



2022 Draft General Operating Budget

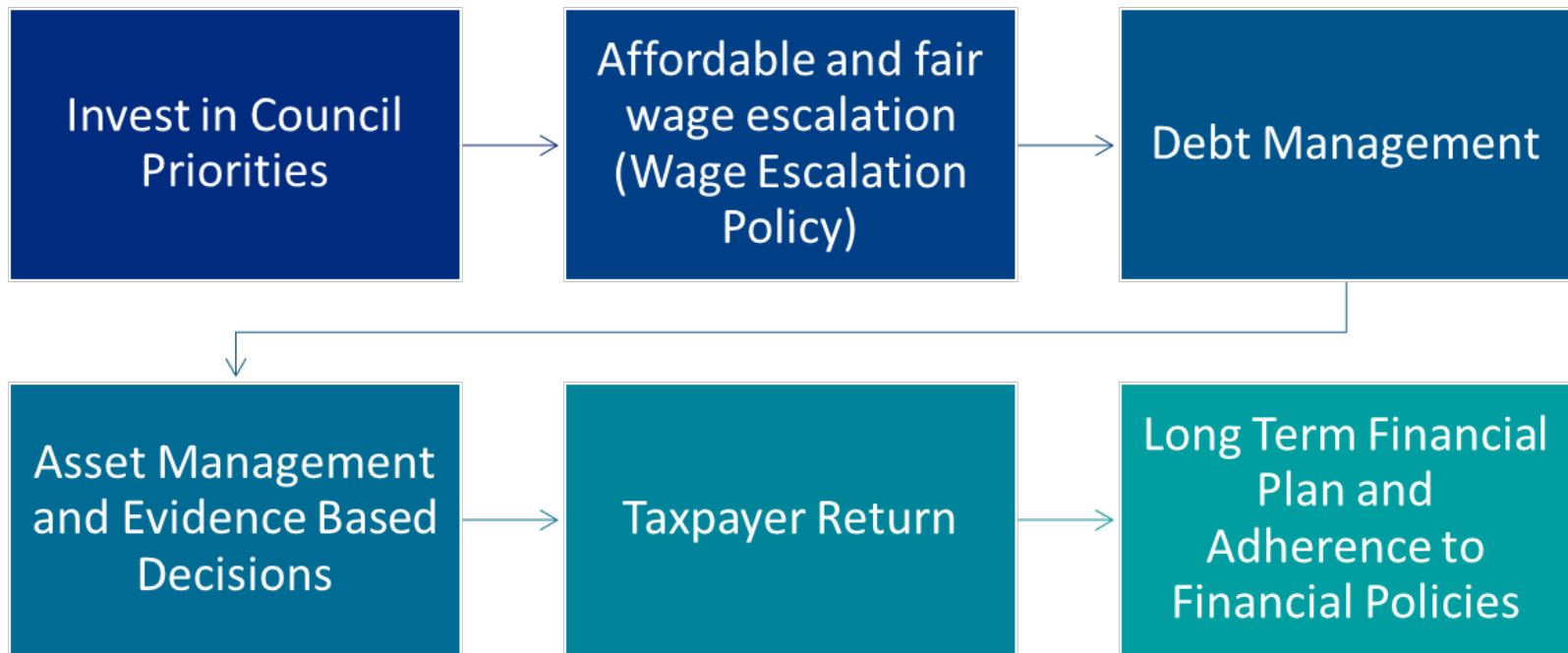


SAINT JOHN

2022 Budget Timeline

General & Utility Fund Operating Budgets	General and Utility Fund Capital Budgets
Finance Committee – October 28 th receive and file	Finance Committee – October 28 th Recommendation to Common Council
Finance Committee – November 24 th recommend to Council	Common Council – November 1st receive and file
Common Council – November 29 th for Receive and File	Common Council – November 15 th recommend approval
Common Council – December 13 th for Approval	

2022 General Operating Budget Focus Areas



Legislative Requirements

- Balanced Budget – cannot budget for deficit spending like Provincial or Federal Governments.
- Current year surplus/deficit: carried forward to the second ensuing year for General Fund.
- Reserve limits:
 - Operating Reserve: 5% of Total Expenditure Budget in the previous fiscal year;
 - Capital Reserve: No set limit



GENERAL OPERATING FUND BUDGET

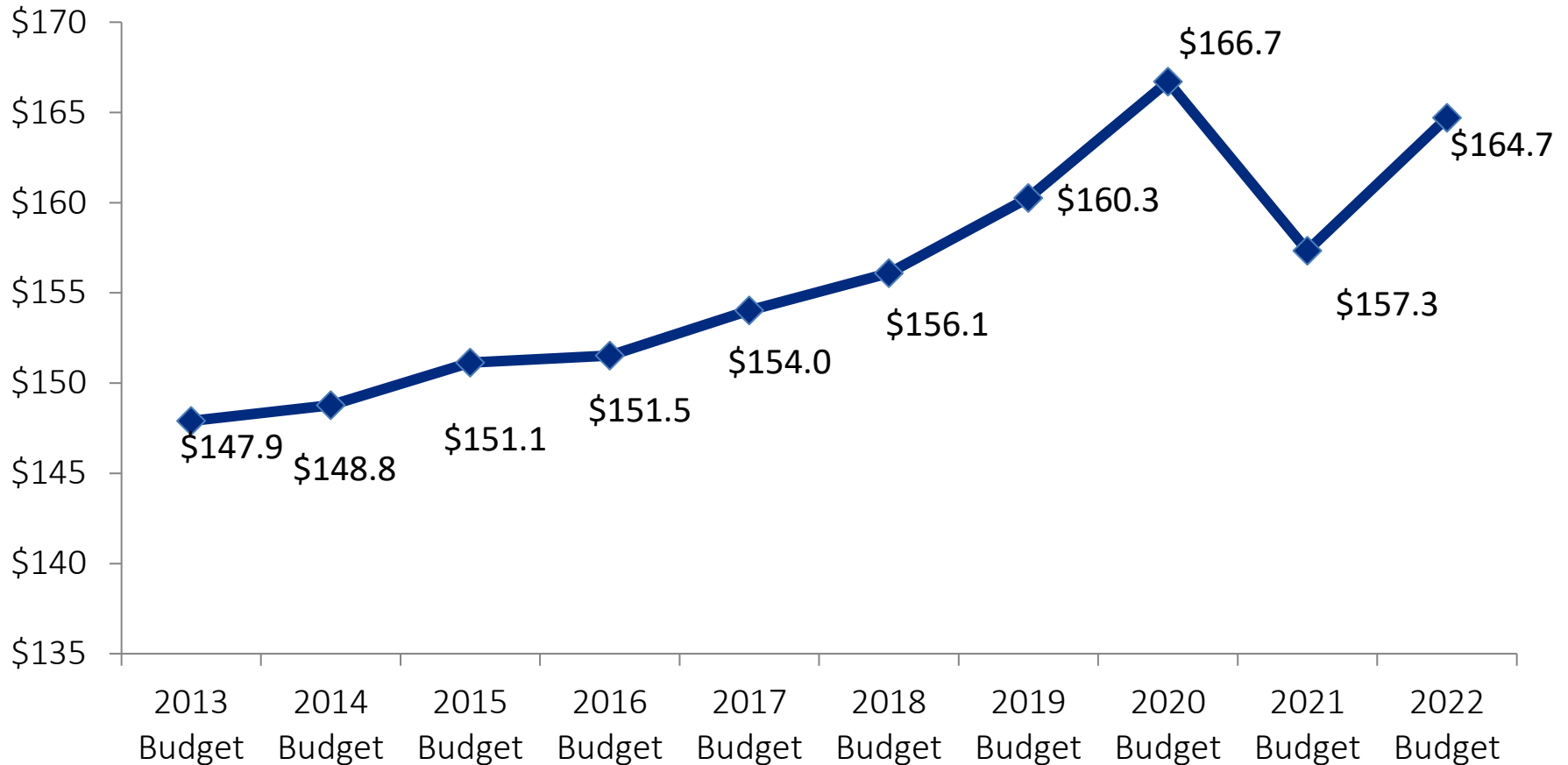
2022 General Operating Budget Highlights

1. Proposed 2022 General Operating Budget \$164,721,858
2. Proposed 7.5 cent reduction in tax rate – from \$1.785 to \$1.71 per \$100
 1. Lowest City Tax Rate since 1998 – 3 years ahead of LTFP
 2. Exceeds stretch goal of 3% growth in Long Term Financial Plan (LTFP)
3. Funding Council Priorities
4. Strategic Risk Based Approach
5. Long Term Financial plan fully funded
6. Saint John Energy Benefits - \$500K City Support Activity Fee
7. Risk Based Approach

