

2021 Budget – Public Presentation

10 November 2020



Objective

- Provide Public and Council with recommended budget for 2021

Public Consultation – 13 Oct 2020

Council Briefings – 25 Oct 2020

Budget Presentation (Public) – 10 Nov 2020

Budget passed by resolution (Council) – 12 Nov 2020

Budget Submitted to Province – 13 Nov 2020



Outline

- “BLUF”
- Comments on Taxes
- Long Term Outlook
- 2021 Highlights
- 2021 Changes and pressures
- 2021 Operating / Water Budget overview
- 2021 Capital Plan



Bottom Line Up Front

- Taxes:
 - Eliminate Garbage Rate and fund with increase of tax of 3 cents
- Water:
 - Hold rates steady
 - Commence Phased-in Fixed Service Fee



Tax Rate

- 2009: 1.3990
- 2010: 1.3751
- 2011 – 2014: 1.3551
- 2015 – 2020: 1.3851



Tax and Debt levels

Municipal Comparisons			
	Residential	Commercial	Debt Ratio
Rothsay	\$1.240	\$1.86	6.3
Quispamsis	\$1.343	\$2.01	8.4
Oromocto	\$1.385	\$2.08	4.8
Woodstock	\$1.450	\$2.18	4.3
Fredericton	\$1.431	\$2.15	4.9
St Stephen	\$1.580	\$2.37	7.2
Grand Falls	\$1.500	\$2.25	12.6
New Maryland	\$1.303	\$1.95	11.7
Shediac	\$1.498	\$2.25	13.1
Sackville	\$1.560	\$2.34	10.4
Riverview	\$1.593	\$2.39	9.5
Dieppe	\$1.630	\$2.44	14.8
Edmundston	\$1.635	\$2.45	14.4
Moncton	\$1.650	\$2.47	13.9
Miramichi	\$1.740	\$2.61	8.8
Campbellton	\$1.776	\$2.66	9.3
Bathurst	\$1.775	\$2.66	11.1
Saint John	\$1.785	\$2.68	11.9



A Word on Taxes

- Taxes are derived from **assessed value** x **tax rate**
- Assessed Value has decreased 6% from 2015 highs
 - CPI – up 7.71%
 - Assessed Value – down 6%

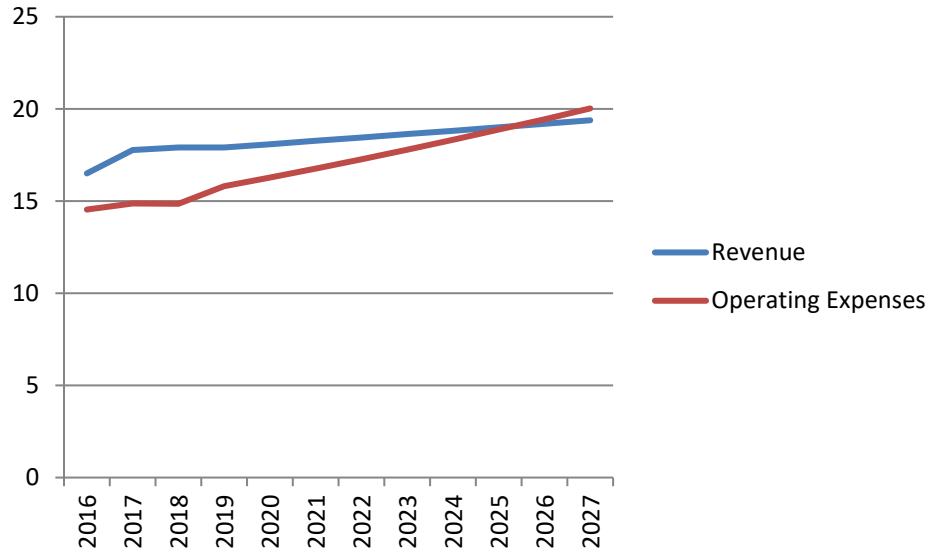


Another word on taxes

- **Tax Burden** is the amount a tax payer 'pays'
- Tax Burden comparison – 3 bedroom home
 - Oromocto – 284K for \$3943 in taxes
 - New Maryland – 302K for \$3960 in taxes
 - Fredericton – 310K for \$4451 in taxes
- Oromocto has lowest regional Tax Burden



