



# Sustainability Plan

## *Recommendations for Action*

Common Council

May 4 ,2020

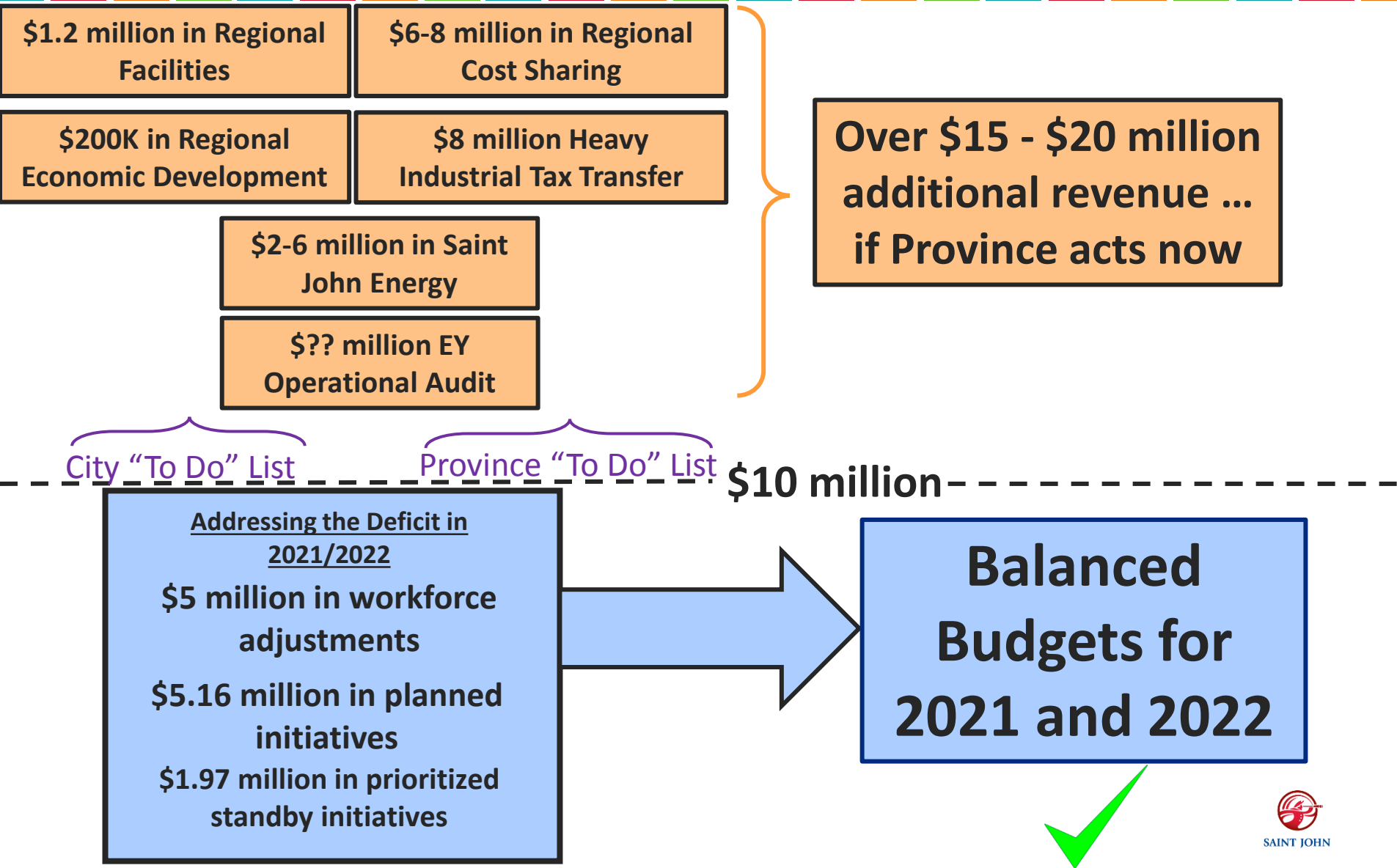


SAINT JOHN


# Sustainability Plan

- Thoughtful, strategic approach for long-term financial sustainability
- ‘All (viable) options on the table’ to address our immediate deficit
  - Mechanisms available to, and authorities of, a municipality are limited
- Work with the Province of New Brunswick on transformational reforms continues – albeit at a slower pace than desired
- Long-term vision is to create opportunities for growth and improve the quality of life in Saint John

# Financial Summary



# Where are we in Process?

- 
- |          |   |
|----------|---|
| 20 April | <ul style="list-style-type: none"><li>• Information Brief – Staff Recommended Plan to Council</li></ul> |
|----------|---|
- 
- |                  |  |
|------------------|--|
| 20 April – 3 May | <ul style="list-style-type: none"><li>• Public dialogue, discussion, debate and observations<ul style="list-style-type: none"><li>• Media</li><li>• Social Media</li><li>• Letters</li><li>• Meetings</li><li>• Input to City through Website</li></ul></li><li>• Information available through City website</li></ul> |
|------------------|--|
- 
- |       |   |
|-------|---|
| 4 May | <ul style="list-style-type: none"><li>• Decision Brief with Recommendations to Council<ul style="list-style-type: none"><li>• Preliminary “Approvals in Principle” for future staffing</li><li>• Broad guidance and direction</li></ul></li></ul> |
|-------|---|
- 
- |               |  |
|---------------|--|
| 4 May onwards | <ul style="list-style-type: none"><li>• Detailed implementation planning</li><li>• Additional stakeholder engagement to help formulate detailed plans</li><li>• Return to Council for final decisions as appropriate</li></ul> |
|---------------|--|
- 
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# Public Feedback - General Themes

- Specific feedback on specific initiatives or elements of Plan discussed later
- Engagement level
  - 11 submissions through website
  - 9 letters to Common Council
  - 1 request to address Common Council
  - 118 feedback pieces in media and on social media that we monitor
- Mixed observations of positive, neutral and negative support
- General Themes
  - Comprehensive, action oriented plan
  - Continue to focus on continuous improvement and delivering service more cost-effectively
  - Time for talk is over. Time for action is now
  - Comprehensive property tax reform essential, with everyone doing their share
  - A lot of information to digest in a short period of time
  - Recognition of challenges and acceptance that tough decisions must be made
  - Many self-interests voiced



