acadian Games was not included for \$19K
- Request for temporary position for Asset Management program/GIS \$22K
- Adjustment to Regional Services Commission budget \$3K
- To offset, the Landfill Closure liability and Pay as You Go budgets were reduced

### 1.4 2019 Service Based Budget – Growth & Community Development Services

Ms. Hamilton reviewed the 2019 Service Based budget submission for Growth and Community Development Services. The department has transitioned from a traditional regulatory role to a role of facilitator of growth on behalf of the City. There have been changes to its scope including a new mandate for population growth, coordination of economic development, enhanced service delivery to support growth outcomes and delivery of the City's arts and culture service. It is essentially a status quo budget with a small increase of 1.36% which includes contractual wage increases, the City's contribution to the Acadian Games, and an increase in the City's Regional Facilities contribution. The revenue projection for 2019 is also status quo.

Moved by Councillor Reardon, seconded by Councillor Sullivan:

RESOLVED that the 2019 service based budget submission for Growth and Community Development Services, be received for information.

MOTION CARRIED.

### 1.5 2019 Service Based Budget – Fire Rescue & Suppression Services / SJEMO Services

Chief Clifford reviewed the 2019 budget submission for Fire and SJEMO. One of the challenges is providing a service comparable to those of other communities, given Saint John's diversified hazard profile and size, with continually rising costs. Due to an erosion of services, there have been times when resources were not available, an average of 42 to 50 times per year. There is need for a better revenue model and methods to establish sustainable revenue solutions through response and training revenue, partnerships with academia and the private sector, and a fairer financial arrangement with Point Lepreau. Through continuous improvement efforts, there is now a process in place to recover some costs of services. There is a need for a regional response model/fire service to provide economic efficiencies and increased protection to

citizens. Recognizing that the Fire Department is a significant part of the operating budget, they continue to try to find ways to purchase capital assets through the operating budget when possible, to lessen the burden on the capital budget.

Moved by Mayor Darling, seconded by Councillor Reardon:  
RESOLVED that the 2019 service based budget submission for Fire Rescue and Suppression Services and SJEMO Services, be received for information.

MOTION CARRIED.

1.6 2019 Operating Budget – Saint John Police Force and Public Safety Communication Centre (PSCC)

Mr. Corscadden stated that the SJPF budget request for 2019 is less than a 1% increase over 2018 and includes a 2.5% wage increase for police officers and 2.25% wage increase for 486 members. By year end the Police Force will be reduced by 9 FTEs, achieved through attrition. Since 2006 the total establishment including civilians has been reduced by 24 positions, which is a 12% reduction overall. 2019 will be a right-sizing year for the SJPF, while still achieving service levels. Revenue projection for 2019 is approximately \$456K. Possible revenue sources include secondments, international peacekeeping missions, and establishing community partnerships. The SJPF will try to reduce costs by reducing overtime expenses, creating synergies with the City through continuous improvement initiatives, and working with IT and Fleet to reduce computer and maintenance costs where feasible.

A risk to the proposed budget is additional training costs, equipment needs and court costs to address the recently enacted cannabis legislation. The Traffic Enforcement Unit may have to be augmented due to the legalization of cannabis and enforcement concerns. There is some money allocated from the federal and provincial government for training, but it does not cover the costs of back-filling of officers to attend training sessions.

Chief Connell noted that the force has to move away from non-core services and right-size the organization, to be sustainable. They continue to work with partners to move towards a regionalization of some services.

Moved by Councillor Reardon, seconded by Councillor Casey:  
RESOLVED that the 2019 Operating Budget submission for the Saint John Police Force, be received for information.

MOTION CARRIED.

Mr. Corscadden reviewed the 2019 Operating Budget for the Public Safety Communications Centre (PSCC). The budget request is an increase of 2.53% over the previous year. Wages and benefits is the bulk of the budget at 90.4%. The PSCC generates significant revenue, approximately 41% of their operating costs, through partnerships with other police services, and will continue to look for other revenue opportunities. There are risks to the budget including a possible reduction of centres by the provincial government and equipment requirements to address text messaging and social media requests for service. Retaining qualified staff also poses some challenges.

Moved by Councillor Reardon, seconded by Councillor Casey:  
RESOLVED that the 2019 Operating Budget submission for the Public Safety Communications Centre, be received for information.

MOTION CARRIED.

(Chief Connell and Mr. Corscadden withdrew from the meeting)

### 1.7 2019 Service Based Budget – Transportation & Environment Services

Mr. Hugenholtz reviewed the 2019 operating budget for Transportation and Environment Services. The proposed budget is an increase of 2.36% over 2018; projected revenue is approximately \$2.2M. Staff is continuing efforts on a cost-sharing arrangement for arena rentals. There may be a different rate structure in place for the 2019-2020 season which would impact recovery amounts. Mr. Hugenholtz commented on the service areas included under the TES umbrella and key initiatives planned for 2019. Efforts continue to fund reoccurring, annual expenditures such as road resurfacing through the operating budget, rather than funding through the capital budget. For the most part, this is a status quo budget for 2019.

Moved by Mayor Darling, seconded by Councillor Reardon:

RESOLVED that the 2019 Service Based Budget submission for Transportation and Environment Services, be received for information.

MOTION CARRIED.

(Councillor Reardon withdrew from the meeting)

### 1.8 Transit and Parking Commission

Mr. MacKinnon reviewed the submitted report and the proposed budget for transit and parking for 2019. The 2019 subsidy request for transit is \$5.78M and represents an increase of 2.66% over 2018. Conservative revenue estimates for 2019 is \$4.57K, most of which comes from ridership but revenue through charters has also increased in 2018.

Other notable highlights include:

- Risks to the budget include decreased revenue from student ridership as the purchase of bus passes by the school board may decline/unknown
- The budget increase includes contractual obligations for wage rate increases
- The collective agreement for transit ends in 2019; this will impact the 2020 budget
- The handibus service is undergoing collective bargaining and could increase the subsidy provided
- Diesel fuel costs have increased substantially over the past year
- Lesser producing routes will be reduced, and routes added back into the Primary Intensification Area

Commenting on the parking budget, the conservative revenue projection for 2019 is \$1.837M for on street parking revenue. Expenses are comparable to the 2018 budget.

Moved by Councillor Sullivan, seconded by Councillor Casey:

RESOLVED that the 2019 Operating Budget submission for the Transit and Parking Commission, be received for information.

MOTION CARRIED.

(Mr. MacKinnon withdrew from the meeting)

### 1.9 2019 Service Based Budget – Finance & Administrative Services

Mr. Fudge reviewed the 2019 operating budget for the Finance and Administrative Service area. The budget is down from 2018 by 5.89%. Wages and benefits are 1.94% higher; the biggest change is related to the Goods and Services budget. Mr. Fudge commented on the revenue streams which represent approximately \$3.7M in the 2019 budget.

Planned initiatives for 2019 include the completion of a long-term financial plan, participation with the province to look at sustainable solutions for the structural deficit, preparation of the

final two financial policies, multi-year budget submissions, water rate studies particularly universal metering review, seek new opportunities for federal and provincial funding to help fund capital assets, and continuous improvement initiatives. Significant projects are also planned for the administrative services area, Fleet, Real Estate and Risk Management, including assessing opportunities within administrative services to pool resources across service areas.

Moved by Mayor Darling, seconded by Councillor Casey:

RESOLVED that the 2019 Service Based Budget submission for Finance and Administrative Services, be received for information.

MOTION CARRIED.

#### 1.10 2019 Service Based Budget – Corporate Services

Mr. Jacobsen commented on the 2019 operating budget for the City Manager's office including Communications, Human Resources, Information Technology/GIS, Strategy, Performance Management and Continuous Improvement. The primary drivers of the City Manager's budget are the policies and priorities of Common Council. Over the past decade the number of full time resources in these service areas have declined by 6 FTE's, which is a common theme heard from all service areas. The 2019 recommended budget is an increase of 3.4% from 2018, and over half of that includes a renewal of the City's website. Corporate Services does not typically generate revenue but try to identify shared sources and cost recovery models to help offset expenditures. A 32% increase in revenues is budgeted for 2019.