General Fund Operating Budget Overview

General Fund Operating Budgets 2013-2021

\$ in Millions



2022 Year over Year Spend

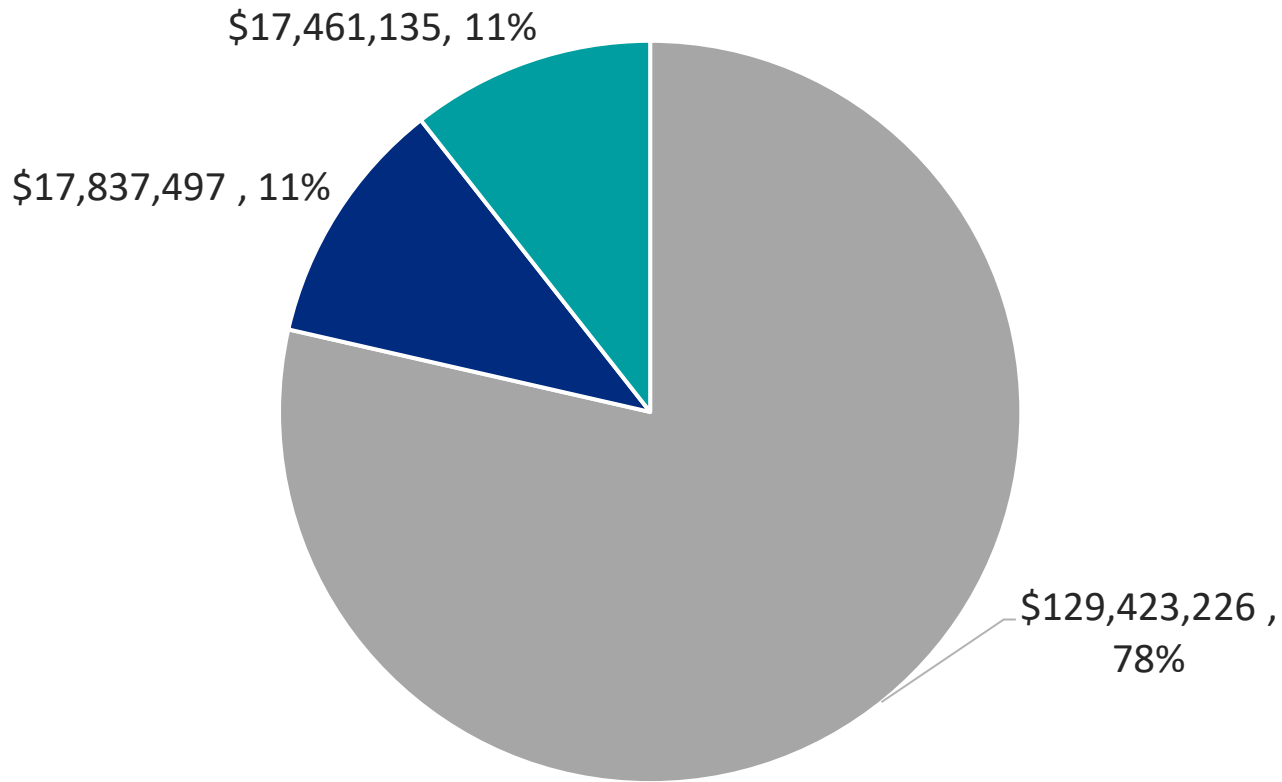
Spending
2.65% Year
over Year

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Budget Spend	\$164,721,858	\$157,331,557	\$7,390,301	4.70%
Less Parking Commission	-\$2,141,403	-	-\$2,141,403	
Less Industrial Parks	-\$86,371	-	-\$86,371	
Less Carryforward Deficit	-\$991,456		-\$991,456	
Normalized	\$161,502,628	\$157,331,557	\$4,171,071	2.65%



Approximately 90% of City Revenue is from Property Tax Revenue and Unconditional Grant