# Sustainability Plan



**Prong:** Term used to stress work on multiple fronts concurrently

## Prong 1

- Efficiency and effectiveness reviews
- Development of strategic policy

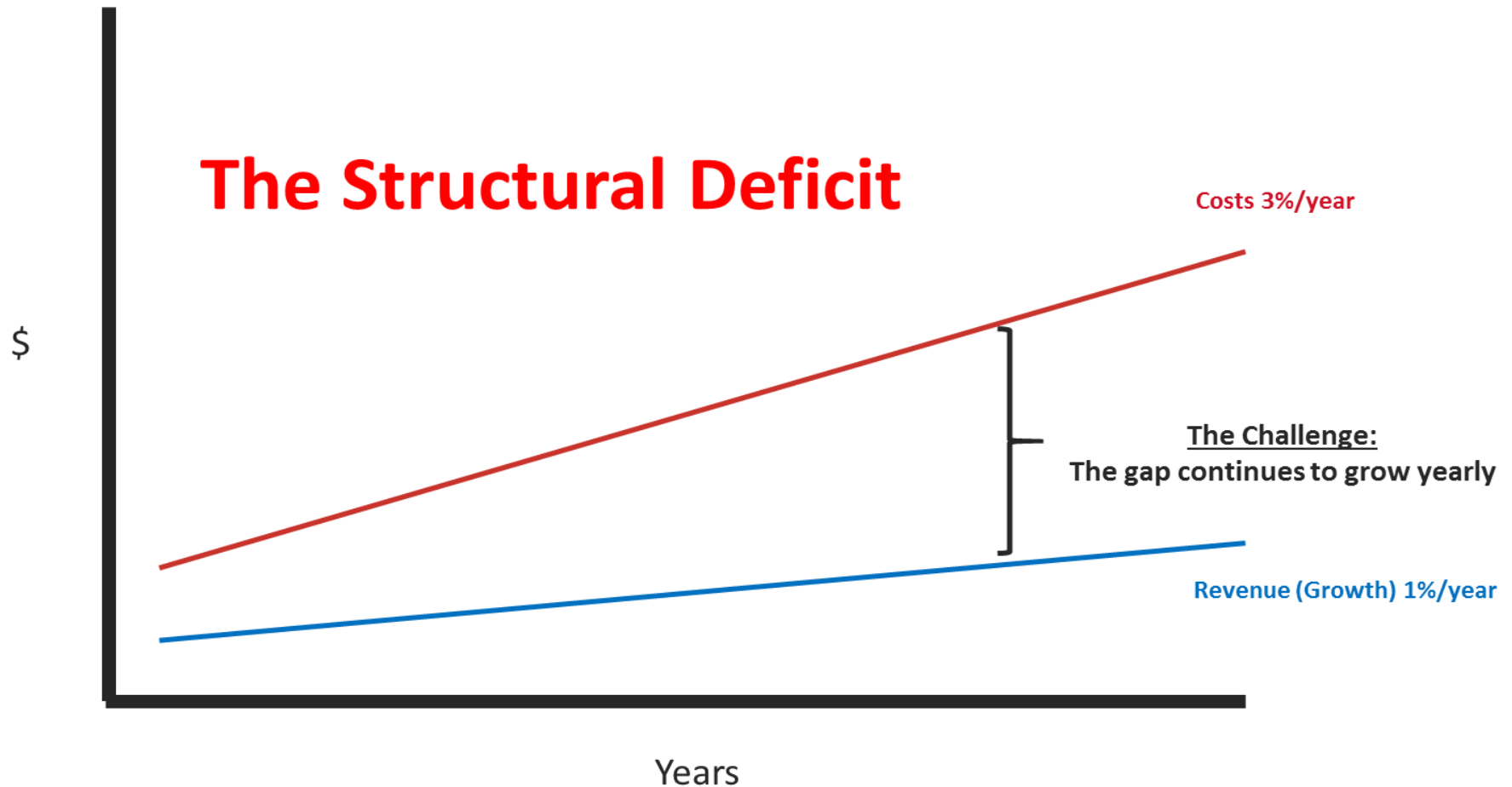
## Prong 2

- Sustainability initiatives (business decisions) to address deficit in 2021 and 2022

## Prong 3

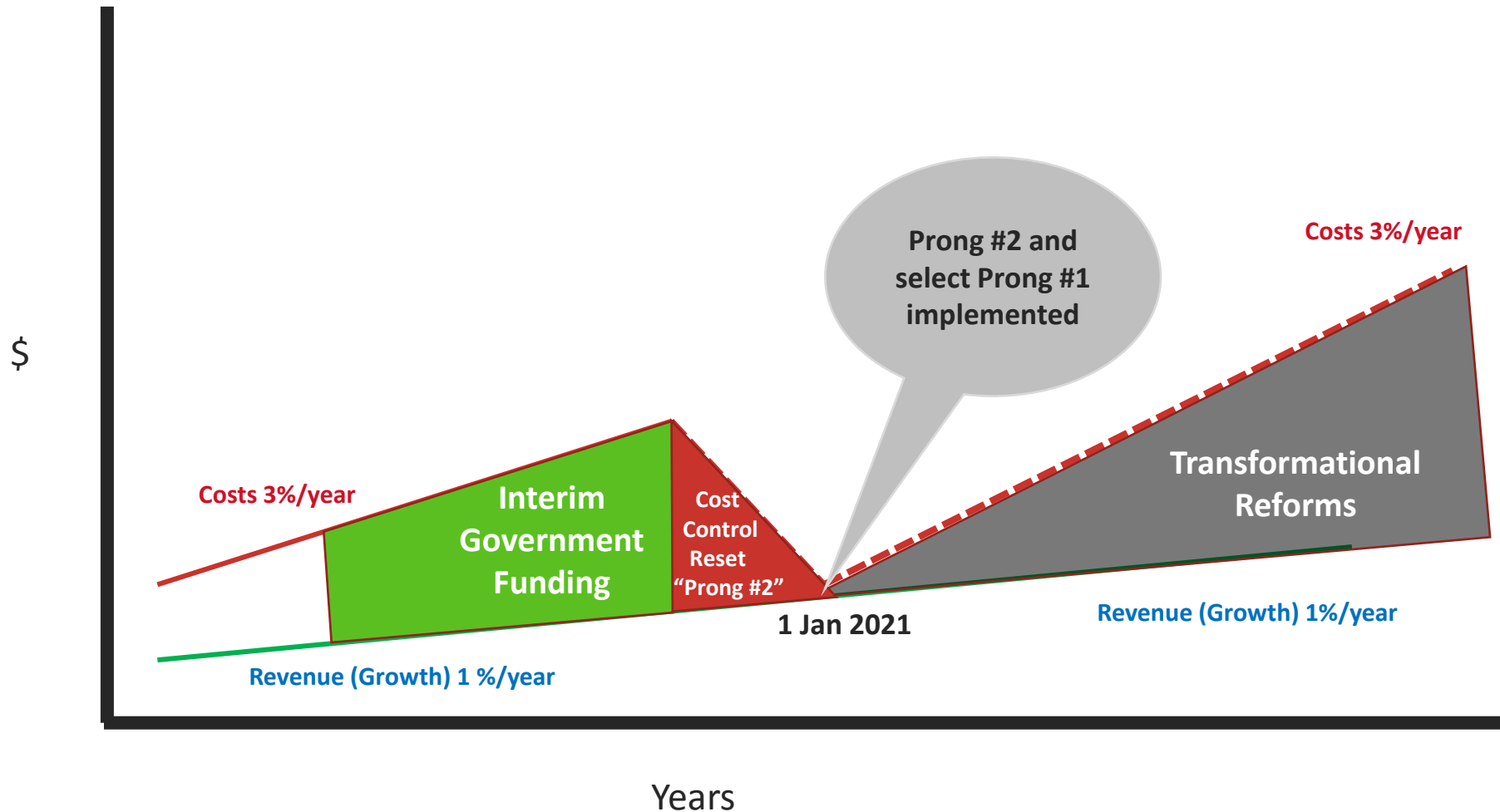
- Transformation reforms to solve 'structural deficit'