Long Term Financial Outlook



Mitigation for 2021 and beyond:

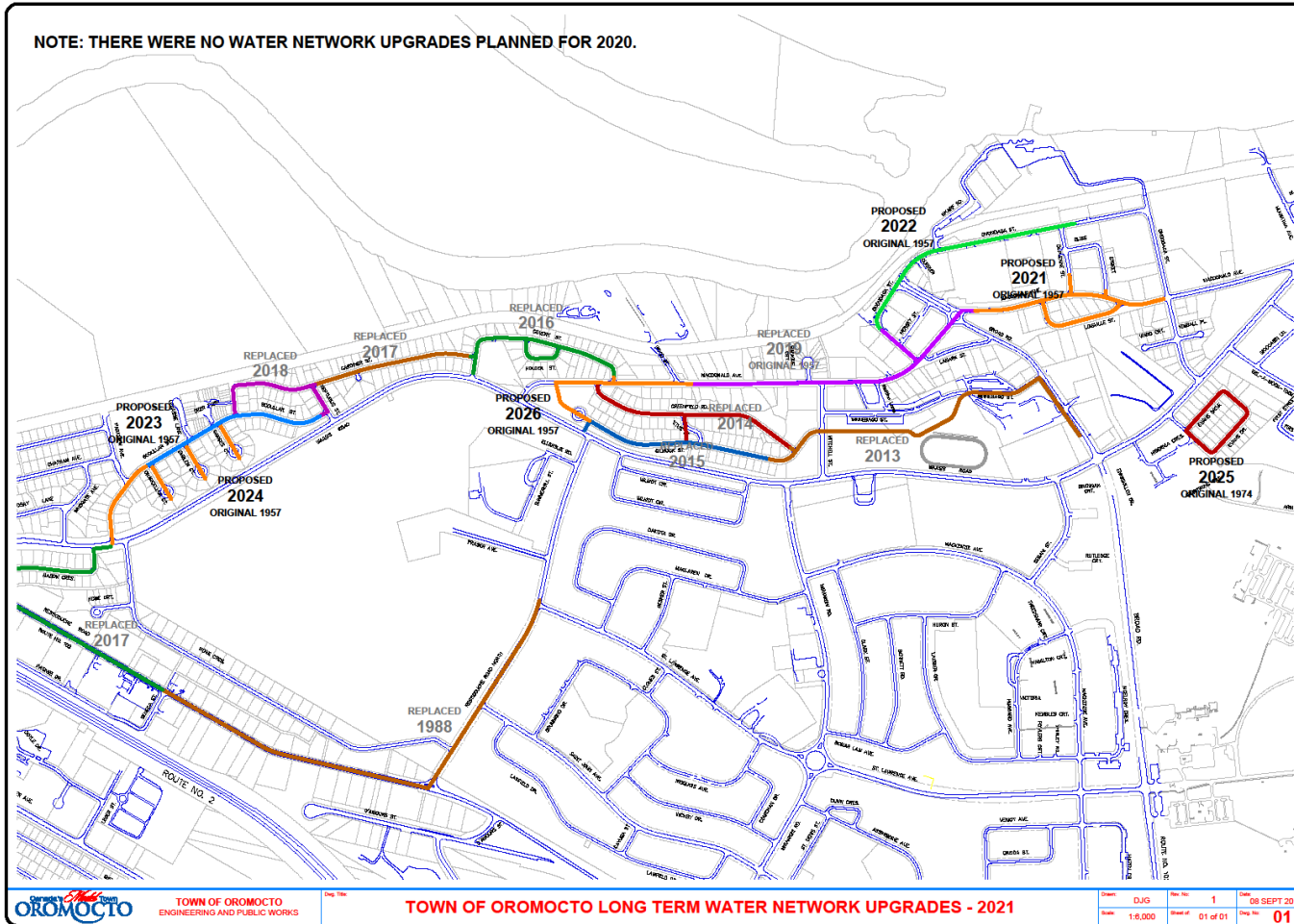
- Increase revenue (tax rate or growth)
- Do less
- Borrow more