Mr. Taylor reviewed the 2019 operating budgets for the Common Clerk's office, Mayor and Common Council and the Regional Services Commission. The 2019 budget request is less than the 2011 spend for the Common Clerk, Mayor and Council budgets. The request is a 3.4% increase from the 2018 budget, primarily attributable to wages and benefits and a slight increase in goods and services.

Mr. Nugent reviewed the 2019 operating budget for the Legal Department. There is a \$55K increase in the proposed 2019 budget largely related to staffing.

Moved by Mayor Darling, seconded by Councillor Sullivan:

RESOLVED that the 2019 Service Based Budget submission for Corporate Services, be received for information.

MOTION CARRIED.

Mr. Fudge stated that this is a difficult budget to recommend because it is a budget that the City cannot afford over the long term under the current business model. Long-term sustainable solutions are needed. Considerations include:

- Heavy reliance on funding/short term special assistance from the provincial government. The 2019 budget has \$8.9M of provincial funding, or \$0.13 on the tax rate.
- The unconditional grant is \$16M; total of approximately \$26M of revenue from other sources
- Period of stagnant growth; expenditures rising faster than growth; not sustainable
- Continue to work on population growth and growth investments but challenging when the tax rate is higher than neighbouring communities; difficult to compete
- Water rates are increasing
- Limited options in terms of revenue generation
- Focus on debt reduction but still 400% higher than Fredericton; almost 100% higher than Moncton
- Not enough investment in infrastructure; Saint John is a large geographic area to service

- Many restrictions in terms of business plans including binding arbitration for police; no layoff clause for police members hired prior to 2011; outside workforce minimum number of 278; inside unionized workforce has a no contracting out clause
- Sustainable solutions are needed; window of 6 to 9 months to find a solution and implement recommendations

Moved by Mayor Darling, seconded by Councillor Casey:

RESOLVED that the Finance Committee bring forward the 2019 General Operating Budget to Common Council for consideration and a receive and file.

MOTION CARRIED.

### **Adjournment**

Moved by Councillor Sullivan, seconded by Councillor Reardon:

RESOLVED that the open session meeting of the Finance Committee be adjourned.

MOTION CARRIED.

The Finance Committee open session meeting held on October 17, 2018 was adjourned at 8:20 p.m.

## FINANCE COMMITTEE REPORT

Report Date	November 29, 2018
Meeting Date	December 06, 2018

Chairman David Merrithew and members of the Finance Committee

***SUBJECT: Coast Guard Administration Building***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Finance Committee.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	Acting City Manager
<b><i>Craig Lavigne/Jeff Cyr</i></b>	<b><i>Kevin Fudge/Ian Fogan</i></b>	<b><i>Neil Jacobsen</i></b>

### ***RECOMMENDATION***

Recommend that Finance Committee;

- Recommend to Council to approve the transfer of \$500,000 of the projected 2018 General Operating Fund surplus to the General Operating Reserve Fund to partially fund demolition work in 2019;
- Recommend that Common Council allocate \$500,000 approved in the 2018 Capital Budget for Growth to fund demolition work in 2019;
- Refer to the Growth Committee to approve the use of the 2018 Growth Capital Budget envelope for Growth to fund demolition in 2019;
- Direct staff to negotiate a Memo of Understanding with the Saint John Parking Commission for the management and operation of the parking lot at the former Coast Guard Site;
- Direct staff to proceed with application to PAC to obtain a temporary parking lot and comply with conditions set out by PAC;
- Direct City pro-rata portion of proceeds from parking revenue be used to replenish the General Operating Reserve Fund used to pay for demolition;

### ***EXECUTIVE SUMMARY***

The Coast Guard Administration building is now vacant and the City must determine the best use for the property. The current plan for the Coast Guard site includes a new museum and the expectation is this investment will be the



catalyst for the complete redevelopment of the Coast Guard Site. DevelopSJ engaged Real Estate Consultants Turner Drake & Partners (Turner Drake) to evaluate the market value of the administration building and site and to provide a letter of opinion on use of the site. In addition to the Turner Drake letter, staff performed an analysis on other options for the building. The recommendation is to demolish the building and prepare the site for sale.

### ***PREVIOUS RESOLUTION***

None

### ***STRATEGIC ALIGNMENT***

Common Council has adopted an ambitious new direction to achieve new population, employment and tax base growth for the community, which are embedded in Council Priorities 2016-2020, the Roadmap for Smart Growth, the Population Growth Framework and soon to be completed Neighborhood Plan for the Central Peninsula. All these strategies are premised on the City's ability to enhance density in the City's primary development areas and to invite catalytic projects that will cause spin-off investment and growth.

### ***REPORT***

A letter of opinion was received from Turner Drake to understand the potential market value of the site which includes both land and the Coast Guard Administration building. The report values the property with a cleared site, building demolished, site remediation and seawall upgrades at \$3.5 million market value.

The report intentionally did not assign a market value for the existing building, as it was determined that a private redevelopment scenario was financially infeasible given that the redevelopment of the building could not absorb the costs of the required infrastructure improvements (seawall & soil remediation) and would not generate enough tax base to provide a return on investment for government to undertake the infrastructure improvements.

In addition to the information received from Turner Drake, City staff performed a scenario analysis on other potential options for the site. Two additional scenarios staff analyzed were to keep the building vacant until a seller could be found or reinvest capital into the building to be able to lease out space until a seller could be found.

Scenario: 1 Reinvestment in building and lease/sell site

Costs: Upfront Capital (does not include annual maintenance)

1- Building Envelop - Roof and windows:	\$600,000
2- Building Mechanical and HVAC Systems:	\$1,500,000
3- Building Electrical System:	\$500,000
4- Other such as plumbing and elevator:	\$300,000
Total:	\$2,900,000

The figures do not include potential aesthetic improvements that may be needed to be able to market the building to potential tenants.

It was quickly determined that this is not a feasible option for the City. The investment in the site is significant and without a known market or potential buyer/lessor of the site, the return on investment cannot be reasonably determined. There is no guarantee on attracting businesses to lease the space considering Saint John has a high commercial vacancy rate.

In addition, a refurbished building could potentially limit the market for potential developers of the site. Recovery of the investment costs into the building would be very difficult to obtain without a special purchaser which could take a significant amount of time to find.

Scenario: 2 Maintain Building in current condition and lease/sell site

Staff analyzed the feasibility of maintaining the building in its current state until a buyer can be identified. The annual costs for the building was estimated to be greater than \$150K per year and would include property taxes, snow plowing, heating, and security. Under this scenario the City could be paying the annual costs for an unlimited period as it is unknown how quickly the building could be sold.

These annual costs would be a sunk cost for the City and there is limited chance of recovery of this money through the sale of the property. Also, according to Turner and Drake, selling the building “as is” would not be economically feasible due to the significant infrastructure challenges facing the property.

Scenario 3: Demolition of the Coast Guard Building

Under the letter of opinion provided by Turner and Drake, the demolition of the Coast Guard Building could cost upward to approximately \$1.0 million but the potential market value is estimated to be \$3.5 million with seawall refurbishment, and site remediation. The demolition of the building will have a transformational impact on not only the former Coast Guard Site, but for the

entire Uptown and Waterfront area. The building is awkwardly positioned on the property, limiting its long term development potential. It is estimated that the full build-out of the site as a high density, mixed use project could generate up to \$150 Million in New tax base. The demolition of the current building is required to leverage this investment. When considering the potential parking revenue and cost avoidance to maintain the building, there is a positive business case for demolition. The cost of demolition is estimated to be approximately \$1.0 million and there would be a reduction of annual expenses of \$150K and annual new parking revenue of \$100K. This results in a payback period of 4 years to recover the demolition investment.

### Recommendation

Staff is recommending the Coast Guard administration building be torn down at an approximate cost of \$1.0 million dollars. This scenario along with site remediation and seawall upgrades would make this site quite marketable to a regional or national investor according to Turner Drake.

The City through discussions with Saint John Parking Commission have determined that annual parking revenues based on the vacant building space could bring in an additional \$100K per year. The parking revenue assumption is conditional on PAC temporary approval to operate a parking lot and some beautification may be required as a temporary measure until site development.