# The Essence of the Challenge



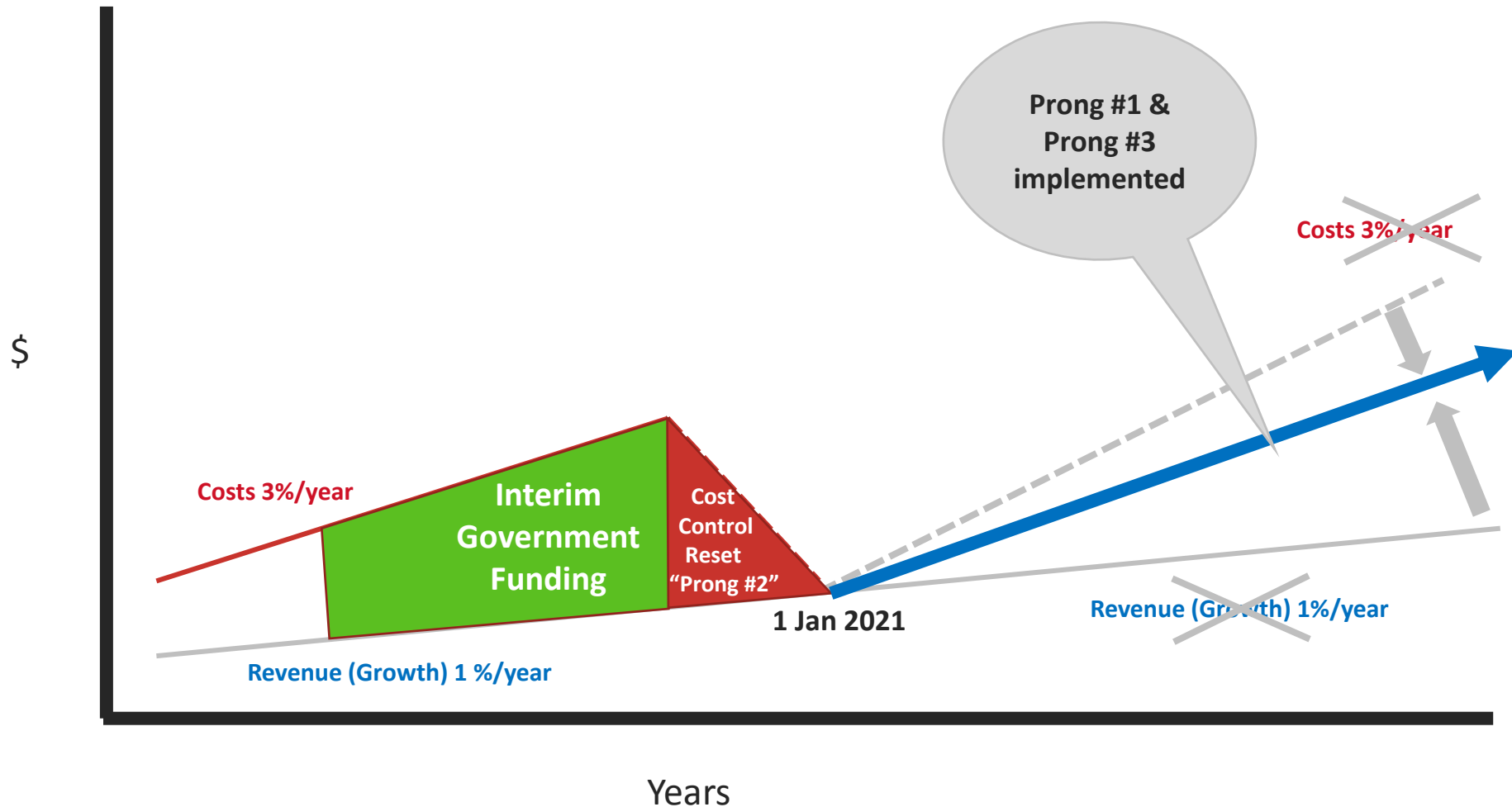


# Just “Cutting” does not solve “Structural Deficit”





# Transformational Reforms Must Occur



# Prong 2: Immediate Sustainability Decisions

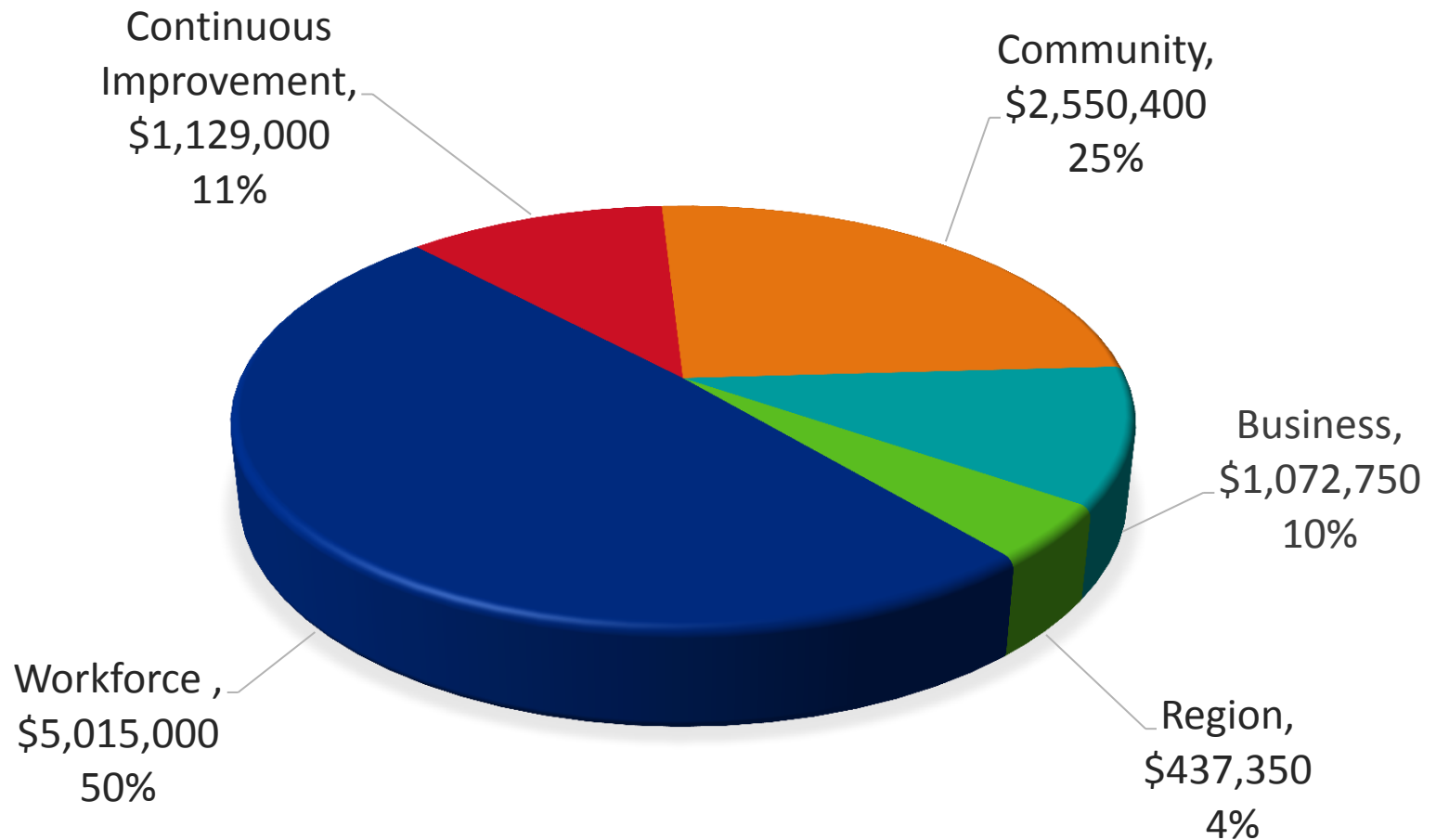


Address the deficit for  
2021 and 2022;  
currently forecasted at  
\$10 Million annually

## Guiding Principles

- Implement workforce adjustments and personnel policy changes (50% of deficit)
- Divest infrastructure
- Enhance revenue streams
- Implement new and innovative approaches to service delivery

# Everyone Contributes



# Prong 2 – “The First \$5 Million”

- Common Council decision that 50% of the entirety of the deficit to be resolved through workforce adjustments and changes to personnel policy

Organization	Target	Comment
Fire	\$1360k	Achieved through collective bargaining and/or reduction in size of workforce
Police	\$1175k	Assigned to Police Commission through notification of budgetary adjustment. Unlikely to be achieved through collective bargaining since Union has requested binding arbitration. Depending on results, likely will result in reduction to size of workforce
Local 18 (Outside Workers)	\$960k	Tentative Agreement in place. Requires approval of Council and ratification by membership
Local 486 (Inside Workers)	\$680k	Contract in place until end 2021 therefore reduction of 7-9 personnel required
Management and Professional Staff	\$840k	0% pay raise for 2021 and 2022 <b>and</b> reduction of 3-6 personnel
<i>Total</i>	<i>\$5015k</i>	

Note: Transit workforce contributions to entirety of deficit will be included as part of ongoing fundamental transit review and achieved through collective bargaining and/or reduction in size of workforce

# Prong 2: Sustainability Decisions (Other \$5 M)

Sustainability Initiatives	Hopper	Plan	Council Meeting
<b>Revenue</b>			
1. Permit and Development Approval Fee Increases	\$80,000	\$80,000	December 2, 2019
2. Permit and Development Approvals, New Fees	\$35,000	\$13,000	February 24, 2020
3. Fire Fees for Service	\$45,600	\$30,000	November 18, 2019
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11. Heavy Vehicle Permits	\$0	\$1,000,000	
<b>Operating Cost Reduction</b>			
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<b>Sustainability Ideas Sub-total as February 24, 2020</b>	<b>\$5,396,100</b>	<b>\$4,060,500</b>	
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# Heavy Vehicle Program Objectives



Cost Recovery  
Infrastructure Management  
Quality of Life  
Safety  
Efficient approval of spring  
weight variances

Saint John's industrial base provides strategic advantages, it also means that the city accommodates significant truck traffic resulting in noise, air pollution, safety concerns, increased congestion and delays, and damage to infrastructure.

The City aims to mitigate these impacts to ensure comfortable livability and long-term health and wellness for its community.