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Available for Capital/Savings	1.97	2.90	3.05	2.10	1.80	1.50	1.18	0.84	0.50	0.13	-0.24	-0.63
Capital Plan				2.10	2.4	1.95	1.50	1.70	2.40	2.20	2.00	1.20
Capital Plan Delta				0.00	-0.60	-0.45	-0.32	-0.86	-1.90	-2.07	-2.24	-1.83



Long Term – Water System

NOTE: THERE WERE NO WATER NETWORK UPGRADES PLANNED FOR 2020.



TOWN OF OROMOCTO
ENGINEERING AND PUBLIC WORKS

Drawn By

TOWN OF OROMOCTO LONG TERM WATER NETWORK UPGRADES - 2021

Drawn	DJG	Sheet No.	1	Date	08 SEPT 2016
Scale	1:8,000	Sheet of	01 of 01	Drawn By	01

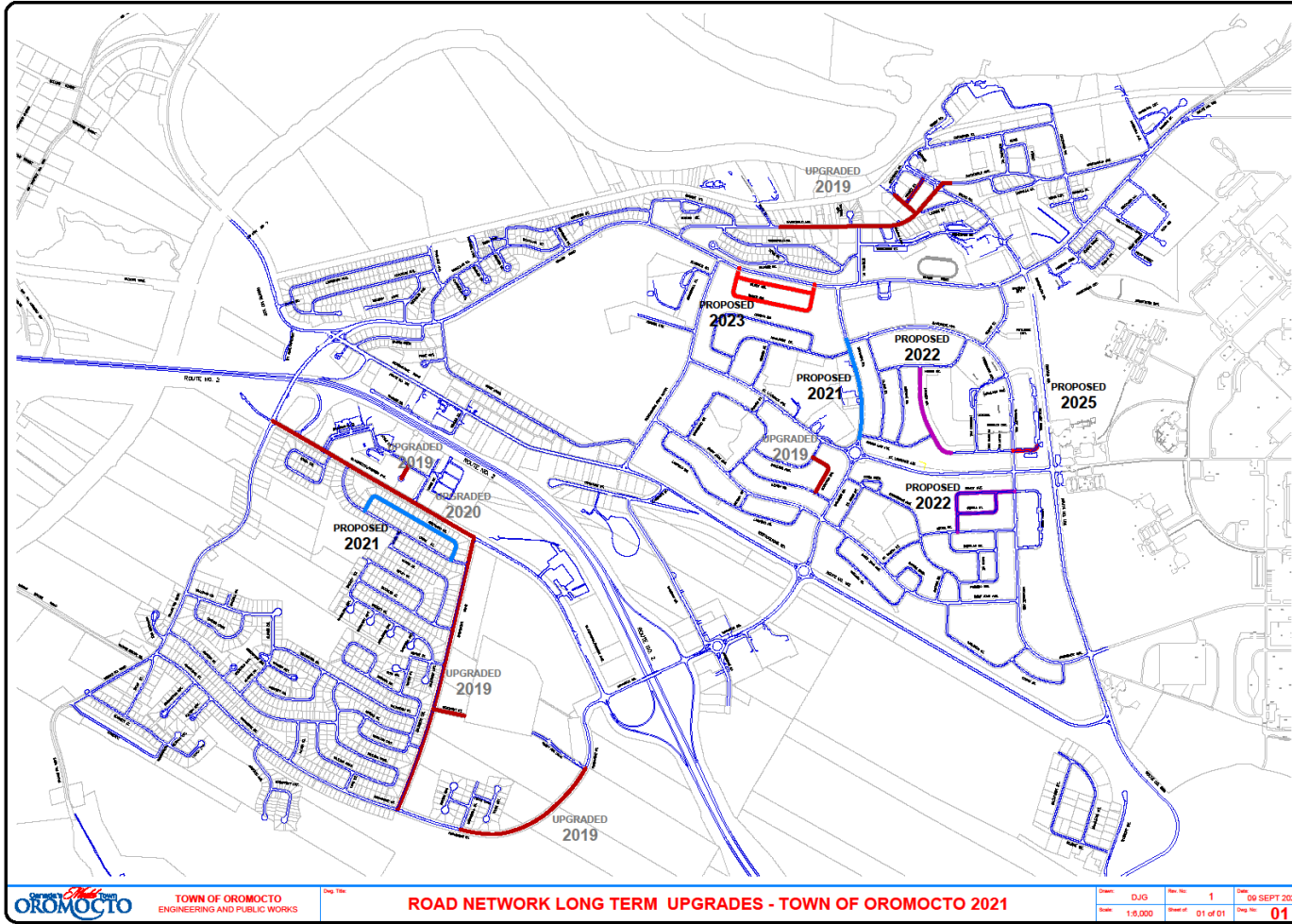
1 WOOD STREET OROMOCTO, NB E2V 2J3 F 1-506-367-2405 F 1-506-367-8039 psw@oromocto.ca