2022 General Fund Revenue

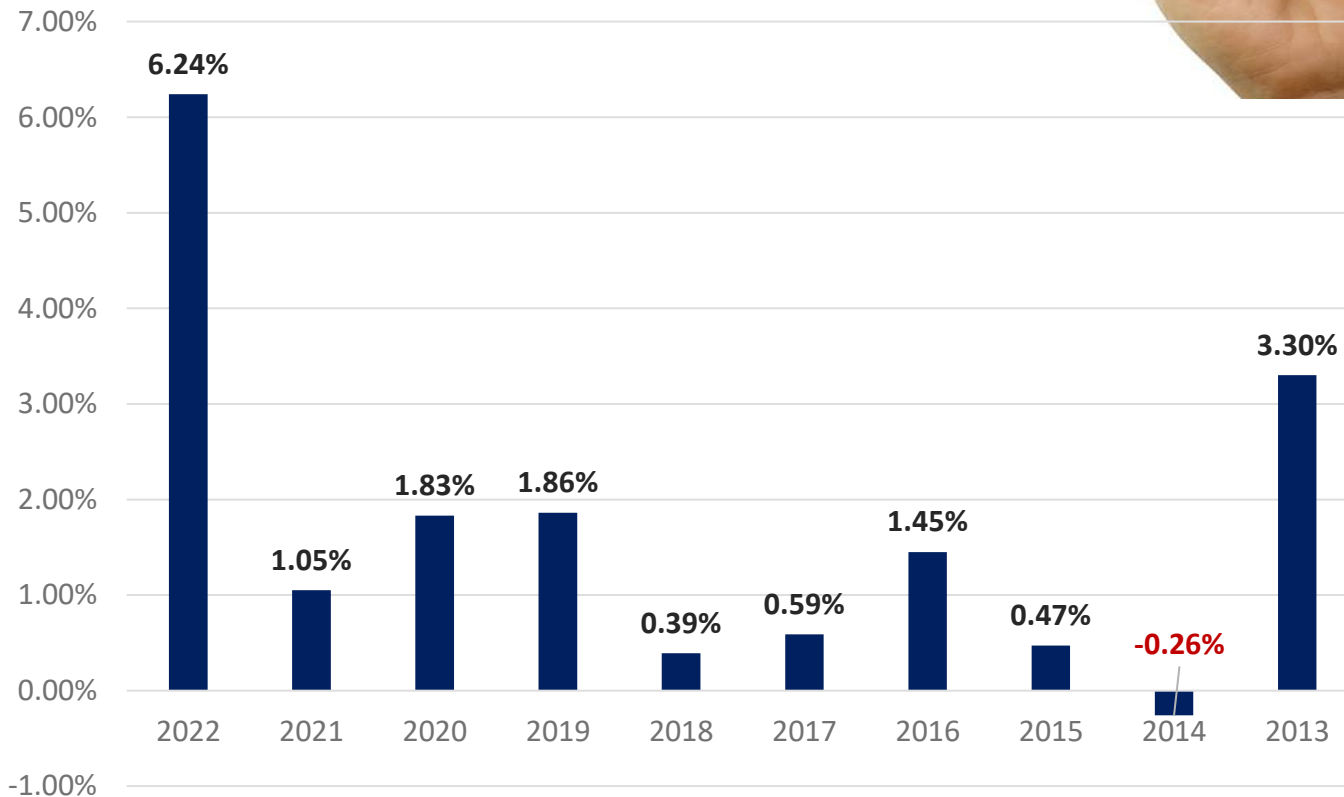


■ Property Tax Revenue ■ Unconditional Grant ■ Other

ASSESSMENT



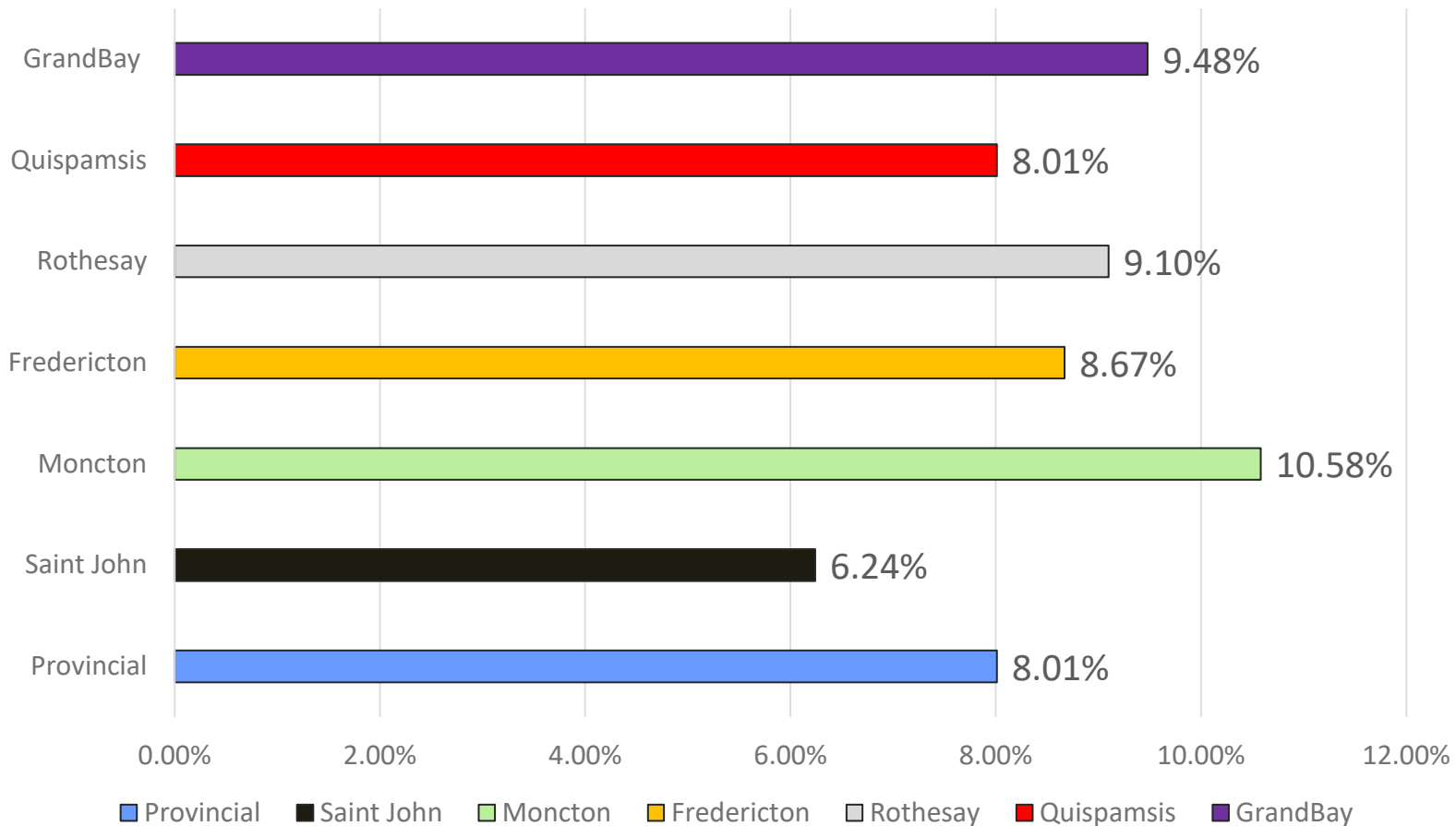
Saint John Tax Base



ASSESSMENT



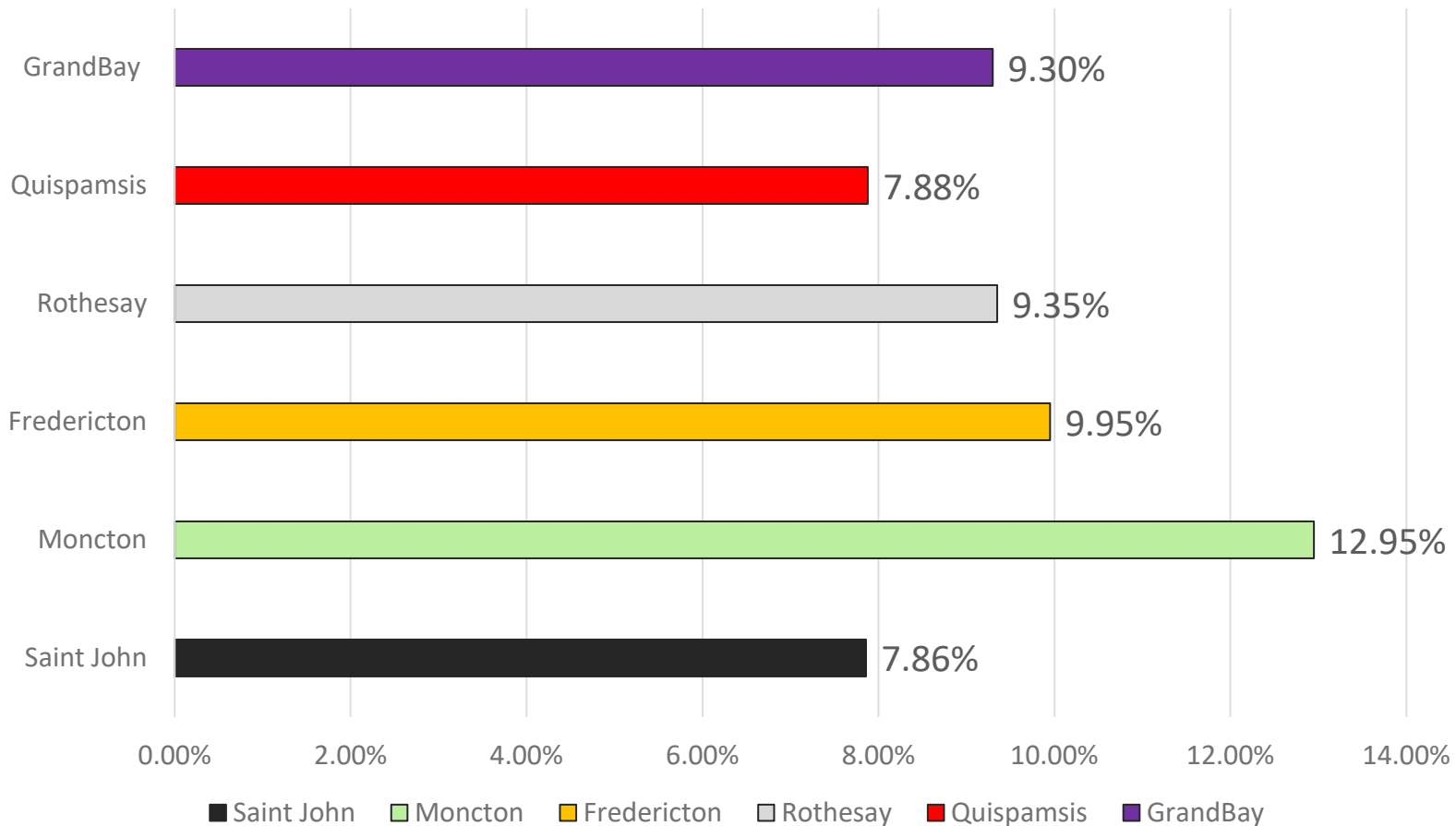
2022 Tax Base Increase (After P-Gap)



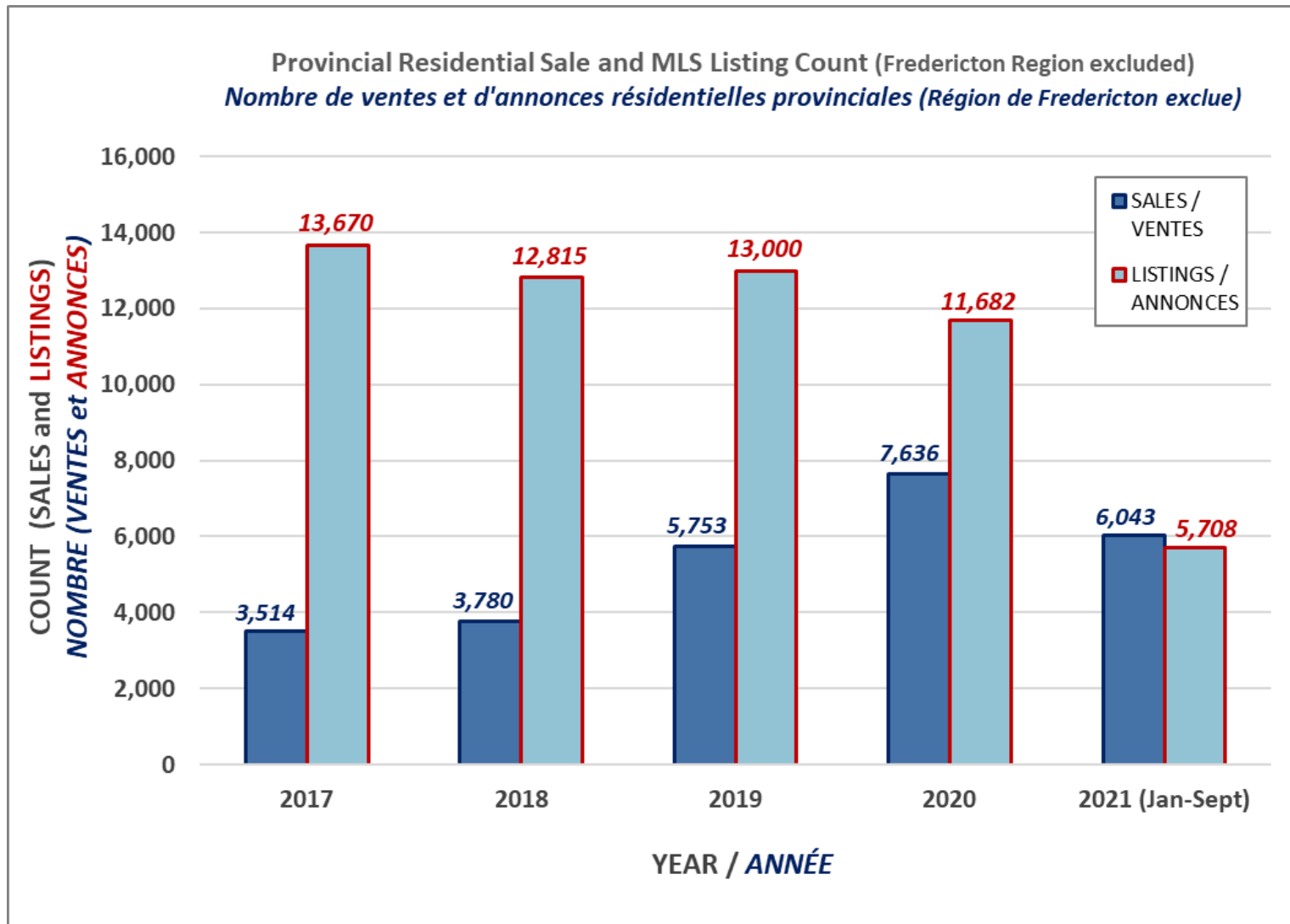
ASSESSMENT



Residential Tax Base Increase (After P-Gap)