# Heavy Vehicle Impact

## Impact on Roads:



## Gardner Pinfold (Heavy-Industry Page 18):

*“Direct costs - \$2.5 million for roads, \$1.2 million for fire, and not quantified for police*

*Opportunity costs – up to \$32 million for lost residential property tax revenues and lost residential properties*

*Benefits – About \$12 million in municipal tax revenue from heavy industrial properties”*



# MoveSJ Phase 2 (2018): Movement of Goods

Extensive Goods Movement consultation with industry and trucking companies (2018)

- 4 stakeholder group meetings (and additional discussions)
- Presentation to Saint John Chamber of Commerce

On-going engagement with industry (2020 +)

- 12 Short Term Policies (2018-2020)
  - Truck Route changes
  - Signage improvements
  - Reducing truck noises
  - Reducing trucks on City streets, **South Central Peninsula**
  - **Overweight / Oversized Truck Permit Program**
- 4 Long Term Policies (2020-2023)
  - Truck Route changes
  - Enforcement and **expansion of Overweight / Oversized Program**
- Amendments to 2 Short Term and 1 Long Term Policies



# Permit Types

**Heavy Vehicle Permit** – Trucks with a registered maximum gross vehicle weight (GVW) of 11,800 kg or greater is required to obtain this type of permit. *Objective is to spread cost recovery goal out to reduce financial impact on any one sector. Exact weight limit to be determined through stakeholder engagement.*


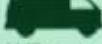

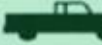
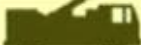









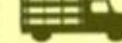





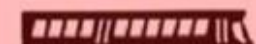



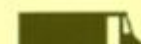




**Overweight Vehicle Permit** – Trucks with an actual GVW of 43,500 kg, or all trucks that exceed the City's current Weight Restriction By-Law limits, or all trucks that are in excess of the axle or GVW limits defined in Schedule A of Regulation 2001-67 of the MVA is required to obtain this type of permit.

**Oversize Load Vehicle Permit** – Trucks in excess of the dimensions defined in Schedule A of Regulation 2001-67 of the MVA is required to obtain this type of permit.



# Vehicle Types

CLASS	GVWR LIMITS	GVWR CATEGORY
Class 1	0 - 6,000 lbs (0 - 2,722 kg)	<b>Light Duty</b> < 10,000 lbs ( < 2,722 kg)
Class 2	6,001 - 10,000 lbs (2,722 - 4,536 kg)	
Class 3	10,001 - 14,000 lbs (4,536 - 6,350 kg)	<b>Medium Duty</b> 10,001 - 26,000 lbs (4,536 - 11,793 kg)
Class 4	14,001 - 16,000 lbs (6,351 - 7,257 kg)	
Class 5	16,001 - 19,500 lbs (7,258 - 8,845 kg)	
Class 6	19,501 - 26,000 lbs (8,846 - 11,793 kg)	
Class 7	26,001 - 33,000 lbs (11,794 - 14,969 kg)	<b>Heavy Duty</b> > 26,001 lbs ( > 14,969 kg)
Class 8 - 13	>33,001 lbs (>14,969 kg)	

 Minivan  Utility van  Multi-purpose  Full-size pickup	<b>CLASS 1</b> 6,000 lb & less	 Bucket  City delivery  Large walk-in	<b>CLASS 5</b> 16,001 to 19,500 lb
 Minivan  Utility van  Full-size pickup  Step van	<b>CLASS 2</b> 6,001 to 10,000 lb	 Beverage  Single-axle van  School bus  Rack	<b>CLASS 6</b> 19,501 to 26,000 lb
 Walk-in  Conventional van  City delivery	<b>CLASS 3</b> 10,001 to 14,000 lb	 Refuse  Furniture  City transit bus  Medium conventional	<b>CLASS 7</b> 26,001 to 33,000
 Conventional van  City delivery  Large walk-in	<b>CLASS 4</b> 14,001 to 16,000 lb	 Dump  Cement  Heavy conventional  COE sleeper	<b>CLASS 8</b> 33,001 lb & over

# Heavy Vehicle Program Parameters

**Permit Types:** Daily, quarterly, or annually. Details to be refined through stakeholder engagement

**Rates:** Match provincial charges (overweight / oversized); and modest rates with a maximum limit of \$200 for an annual heavy vehicle permit. Scalable, subject to stakeholder engagement.

**Requirements:** Travel on all City streets (except Provincial highways within City limits)

**Enforcement:** Options being explored

**Exemptions:** Considered as appropriated and determined through analysis



# Heavy Vehicle Permits

## Authority for Permitting in New Brunswick

- Local Governance Act
- Motor Vehicle Act

*Note: At the recommendation of the Provincial Registrar of Motor Vehicles, the City recently amended its Traffic By-Law to indicate a truck of gross mass of 4,500 kg or greater be required to use City truck routes. Increasing the minimum GVW to 11,800 kg for permitting to align with other municipalities*

## Overweight and/or Oversized

- Common in many jurisdictions for permitting
- Examples: Halifax, London, Calgary, Grand Prairie, North Bay, Saskatoon, and Vaughan, Moncton, Fredericton, Barrie, Burnaby, Sudbury, Toronto

## Heavy Vehicle Permits

- British Columbia leader in setting the standard on permitting a broader range of vehicles
- Examples: New Westminster, Vancouver (11,800 kg)



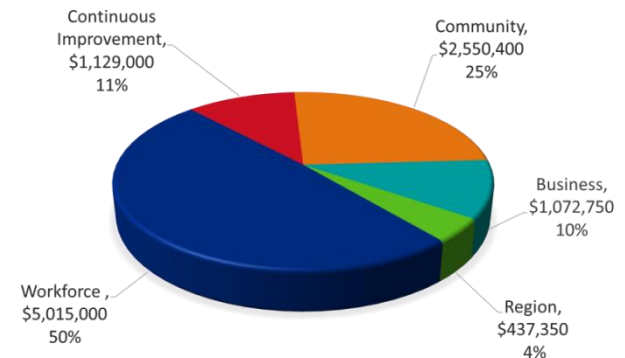
# Feedback – Heavy Truck Permit Program

- Some online comments
- Meeting with some businesses, Trucking Association, Canadian Manufacturers and Exporters association, others on 29 April
- Their overall comments
  - Not supportive
  - No impact study
  - No engagement with stakeholders in past months
  - Already pay enough taxes
  - Detailed plan lacking
  - Timing is wrong
  - Impact on businesses will be profound
  - Not done elsewhere
  - Reduces competitive advantage of Saint John
  - Decision being made without all the facts



# Feedback – Heavy Truck Permit Program

- The “counter narrative”
  - Everyone should contribute
  - Interim measure until comprehensive property tax reform completed
  - Options available to municipality limited
  - Businesses do pay significant taxes, however
    - FCM states approximately only 10 cents of every tax dollar goes to municipalities
    - No increase to property tax rate (the primary option for CSJ) in past 11 years
  - Details will follow through implementation planning
  - Extensive stakeholder engagement will be part of implementation planning
  - Council will make final decision only after detailed implementation planning
  - Additional costs very modest (less than 55 cents a day max for annual pass)
  - Perhaps impact on businesses is being overstated but will be further explored during implementation planning
  - Fuel costs are down significantly (approx. 35%) at this time and likely to remain low for some time, mitigating any impact of a new expense





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# Prong 2: Sustainability Standby Initiatives

Priority	Sustainability Standby Initiatives	Hopper	Plan	Stand-by	Council Meeting
1	Asphalt Overlay Program (Phase 2)	\$200,000	\$200,000	\$150,000	February 24, 2020
2	Passport to Parks	\$35,000	\$0	\$35,000	November 18, 2019
3	Non-Resident Differential Parking Fee (Phase 2)	\$620,000	\$220,000	\$220,000	December 2, 2019
4	Casual Workforce Reduction (Works) (Phase 2)	\$182,000	\$51,000	\$40,000	February 24, 2020
5	Casual Workforce Reduction (Parks & Recreation) (Phase 2)	\$389,000	\$100,000	\$89,500	February 24, 2020
6	Grants - Other	\$45,000	\$0	\$45,000	December 2, 2019
7	Permit and Development Approvals, New Fees (Phase 2)	\$35,000	\$13,000	\$20,000	February 24, 2020
8	Transit Redesign (Phase 2)	\$2,000,000	\$750,000	\$250,000	January 27, 2020
9	Playground Program	\$90,000	\$0	\$42,000	November 18, 2019
10	Casual Workforce Reduction (Works) (Phase 3)	\$182,000	\$51,000	\$91,000	February 24, 2020
11	Casual Workforce Reduction (Parks & Recreation) (Phase 3)	\$389,000	\$100,000	\$199,500	February 24, 2020
12	Winter Street Maintenance (Phase 2)	\$347,000	\$130,000	\$217,000	December 4, 2019
13	Asphalt Overlay Program (Phase 3)	\$200,000	\$200,000	\$150,000	February 24, 2020
14	Community Centres	\$70,000	\$0	\$68,463	January 27, 2020
15	Grants - Development Incentives and Heritage	\$300,000	\$0	\$300,000	December 2, 2019
16	Grants - Community Arts	\$19,721	\$0	\$19,721	December 2, 2019
17	Grants - Community Events	\$16,500	\$0	\$16,500	December 2, 2019
18	Grants - Event Sponsorships	\$17,500	\$0	\$17,500	December 2, 2019
Total Standby		\$1,971,184			

# Prong 2: Sustainability Initiatives

## Recommendations


1. Approve the implementation of the **Sustainability Plan** and all elements as presented to address the projected deficit of \$10 Million through workforce adjustments (50%), revenue generation, service changes, and continuous improvement efforts in 2021 and 2022.
2. Direct the City Manager to return to Council as and when required for implementation plan approval, including any changes to bylaws, policies or Council guidance and direction.
3. Approve the implementation of **Standby Sustainability Initiatives** as prioritized to ensure the entirety of the deficit is addressed, inclusive of updated deficit figures, to balance the 2021 and 2022 general fund operating budgets.

