



LTFP Financial Health Scorecard

Finance Committee – April 28th, 2021



SAINT JOHN

Introduction

- In December 2019, the City launched its first-ever 10-year plan
- This plan was contingent upon elimination of the \$10M structural deficit in 2020
- The provincial short-term assistance ended in 2020
- The plan provided a Financial Health Scorecard to be reported in 2021
- This presentation is a check in to see how the City's financial situation measures up against the goals set in the LTFP

Summary

Elements of the Long-Term Financial Plan



Borrowing



Capital
Investment



Growth



Expense
Management



Reserves





Base Case Model

- Base Case Assumptions:
 - Property tax assessment growth of 1.5% per year
 - Pay-as-you-Go increase by \$1M per year
 - Inflation of goods and services of 1.5% per year
 - Tax rate remains stable at \$1.785
 - Interest rate on new borrowing at 3.0% per annum
 - Unconditional grant from PNB remains stable at 2020 level (\$16.1M)





Stretch Case Model

- Stretch Case Assumptions:
 - Property tax assessment growth of 3% per year
 - Pay-as-you-Go increase by \$1.25M per year
 - Tax rate goes to:
 - \$1.775 in 2021
 - \$1.765 in 2023
 - \$1.70 in 2025
 - \$1.57 in 2028
 - SJE Dividends, regional cost sharing, regionalization of services, municipal reform, binding arbitration reform

Debt Measures



| Measure | Direction | LTFP Base | LTFP Stretch | 2021 Budget | Result |
|---------------------------------------|------------------|-----------|--------------|-------------|---|
| Debt per Capita | Lower is better | \$1,427 | \$1,427 | \$1,394 |  |
| Debt Service Ratio | Lower is better | 10.5% | 10.5% | 10.1% |  |
| Total Debt as a % of Operating Budget | Lower is better | 60% | 59% | 59.9% |  |
| Cumulative Debt Reduction | Higher is better | \$5.1M | \$5.1M | \$7.4M |  |

Other Measures

| Measure | Direction | LTFP Base | LTFP Stretch | 2021 Budget | Result |
|----------------------------------|------------------|-----------|--------------|-------------|---|
| Assessment Growth | Higher is better | 1.5% | 3.0% | 1.03% |  |
| Tax Rate | Lower is better | \$1.785 | \$1.775 | \$1.785 |  |
| Pay-as-you-Go Contribution | Higher is better | \$3.0M | \$3.25M | \$3.0M |  |
| Infrastructure Deficit Reduction | Lower is better | 2.5% | 2.5% | 55.5%* |  |