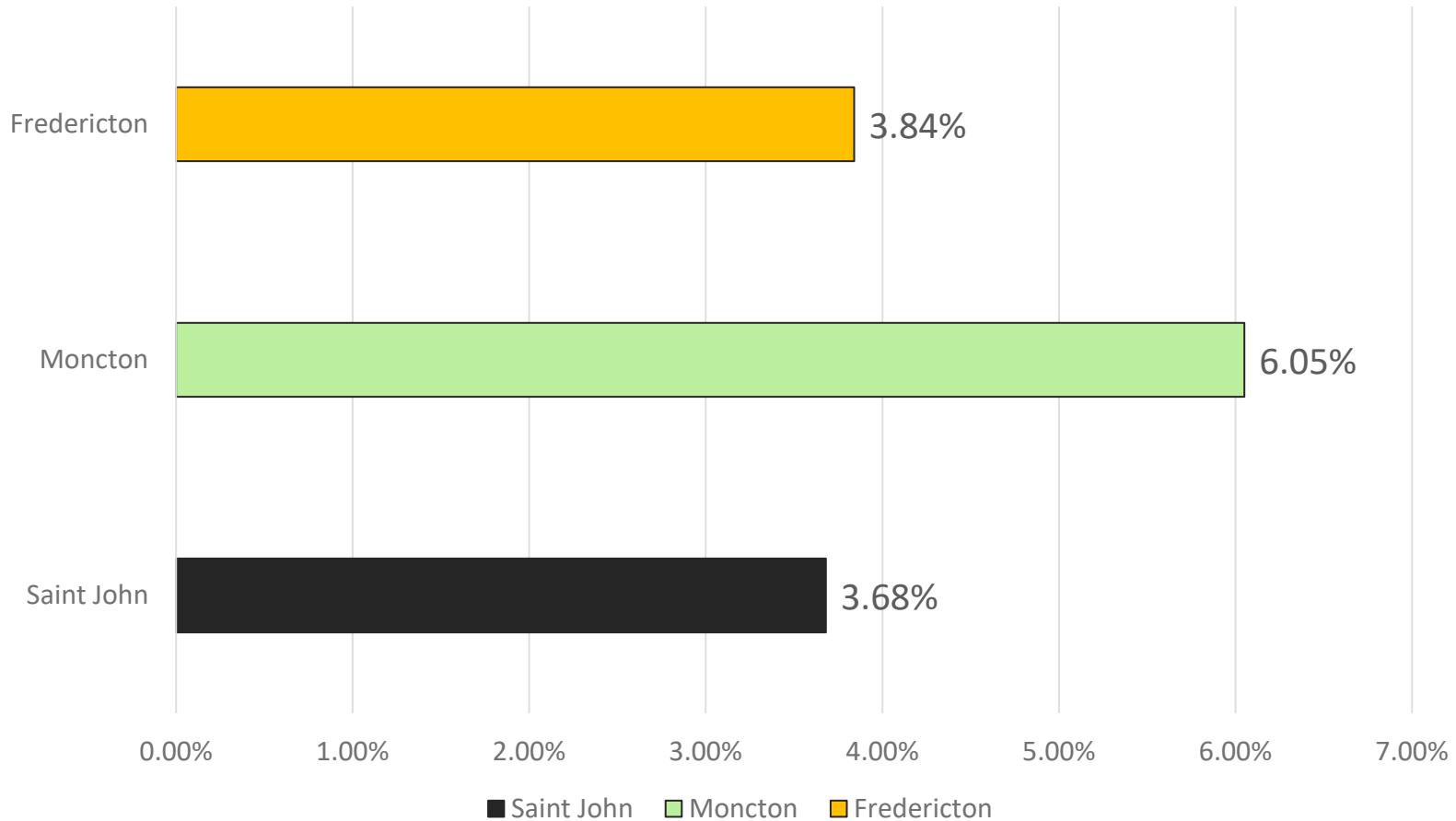
RESIDENTIAL MARKET ADJUSTMENT



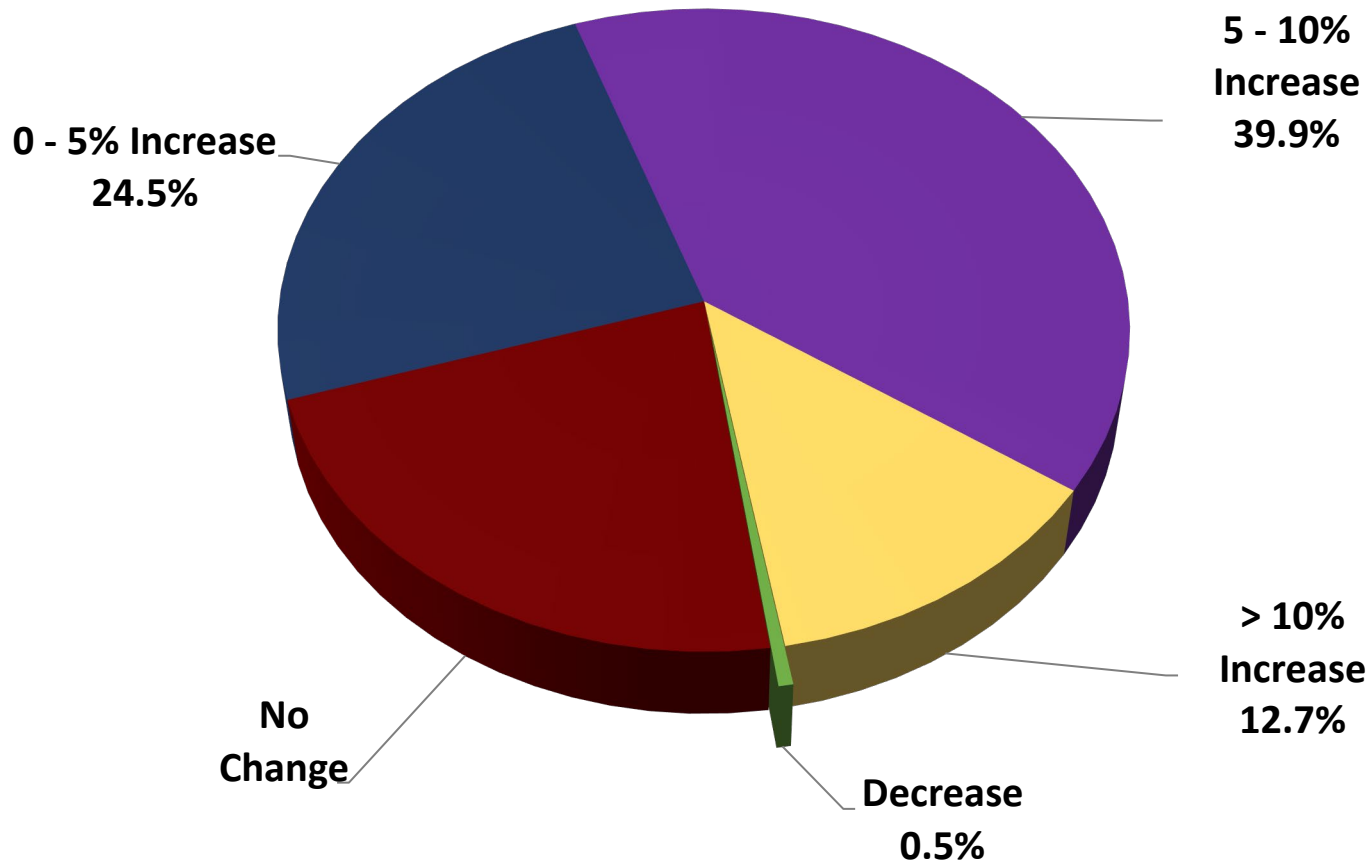
ASSESSMENT



Non-Residential Tax Base Increase



2022 Change in Assessment Values for all Properties in Saint John



2022 Draft Service Budget

	<u>2022 Draft Budget</u>		<u>2021 Approved Budget</u>	
<u>Revenues</u>				
Property Taxes	\$	129,423,226	\$	125,990,634
Unconditional Grant	\$	17,837,497	\$	18,229,402
Additional net revenue LNG	\$	1,143,049	\$	-
Own Source Revenue	\$	13,951,030	\$	13,111,521
Reserve Funding	\$	2,367,056	\$	-
	\$	164,721,858	\$	157,331,557
<u>Expenses</u>				
Growth & Development	\$	16,291,320	\$	15,508,648
Public Safety	\$	56,223,512	\$	54,940,580
Transportation & Environment	\$	39,445,202	\$	38,487,021
Utilities & Infrastructure	\$	6,623,401	\$	5,600,504
Strategic Services	\$	8,860,790	\$	8,412,771
Corporate Services	\$	5,418,189	\$	4,896,048
Other Charges	\$	31,859,444	\$	29,485,985
	\$	164,721,858	\$	157,331,557

Property Tax Revenue

	2022	2021
<i>Tax Base</i>	\$ 7,568,609,704	\$ 7,058,298,819
<i>Tax Rate per \$100 Assessment</i>	1.71	1.785
<i>Property Tax Revenue</i>	\$ 129,423,226	\$ 125,990,634