The financial assumptions built in for tear down of the building, regardless of whether the Museum is developed or not, make this recommendation the best financial scenario with the least amount of risk for the City moving forward until a purchaser is found.

Staff is recommending that Finance Committee support the funding strategy of transferring \$500K of the projected 2018 General Operating Fund surplus into a Reserve to pay a portion of the demolition cost in 2019. Also, staff is recommending that the balance of the demolition be funded from the \$500K Neighborhood plan capital budget approved in the 2018 General Fund Capital budget after engagement with the neighborhood action committee.

Lastly it is recommended all City net revenue generated from parking at the entire Coast Guard site be directed back into a reserve to replenish funds used for demolition cost and future cost associated with the site.

### ***SERVICE AND FINANCIAL OUTCOMES***

The Central Peninsula Neighbourhood Plan focuses significant attention on the development potential of the Coast Guard site. Located at the doorstep of the City's Uptown, it is positioned for large scale, catalytic development which will propel the area into a stronger and increasingly exciting urban environment. The

siting of the New Brunswick Museum is the first step in the creation of a more dynamic and inviting public space along the City's waterfront. Concept plans for the area detail a mixed-use, pedestrian friendly gateway into the City's Uptown Waterfront with the Coast Guard site central to bridging the gap between the active Market Slip and the Port's Marco Polo Terminal. Preparing the site for redevelopment is strategic to leveraging private investment in an area considered to be vital to the success of the Neighbourhood Plan and, more importantly the growth of the City's centre.

The cost of demolition is estimated to be approximately \$1.0 million and there would be a reduction of annual expenses of \$150K and annual new parking revenue of \$100K.

#### ***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Input was received from Develop SJ, Saint John Parking Commission, Growth and Development, Finance and Administration services and all areas are in full support of the recommendation to demolish building.

#### ***ATTACHMENTS***

List attachments related to report.

## FINANCE COMMITTEE REPORT

Report Date	November 26, 2018
Meeting Date	December 06, 2018

Chairman David Merrithew and members of the Finance Committee

### ***SUBJECT: RESERVE FUND***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Finance Committee.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Hilary Nguyen</i></b>	<b><i>Kevin Fudge</i></b>	<b><i>Neil Jacobsen</i></b>

### ***RECOMMENDATION***

Staff recommend that Finance Committee recommend to Common Council to approve the transfer of:

- \$400,000 to an Operating Reserve to cover the potential increase in WorkSafeNB premiums;
- \$400,000 to the General Capital Reserve to fund infrastructure deficit;
- \$500,000 to an Operating Reserve to fund the demolition of the Coast Guard Administration Building in 2019;
- \$100,000, which is the amount needed to complete the Market Slip Dredging to an Operating Reserve to be used in 2019;
- \$1 Mil which is the projected surplus in the Utility Operating Fund to the SCDW project reserve fund;
- Any fluctuation in the value of the City's employee benefit programs due to actuarial gains to an Operating Reserve annually in order to fund future losses;
- Approve the "Reserve Schedule A" included in this report.

### ***EXECUTIVE SUMMARY***

The Reserve Policy was approved by Common Council on December 11, 2017. The purpose of the Reserve Policy is to address longer term funding strategies to minimize debt servicing costs, address the infrastructure deficit, and mitigate the effect of unanticipated events. Permitted uses of reserves according to the Reserve Policy are:

- 1 Major unanticipated/unforeseen events;
- 2 Major Capital renewal;
- 3 Future Liabilities;

- 4 One time operating expenses which are greater than \$100,000 and are not part of the recurring operating budget;
- 5 Infrastructure deficit; and
- 6 Investment in growth opportunities.

In addition to the Reserve Policy, the City has to comply with the Provincial Reserve Fund Regulation which prescribes that the establishment, funding and withdrawal of Reserve funds can only be done through resolutions of Common Council before the end of each calendar year.

In alignment with the City's Reserve Policy, this report includes recommendations to transfer:

- \$400K to an Operating Reserve for WorkSafeNB premiums increase;
- \$400K to the General Capital Reserve to fund Infrastructure deficit;
- \$500K to an Operating Reserve to fund the demolition of the Coast Guard Administration Building in 2019;
- \$100K to an Operating Reserve for the completion of the Market Slip Dredging in 2019;
- \$1 Mil to the SCDW project Capital Reserve;
- Any fluctuation in the value of the City's employee benefit programs due to actuarial gains to an Operating Reserve annually in order to fund future losses.

To comply with the Provincial Legislation, Staff recommend that Common Council approve the total amounts of contribution to and withdrawal from the Reserves as detailed in the Schedule A included in this report.

### ***PREVIOUS RESOLUTION***

[Click here to enter any previous relevant resolution.](#)

### ***STRATEGIC ALIGNMENT***

This report aligns with Council Priorities.

### ***REPORT***

The Reserve Policy was approved by Common Council on December 11, 2017. The purpose of the Reserve Policy is to address longer term funding strategies to minimize debt servicing costs, address the infrastructure deficit, and mitigate the effect of unanticipated events. Permitted uses of reserves according to the Reserve Policy are:

- 1 Major unanticipated/unforeseen events;

- 2 Major Capital renewal;
- 3 Future Liabilities;
- 4 One time operating expenses which are greater than \$100,000 and are not part of the recurring operating budget;
- 5 Infrastructure deficit; and
- 6 Investment in growth opportunities.

In addition to the Reserve Policy, the City has to comply with the Provincial Reserve Fund Regulation which prescribes that the establishment, funding and withdrawal of Reserve funds can only be done through resolutions of Common Council before the end of each calendar year.

Currently, the City has the following reserves:

- **Operating Reserves:**
  1. General Operating Reserve
  2. Growth Reserve
- **Capital Reserves:**
  1. General Capital Reserve
  2. Fleet Reserve – General Fund
  3. Fleet Reserve – W&S Utility Fund
  4. Computer Reserve
  5. Utility Capital Reserve for Safe, Clean, Drinking Water Project
  6. Utility Infrastructure Reserve.

The reserves have been managed in accordance with the Reserve Policy. During the year, withdrawals from the reserves were approved by Council in advance on a case by case basis and the reserves have been used for their intended purposes.

**Reserve for Workers' Compensation:**

In November, WorkSafeNB announced that the Workers' Compensation rate will go up and the increase is likely to be significant. The impact on the City's budget can be as high as \$1 Mil. It is difficult for the City to absorb the full cost in one year, therefore, Staff recommend that the City transfer \$400K from the City's contingency budget to an Operating Reserve to fund future increases in Workers Compensation premiums.

**Reserve for Infrastructure deficit:**

Based on the City's 2016 State of the Infrastructure Report (SOTI) prepared by R.V Anderson in August 2017, the infrastructure deficit for the General Fund was estimated at \$219.4 Mil. Although the estimate was done at a high level, it reflects the magnitude of infrastructure backlog due to insufficient capital funding over many years. Staff recommend that \$400K from the 2018 projected

surplus be transferred to the General Capital Reserve to fund Infrastructure deficit.

**Reserve for Market Slip Dredging**

The City budgeted \$142K for the Market Slip Dredging in 2018. The project is underway, however, will not be completed before the end of the year. Staff recommend that \$100K be transferred to an Operating Reserve to pay for the outstanding portion of the project in 2019.

**Reserve for Fluctuations in Employee Benefit Programs due to Actuarial Gains or Losses:**

Pursuant to the Public Sector Accounting Standards, the City is required to have actuarial valuations done for the City's benefit programs such as Heart & Lung, Retirement Pay or disability pensions at the end of each year to determine the value of the City's liabilities associated with the employee benefit programs. The actuarial valuations have been done by a Professional Firm called "Aon". As a result of the actuarial valuations, the value of the City's liabilities related to the employee benefit programs can fluctuate due to various factors among which is the discount rate. If the discount rate goes up, the value of the liabilities will go down and vice versa. The accounting entries to record these fluctuations can cause significant negative or positive impacts to the City's budget. For example, the impact of the benefit true-up entries was a \$1.5 Mil charge to the City's budget in 2014. For 2018, staff was advised that it is likely that the discount rate at December 31, 2018 would go up 0.40% compared to 2017 which may result in a positive impact on the City's budget of \$600K-\$800K. Given the actuarial gains or losses are unrealized and the fluctuation in discount rates is beyond control of the City, Staff recommend that going forward all actuarial gains be put in an Operating Reserve to offset future actuarial losses.

