

COMMON COUNCIL REPORT

M&C No.	2024-308
Report Date	November 18, 2024
Meeting Date	November 25, 2024
Service Area	Strategic Services

Her Worship Mayor Donna Noade Reardon and Members of Common Council

SUBJECT: 2025 General Fund Operating Budget

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	Chief Administrative Officer	Chair of the Finance Committee
<i>Craig Lavigne</i>	<i>Kevin Fudge</i>	<i>J. Brent McGovern</i>	<i>Councillor Gary Sullivan</i>

RECOMMENDATION

It is recommended that Common Council reflect upon the proposed 2025 General Fund Operating Budget, make all inquiries to staff and receive and file this report and presentation.

EXECUTIVE SUMMARY

The proposed 2025 General Operating Budget was presented to the Finance Committee on October 23rd, 2024, and approved at the meeting of Finance Committee on November 18th, 2024. The budget has been produced based on the Council’s strategic priorities, 10-year Strategic Plan, as well as on the principles, policies and targets contained in the City’s Long Term Financial Plan.

The proposed 2025 General Operating Budget totals \$194,366,011, up 3.5% year over year. The budget includes a property tax rate reduction of 3.0 cents, from \$1.58 to \$1.55 per \$100 of assessed value. If approved by Council, the 2025 property tax rate would be reduced by a total of 23.5 cents or 13.2% reduction over the last four years. The budget also incorporates maintaining the tax differential for Commercial and Heavy Industry at 1.7 which aligns the City’s strategy on tax reform.

PREVIOUS RESOLUTION

Finance Committee Meeting – November 18, 2024 – “It is recommended that the Finance Committee endorse the proposed 2025 General Operating Budget and direct staff to bring forward the budget to Common Council for receive and file”

REPORT

The proposed 2025 General Operating Budget was presented to the Finance Committee on October 23rd, 2024 and approved at the meeting of Finance Committee on November 18th, 2024. The budget has been produced based on the Council's strategic priorities, 10-year Strategic Plan, as well as on the principles, policies and targets contained in the City's Long Term Financial Plan.

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REVENUE

Property tax assessment has increased based on a growth rate of 6.52%. The growth rate can be split between market adjustments of 4.87% and new construction of 1.65%. The proposed reduction of the tax rate to 1.55 and increased property tax assessment results in an increase of annual property tax revenue of \$6,384,842 or 4.24% over the previous year.

The annual equalization and unconditional grant saw a reduction of \$969,888 or -7.04%.

Own source revenue includes new revenue from the Housing Accelerator fund in the amount of \$2,775,572, along with funding from reserves for Industrial Parks (\$180,000) and North End Neighborhood Plan (\$200,000).

There is \$600,000 included for Workers Compensation Recovery, increases in Emergency Dispatch revenue and expected increases in permitting revenue.

EXPENDITURES

Overall expenditures are up year over year by \$6,565,329 or 3.5%. Wages and benefits are within wage escalation with an increase of \$2,392,930 or 3.27% over previous year.

Other notable increases include \$2,775,572 for the Housing Accelerator Fund program, \$502K investment in recreation programming, increase of \$100K in mowing/street cleaning, increase of \$823K in parks and opens spaces which can largely be attributed to the new Ahtoli-maqahamok that opened in 2024.

Public Safety Services which include Fire Services, Emergency Management and Public Safety Communications Centre increased by \$1,168,240 largely due to inflationary pressures. The Saint John Board of Police Commissioners operating grant will increase by \$1,213,914 due inflationary pressures and the anticipated hiring of 4 additional officers.

There are additional resources budgeted for Information Technology and additional funding for Human Resources to focus on supporting safety, labour relations and strategic plan.

Under the City's grants to Agencies, Boards and Commissions, the Transit Commission will receive an increase of \$555,631 due to the increase in its operating grant and reduction in debt.

Fiscal charges related to debt and interest payments will decrease by \$1,229,431 due to the outcome of following the City's debt management plan. The transfer to Capital reserve allocations \$3,000,000 to the future recreation facility.

Council Priorities/Strategic Plan/Service Delivery

The 2025 budget addresses multiple elements of the 10-year strategic plan, Council Priorities, and addresses service delivery. The following list are highlights from the various service areas which have one time funding and recurring expenditures.

- 3 Cent Tax Rate Reduction
- Parks includes additional resources to focus on increase level of service for maintenance, beautification, garbage pickup, trail maintenance and snow clearing.
- New Parks Operation Superintendent and additional skilled worker support enhanced mowing services and winter maintenance.
- Saint John Transit operating subsidy increase of \$750K
- Enhanced IT support with resources to support Business Enablement and Customer service.
- New asset management position funded 50% General Fund and 50% Saint John Water.
- Traffic Safety Enhancements – New Traffic Calming Manager
- Funding from the community reserves to fund additional bylaw enforcement officers as part of a 3-year pilot program and City Market strategic plan.
- \$500K subsidy for Saint John Industrial Parks
- \$3.0M transferred into Capital reserves to continue to fund the Catalytic Multiplex Project.
- \$2.8M in Housing Accelerator Fund Initiatives.

The investments being made maintain existing service levels but also support the priorities of council, follow various plans, and address social issues and meeting the targets and principles of the long-term financial plan.

Aligning with Long Term Financial Plan

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

Don't spend more money than you make – 2025 budget is a structurally balanced budget

Borrow Wisely – the budget includes principal and interest charges of \$14.19M which is a reduction of \$1.23M over 2024. The city continues to reduce debt and increase pay as you go and is on track with its Debt Management Plan.

Save your money for a rainy day – The budget includes \$3.0M in capital reserves to address several Council priorities, avoiding new debt and continuing a culture of “save first” versus “spend first”.

Take control of your expenses before they take control of you – the 2025 operating budget follows the City's wage escalation policy.

CONCLUSION

In conclusion, the proposed 2025 General Fund Operating Budget continues to advance and surpass the City's long term strategic financial objectives. This budget advances the City's strategic financial objectives to increase flexibility, reduce vulnerability, and is sustainable.

The budget also balances the financial objectives of the long-term plan while balancing the priorities of Council along with the 10-year strategic plan.

STRATEGIC ALIGNMENT

The proposed 2025 draft General Fund Operating Budget is aligned with Councils' priorities, the 10-year Strategic Plan, the City's financial policies and plans, and strategic operational plans.

SERVICE AND FINANCIAL OUTCOMES

See enclosed 2025 General Fund Operating Budget

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The budget was established in collaboration with the City's Finance team, all Service Areas, Members of Finance Committee and Common Council.

ATTACHMENTS

1. Appendix A – 2025 Operating Fund Operating Budget
2. Appendix B – 2025 Operating Budget Presentation