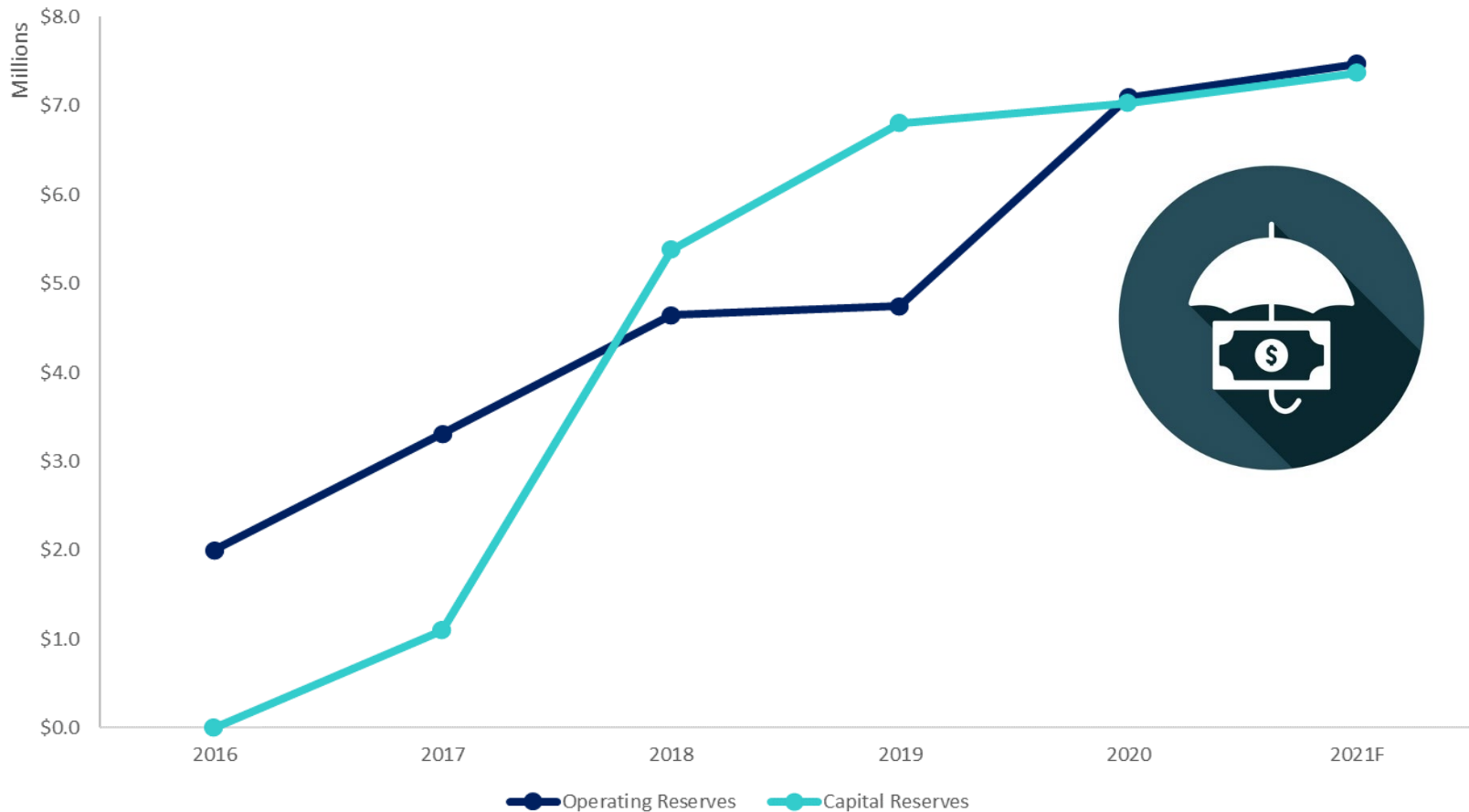
*Revaluation of asset condition was performed in 2019, resulting in recalculation of the infrastructure deficit

Other Measures

| Measure | Direction | LTFP Base | LTFP Stretch | 2021 Budget | Result |
|--|-----------------|-----------|--------------|-------------|---|
| Unconditional grant (% of total revenue) | Lower is better | 10.1% | 9.9% | 11.6% |  |
| Total People Cost (% of total revenue) | Lower is better | 57% | 56% | 54.3% |  |

Reserves

How are we doing on saving our money for a rainy day?



On Track

- Overall, we are on track with our 2030 Plan.
- However, like any other journey, plans need to be adjusted to reflect new information and experience.
- Forecasts will be updated every year
- Principles, policies and targets remain largely the same
- Future updates will be based on new council priorities, strategic planning, economic conditions, etc...



Model Update Summary



- Handout A provides a summary of model output
- Key assumptions (Handout B):
 - Tax rate goes to \$1.77 in 2022
 - New Capital goes from 90% to 85% in 2022

- All original LTFP targets are met



Financial Health Scorecard 2022

- Adopt a measured approach going forward to assessing progress to 2030 goals
- New scorecard will allow us to determine how well we are doing – allows for strategic execution of LTFP
- Allows to weigh goals
- Concrete measure of the City's financial health
- Churchill: "However beautiful the strategy, you should occasionally look at the results."

What gets measured, gets done!



Financial Health Scorecard

- **Base:**

- Represents current performance - normally prior year results
- Achieving Base = 100/200
- A score less than base means performance has deteriorated

