

## FINANCE COMMITTEE REPORT

Report Date	September 17, 2021
Meeting Date	September 28, 2021

Chairman Councillor Sullivan and Members of Finance Committee

***SUBJECT: 2022 Proposed Draft General Fund and Utility Fund Capital Budgets***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of the Finance Committee.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Craig Lavigne</i></b>	<b><i>Kevin Fudge/Brent McGovern</i></b>	<b><i>John Collin</i></b>

### ***RECOMMENDATION***

It is recommended that the Finance Committee receive and file this report for the 2022 Proposed Draft General Fund and Utility Fund Capital Budgets.

### ***EXECUTIVE SUMMARY***

The purpose of this report is to provide the Finance Committee an overview of the proposed draft 2022 General Fund and Utility Fund Capital Budgets. The budget for the General Fund is \$29,301,555 with City Share being \$12,644,403 and other share \$16,657,152.

The proposed budget for the Utility Fund is \$14,163,917 with \$6,495,200 being the Utility's share and other share \$7,668,717. These budgets have significant approved funding from both Federal and Provincial levels of governments. Staff with Council's support have continued to seek out financial funding that aligns with the City's various plans, asset renewal needs and priorities.

These budgets not only address the infrastructure deficit that the City has, but also the positive impacts the renewed assets can have on the Community. As assets are renewed there is more opportunities to reduce greenhouse gases, prepare for climate change events, offer more green options throughout the City and focus on improving quality of life for the residents of Saint John.

## **PREVIOUS RESOLUTION**

N/A

## **STRATEGIC ALIGNMENT**

The proposed 2022 proposed draft General Fund and Utility Fund Capital Budgets are aligned with Councils' priorities, Capital Budget Policy, Long Term Financial Plan, Debt Management Plans, Asset Management Plan, Central Peninsula Neighborhood Plan, Play SJ, Move SJ, and Plan SJ.

## **REPORT**

### **BACKGROUND**

The proposed 2022 capital budget for the General Fund is \$29,301,555 with City Share being \$12,644,403 and other share being \$16,657,152.

The proposed 2022 capital budget for the Utility Fund is \$14,163,917 with \$6,495,200 being the Utility's share and other share \$7,668,717. These budgets have significant approved funding from both Federal and Provincial levels of governments. Staff with Council's support have continued to seek out financial funding that aligns with the City's various plans, asset renewal needs and priorities.

These budgets not only address the infrastructure deficit that the City has, but also the positive impacts the renewed assets can have on the Community. As assets are renewed there is more opportunities to reduce greenhouse gases, prepare for climate change events, offer more green options throughout the City and focus on improving quality of life for the residents of Saint John.

### **General Fund Capital Budget**

The proposed investments must comply with all the approved financial policies which includes the asset management plan, capital budget policy, debt management policy and alignment with the long-term financial plan. Under the capital budget policy, the cap for renewal vs. new assets is 85% renewal and 15% new. This budget complies with that policy with City share renewal at 87% (\$11,014,403) and 13% new (\$1,630,000)

The proposed investments such as the quality of life investments must align with approved plans, align with Council priorities, financial principles and this budget achieves those alignments.

The overall draft budget is \$29,301,555 with City Share at \$12,644,403 and other share at \$16,657,152. City share is broken up into \$8,344,403 new debt and

\$4,300,000 as pay as you go, and these amounts align with what is set out in the long-term financial plan. As well as the City continues to be very successful leveraging funding opportunities with \$13,135,397 of other government funding in the budget. Other funding also includes \$856,000 from IT reserve and \$2,665,755 from the fleet reserve.

### Transportation and Urban/Rural Storm

Overall investments will be \$12,833,555 and most of the investments will be renewal of existing assets; however, the investments are more than just asset renewal.

Under road reconstruction and storm sewer renewal there is 4.80 lane km slated for complete street reconstruction. Investments also supports and creates opportunities such as;

- Focus on ***Climate Change/Environmental*** Events – separating sewer and storm water
- ***Active Transportation*** – rehabilitating 2.625 lane km of sidewalks, creation of bike lanes
- ***Beautification/Greening*** – opportunities to change the landscape of areas (e.g., planting trees, grass)
- ***Growth/Housing*** – current underground infrastructure cannot support potential construction and growth opportunities
- ***Safety*** – Opportunity to add safety measures and traffic control measures if needed.

There is \$2,665,755 earmarked for fleet replacement which can offer opportunities to start ***greening*** the fleet.

The budget also includes asphalt, sidewalks, and curb renewal at \$2,200,000. There will also be an additional \$4,300,000 in Operating Budget for total of \$6,500,000 reinvestment. This investment will support.