**Saint John Water projected surplus:**

Saint John Water has prepared a year end projection based on actual results at October 31, 2018 and estimated revenue and expenditures for the remaining two months. The Utility is currently estimating a surplus of \$1,138,257 (2.38%) variance for the year. Meter revenue continues to have the largest variance along with interest revenue which is due to higher interest rates than budgeted for. Drinking water has the largest variance and is mainly due to earlier than anticipated startup of the Eastside Water Treatment plant.

Due to the outstanding financial risk of the Safe Clean Drinking Water project; staff recommend that \$1 Mil of the operating surplus be transferred to the SCDW reserve fund.



The following schedule summarizes the amounts of contribution made to and withdrawal from each reserve account and the projected balance of each account at the end of the year. It is important to note that the numbers in the schedule below include estimates for November and December transactions and an assumption that Council approves the above reserve recommendations. Therefore, the final numbers can be different from the estimates.

<b>Reserve Schedule A</b>				
<b>Reserves</b>	<b>Opening Balance (\$)</b>	<b>Contribution to (\$)</b>	<b>Withdrawal from (\$)</b>	<b>Ending Balance (\$)</b>
General Operating Reserve	3,123,777	1,057,732		4,181,509
Benefit Fluctuation Reserve		600,000		600,000
Growth Reserve	183,000	350,000	49,980	483,020
General Capital Reserve	1,100,000	420,330		1,520,330
Fleet Reserve - General Fund	1,255,650	2,655,298	1,249,132	2,661,816
Fleet Reserve - Utility Fund	915,377	510,519	97,359	1,328,537
Computer Reserve	1,151,092	1,029,530	631,390	1,549,232
SCDW Utility Capital Reserve	12,357,232	6,569,887		18,927,119
Utility Infrastructure Reserve	313,905	5,801		319,707
<b>Total</b>	<b>20,400,033</b>	<b>13,199,097</b>	<b>2,027,861</b>	<b>31,571,269</b>

Due to the timing of vehicle deliveries and cash flow, fleet reserve balances at year end are higher than projected. However, the fleet reserve balances will go down once vehicles are delivered and payments are made. The SCDW Utility Capital Reserve will be used up next year once the project is substantially completed. The General Capital Reserve will be used for the City Hall renovation and fit-up as approved by Council in the 2019 Capital Budget. The General Operating Reserve will be used to pay for the Coast Guard site Administration building demolition and the Market Slip dredging. As a result, the City's total reserve balance is projected to be significantly lower at the end of 2019.

#### ***SERVICE AND FINANCIAL OUTCOMES***

This report is aligned with Common Council's approved Reserve Policy.

#### ***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Input has been received from other service areas.

#### ***ATTACHMENTS***

List attachments related to report.

**The City of Saint John**  
**Budget to Projected Variance Report**  
**For the Year Ended December 31, 2018**

City of Saint John	2017 Approved Budget	2018 Year-to-date Budget	2018 Year-to-date Actual	2018 Annual Budget	2018 Year-end Projection	Variance
<b>2018 Budget</b>						
<b>REVENUES</b>						
Property taxes	120,853,074	101,099,240	103,223,194	121,319,088	123,443,042	2,123,954
Equalization & Unconditional Grant	20,225,932	13,836,004	12,892,308	16,603,206	15,659,510	(943,696)
Financial Assistance	-	2,978,367	2,989,537	4,717,196	4,717,196	-
Surplus 2nd previous year	416,472	1,115,420	1,115,420	1,338,515	1,338,515	-
Growth & Community Development Services	2,815,150	2,162,681	2,376,760	2,503,571	2,792,464	288,893
Public Safety Services	2,013,605	1,578,119	1,729,520	1,887,022	1,832,935	(54,087)
Transportation & Environment Services	3,884,188	3,141,590	3,103,135	3,982,308	4,132,797	150,489
Finance & Administrative Services	3,678,046	2,973,856	3,141,952	3,654,886	4,832,344	1,177,458
Corporate Services	135,000	70,820	12,833	85,000	74,716	(10,284)
<b>TOTAL REVENUES</b>	<b>154,021,467</b>	<b>128,956,097</b>	<b>130,584,659</b>	<b>156,090,792</b>	<b>158,823,519</b>	<b>2,732,727</b>
<b>EXPENDITURES</b>						
Growth & Community Development Services	11,176,550	9,691,762	9,750,155	11,230,732	11,331,347	(100,615)
Public Safety Services	52,636,773	45,420,785	44,955,137	55,385,779	55,836,777	(450,998)
Transportation & Environment Services	43,405,710	36,205,725	35,729,758	43,720,502	43,598,806	121,696
Finance & Administrative Services	9,727,929	8,263,406	7,804,857	9,503,272	9,808,730	(305,458)
Corporate Services	7,843,648	6,658,720	6,071,001	7,928,039	7,782,518	145,521
Other Charges	29,230,857	19,088,066	19,341,063	28,322,468	30,301,336	(1,978,868)
<b>TOTAL EXPENDITURES</b>	<b>154,021,467</b>	<b>125,328,464</b>	<b>123,651,971</b>	<b>156,090,792</b>	<b>158,659,514</b>	<b>(2,568,722)</b>
<b>General Fund Surplus (Deficit)</b>	<b>-</b>	<b>3,627,633</b>	<b>6,932,688</b>	<b>-</b>	<b>164,005</b>	<b>164,005</b>



# *October 2018 Year-End Forecast*

*City of Saint John  
Dec 6, 2018*



SAINT JOHN

# Overall Results: Projecting \$164K Surplus at Year End

	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
Total Revenue	130,584,659	156,090,792	83.66%	158,823,519	2,732,727
Total Expenditures	123,651,971	156,090,792	79.22%	157,659,514	-1,568,722
General Fund Surplus (Deficit) Prior to Reserve	6,932,688	-		1,164,005	1,164,005
Reserve Recommendation included in YE Forecasts				1,000,000	1,000,000
Revised Surplus (Deficit)				164,005	164,005

2018 Projected surplus prior to reserve recommendation

Revised Surplus

# Overall Results: Projecting \$164K Surplus at Year End

	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
<b><u>Recurring Revenues</u></b>					
Property Taxes	103,223,194	121,319,088	85.08%	123,443,042	2,123,954
Unconditional Grant	12,892,308	16,603,206	77.65%	15,659,510	-943,696
Own Source Revenues	10,364,200	12,112,787	85.56%	13,665,256	1,552,469
	<b>126,479,702</b>	<b>150,035,081</b>	<b>84.30%</b>	<b>152,767,808</b>	<b>2,732,727</b>
<b><u>Recurring Expenses</u></b>	<b>123,651,971</b>	<b>156,090,792</b>	<b>79.22%</b>	<b>158,659,514</b>	<b>-2,568,722</b>
<b>Structural Surplus (Deficit)</b>	<b>2,827,731</b>	<b>-6,055,711</b>		<b>-5,891,706</b>	
<b><u>Non Recurring Revenues</u></b>					
Carry Over Surplus	1,115,420	1,338,515	83.33%	1,338,515	-
Financial Assistance	1,239,537	1,239,537	100.00%	1,239,537	-
New Deal	1,750,000	3,477,659	50.32%	3,477,659	-
<b>Surplus</b>	<b>6,932,688</b>	<b>0</b>		<b>164,005</b>	<b>164,005</b>

0.1% of Budget

# October 2018 Year-to-Date Revenues: \$130.5 Mil or 84% of Budget. Revenues projected to be \$2.7 Mil over budget

Revenues	2018				
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance
Property Taxes	103,223,194	121,319,088	85.08%	123,443,042	2,123,954
Equalization & Unconditional Grant	12,892,308	16,603,206	77.65%	15,659,510	-943,696
Financial Assistance	2,989,537	4,717,196	63.38%	4,717,196	0
Surplus 2nd Previous Year	1,115,420	1,338,515	83.33%	1,338,515	0
Growth & Community Development Services	2,376,760	2,503,571	94.93%	2,792,464	288,893
Police & PSCC	1,492,455	1,476,822	101.06%	1,605,775	128,953
Fire & EMO	237,065	410,200	57.79%	227,160	-183,040
Transportation & Environment Services	3,103,135	3,982,308	77.92%	4,132,797	150,489
Finance & Administrative Services	3,141,952	3,654,886	85.97%	4,832,344	1,177,458
Corporate Services	12,833	85,000	15.10%	74,716	-10,284
<b>Total Revenue</b>	<b>130,584,659</b>	<b>156,090,792</b>	<b>83.66%</b>	<b>158,823,519</b>	<b>2,732,727</b>

