



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.