- Estimated 4-5 lane km of sidewalks to be rehabilitated
- Supports ***active transportation***, improving our sidewalks
- Focus on increasing ***quality of life*** for residents

Honeysuckle Drainage Basin is an area that staff are recommending \$75,000 to start design and investigation for improvements. There is need to ***protect property*** from flood events and overall improve the livability in the area.

### Facilities and Asset Management

The budget includes \$5,195,000 for facilities and asset management investments. Investment will not only renew assets but there will be concerted efforts in ***reducing the City's carbon footprint***. The ***reduction in greenhouse gas*** will come from reinvestments made at Market Square, doing energy retrofits at various City

facilities and replacing other energy consuming systems like HVACs and lighting at City ballfields.

There will also be continued focus on **recreation facilities** such as Forest Hills clubhouse, Rockwood Park Golf Course, TD Station and the Lord Beaverbrook Rink. Along with protecting **arts and culture** by ensuring the Arts Centre building is being protected.

The Saint Patrick Steet escalator and elevator need significant reinvestment due to the age and escalating repairs and maintenance costs. The project will include removal of escalator and replaced with stairs and replacing the elevator.

#### Parks and Recreation Service and Quality of Life Focus

Staff have made a presentation to both the Finance Committee and the Growth Committee on the proposed \$6,300,000 investments. These investments check many important criteria such as **active transportation, more beautification and greening the City, arts and culture investments, pedestrian safety and capitalizing on the waterfront**. These investments also align with previously approved plans.

Investments being proposed include:

- Rockwood Park
- Dominion Park
- Loyalist Plaza
- Forest Hills Playground
- Market Place West
- Harbour Passage Extension
- Little River Reservoir
- South Market Street
- Various other locations

#### Other Service Areas

There is funding included for protective services for \$1,487,000. Public Safety Communication Centre must replace its 911 CAD system as part of a Provincial initiative. Both Police and Fire must replace their records management system that are well past their useful life and Police will need to upgrade as part the movement toward E-ticketing and file sharing with Courts.

There is \$856,000 to replace infrastructure for Information Technology as well as \$350,000 to replace Parking equipment. The electronic equipment is past its useful life and need to be updated to meet today's security and functional requirements.

Funding for Saint John Transit is \$650,000 and has been approved by Council. This investment is the first step that will start gathering data on Transit ridership and allow for better decision making. This investment was also a recommendation that came out of the service review of Transit.

Investment in carts and totes (new assets) for the City's transition to the new solid waste collection model is included in the capital budget for \$1,630,000.

### **Utility Fund Capital Budget**

The proposed Utility Fund Capital Budget proposes a total of \$14,163,917 with \$6,495,200 being funded from the operating budget and \$7,668,717 coming from a combination of reserves and funding from other sources. The budget also consist of no new borrowing for the Utility as the focus has been on reducing debt.

The budget continues to focus on renewal of assets such as the replacement of vintage 1800's infrastructure, replacing roofs at several facilities and ensuring alignment with the capital program in the General Fund.

However as with the General Fund, the reinvestments are much more than just replacing assets. ***Climate and Environmental factors*** play a significant part in this budget. There are investments in wastewater lift stations that require stations to be moved or lifted above flood levels. This will ensure reliable collection of wastewater and prevent environmental damage in the case of significant environmental events.

Investments are being made in Lancaster Lagoon to help ***mitigate climate change*** and the impacts on this asset in accordance with the City's Climate Change Adaptation Plan. The continuation of storm sewer separations are critical investments. These investments allow for mitigation of climate events and prevent overwhelming the system. The alignment on these investments with the General Fund are key for ***allowing growth and housing opportunities*** as the current system cannot handle additional capacity.

Other investments being proposed are investing in solutions for the Honeysuckle Drainage Basin, pump replacements, continued structural lining of pipes and replacement of meters. There are also investments being made in the West Industrial System which is solely funded from the West Industrial Customers.

### **Conclusion**

The proposed budgets for both the General Fund and Utility Fund continues to focus on asset renewal, while aligning with approved Financial Policies, various approved City Plans and successful leveraging of Government funding.

The reinvestments and new investments are critical to meet the changing environment, reducing the City's greenhouse gas emission and meeting the needs and wants of all residents of the City.

The budgets allow for more quality of life initiatives, focuses on growth of tax base and population, public safety, greening and beautification efforts, recreation, active transportation and a vibrant waterfront.

***SERVICE AND FINANCIAL OUTCOMES***

The City's share of the 2022 Proposed Draft General Fund Capital budget will be funded from capital from operating (\$4.3M) with the balanced being borrowed (\$8.3M). The projects chosen for the capital program borrowing have a useful life of approximately 15 years or more.

***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

Input has been received from all Service Areas, the ABCs, Senior Leadership Team.

***ATTACHMENTS***

Exhibit 1 – 2022 Proposed Draft General Fund Capital Budget  
Exhibit 2 – 2022 Proposed Draft Utility Fund Capital Budget