## Major Revenue Variances:

- LNG Revenue: \$1.18 Mil
- Market Square Parking: \$100K
- Fire training: -\$187K
- Police extra-duties: \$130K
- Short term interest revenue: \$350K
- Projected actuarial gains (benefit liability) due to higher discount rate: \$600K
- Flood claim: \$480K

**VAR: 1.7% of Budget**

*Deducting unusual gains 0.7%*

**Actual Budget VAR: 1%**



# October 2018 Year-to-Date Expenses: \$123.6 Mil or 79% of Budget. Expenditures projected to be \$2.6 Mil over budget

Expenses	2018					
	Oct Y-T-D Results	Annual Budget	% of Annual Budget	Year-End Projection	Projected Variance	VAR as % of Budget
Growth & Community Development Services	9,750,155	11,230,732	86.82%	11,331,347	-100,615	-0.90%
Police & PSCC	22,314,708	28,116,372	79.37%	28,073,542	42,830	0.15%
Fire & EMO	19,896,425	24,026,407	82.81%	24,268,235	-241,828	-1.01%
Other Public Safety Services	2,744,004	3,243,000	84.61%	3,495,000	-252,000	-7.77%
Transportation & Environment Services	35,729,758	43,720,502	81.72%	43,598,806	121,696	0.28%
Finance & Administrative Services	7,804,857	9,503,272	82.13%	9,808,730	-305,458	-3.21%
Corporate Services	6,071,001	7,928,039	76.58%	7,782,518	145,521	1.84%
Other Charges	19,341,063	28,322,468	68.29%	30,301,336	-1,978,868	-6.99%
<b>Total Expenditures</b>	<b>123,651,971</b>	<b>156,090,792</b>	<b>79.22%</b>	<b>158,659,514</b>	<b>-2,568,722</b>	<b>-1.65%</b>

## Major Expenditure Variances:

- EMO over budget by \$211K due to Butane, Flood and IOR events
- Water supply & hydrants (transfer from Utility): over budget by \$200K
- Coast Guard site demolition (Storage/heat plant building): \$320K
- Contribution to capital from Operating (LNG revenue): \$1.1 Mil
- Contribution to the General Capital Reserve to fund Infrastructure Deficit: \$400,000
- Reserve for the demolition of the Coast Guard Admin building: \$500K
- Transfer of projected actuarial gains to an Operating Reserve: \$600K
- Fiscal charges saving: -\$256K
- Lower pension going concern payment: -\$288K

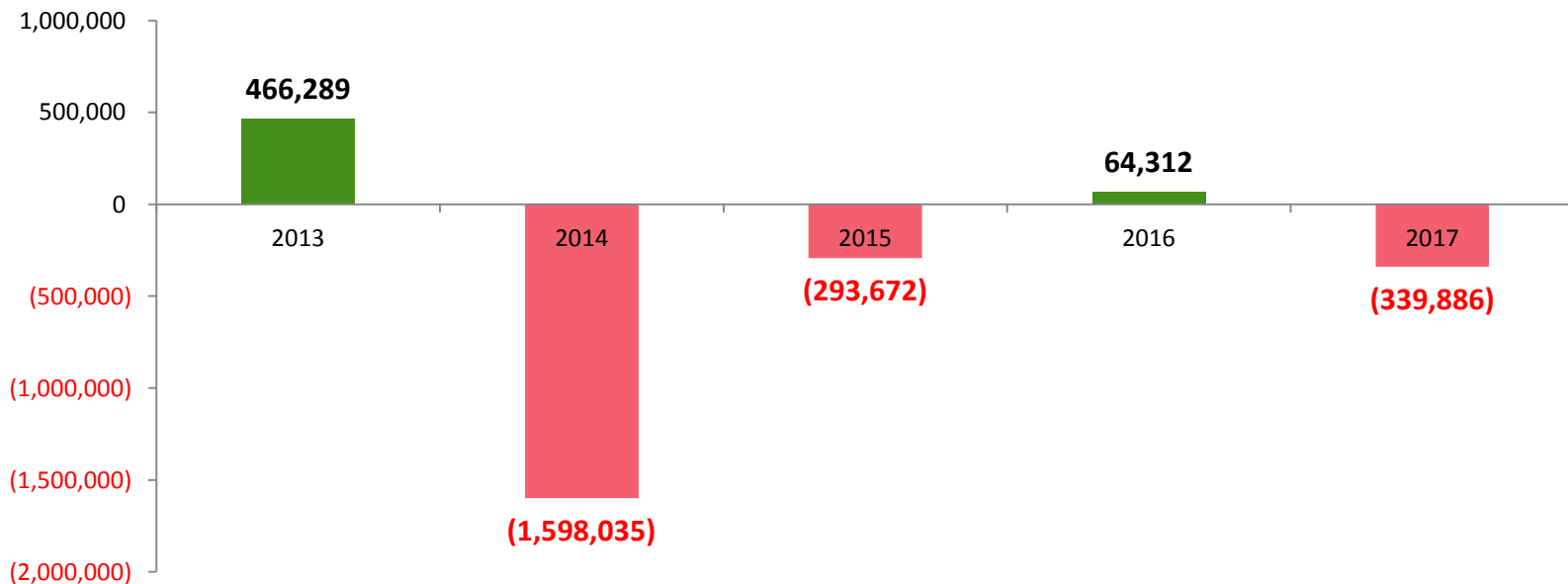
# Fluctuation in value of Employee Benefit Liabilities

- City is required to have actuarial valuations done for the City's Employee Benefit Programs at year-end pursuant to Public Sector Accounting Standards;
- The value of the City's liabilities associated with the Benefit Programs upon completion of actuarial valuations can fluctuate due to various factors among which is the Discount Rate;
- Changes in Discount Rate cause actuarial gains/losses;
- True-up entries done at year-end to bring the value of the City's liabilities into alignment with the value on the Actuary's Report can result in significant gains or losses to the City's budget.



# Fluctuation in value of Employee Benefit Liabilities

## True-up entries due to actuarial gains/losses



Given the actuarial gains or losses are unrealized and the change in discount rate is beyond control of the City, Staff recommend that a **Benefit Fluctuation Reserve** is setup and any fluctuation in the value of the Employee Benefit Programs due to actuarial gains be transferred to the Reserve to offset future actuarial losses.

# Reserve Recommendation

- Finance Committee Recommend that Common Council approve the transfer of:
  - \$400,000 to an Operating Reserve to cover the potential increase in WorkSafeNB premiums;
  - \$500,000 to an Operating Reserve to fund the demolition of the Coast Guard Admin Building in 2019;
  - \$400,000 the General Capital Reserve to fund infrastructure deficit;
  - \$100,000, which is the amount needed to complete the Market Slip Dredging to an Operating Reserve to be used in 2019;
  - And any fluctuation in the value of the City's employee benefit programs due to actuarial gains to an Operating Reserve annually in order to fund future losses.