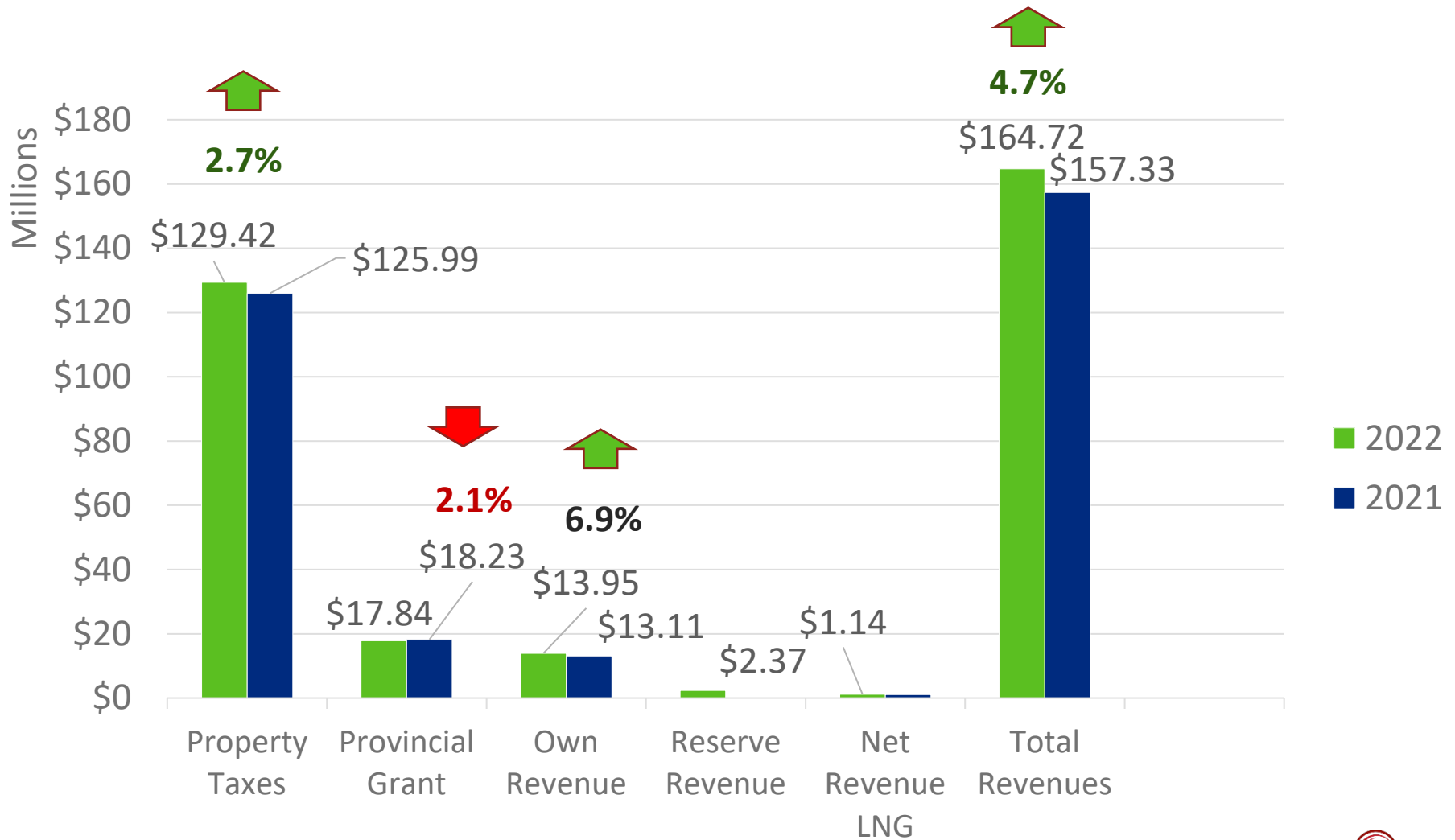


2022 Operating Fund Transfer From Reserve

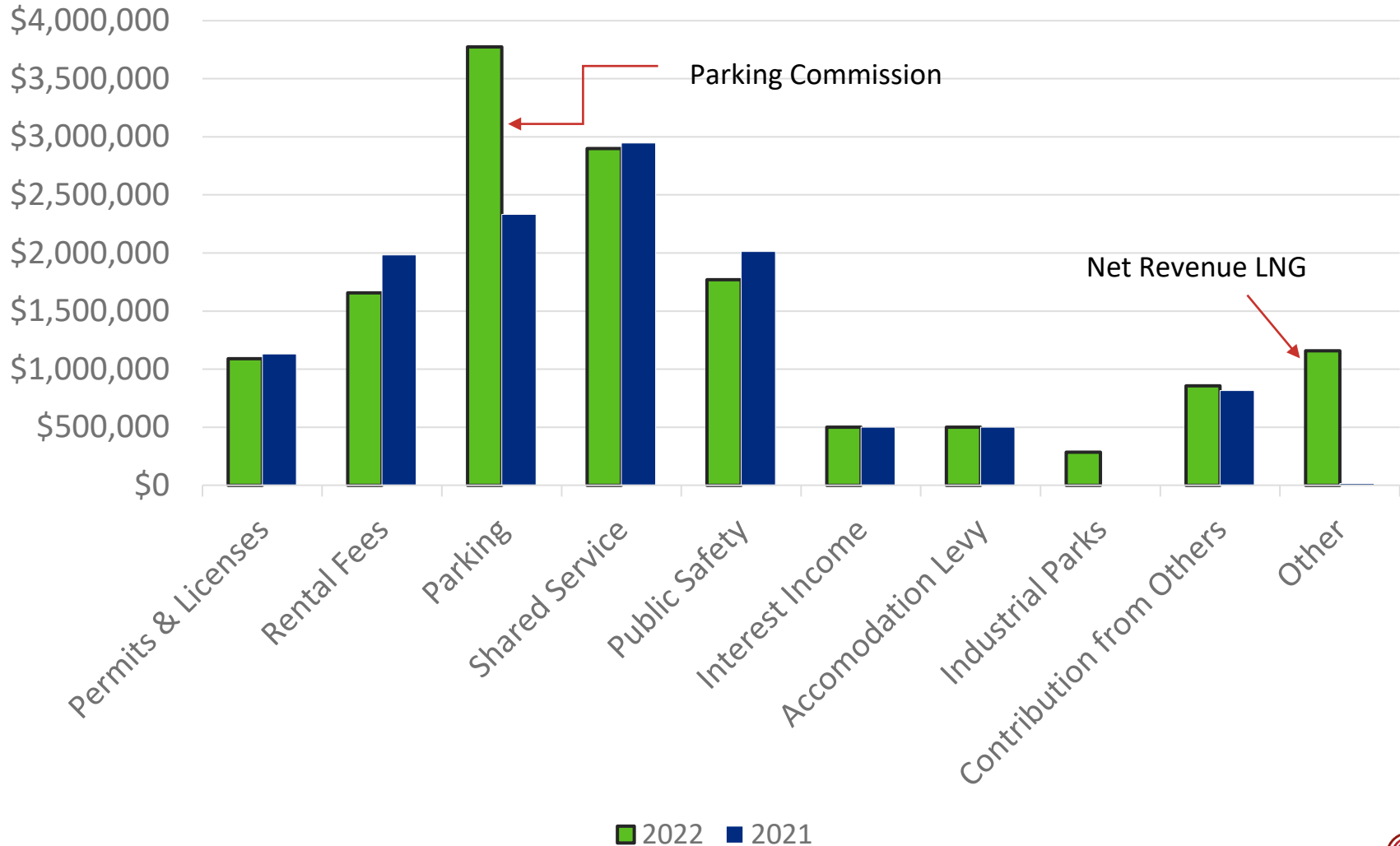
1. *Covid Safe Restart Reserve \$1,867,056:*
 1. 2020 Carryforward Deficit (Covid) - \$991,456
 2. Projected 2022 Parking Commission (Covid) - \$875,600
2. *Tax Rate Reduction Reserve (SJE) - \$500,000*