Long Term – Paving/Roads

- 2019:
 - Hersey (150M)
 - Cowichan (200M)
 - Finnermore Extension
 - Terry Fox/Beaufort
 - Carpenter (1200M)
- 2020:
 - Blackwatch (750M)
 - Miramichi Overpass
- 2021-2024:
 - Shephard Dr (600M)
 - Loisville (300M)
 - Laurier (400M)
 - Veniot (430M)
 - Leger/Doyle (TBC)
 - Oneida (260M)
 - Wilmot (920M)
 - McElroy (100M)





Canada's *Model* Town
OROMOCTO



Highlights

This budget allows us to:

- Continue to invest in Town at approx **3.2M (includes IBA* and GTF)**
- Address *forecasted* pressures in operating budget
- Eliminate garbage collection fees
- Continued investment in 'environmental leadership'
- Close out long term projects:
 - Finnermore extension
 - TF/Beaufort
 - "Oak Meadows"
 - Steacy Court

This budget does not allow us to:

- No funds for future projects
- No significant changes to service levels



2021 – Macro Changes

Revenues

- Assessed growth: 2%
 - 1.5% on existing
 - .5% new builds
- LSD contribution for fire services
- Remaining revenues assume **reduced** due to COVID-19

Pressures

- Dumping charges
- Water supplies
- Water supply
- Garbage costs
- Insurance
- **Note: WSNB premiums indicated to decrease**



What's New (or different)

- New recreation rates
- Absorb garbage into tax rate
- Change water billing
- Modernization: starting to baseline (licensing only)
- Staffing:
 - 2020 org changes
 - Long term absences
 - IAFF Negotiation
 - Mental Health for FF increased
- Environment:
 - Trees – 20K
 - EV – 30K
 - Building Condition Reports
- Processes:
 - Salaries no longer attributed
 - Building Maintenance accountability and budget management
 - Reduced Billings



Garbage

- Current Approach:
 - Residents receive 80\$ bill, general tax covers delta
- Future Approach:
 - No bill, general tax covers all costs
- Garbage costs include:
 - Curbside pick up – 80% increase since 2017
 - Tipping Fees – 17% increase since 2017



Garbage – the details

- In 2017:
 - Garbage removal costs = 428K
 - Citizens were billed 275K, remaining 154K covered by general tax
- In 2020:
 - Garbage removal costs = 656K
 - Citizens were billed 251K, remaining 354K covered by general tax



Garbage – the issue

- Citizens aggravated by “extra billing”
- “Extra billing” not covering actual costs
- Actual costs have increased substantially
- “Extra billing” is administratively intense and confusing for new residents