# Q & A





## *October 2018 Budget Analysis*

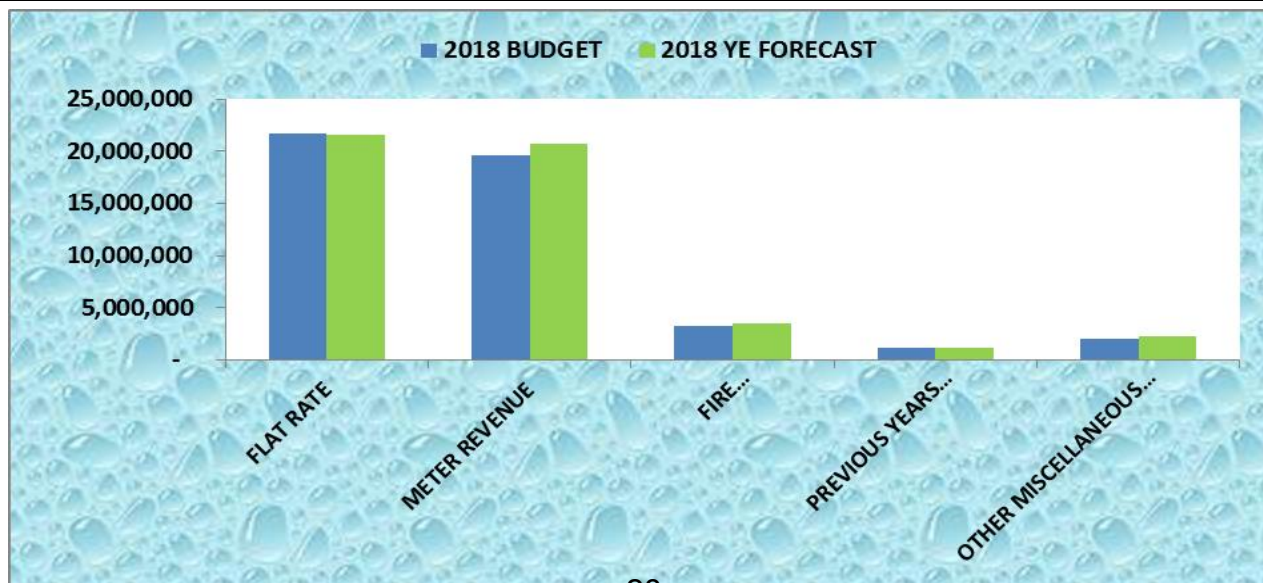
SAINT JOHN WATER



SAINT JOHN

# Saint John Water - Revenue

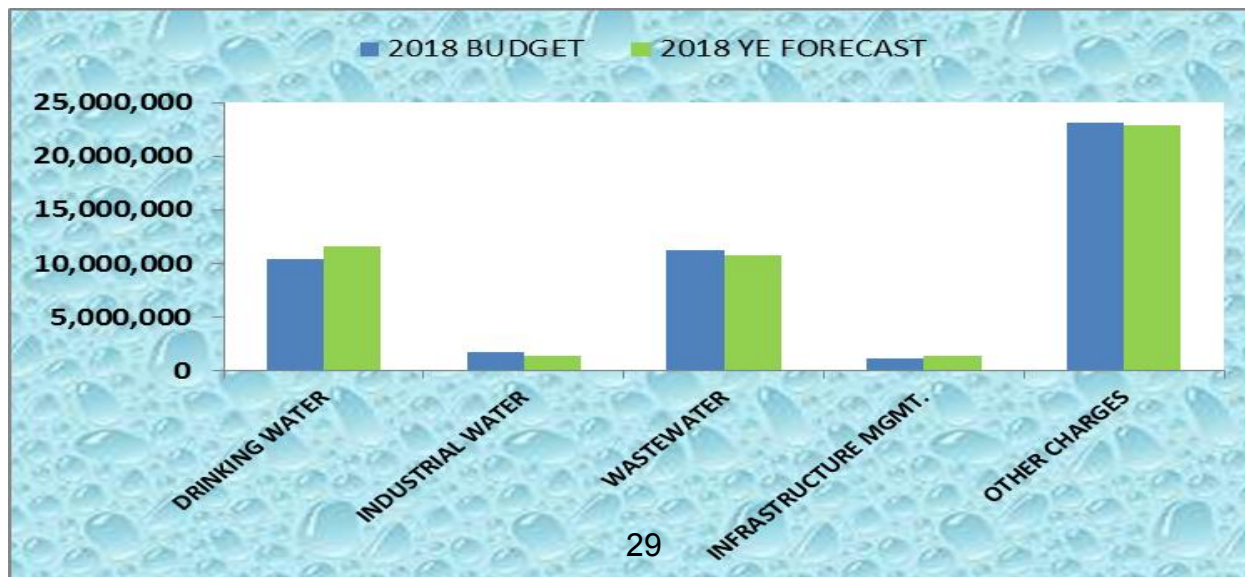
REVENUES	2018 BUDGET	2018 YE FORECAST	Year End Variance Projection	July Variance Projection
FLAT RATE	21,742,000	21,612,984	-129,016	-118,000
METER REVENUE	19,568,000	20,665,240	1,097,240	1,006,323
FIRE PROTECTION/STORM SEWER	3,300,000	3,470,000	170,000	0
PREVIOUS YEARS SURPLUS	1,217,000	1,217,000	-	0
OTHER MISCELLANEOUS REVENUES	1,977,000	2,216,000	239,000	144,000
<b>TOTAL REVENUES</b>	<b>47,804,000</b>	<b>49,181,224</b>	<b>1,377,224</b>	<b>1,032,323</b>





# Saint John Water - Expenditures

EXPENSES	2018 BUDGET	2018 YE FORECAST	Year End Variance Projection	July Variance Projection
DRINKING WATER	10,483,000	11,649,845	-1,166,845	-699,585
INDUSTRIAL WATER	1,696,000	1,395,467	300,533	94,924
WASTEWATER	11,268,000	10,760,382	507,618	318,934
INFRASTRUCTURE MGMT.	1,201,000	1,361,542	-160,542	14,631
OTHER CHARGES	23,156,000	22,875,461	280,539	285,539
<b>TOTAL EXPENSES</b>	<b>47,804,000</b>	<b>48,042,697</b>	<b>-238,697</b>	<b>14,443</b>



# Saint John Water – Year End Projections

- Estimated 2018 Surplus - \$1,138,527
- Large portion of the surplus is related to the higher volume of water sold to industry than budgeted and the additional interest earned on SCDWP funds.
  - Note interest rates have continued to increase yielding higher returns than was budgeted
- Note - SCDWP still has financial risk until the project is substantially complete. For ex; encountering contaminated soil within the public right of way can be expensive. Secondly approximately 5% the work remains on the project.
- Recommend Finance Committee support transferring \$1.0M to Safe Clean Drinking Water Project Reserve for 2018.

## FINANCE COMMITTEE REPORT

M&C No.	-
Report Date	November 19, 2018
Meeting Date	December 06, 2018
Service Area	Finance and Administrative Services

Chairman Councillor Merrithew and Members of the Finance Committee

***SUBJECT: Transit Building Fund Reserve***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of the Finance Committee.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	Acting City Manager
<b><i>Ian MacKinnon</i></b>	<b><i>Ian MacKinnon</i></b> <b><i>Kevin Fudge</i></b>	<b><i>Neil Jacobsen</i></b>

### ***RECOMMENDATION***

It's recommended the Finance Committee submit the following report to Common Council to authorize the transfer of \$100,000 into the Transit Building Reserve Fund as a result of the estimated 2018 year end operating surplus.

### ***EXECUTIVE SUMMARY***

The purpose of this report is to provide the Finance Committee with the City Transit 2018 year-end projections as of October 31<sup>st</sup>, 2018 and subsequent recommendation.

### ***PREVIOUS RESOLUTION***

N/A

### ***STRATEGIC ALIGNMENT***

This report aligns with the City's asset management plan and Council's priority of being fiscally responsible.

### ***REPORT***

It should be noted the following projections are based on best estimates as at October 31, 2018. While there are no significant events that have come to the attention of the Transit management team to require modification of these estimates, actual year-end results may differ depending on ridership revenue as well as other unexpected events.



Based on the October year to date results and projections, the Transit operating position is presently projected to be in a surplus position at year-end of approximately \$130,000. The overall cost of operations is trending toward a surplus of approximately \$130,000 which includes: Transportation, Maintenance, Building, Administration and Revenue.

Council approved in 2017 the establishment of a Transit Building Reserve Fund. The Transit building is close to 11 years of age and there are no major projects pending or identified, however, funding a building reserve is extremely important in order to have money set aside cover major capital replacements in the future.

It's recommended the Finance Committee submit the following report to Common Council with a recommendation to authorize the transfer of \$100,000 of operating surplus to the Transit Building Reserve Fund.