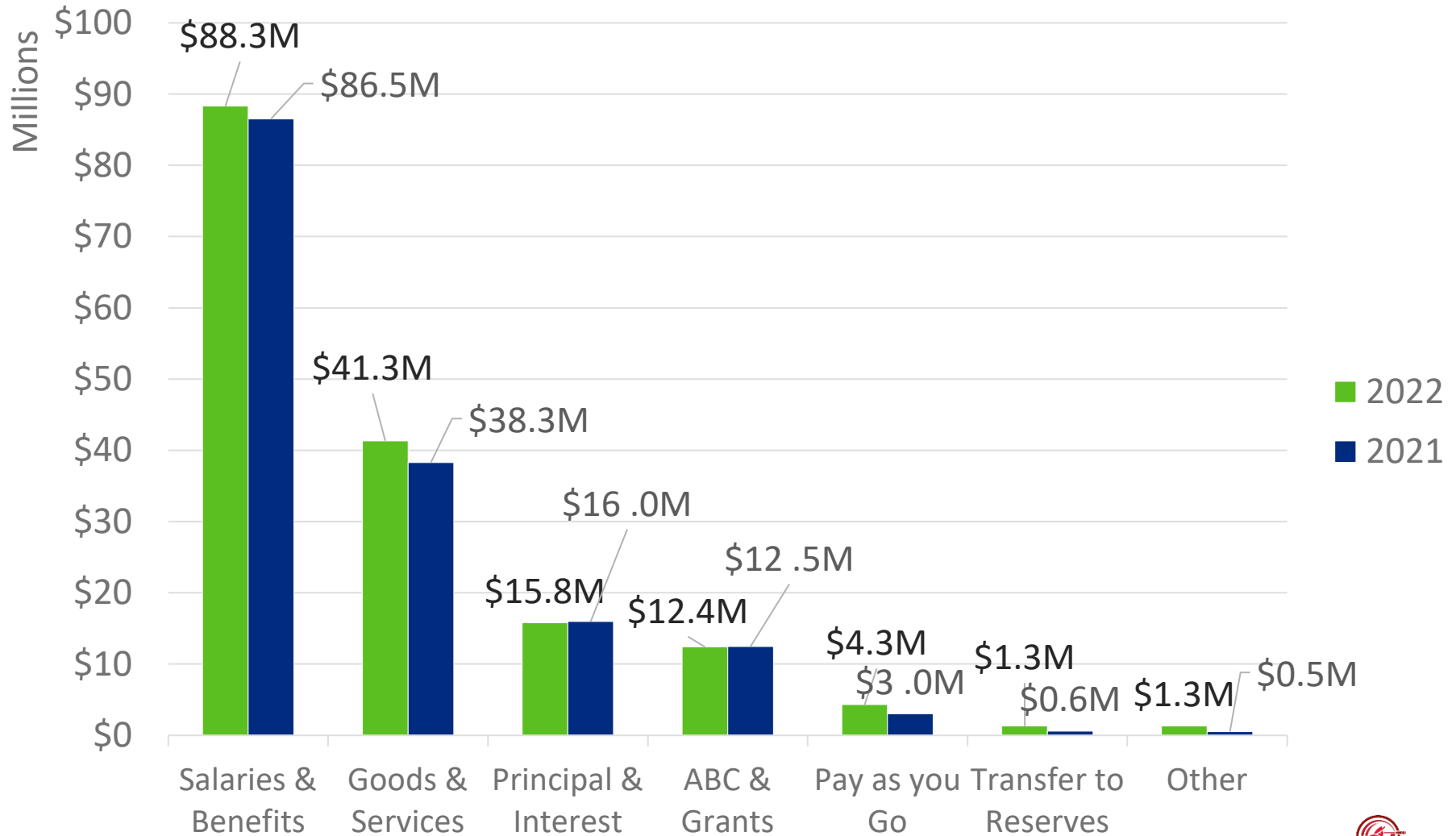
2022 General Operating Revenues




2022 General Operating Own Source Revenue



2022 General Operating Expenses

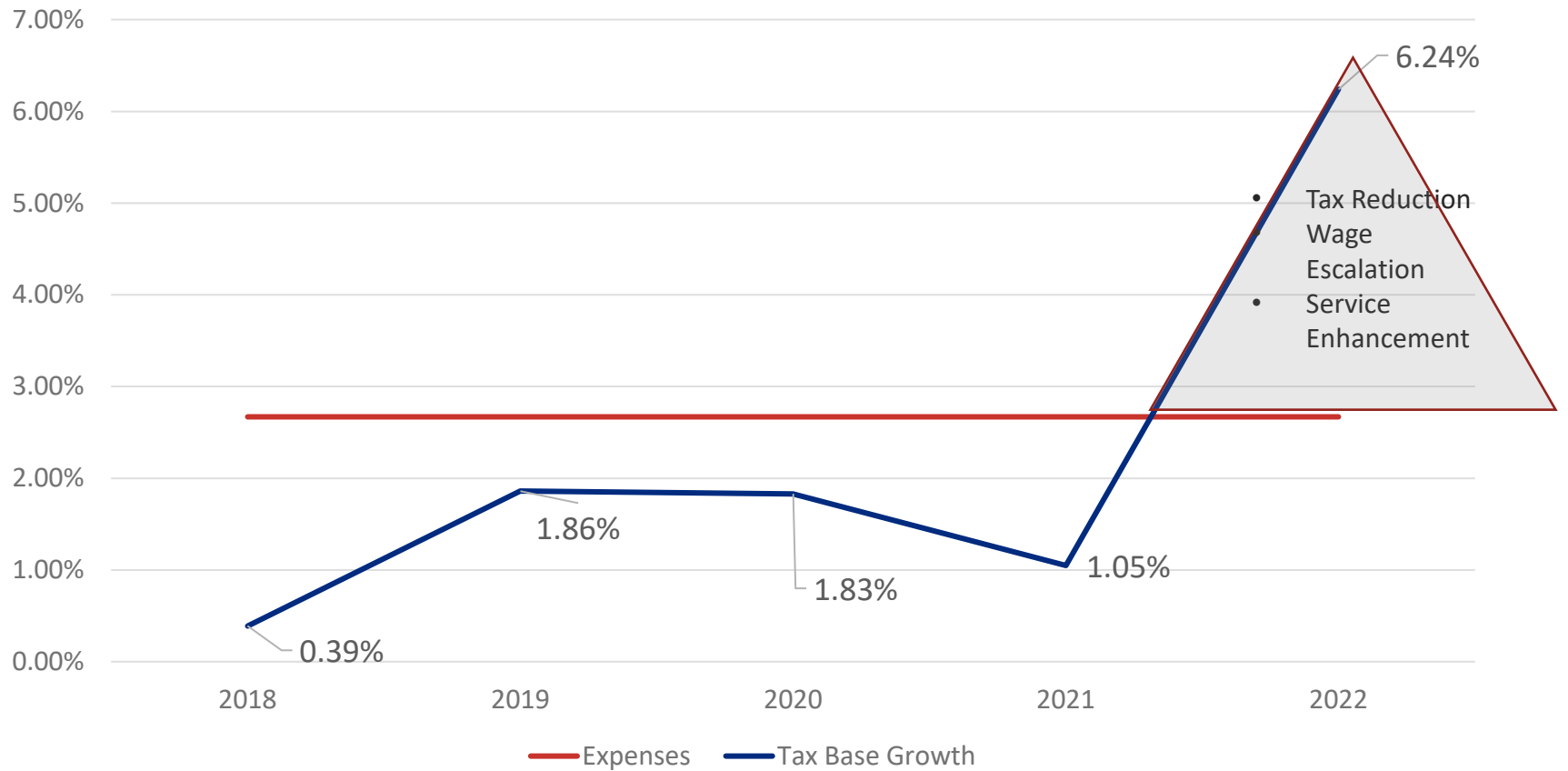


2022 Wage Escalation Policy

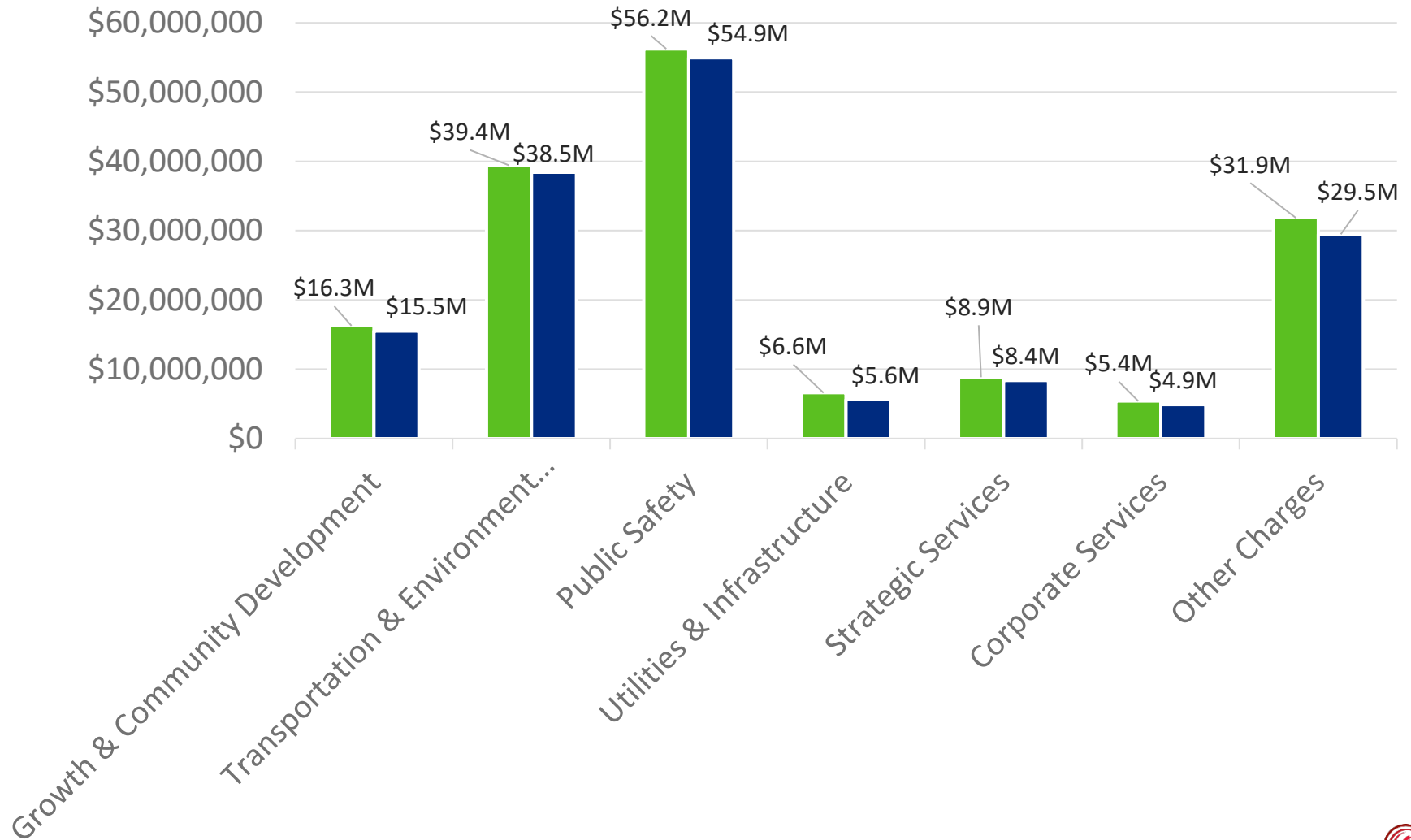
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Wages & Benefits	\$88,308,608	\$86,462,918	\$1,845,690	2.13%
Wage Escalation Policy:				
	2022	2021	2020	
Tax Base %	6.24%	1.05%	1.83%	
Wage Escalation Policy Rate	3.04%			

Structural Deficit

Expense Growth vs Tax Base Growth



2022 General Operating Expense By Service



What will the City Spend per Service in 2022?

If you own a home that has an assessed value of \$170,000, you will pay \$2,907 (\$3,035 in 2021) in property taxes. This is how the taxes paid are allocated.

\$1,060

Public Safety

This includes police and fire services, emergency dispatch & management and street lighting



\$494

Debt Payments & Fiscal Charges

This includes interest & principal payments, commitments to disability, pension and reserve contributions



\$362

Roads & Sidewalks

This includes snow control, the maintenance and repair of roads & sidewalks and traffic management



\$205

Corporate & Strategic Services

This includes internal services such as IT, Communications, Finance, Legal and Human Resources



\$103

Transit & Parking

This includes transit infrastructure & operations and parking administration



\$176

Infrastructure & Asset Management

This includes building & facilities maintenance & operations, capital from operating & other asset management



\$185

Growth & Community Services

This includes community planning & growth, building inspections & permitting and economic development



\$148

Solid Waste & Stormwater

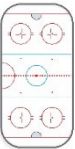
This includes garbage & compost collection, bulky item pick up and stormwater management



\$80

Regional Facilities & Market Square

This includes TD Station, Aquatic Centre, SJ Arts Centre, Imperial Theatre, SJ Trade & Convention Centre and Market Square



\$29

Arenas & Sportsfields

This includes the operation & maintenance of city owned arenas and fields



\$51

Parks & Open Spaces

This includes the maintenance of parks, trails, beaches, and city landscaping



\$14

Mayor & Council

This includes salaries and expenses for your Mayor & Council



SAINT JOHN

Tax Funded Operating Subsidies & Grants

Agencies, Boards and Commissions and Grants

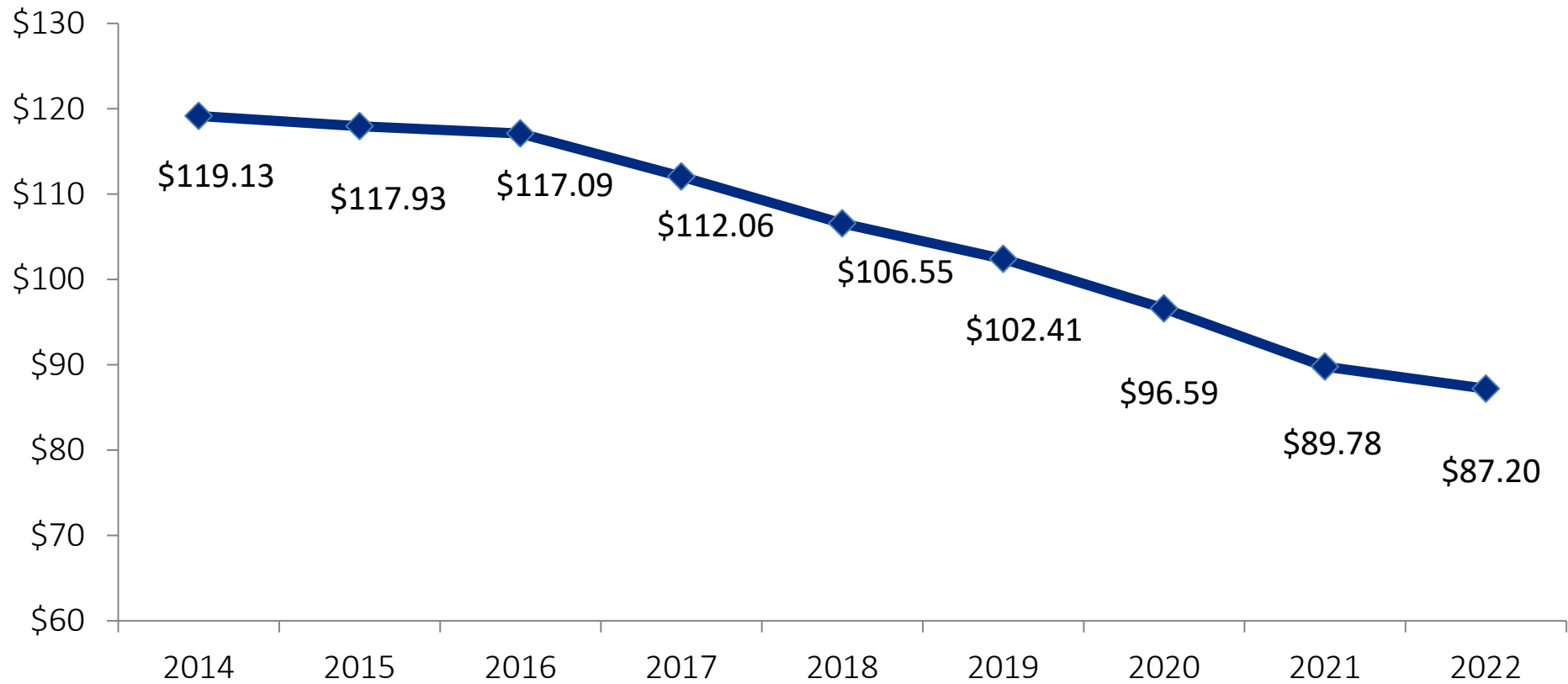
- Saint John Transit Commission - \$7.1M
- New Regional Economic Development Agency - \$2.175M
- Regional Facilities Commission
 - Trade and Convention Centre - \$263K
 - Canada Games Aquatic Centre - \$451K
 - TD Station - \$590K
 - Imperial Theatre - \$330K
 - Saint John Arts Centre – \$192K
- Saint John Free Public Library - \$473K
- Lord Beaverbrook Rink - \$166K
- Regional Service Commission - \$28K
- Community Grants - \$642K