Garbage – the solution

- Eliminate “extra billing” and increase mil rate to ‘shift’ the 80\$ per household into tax rate - 3 cents on mil rate
- Based on assessed value:
 - Average home assessed value 220K will result in increase of 66\$ reducing tax burden by 14\$
 - Smaller home assessed value 130K will result in increased tax of 39\$ reducing tax burden by 41\$
 - Premium home assessed value 270K will break even



2021 Highlights - General

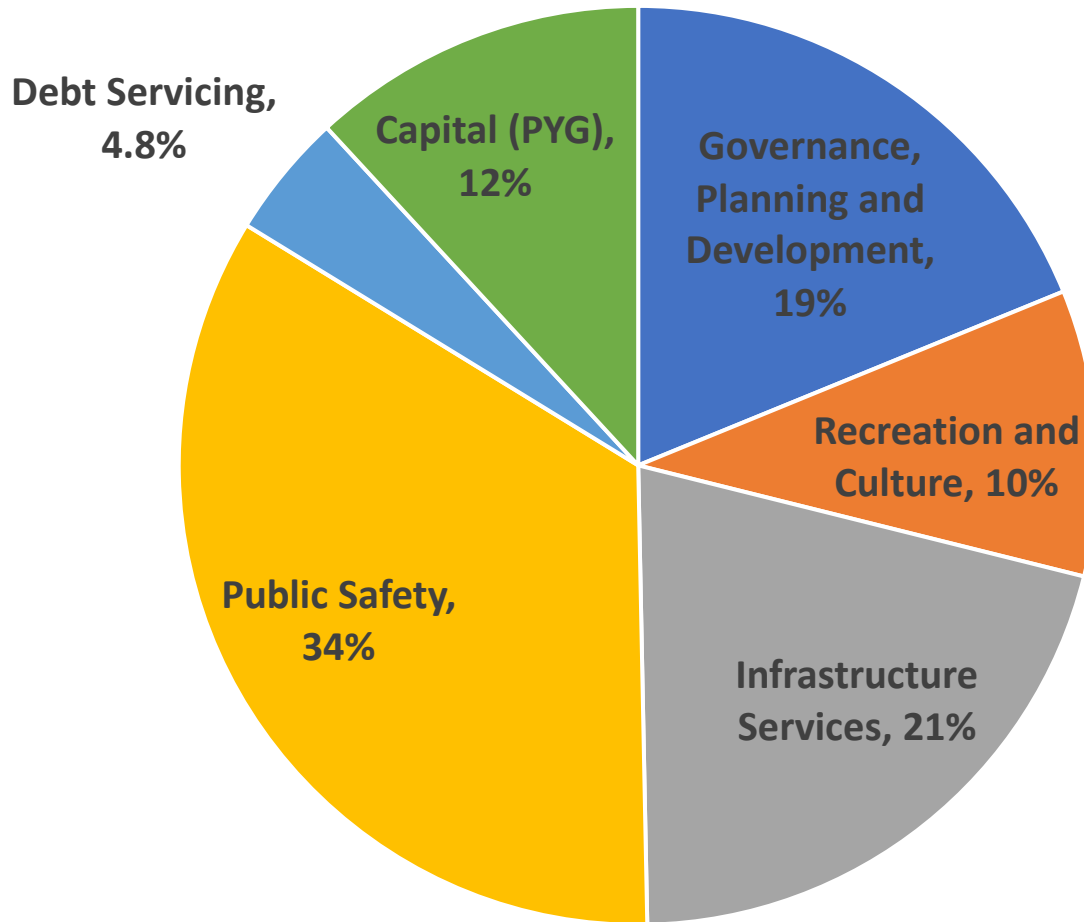
REVENUES	2016	2017	2018	2019	2020	2021
Non-Tax Revenue	2.524	2.979	2.929	3.348	3.296	3.216
Taxes Inside	9.570	9.437	9.384	9.548	9.859	10.344
Taxes Outside Base Gagetown	3.973	4.793	5.037	5.107	5.066	5.181
Community Funding Equalization Grant	.447	.513	.562	.565	.574	.576
Total Revenues:	16.515	17.722	17.913	18.568	18.795	19.317