***SERVICE AND FINANCIAL OUTCOMES***

N/A

***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Input has been received from all relevant Service Areas

## FINANCE COMMITTEE REPORT

M&C No.	# found on Sharepoint.
Report Date	December 04, 2018
Meeting Date	December 06, 2018
Service Area	Finance and Administrative Services

Chairman David Merrithew and members of the Finance Committee

***SUBJECT: 2019 General Operating Budget***

***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Finance Committee.

***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Hilary Nguyen</i></b>	<b><i>Kevin Fudge</i></b>	<b><i>Neil Jacobsen</i></b>

***RECOMMENDATION***

It is recommended that the Finance Committee submit the following report to Common Council for approval.

RESOLVED that as recommended by the Finance Committee at its December 6<sup>th</sup> meeting:

1. That the sum of \$160,257,783 be the total Operating Budget of the City of Saint John for 2019;
2. That the sum of \$123,577,054 be the Warrant of the City of Saint John for 2019;
3. That the tax rate for the City of Saint John be \$1.785;
4. That Common Council orders and directs the levying by the Minister of Environment and Local Government of said amount on real property liable to taxation under the Assessment Act within the Municipality of Saint John;
5. That Common Council authorizes the Commissioner of Finance and Administrative Services to disburse, at a time acceptable to him, to the named Commissions, Agencies and Committees, the approved funds as contained in the 2019 budget.
6. That Common Council approves the 2019 Establishment of Permanent Positions at 627;
7. That Common Council approves \$350,000 to the Growth Reserve Fund to support the City's growth initiatives;
8. That Common Council approve \$500,000 to the Capital Reserve Fund to fund infrastructure deficit;
9. That Common Council approve \$300,000 to the Operating Reserve Fund to support a Restructuring Plan.

## EXECUTIVE SUMMARY

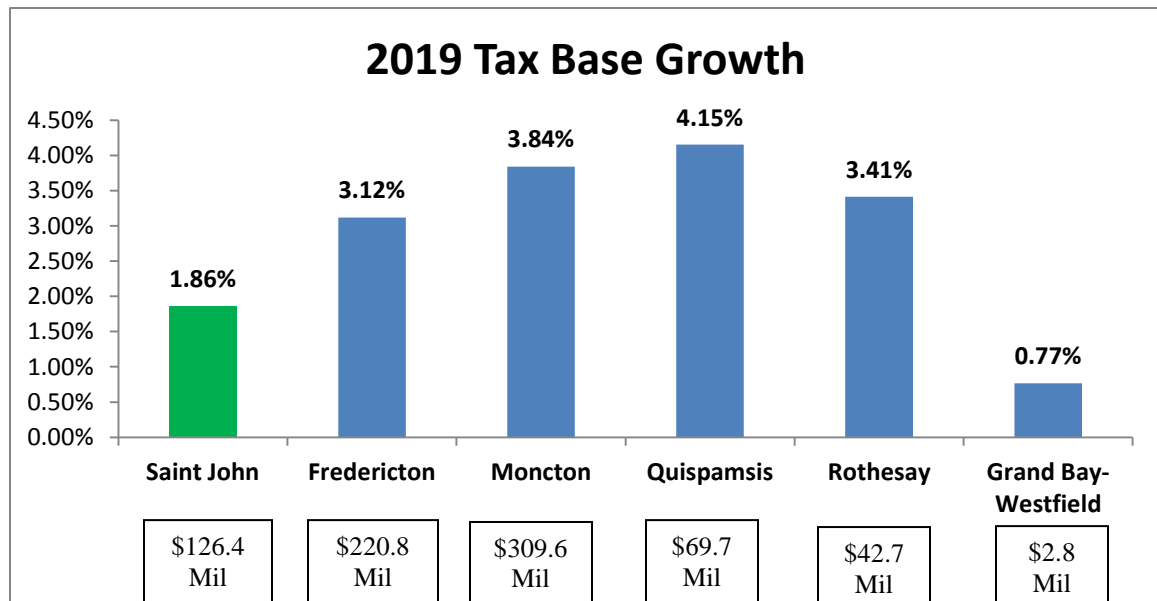
The first draft 2019 General Operating Budget was submitted to Council for Receive and File on November 5<sup>th</sup>, 2018. On November 28<sup>th</sup>, the Province released the property assessment and unconditional grant information. The Finance Committee met on December 6<sup>th</sup>, 2018 to review the revised General Operating Budget which totaled \$160,257,783 or \$610,419 more than the first Draft Budget. The Committee recommended that the revised Budget as presented be sent to Common Council for approval.

## PREVIOUS RESOLUTION

N/A

## REPORT

On November 28<sup>th</sup>, the Province released the property assessment and unconditional grant information. The City's overall tax base has increased by 1.86%, or \$2,257,966. Comparing to other peer cities including Fredericton and Moncton and the surrounding communities, Saint John's growth is the second lowest. The following graph illustrates the tax base growth comparison.



The City's Unconditional and Equalization grant has gone up 4.52% or \$750,138. With the increase of assessment base of 1.86% and Unconditional & Equalization Grant of 4.52%, the City property tax and unconditional grant revenue combined totals \$3,008,104, however, this extra revenue will be offset by a reduction in the 2019 Short Term Provincial Financial Assistance. According to the Funding Agreement signed between the City and the Province of NB, the financial assistance in 2019 (\$8,912,315) is calculated based on the assumptions that the City's tax base growth is 1% and the Unconditional Grant remains unchanged.

Applying these assumptions, the Provincial Financial Assistance should be reduced by \$1,794,913.

In November, WorkSafeNB announced that the Workers' Compensation rate would go up and the increase is likely to be significant. At this time, the City has not been advised of the new rate. The revised Budget includes a 0.5% increase in the fringe benefit percentage to cover the potential increase in Workers Compensation premiums.

The following table compares the revised Budget to the previous Budget which was submitted to Council on November 5<sup>th</sup>.

	<u><b>Final Budget</b></u>	<u><b>First Draft</b></u>	<u><b>Difference</b></u>
Property Taxes	123,577,054	121,925,686	1,651,368
Unconditional Grant	17,353,344	16,603,206	750,138
Financial Assistance	7,117,402	8,912,315	-1,794,913
PILT	3,826		3,826
Surplus 2nd previous year	86,557	86,557	
Own Source Revenues	12,119,600	12,119,600	
<b>Revenues</b>	<b>160,257,783</b>	<b>159,647,364</b>	<b>610,419</b>
Growth & Development	11,415,903	11,413,782	2,121
Public safety	57,061,724	56,844,078	217,646
Transportation	45,108,730	45,044,351	64,379
Finance & Admin	8,985,886	8,943,267	42,619
Corporate Services	8,318,049	8,228,844	89,205
Other Charges	29,367,491	29,173,042	194,449
<b>Expenses</b>	<b>160,257,783</b>	<b>159,647,364</b>	<b>610,419</b>

The additional revenues totaling \$610,419 have been allocated to the followings:

	<u><b>Budget Allocation</b></u>
Fringe Benefit Increase (Workers' Comp.)	343,307
Police's Budget Adjustment	40,000
Market Square Common Area Costs	-12,214
Capital from Operating	194,449
Mayor's & Council's salary adjustments	44,877
<b>Total</b>	<b>610,419</b>

The 2019 Proposed General Operating Budget allocates funds to Council's strategic priorities. The budget maintains the same tax rate (\$1.785) for the 11<sup>th</sup> consecutive years.

***STRATEGIC ALIGNMENT***

The 2019 Proposed General Operating Budget aligns with Council's Priorities.

***SERVICE AND FINANCIAL OUTCOMES***

Frontline service levels have been maintained.