General Fund Debt

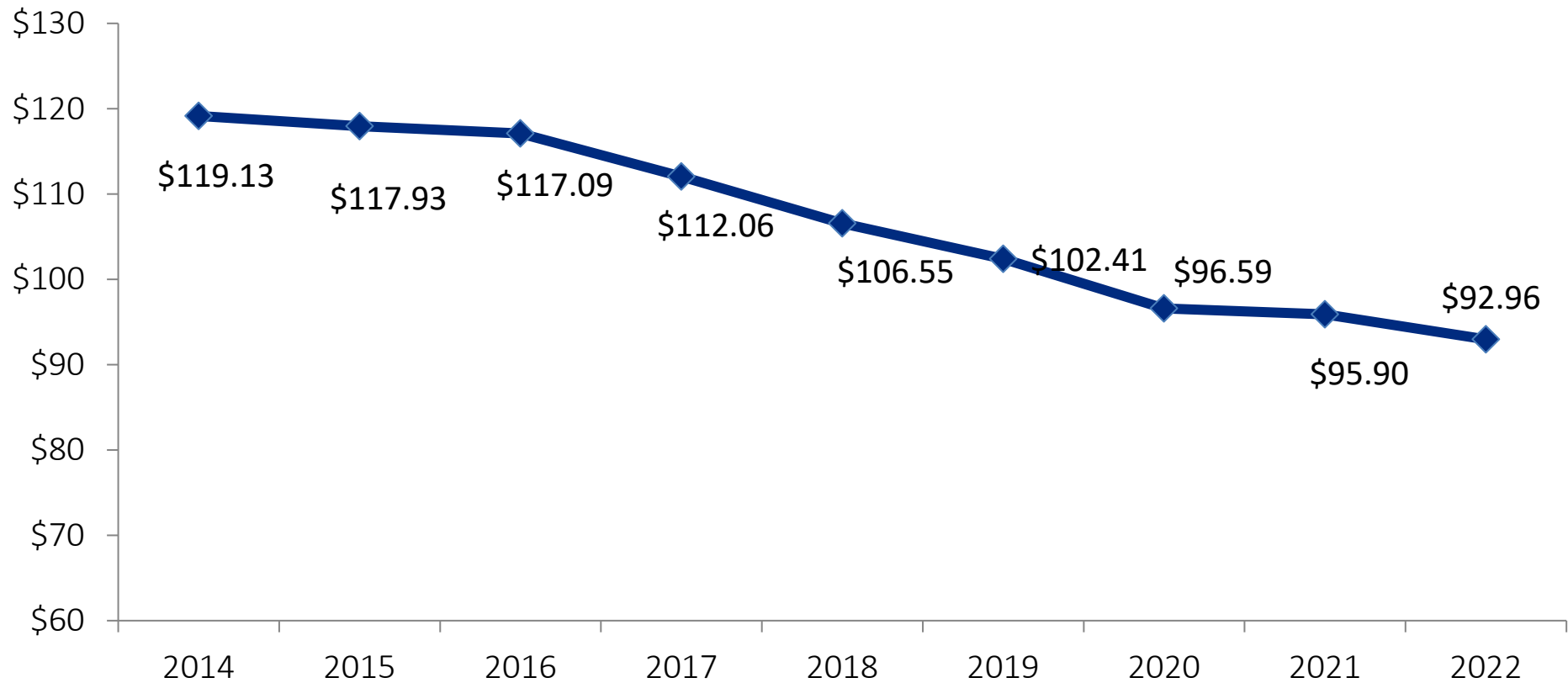
General Fund Debt 2014-2022

\$ in Millions



General Fund Debt (including Parking)

General Fund Debt 2014-2022 – With Parking Commission
\$ in Millions





2022 Budget Guidance

1. Long Term Strategy
2. COVID-19 Uncertainty
3. Competitive Advantage
4. Market Adjustment vs
New Construction
5. Request for
Reassessments
6. Increased Assessment -
Tax Burden on
Community
7. Mitigate Risk in 2022
Budget



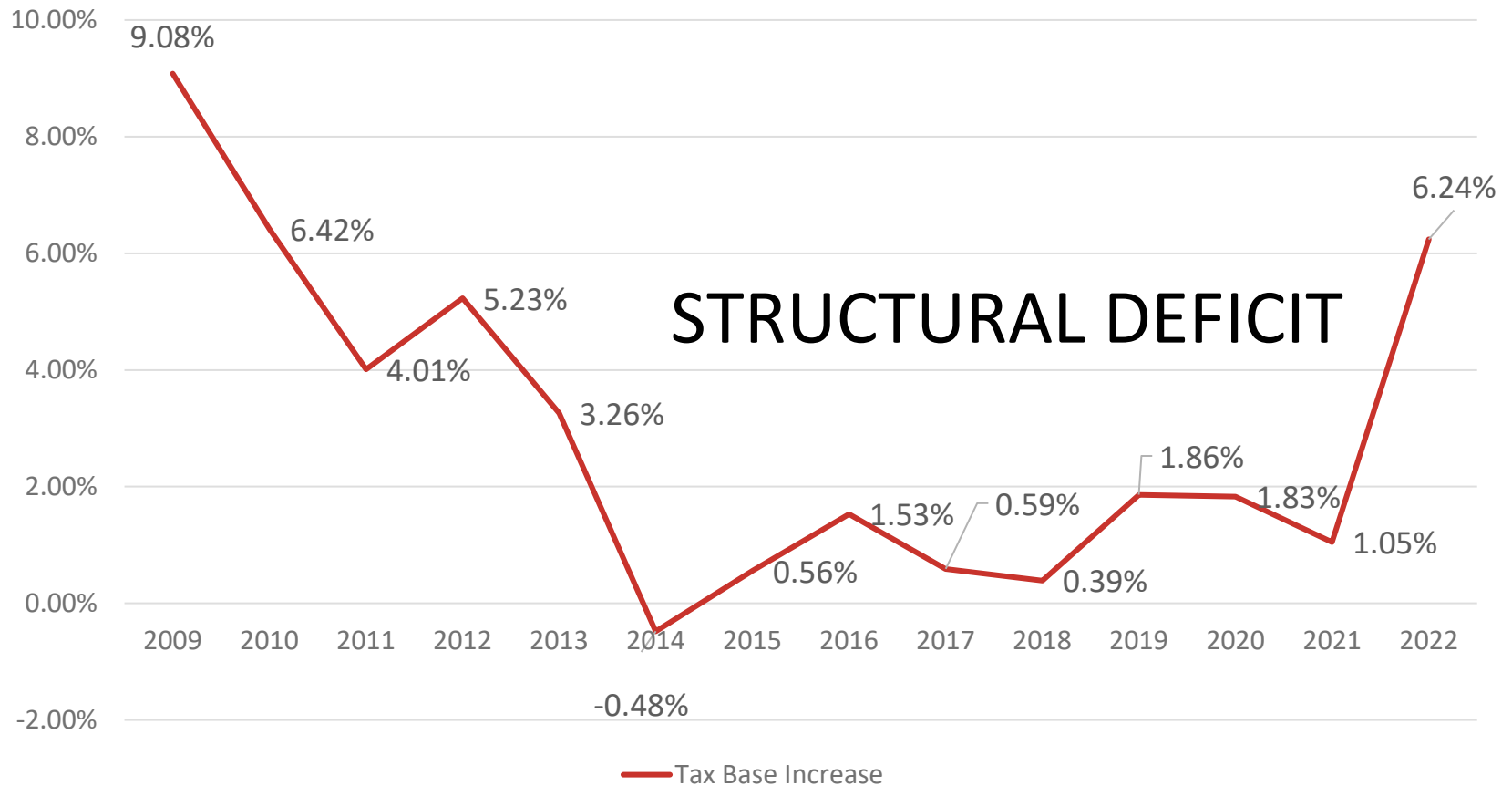
1. Long Term Financial Planning

Many Elements to Ensuring Strong Financial Management



1. LTFP Needed in Good Times and Bad

Saint John Tax Base Increase



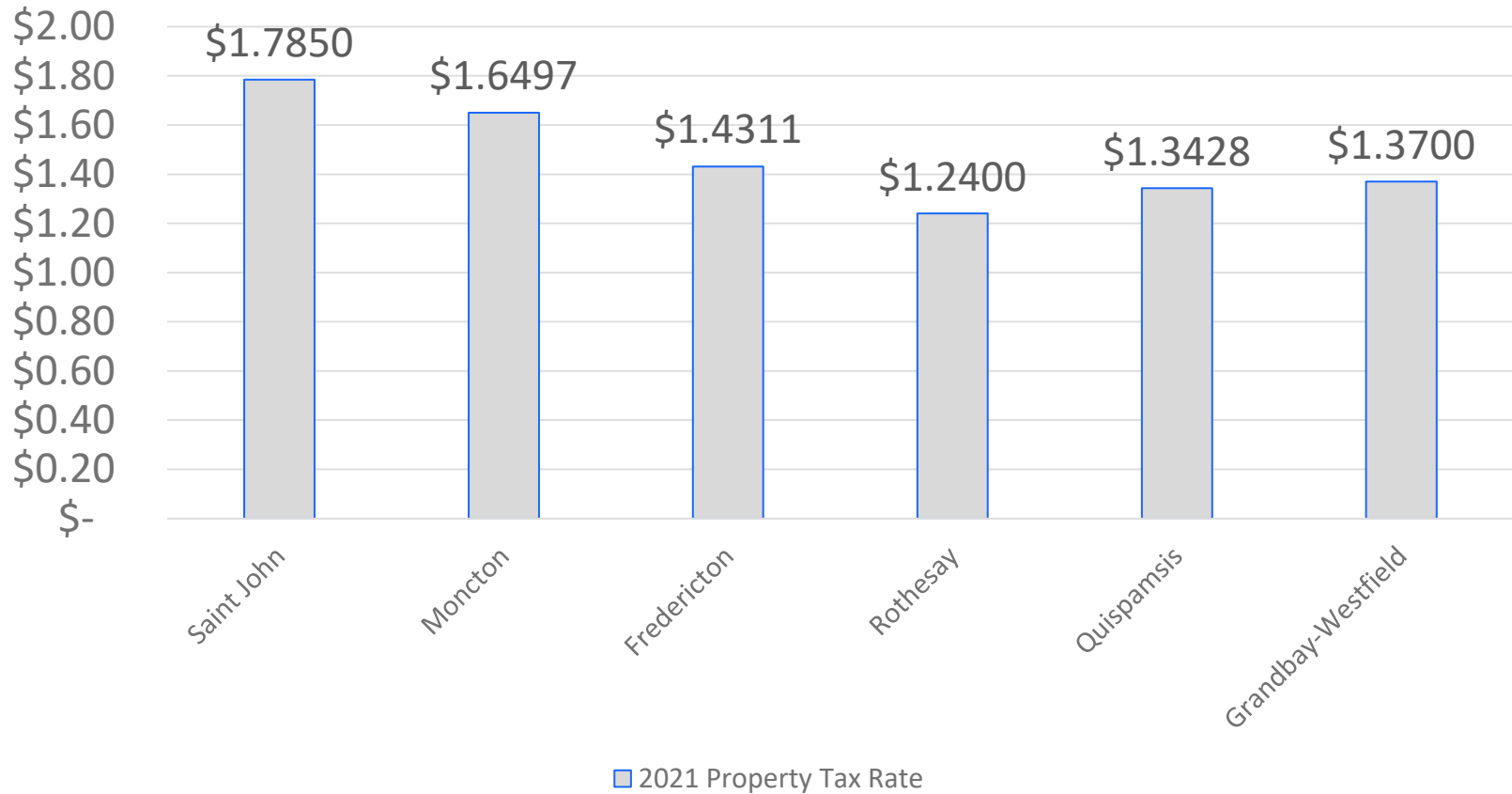
2. COVID Impacts – Tax Base Growth

Uncertainty with Global Pandemic:

- 1. Commercial Sector** - In 2021, assessments for office complexes, shopping centers, strip malls and restaurants were adjusted downward. In 2021 these assessments have rebounded however future risk still exists due to pandemic.
- 2. Hospitality Sector** including hotels, motels, resorts, bed and breakfast, inns and lodge adjustments have not yet rebounded.
- 3. Businesses has evolved** and adapted to the pandemic including flexible work environments which may reduce demand for property.