# Prong 2: Sustainability Initiatives Recommendations

4. With respect to the Heavy Vehicle Truck Permit Program
  - a. Recognize the challenges associated with the program and direct the City Manager to return to Council with detailed plan for review/approval, which includes stakeholder engagement and impact analysis
  - b. Recognize that reduction in the target value of this program, or elimination thereof, would result in using standby initiatives as compensation to address entirety of the deficit
  - c. Approve that if the deficit forecast is reduced or if savings/revenues of other initiatives are higher than expected, this program is the priority for reduction in its target value

# Prong 1: Reviews and Policy Development

- **Organizational structure** – reduce size and maintain effectiveness
- **Operation audit** – identify viable cost savings (completed with GNB funding)
- **Agencies, boards, and commissions** – find efficiencies and effectiveness
- **Economic development framework** – achieve better alignment and synergy
- **Infrastructure** – enhance asset management



Stream-line structure  
to improve cost-  
effectiveness

# Prong 1: What's Next for Policies

- Financial policies completed
  - Discipline to follow them
- Vision and Strategy overarching document
  - More than just finances ....where do we wish to be in 2030?



# A Key Part of the Vision and Strategy



Grow the Region • Serve the Region

**Become the Region of Choice!**



# Prong 1: Policy Development Recommendation

5. Direct City Manager to develop a 10-year vision and strategy document that will be used to guide all further decision-making and subordinate policy development for the City of Saint John.
6. Direct City Manager to maintain and update all policy documents on an as required basis.
7. Direct City Manager to prepare for the development of the next Council's Four-Year Priorities.

# New Organizational Structure Achieves .....

- Enhanced customer service through Integrated Customer Service Centre
- Enhanced contract development, compliance and monitoring
- Enhanced cyber defence
- Enhanced strategic planning and intergovernmental relations
- Enhanced communications/public affairs/branding
- Enhanced emphasis on public safety
- Increased emphasis on HR management (“care of our people”)
- Centralized engineering function
- Centralized administrative support (where possible)
- Centralized maintenance and fleet coordination
- Centralized approach to all infrastructure management
- Reconfigured continuous improvement (to performance management)
- Shared services with Saint John Police (TBC – planning ongoing but decision not made)
- Transfer of Transit & Parking to City Hall (TBC – planning ongoing but decision not made)
- Transfer of “parks and recreation” programming to Growth and Community Services
- Transfer of City Market to Growth and Community Services

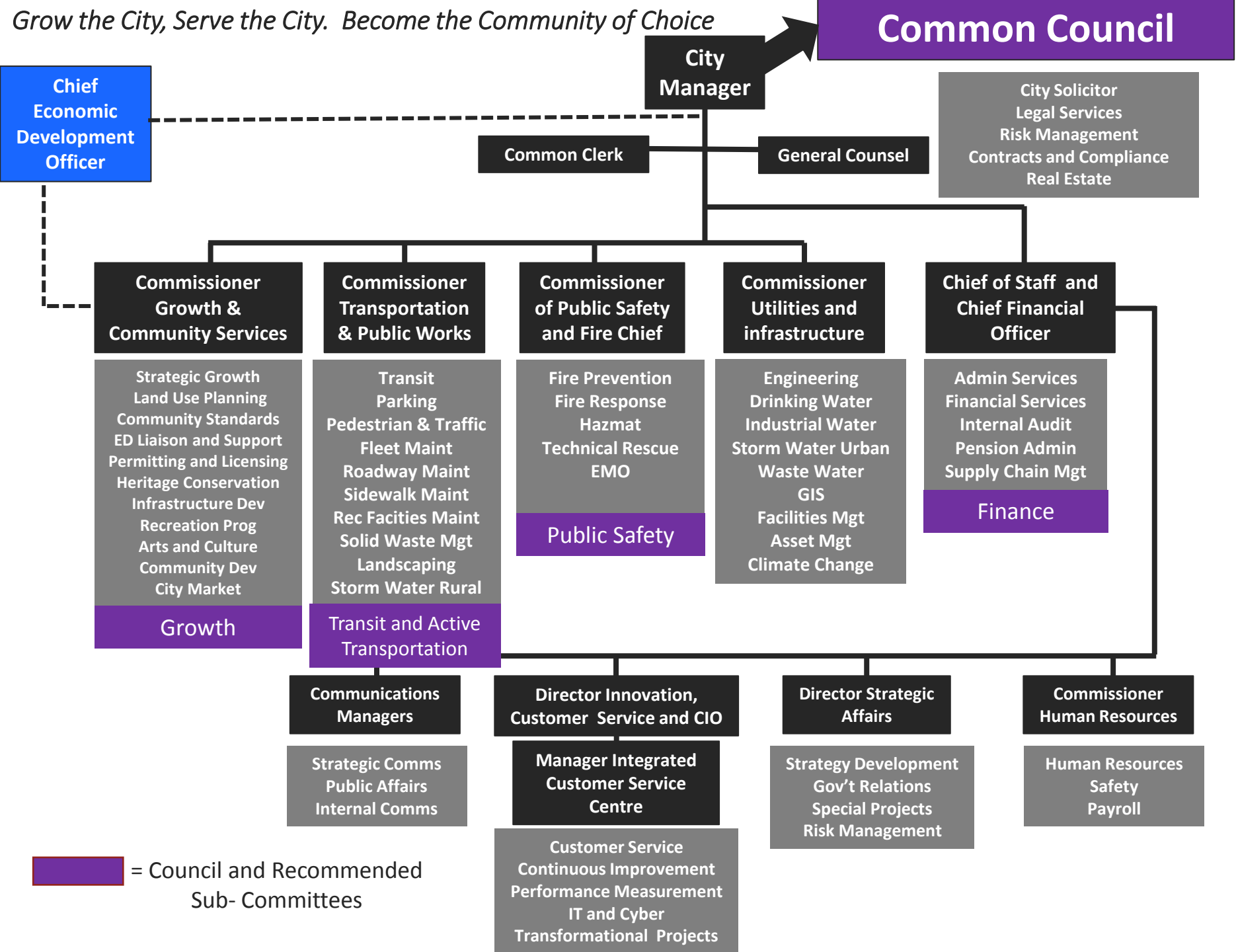
# New Structure Achieves ..... *(preliminary calculation)*

Employee Group	Current Budgeted Positions	Additional Personnel in Current Structure	New Structure	Net Savings of Personnel	Wage Savings
Management and Professional Staff	92	2.5 Full-time long-term casuals	89	5.5 FTEs	\$911,977
Inside Workers (Local 486)	110	3.25 short-term casuals	101	Up to 9 FTEs	Up to \$826,565

Management	Salaries	Fringe	Special Pension	Management Total
2020 Budget	\$9,819,529	\$2,482,029	\$1,669,320	\$13,970,878
Anticipated 2021 Costs	\$9,164,141	\$2,336,856	\$1,557,904	\$13,058,901

Inside Workers	Salaries	Fringe	Special Pension	Inside Worker Total
2020 Budget	\$7,218,155	\$1,813,682	\$1,227,086	\$10,258,924
Anticipated 2021 Costs	\$6,619,199	\$1,687,896	\$1,125,264	\$9,432,359

Grow the City, Serve the City. Become the Community of Choice



# Prong 1: Structure Recommendation

8. Approve in principle the enhanced Council Committee structure and direct the City Manager to develop Terms of Reference for consideration by Council.