***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Considerable input has been received from all service areas.

***ATTACHMENTS***

2019 Proposed General Operating Budget

**The City of Saint John**  
**2019 GENERAL OPERATING BUDGET**

<b>City of Saint John</b>	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>2019 Budget</b>		
<b>REVENUES</b>		
Property taxes	121,319,088	123,577,054
PILT Adjustment	-	3,826
Financial Assistance	4,717,196	7,117,402
Equalization & Unconditional Grant	16,603,206	17,353,344
Surplus 2nd previous year	1,338,515	86,557
Growth & Community Development Services	2,503,571	2,507,734
Public Safety Services	1,887,022	1,695,896
Transportation & Environment Services	3,982,308	4,060,970
Finance & Administrative Services	3,654,886	3,743,000
Corporate Services	85,000	112,000
<b>TOTAL REVENUES</b>	<b>156,090,792</b>	<b>160,257,783</b>
<b>EXPENDITURES</b>		
<b>Growth &amp; Community Development Services</b>		
<b>Growth &amp; Community Planning Services</b>		
Growth & Community Planning Services	1,730,540	1,788,905
<b>One Stop Development Shop Services</b>		
Heritage Conservation	181,551	190,936
Permitting & Inspection Service & By-Law Compliance	2,142,814	2,149,294
Infrastructure Development	525,393	541,256
	4,580,298	4,670,391
<b>Economic Development Service</b>		
<b>Economic development agencies</b>		
Growth Reserve Fund	350,000	350,000
Regional Economic Development (Enterprise)	475,000	475,000
Develop Saint John	821,002	821,002
Destination Marketing Organization	1,033,495	1,033,495
	2,679,497	2,679,497
Saint John Trade and Convention Centre	638,899	625,570
Harbour Station	483,513	588,525
	3,801,909	3,893,592
<b>Urban Development Service</b>		
Market Square - Common Area	2,195,207	2,182,993
<b>Arts &amp; Culture</b>		
Cultural Affairs	117,030	108,347
Imperial Theatre	355,850	360,205

**The City of Saint John**  
**2019 GENERAL OPERATING BUDGET**

<b>City of Saint John</b>	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>2019 Budget</b>		
Saint John Arts Centre	83,938	84,125
Arts & Culture Board	70,000	70,000
Public Art - Maintenance and Repair	10,000	10,000
Acadian Games	-	19,750
Remembrance Day Ceremonies	1,500	1,500
New Year/Canada Day Celebrations	15,000	15,000
	653,318	668,927
<b>Total Growth &amp; Community Development Services</b>	<b>11,230,732</b>	<b>11,415,903</b>
<b>Public Safety Services</b>		
Fire Rescue and Suppression Service	23,718,678	24,601,147
Water Supply and Hydrants	2,300,000	2,600,000
Emergency Management Service	307,729	333,939
Police Services	25,689,293	26,058,539
Public Safety Communications	2,427,079	2,497,099
Street Lighting	943,000	971,000
<b>Total Public Safety Service</b>	<b>55,385,779</b>	<b>57,061,724</b>
<b>Transportation &amp; Environment Service</b>		
<b>Roadway Maintenance Service</b>		
Snow Control Streets	5,720,664	5,781,383
Street Cleaning	1,333,980	1,670,600
Utility Cuts	748,350	739,079
Street Services - Surface Maintenance	5,276,171	6,122,629
	13,079,165	14,313,691
<b>Sidewalk Maintenance Service</b>		
Snow Control Sidewalk	1,218,951	1,102,170
Sidewalk Maintenance	790,995	705,582
	2,009,946	1,807,752
Pedestrian & Traffic Management Service	2,348,975	2,292,512
Stormwater Management	3,785,485	3,570,935
Solid Waste Management	3,764,178	3,722,605
Engineering	533,278	553,919
<b>Parks &amp; City Landscape</b>		
Parks Maintenance	2,780,807	2,769,755
Lifeguards	170,000	173,400
Urban Forestry	306,691	309,178

**The City of Saint John**  
**2019 GENERAL OPERATING BUDGET**

<b>City of Saint John</b>	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>2019 Budget</b>		
Mispec	5,000	5,000
Saint John Horticultural Association	40,000	40,000
	3,302,498	3,297,333
<b>Sports &amp; Recreation Facilities Service</b>		
Arena Operation and Maintenance	1,567,165	1,661,801
Sportsfield Operation and Maintenance	1,319,091	1,429,986
Other Facility Operation and Maintenance	434,602	437,476
Minor Hockey Subsidy	173,000	173,000
Lord Beaverbrook Rink	159,382	159,382
Aquatic Centre	464,820	541,837
	4,118,060	4,403,482
<b>Neighbourhood Improvement</b>		
Community Development	518,408	453,028
Neighbourhood Development	152,000	152,000
Loch Lomond Community Centre	45,000	45,000
PRO Kids	121,183	122,371
	836,591	772,399
<b>Community Development Service Grants</b>		
Community Grant Program	179,721	179,721
Library	488,150	497,000
	667,871	676,721
<b>Recreation, Parks and Cultural Programming</b>		
Recreation Programming	674,401	653,332
Contracted Service - Boys and Girls Club	133,838	135,844
Contracted Service - YMCA-FGCC/MCC	162,751	133,623
Contracted Service - North End Community Centre	160,568	164,614
PlaySJ Recreation Programming Grant	15,000	15,000
	1,146,558	1,102,413
Parking Service (Administration Support)	583,943	617,565
Transit Service	7,543,954	7,977,405
<b>Total Transportation &amp; Environment Service</b>	<b>43,720,502</b>	<b>45,108,732</b>
<b>Finance and Administrative Services</b>		
<b>Financial Management Service</b>		
Finance	1,746,323	1,748,875



**The City of Saint John**  
**2019 GENERAL OPERATING BUDGET**

<b>City of Saint John</b>	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>2019 Budget</b>		
Assessment	1,318,538	1,343,078
	3,064,861	3,091,953
<b>Asset Management</b>		
Purchasing & Materials Management	1,115,837	1,113,424
Insurance Service	149,458	203,081
Liability Insurance	304,000	304,000
Facilities Management	1,323,653	1,436,427
City Market	1,084,324	986,126
Carpenter Shop	351,431	357,107
City Hall Building	1,892,991	1,225,384
Real Estate	216,717	268,384
	6,438,411	5,893,933
<b>Total Finance and Administrative Services</b>	<b>9,503,272</b>	<b>8,985,886</b>
<b>Corporate Services</b>		
City Manager	692,386	680,822
Legal Department	746,406	804,192
Common Clerk	569,921	583,705
Human Resources	1,463,712	1,520,515
Strategy, Continuous Improvement & Performance Reporting	592,568	607,996
Corporate Communications	438,613	445,602
Information Technology	2,273,965	2,512,414
Geographic Information Systems	466,996	380,821
Regional Services Commission	34,269	37,474
<b>Mayor &amp; Council</b>		
Mayor's Office	176,000	210,318
Council	473,203	534,190
	649,203	744,508
<b>Total Corporate Services</b>	<b>7,928,039</b>	<b>8,318,049</b>
<b>Other Charges</b>		
Fiscal Charges	16,709,579	16,917,646
Long Term Disability	1,022,300	845,692
Pension	9,588,000	9,574,000
PILT Adjustment	804	-
Capital from Operating	467,687	730,151
Infrastructure Deficit	-	500,000

**The City of Saint John**  
**2019 GENERAL OPERATING BUDGET**

<b>City of Saint John</b>	<b>2018 Approved Budget</b>	<b>2019 Proposed Budget</b>
<b>2019 Budget</b>		
Landfill Closure	-	300,000
Restructuring Plan	-	300,000
Others	534,098	200,000
<b>Total Other Charges</b>	<b>28,322,468</b>	<b>29,367,489</b>
<b>TOTAL EXPENDITURES</b>	<b>156,090,792</b>	<b>160,257,783</b>

## **Resolutions from the Growth Committee regarding Enterprise Saint John's and the Heritage Development Board's funding requests**

Moved by Councillor MacKenzie, seconded by Councillor Armstrong:

RESOLVED that the Growth Committee recommend to the Finance Committee that the operating contribution to Enterprise Saint John remain at \$475,000 with no overall increase to the City's 2019 Operating Budget; and further, that Enterprise Saint John be advised that the City may consider further discussion at a later date for additional support, once further details of the work plan are known.

Moved by Deputy Mayor McAlary, seconded by Councillor Armstrong:

RESOLVED that the Growth Committee recommend to the Finance Committee that the Heritage Grant budget in the proposed 2019 operating budget remain at \$80,000 and that the Heritage Development Board request to increase the grant budget be considered by the Growth Committee at a future meeting as a possible draw on the 2019 growth reserve.