3. Competitive Advantage

2021 Property Tax Rates



2021 RESIDENTIAL TAX BURDEN (\$250,000 Home)

TAX BURDEN = PROPERTY TAX RATE * ASSESSMENT

<i>Municipality</i>	<i>Property Tax Rate</i>	<i>House Price</i>	<i>Property Taxes</i>
<i>Saint John</i>	1.7850	\$250,000	\$4,463
<i>Fredericton</i>	1.4311	\$250,000	\$3,578
<i>Moncton</i>	1.6497	\$250,000	\$4,124
<i>Rochesay</i>	1.2400	\$250,000	\$3,100
<i>Quispamsis</i>	1.3433	\$250,000	\$3,358
<i>Grandbay Westfield</i>	1.3700	\$250,000	\$3,425

- \$885 annually higher than Fredericton
- \$340 annually higher than Moncton
- \$1,363 annually higher than Rochesay
- \$1,105 annually higher than Quispamsis

LARGE COMMERCIAL (ASSUME \$30M ASSESSMENT)

TAX BURDEN = PROPERTY TAX RATE * ASSESSMENT

<i>Municipality</i>	<i>Property Tax Rate</i>	<i>Commercial Property</i>	<i>Property Taxes</i>
<i>Saint John</i>	1.785 x 1.5	\$30,000,000	\$803,250.00
<i>Fredericton</i>	1.431 x 1.5	\$30,000,000	\$643,995.00
<i>Moncton</i>	1.649 x 1.5	\$30,000,000	\$742,365.00

- Approximately \$160,000 annually higher in Saint John than Fredericton
- Approximately \$61,000 annually higher in Saint John than Moncton

Property Tax Rates (Price) in Saint John

- 2021 Property Tax rates

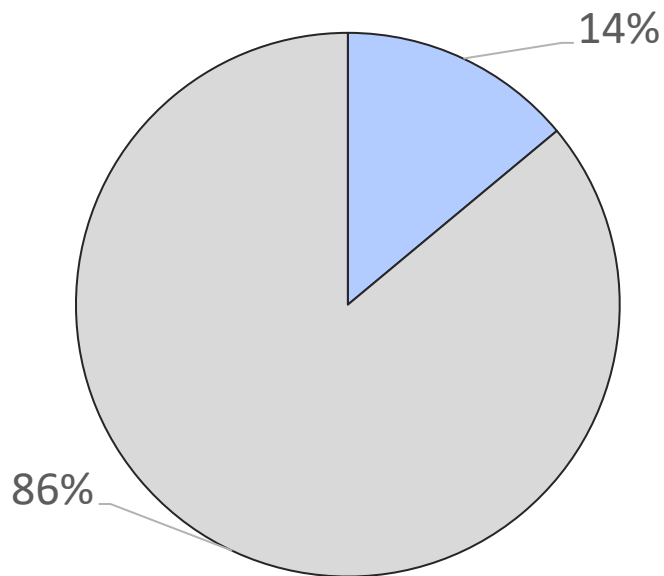
	Municipal	Provincial	Total
Residential - Owner Occupied	1.785	-	1.785
Residential - Non-Owner Occupied	1.785	1.123	2.908
Non-Residential	2.678 (1.785*1.5)	2.186	4.864

- 2022 Property Tax rates

	Municipal	Provincial	Total
Residential - Owner Occupied	1.710	-	1.710
Residential - Non-Owner Occupied	1.710	1.123	2.833
Non-Residential	2.565 (1.710 *1.5)	2.186	4.543

4. Market Adjustment versus New Construction

Saint John Tax Base



- New Construction
- Market Adjustment

\$60M New (0.90%)
<u>\$385M MA (5.34%)</u>
\$445M (6.24%)

Unlikely similar significant market adjustments in future years

5. Request for Reassessments

- Largest assessment increase in over 20 years provincially
- High likelihood of large volume of Request for Reassessment
- 2021 – 55% of Request for Reassessments in Saint John were successful lowering tax base in 2022 by \$21M
- Could be significant requests for RFR in 2022 that will impact the City in 2023

6. Cost of Living is Rising for Citizens

- In August the Consumer Price Index hit a near two decade high – up 7.2% year over year, fastest pace since 1994.
- Canadian Inflation Rate – 4.1%
 - New Brunswick Inflation Rate – 4.3%
- Property Tax Assessment – 6.24%
 - Provincially – 8.01%
- Food Price inflation 2.7%
- Gas prices are soaring due to global energy crisis (energy demand is back)



Risk Mitigation – meeting priorities today without jeopardizing future

Budget increase of approximately \$7.4M (4.7%) year over year

1. \$991K is carry over deficit from 2020
2. \$1.3M is capital from operating – reduce debt per LTFP
3. \$1.5M targeted one time spends (mitigate risk & advance Council priorities)
 1. Saint John Transit Capital Reserve \$200K
 2. Additional Sidewalk Capital Reserve \$200K
 3. Dominion Park Capital Reserve - \$300K
 4. Affordable Housing Action Plan - \$300K
 5. Professional Services - \$300K (ABC Review, Performance Management)
4. Parking Commission - \$876K
5. Growth & Community Services Temporary Contract Positions – \$300K
 - Program support for Community Services, Program Support for Community Standards Compliance and Planning Support for Community Planning.

Advantages of Tax Rate Reduction vs Spend

- **Mitigate** taxpayer burden from assessment increase
- **Tax Rate** – stay competitive with other municipalities
- **Flexibility** – can still increase tax rate by 1-2 cents and still be on track in the long-term financial plan
- **Strategic** - provides time to see if growth is sustainable
- **Risk management** – increasing cost of government is risky if growth is not sustainable, reducing cost is far more disruptive (layoffs, severances, moral, etc.)

Long Term Financial Plan – Budget Key Performance Indicators

2022 Target Key Performance Indicators

Measure	Direction	LTFP Base	LTFP Stretch	2022
Assessment Growth	Higher is better	1.5%	3.0%	6.24%
Tax Rate	Lower is better	\$1.785	\$1.775	\$1.710
Pay-as-you-Go Contribution	Higher is better	\$4.3M	\$4.5M	\$4.5M
Total People Cost (% of Total Revenue)	Lower is better	55%	53%	54%



2022 Target Key Performance Indicators

Measure	Direction	LTFP Base	LTFP Stretch	2022
Debt per Capita	Lower is better	\$1,336	\$1,283	\$1,305
Debt Service Ratio	Lower is better	9.8%	9.4%	9.3%
Total Debt as a % of Operating Budget	Lower is better	56%	53%	54%
Cumulative Debt Reduction	Higher is better	\$9.94M	\$10.34M	\$13.3M

Council Priorities - 2022 Operating and Capital Fund Budgets



GROW

We value smart growth.

- Budgets include continued investments to support Population and Economic Growth
 - Regional Economic Development Agency
 - Succeed and Stay
 - Local Immigration Partnership
 - Affordable Housing Strategy
 - Building Incentive & Urban Development Reserves
 - Additional Resource Capacity for Planning

2022 Operating and Capital Fund Budgets



We value the environment

- Investments to support Environmental Stewardship
 - Birchhill Benefits (SJE Clean Energy)
 - Significant Capital Investments in storm sewer separation
 - Wastewater lift stations being rebuilt above flood levels
 - Potential opportunities to start greening fleet
 - Districting energy project – Market Square
 - Deep Municipal Building Energy Retrofits – Various City Facilities
 - Low Carbon Economy Funding – Replacing HVAC systems, Ball Field Lighting
 - New Solid Waste Collection Model

2022 Operating and Capital Fund Budgets



We value a welcoming community

- Budgets supports Livable Neighborhoods and Vibrant City
 - Funding for Affordable Housing Action Plan
 - Significant investments for various parks, recreational assets, specifically Dominion Park
 - Capital and operating investments being made in Arts and Culture
 - Opportunities to change existing recreational assets to be more inclusive for all Citizens
 - Major Investment in the redesign and construction of Loyalist Plaza
 - More Beautification, Wayfinding and Pedestrian Safety included
 - Truth & Reconciliation

2022 Operating and Capital Fund Budgets



MOVE

We value sustainable transportation choices

- Budgets supports Transportation & Mobility
- Operating and Capital Budget includes investment
 - Significant re-investment in road network to maintain PCI
 - Creating more Bike Lanes
 - Extension of Harbour Passage
 - Additional funding included in operating budget for more Sidewalk needs
- Transit will see an additional \$200K to the earmarked \$650K already approved for the creation on a modern transit service

2022 Operating and Capital Fund Budgets



PERFORM

We value the best use of our resources.

- Budget achieves Outcomes and Objectives
 - Tax Rate reduction exceeds target in Long Term Financial Plan
 - Saint John Energy benefits contributing to lower tax rate
 - Capital from operating has been increase to \$4.3 million per the Long-Term Financial Plan
 - Debt is capped at \$9.0M for the 2022 General Fund Capital Budget per Long Term Financial Plan.
 - Performance Management, ABC Reviews, Internal Audit

Recommendation

- Reflect upon the proposed 2022 General Fund Operating Budget and make any and all inquiries to staff.
- Receive and file this presentation & attached reports.

Conclusion