# Prong 1: EY Operational Audit Recommendations

- Sustainability cannot be obtained through “easy-to-implement” changes
- Foundational changes necessary
- Implement Strategic Planning (10 year Vision and Strategy)
- Eleven business cases developed, summary of all opportunities

The consolidated opportunities are noted below: (000's)

Debt reduction	Cost optimization (annualized)	Revenue generation (annualized)
\$8,380 - \$9,880	\$12,400 - \$17,800	\$5,300 - \$9,400

# Prong 1: EY Sustainability Enablers



## Labour relations

Remove or significant reduce restrictions contained in collective agreement, move to more collaborative relationship, binding arbitration change.



## Tax reform

Assessment process, exemptions and split between COSJ and GNB.



## Performance management and accountability

Implement tools and systems to improve performance and workforce productivity in delivering service by the City and its ABCs.



## Regional collaboration

Higher quality services that benefit both citizens of Saint John and the region. Regional approach to service delivery to eliminate duplication, grow, and retain the population.



## Governance & structure

Align organizational and governance structure with strategic planning to leverage opportunities for long-term efficiencies.



## Culture

Adopt culture and change management as part of the sustainability plan to support a culture of change and continuous improvement.



# Prong 1: EY Operational Audit Recommendations

*“implement a small number of larger changes rather than a large number of smaller projects”*

- Debt reduction significant opportunities depending on market demand:
  - Buildings – out of 77, explore 19 – (\$5 to \$6 M).
  - Lands – out of 1,500 parcels, explore 41 (some already rejected by Council) (\$3.2 to \$3.7 M).
- Cost optimization:
  - Fire Service – call process enhancement, staffing model optimization, reduction of two tankers and two engines, closing one station (\$4 to \$5 M)
  - Police Service – expand civilianization, 11 hour shift (\$1.5 to \$1.7 M).
  - Procurement – shared services, contract management, red tape reduction and strategic sourcing (\$1.2 to \$4.4 M)
  - Public works – optimize solid waste, winter road maintenance cost management, efficiency and improvements through workforce and casual reductions (\$3.5 M)
- Revenue Generation:
  - SJ Energy – 50% dividend similar to other municipal utilities, with growth agenda and increased power rate (\$4.5 to \$8.2 M)

# Prong 1: Operational Audit Recommendations

9. Endorse the Operational Audit completed by Ernst & Young in partnership with the Province of New Brunswick (Department of Environment and Local Government).
10. Direct the City Manager to develop a five (5) year implementation plan based on the recommendations outlined in the Ernst & Young Operational Audit.

# Review of all Agencies, Boards and Commissions

to find efficiencies and to improve effectiveness

- Regional Facilities focus
  - Trade and Convention Centre(\$586k)
    - External audit complete
    - Reviewing “Findings” and exploring options for efficiencies
  - Imperial Theatre (\$367k)
    - Asked Theatre to provide impact of modest to complete reduction in subsidy
    - Analysis ongoing
  - TD Station (\$602k)
    - Expressions of Interest complete. Confidential direct negotiations commenced
  - Aquatic Centre (\$625k)
    - Expressions of Interest complete. Confidential direct negotiations commenced
  - Arts Centre
    - Analysis ongoing
- City Manager aspirational target.....
  - Reduction in total costs of minimum of 50%, equating to savings of \$1.2 million annually while maintaining operation of all regional facilities
    - Secondary benefit to outlying municipalities – who would in turn pay less
- Details to follow, timeline to be developed
  - COVID-19 impact possible



# Prong 1: Regional Facilities Review Recommendations

11. Endorse City Manager's effort to significantly reduce payments to the regional facilities through the exploration of alternative business models and the identification and implementation of other efficiencies.

# Transit Operational Review: Objectives

Determine the most efficient and effective manner of managing and operating the system in order to enhance reliability and accessibility for riders, limit travel times, and provide service where and when it is most needed, while minimizing spending.

- Robust stakeholder engagement
- Industry peer insights and best practices

All-encompassing review, including:

- Routes
- Schedules
- Fleet
- Fares
- Service Delivery
- Staff Functions
- Marketing
- Technology
- Operations and Maintenance



# Transit Review – Minimum Requirements

- Initial demand
  - Explore opportunities to cost-avoid up to \$2 million
- Updated Requirement
  - Cost-avoid \$750k minimum
    - Workforce adjustments should be majority contributor
  - Be prepared to cost avoid an additional \$250k if required (standby list)
- *Exploring transfer of Transit to City (removing Transit Commission) for efficiencies and enhanced effectiveness*
  - *Transit Commission supportive in principle*
  - *Pensions are a major consideration*
  - *Staff Report to Council ....for decision on 4 May 2020*



# Prong 1: Transit Review Recommendations

12. Continue to support the ongoing Transit review with its previously identified goals and objectives.
13. Support in principle, the closure of the Transit Commission and the transfer of the transit function to City Hall, including all personnel, vehicles and equipment. This support in principle is conditional on satisfactory resolution of outstanding issues, including but not limited to the pension considerations and the necessary legislative and bylaw changes.

# Prong 1: Transit Review Recommendations

14. Council submit a request to the Province to amend the Transit Commission Act so as to provide that in the event the Common Council of The City of Saint John (the “**City**”) adopts a resolution to assume control of the operations of Saint John Transit, that immediately upon such adoption, all the powers and responsibilities of the Transit Commission become vested in the City; the Transit Commission ceases to exist and all the rights and liabilities of the Transit Commission are deemed to become those of the City, and further, but notwithstanding any legislation, regulation, agreement or other arrangement of whatever kind, the current and former employees of the public transit system identified in the Transit Commission Act, will continue to be members of the group RRSP unless and until a different pension arrangement is agreed upon by the City, the union representing the current and former employees in question and, if the proposed different arrangement involves The City of Saint John Shared Risk Pension Plan, the Board of Trustees of the latter Plan.



# Prong 1: Economic Development Framework

Realizing tremendous potential together:

- 2<sup>nd</sup> largest ED organization in Atlantic Canada
- Only ED organization to fully integrate all functions (tourism and growth)
- Community and business support that this model will propel growth

Funding and governance considerations:

Preferred option:

- Costing-sharing regional model

Alternative option:

- Funded separately as a regional effort

# Prong 1: Efficiency Reviews Recommendations

15. Direct the City Manager to continue efforts to create a regional economic development framework.
16. If regional economic development framework is not supported by the Region by mid June 2020, direct the City Manager to develop an alternative option internal to the City of Saint John that addresses the key gaps and challenges identified within our current framework. Plan to address these gaps and challenges would need to be in place by 1 January 2021.

# Prong 1: Saint John Energy

Based on previous Council direction and as clearly stated within “Sustaining Saint John – A Three Part Plan” (and all the working group discussions leading to that Plan) this is the current preferred option of Council

## Option 1

- Status Quo Rates / Enable Growth Agenda / Transfer Dividend to City

## Option 2

- Sell the Utility

## Option 3

- Adopt NB Power Rates / Transfer Dividend to City and Enable Growth Agenda / Transfer Dividend to City

Overall public feedback to this point....

- Do not sell SJE
- Shows a need to correct misperceptions

On-going analysis of options  
Currently no final decision,  
no recommendation

# About SJE – “In Sustaining Saint John – A Three Part Plan”

**“Action:** The city will conduct an independent business valuation of Saint John Energy’s Growth Agenda. The province will then do its due diligence based on that information before bringing forward legislation that could allow Saint John to benefit financially from its utility. At the City of Saint John’s request, the province will also work with the city to permit its municipal electric utility to return surpluses to the local government.

**Rationale:** The city owns Saint John Energy, but apart from a favourable energy rate does not benefit financially from owning this asset. The Growth Agenda identifies a .....

“ .... Government recognizes that any decision concerning Saint John Energy rests with Common Council given the city’s ownership of the utility. The Growth Agenda, which is favoured by the city, ....”



# Prong 1: SJE Recommendations

17. Receive and file the independent audit and related reports completed by Deloitte on Saint John Energy to validate the growth agenda and determine the total value of the asset.
18. Approve the City's participation in a task force that explores the options. The City's participation will, as a priority, attempt to enable the growth agenda of Saint John Energy and the flow of dividend (approximately 50% of net income) to the City of Saint John. Outcomes and recommendations to be provided to Council at a later date.