2021 Highlights - Expenses

Expenditures	2016	2017	2018	2019	2020	2021
Governance, Planning and Development + Debt	2.921	3.053	3.186	4.230	4.528	5.123
Public Safety	6.062	6.269	6.182	6.325	6.512	6.710
Infrastructure Maintenance	3.765	3.730	3.724	3.861	4.267	4.681
Recreation	1.799	1.769	1.768	1.869	1.896	1.836
Transfer to Capital Investments	1.966	2.899	3.052	2.282	1.592	.967





Canada's *Model* Town
OROMOCTO



2021 Highlights - Water

REVENUES	2016	2017	2018	2019	2020	2021
Water Rates	2.197	2.035	2.030	2.142	2.468	2.561
Other Revenue	.640	.690	.640	.439	.454	.696
Total Revenues:	2.838	2.725	2.671	2.581	2.922	3.257
Expenditures	2016	2017	2018	2019	2020	2021
Environmental/Health Services	2.592	2.111	1.773	2.088	2.643	3.105
Financing	.128	.128	.128	.124	.124	.127
Transfer to Water Capital	.118	.487	.770	.369	.155	0.025
Total	2.838	2.725	2.671	2.581	2.922	3.257



Water

- Water system has two key cost drivers:
 - Cost of water / treatment (DND is supplier – Town buys from DND)
 - Cost of distribution system and maintenance (Town is responsible to distribute and maintain)
- Water supplier (DND) has increased rates 50% water and 67 sewage over past 5 years
- Maintenance costs have doubled in 5 years without increasing rates
- No longer sustainable



Water Billing

- In order to fund water system costs (supply and distribution/maintenance)
- Introduce a new “Fixed Service Fee”
 - Aligns with other jurisdictions
 - More appropriately shares actual costs of service
 - Reduces volatility
- Will be phased in over 5 years, each year requiring Council approval



Capital Program

- Road Infrastructure:
 - Onondaga Water Main – IBA + Savings
 - MacDonald/Loisville – GTF
 - Shephard – Annual Budget
- Buildings:
 - Hazen Park Giberson Room Roof
 - VIC – re-tender
- Fleet: Loader, Recycle Truck, Ford 450, retro 2 x Fire
- Parks and Rec: Park Shelters, trail, ballfield



2021 Capital Budget Priorities

	2018	2019	2020	2021
Paving and Road Construction	1.085M	~700K	890K	450K
Water and Sewer (includes paving)	1.2M	~1M	130K	See Below
Equipment	100K	0	620K	0
Buildings	0	~200K	110K	42K*
Parks and rec facilities	167K	~50K	178K	58K
Fleet replacement/retro	765K	~1M	830K	605K
Saving for future facilities or developments	931K	~0K	0K	

*VIC

IBA – 1.3M water main upgrade Onondaga
 GTF – 700K water main upgrade MacDonald/Loisville



Capital Program – BELOW the Line

- Protection:
 - OFD – ADFC Truck
 - OFD – Station 1 upgrade
- Streets:
 - Laurier, and remaining priorities
 - Hallihan sidewalk
 - Storm pipe around Kimball Place
- Recreation: multiple small projects



Risks

- Short-term:
 - Rec related revenues: estimated for COVID-19
 - Impact on lease holders (Gateway)
 - Limited contingency
- Mid-term:
 - Economic impact on assessment values
 - Deferral of fleet
 - Local Governance review
 - Station 1



Summary

- Taxes: Eliminate Garbage Rate and fund with increase of tax of 3 cents
- Water: Hold rates steady, Commence Phased-in Fixed Service Fee
- Investments:
 - 3.2M in infrastructure
 - Plan for VIC
- Improved processes



Objective

- Provide Public and Council with recommended budget for 2021

Public Consultation – 13 Oct 2020

Council Briefings – 25 Oct 2020

Budget Presentation (Public) – 10 Nov 2020

Budget passed by resolution (Council) – 12 Nov 2020

Budget Submitted to Province – 13 Nov 2020