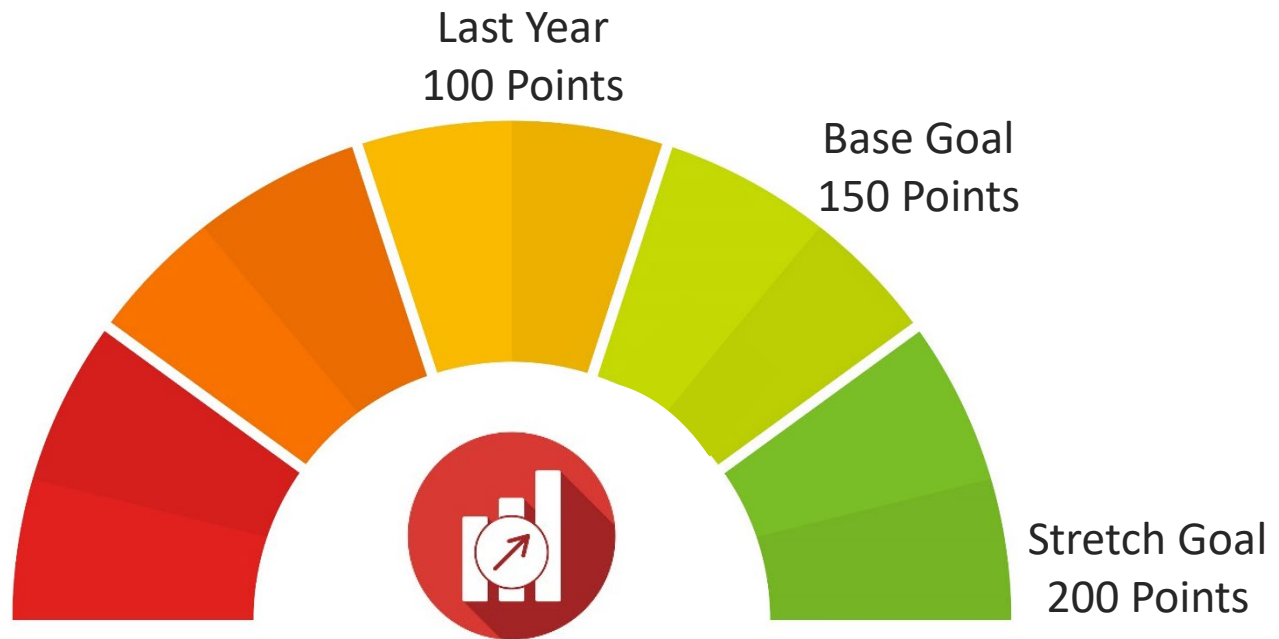
- **Plan:**

- Represents desirable performance. In the case of LTFP, this is what lines up to the financial policies and principles.
- Achieving Plan = 150/200

- **Stretch:**

- Excellence – means we have achieved a result but than expected.
- Achieving Stretch = 200/200

Financial Health Scorecard



Financial Health Scorecard 2022



CITY OF SAINT JOHN FINANCIAL HEALTH SCORECARD BUDGET 2022



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| | Last Year (100 Points) | Base Target (150 Points) | Stretch Target (200 Points) | Available Points |
|--|---------------------------|-----------------------------|--------------------------------|---------------------|
| Sustainability | | | | |
| Debt per capita | \$1,394 | \$1,336 | \$1,283 | 10 |
| Assessment growth | 1.03% | 1.50% | 3.00% | 20 |
| Debt service ratio | 10.1% | 9.8% | 9.4% | 10 |
| Total debt as a % of operating budget | 59.9% | 55.5% | 53.3% | 10 |
| Infrastructure deficit - 2030 Projected (Millions) | \$95.6 | \$91.0 | \$87.4 | 25 |
| | | | Total | 75 |
| Flexibility | | | | |
| Tax rate | \$1.785 | \$1.775 | \$1.70 | 20 |
| Pay-as-you-go (Millions) | \$3.00 | \$4.20 | \$4.37 | 25 |
| Total people cost as a % of total revenue | 54.67% | 53.26% | 53.00% | 25 |
| New capital (Millions) | \$0.00 | \$2.61 | \$3.00 | 10 |
| | | | Total | 80 |
| Vulnerability | | | | |
| Cumulative debt reduction (Millions) | \$7.40 | \$9.94 | \$10.34 | 25 |
| Operating reserves total balance (Millions) | \$2.00 | \$3.00 | \$4.00 | 10 |
| Unconditional grant as a % of total revenue | 11.59% | 11.21% | 11.00% | 10 |
| | | | Total | 45 |
| Total | | | Out of | 200 |



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Recommendations

- Staff recommends:
 - Receive and file on 2021 budget health scorecard;
 - Amend Capital Budget Policy for 2022 to reflect change in capital renewal ratio in General Fund to 85/15;
 - Adopt new Financial Health Scorecard for 2022
- Questions?