# Prong 3: Transformational Reforms Recap

- Comprehensive property tax reform
- Regional cost sharing
- Regionalization of services
- Wage escalation control
- Binding arbitration reform
- Empowering cities to generate own revenue



**Solve structural deficit:**  
Ensuring financial  
sustainability in 2023  
and beyond



# Prong 3 – Transformational Reforms

- **Comprehensive property tax reform**
  - Provincial commitment to complete by end 2022
  - Questions on
    - Industrial contributions
    - Tax revenue distribution between province and cities
    - Differential rates
    - Exemptions
    - Assessment practices
    - Property value inversion
- **Regional cost sharing**
  - 15,000 - 18,000 work commuters enter the city daily. 33,000 people travel into City daily, placing wear and tear on our infrastructure and requiring some of our services
  - 30%-35% of all users of our subsidized recreational facilities are non-residents and therefore pay no taxes towards the subsidizations from which they benefit
  - Region benefits from the industry inside City yet City shoulders costs associated with that industry
- **Regionalisation of services**
  - Only 130,000 people in Region yet we have at least three of everything when it comes to providing services (fire, police, EMO, waste management, road works, etc)



# Prong 3 – Transformational Reforms

- **Wage escalation control**
  - All of our workgroups have seen significant pay raises over the past 15 years
  - Common Council has approved a wage escalation policy.
    - This policy will only be transformational once it is embraced by all and the City has the discipline and tools available to adhere to this vital policy
- **Binding arbitration reform**
  - The unintended consequence of the Act has been approximately 70- 80% cumulative pay raise for police and fire over a 15 year period.
  - During that same 15-year period, CPI has increased by only 27.5%
  - The eight cities of New Brunswick all support changes
  - **No intent to limit free and open bargaining nor to remove the right to binding arbitration.**
  - Provide list to arbitrators of criteria to consider .....including affordability to municipality
- **Empowerment of cities to generate own revenues**
  - Must diversify revenue streams



# Public Comment - Transformational Reforms

- Only two areas had significant comment:
  - Comprehensive Property Tax Reform
    - “Can’t come soon enough”
    - Generally fully supportive
  - Regional Cost Sharing
    - Mixed views
    - Region already contributes to City
    - City should solve its own problems
    - Lack of understanding on economic development and importance of growth

# Addressing the Public Comments – *Region already Contributes*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
<b>Regional Facilities Operating</b>											
Grand Bay/Westfield	80,504	83,031	79,943	92,404	105,858	117,492	119,848	111,833	127,323	127,484	<b>1,045,720</b>
Quispamsis	353,407	368,432	360,416	408,467	459,545	517,023	530,189	507,151	572,967	593,039	<b>4,670,636</b>
Rothsay	280,080	289,102	277,779	309,324	350,472	390,133	397,780	378,465	427,095	438,929	<b>3,539,159</b>
Saint John	1,528,439	1,572,250	1,527,444	1,732,548	1,929,784	2,108,450	2,165,261	2,039,016	2,320,272	2,348,613	<b>19,272,077</b>

<b>Regional Facilities Capital</b>											
Saint John	534,626	385,578	294,774	0	895,321	676,190	1,554,864	988,383	296,831	386,000	<b>6,012,567</b>

	2018	2019	2020	Total
<b>Field House SJ</b>				
Saint John	1,400,000	1,400,000	564,400	<b>3,364,400</b>
Quispamsis	30,000	-	-	<b>30,000</b>
Rothsay	5,000	-	-	<b>5,000</b>
Grand Bay/Westfield	10,000	-	-	<b>10,000</b>

<b>SJ Economic Development</b>											
All Other Municipalities EDGSJ	103,239	214,806	224,924	224,924	224,924	224,924	224,924	224,924	240,867	240,867	<b>2,149,323</b>
Saint John EDGSJ	400,567	352,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	<b>4,552,567</b>
Saint John Discover SJ	925,000	845,000	845,000	925,000	1,000,000	965,600	1,033,495	1,033,495	1,033,495	618,608	<b>9,224,693</b>
Saint John Develop SJ	-	-	-	-	-	-	-	821,002	821,002	838,727	<b>2,480,731</b>
Saint John Development Corp/Waterfront	280,000	255,000	280,000	300,000	275,600	270,000	270,000	-	-	-	<b>1,930,600</b>
Saint John Industrial Parks	316,000	300,000	300,000	300,000	270,000	270,000	270,000	-	-	-	<b>2,026,000</b>

# Addressing the Public Comments:

## *Region already Contributes*

- What is equitable?
  - Based on population in CMA (Region)
    - 53.5% of people live in Saint John
    - Or
    - 55% of tax base exists in Saint John
- For Regional Facilities over last 10 years...
  - CSJ - \$25,284,644 – 73.2%
  - Towns - \$9,255,515 – 26.8%
  - LSDs – 0
- For Field House
  - CSJ - \$3,364,400 – 98.7%
  - Towns - \$45,000 – 1.3%
  - LSDs – 0
- Economic Development Agencies
  - CSJ - \$20,214,591 – 90.4%
  - Towns - \$2,149,323 – 9.6%
  - LSDs - 0

