

## 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

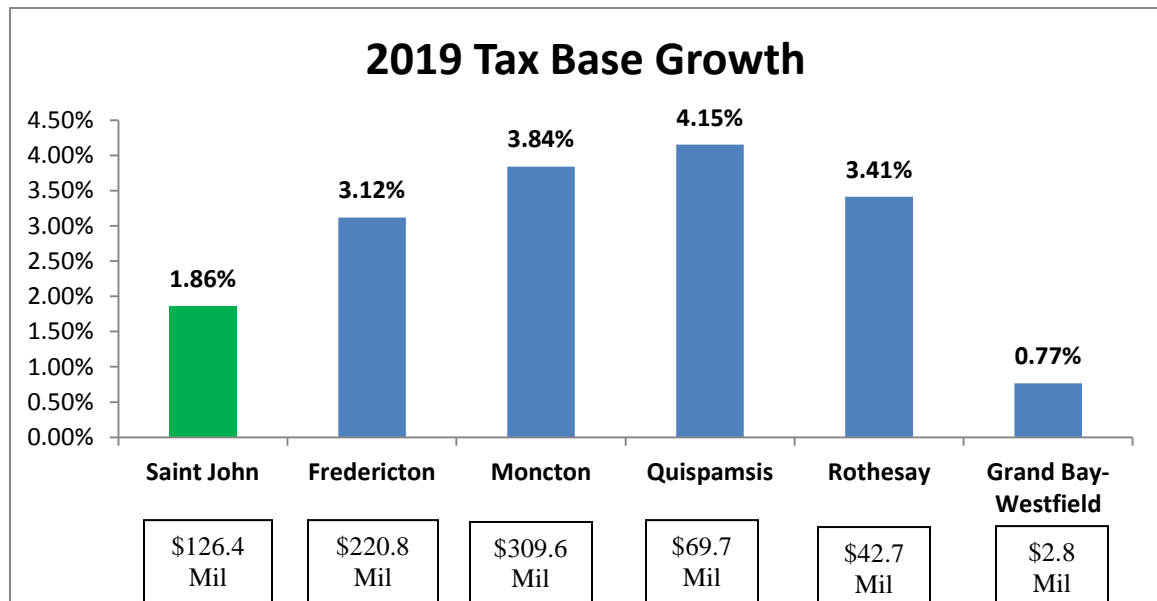
The first draft 2019 General Operating Budget was submitted to Council for Receive and File on November 5<sup>th</sup>, 2018. On November 28<sup>th</sup>, the Province released the property assessment and unconditional grant information. The Finance Committee met on December 6<sup>th</sup>, 2018 to review 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