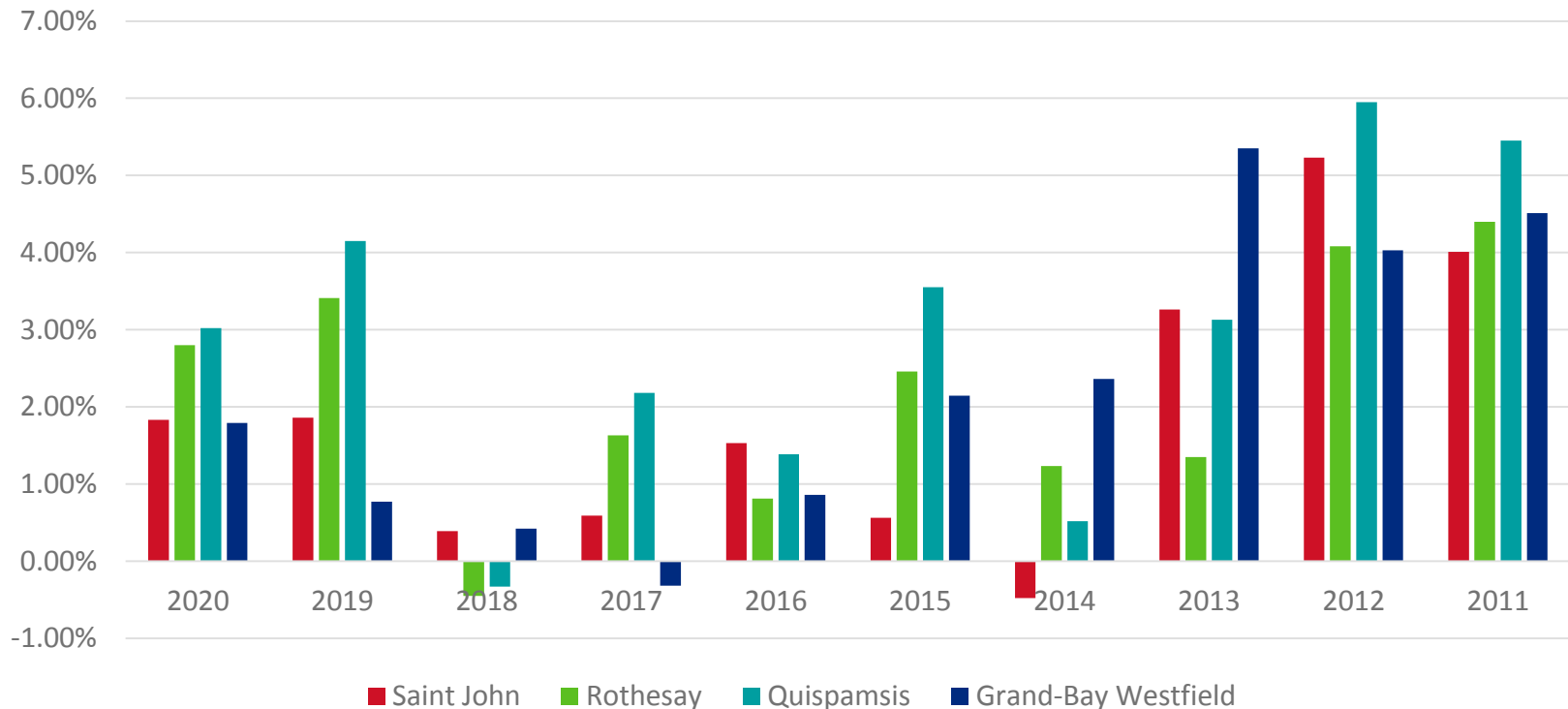
# Addressing Public Comments - Growth

<u><b>Tax Base Growth</b></u>	<u><b>Saint John</b></u>	<u><b>Rothestay</b></u>	<u><b>Quispamsis</b></u>	<u><b>Grand-Bay Westfield</b></u>
2020	1.83%	2.80%	3.02%	1.79%
2019	1.86%	3.41%	4.15%	0.77%
2018	0.39%	-0.45%	-0.33%	0.42%
2017	0.59%	1.63%	2.18%	-0.32%
2016	1.53%	0.81%	1.39%	0.86%
2015	0.56%	2.46%	3.55%	2.15%
2014	-0.48%	1.23%	0.52%	2.36%
2013	3.26%	1.35%	3.13%	5.35%
2012	5.23%	4.08%	5.95%	4.03%
2011	4.01%	4.40%	5.45%	4.51%
	<b>18.78%</b>	<b>21.72%</b>	<b>29.00%</b>	<b>21.91%</b>

- Growth in towns has outpaced growth in City over 10 year period

# Addressing Public Comments - Growth

As Saint John grows, so does the surrounding area.



Correlation of tax base when Saint John is up and when Saint John is down (with the exception of last couple of years where they have been higher).

# Prong 3: Regional Cost-Sharing

## Gardner Pinfold

*“The Saint John Region local governments as well as Local Service Districts have shared goals for economic growth and cost-effective service delivery. The Greater Saint John Regional Task Force is examining opportunities for improvement to shared service delivery and equitable cost-sharing mechanisms. This will enhance the sustainability of Greater Saint John financial performance and community development.”*

*“Additional costs to service residents that come from outside Saint John are estimated at \$12.3 million”*

- City recommendation to recover \$8 million in regional cost sharing. Several options:
  - Regional Levy
  - Select tolls
  - Tax rate adjustments
- Provincial decision – not CSJ
- If implemented, remove separate funding for Economic Development, Regional Facilities and various non-resident user fees and differential rates



# Prong 3: Transformational Reforms

## Recommendations

19. Endorse the Gardner Pinfold Greater Saint John Task Force analysis reports sponsored by the Province of New Brunswick on Regional Cost and Industry Cost-Recovery
20. Continue to vigorously pursue comprehensive property tax reform to tax distribution between municipalities and the Province and other challenges within current property tax system in New Brunswick.
21. Request the immediate transfer of provincially retained heavy industry property tax for heavy industry within City limits as an interim trial measure until comprehensive property tax reform is implemented. If this transfer occurs, commit to using funds to lower the tax rate for all residents and businesses in the City of Saint John. Further commit to not impose a heavy vehicle permit program.

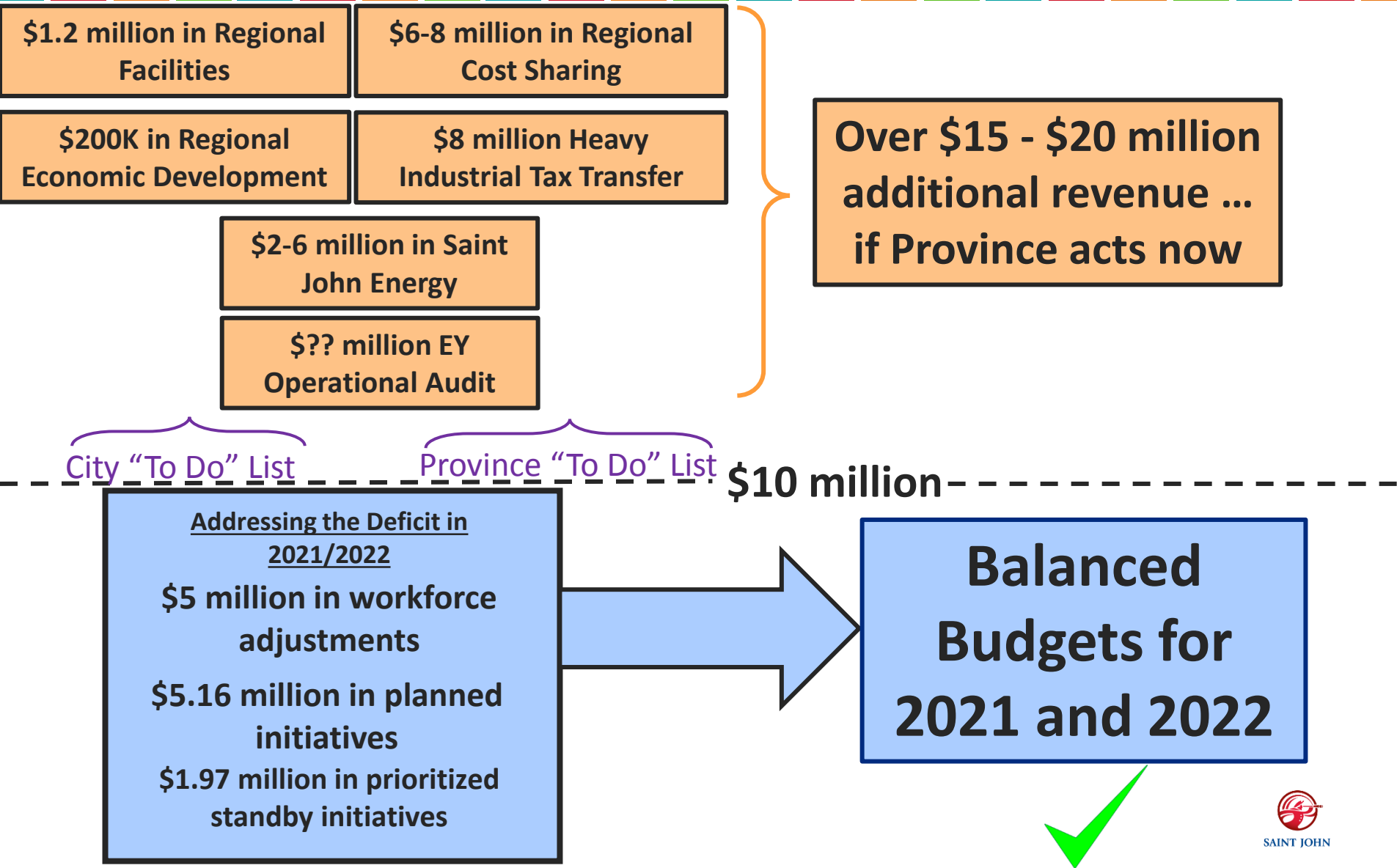
# Prong 3: Transformational Reforms

## Recommendations

21. Request Province assume leadership role to resolve regional cost sharing and recover \$8 million annually, phased in over two years, to compensate for the current additional funding pressures the City of Saint John incurs as a regional hub
22. If regional cost sharing is implemented and the City receives \$8 million compensation, commit to the removal of all non-resident user fees and differential rates, requirement for funding to regional facilities and requirement to fund regional economic development
23. Continue to pursue all other transformational reforms as described in the City's sustainability plan and supporting references



# Financial Summary



# Moving Forward – A Bright Future

- Plan provides the foundation to move forward towards fiscal sustainability with sound business decisions
- Transformational reforms that offer a way forward for more investment in growth and quality of life in the community
- Opportunity for alignment that will allow the entire region to be more competitive, grow and prosper and become one of the strongest economic regions in the province
- Validation by third parties on our fiscal management and approach to continuous improvement with recommendation for opportunities the community to thrive

# Key Takeaways

- We can solve the immediate \$10 million challenge
- We have not yet solved structural deficit or assured financial future
  - But we have a viable and achievable plan
  - We must complete the transformational reforms
- City has done its job to get on the right path and will promptly move towards implementation of actions once endorsed by Council
- The Province is requested to take a leadership role for the next steps. They are key to making the region sustainable
- With all of the above, the future is indeed bright! There is a light at the end of the tunnel. however action is needed now





# Sustainability Plan

## *Recommendations for Action*

Common Council

May 4 ,2020



SAINT JOHN