

2023 Budget – Public Presentation

15 November 2022



Objective

- Provide Public and Council with recommended budget for 2023

Local Government Reform Committee – 13 Oct 2022

Public Consultation – 19 Oct 2022

Council Briefings – 30 Oct 2022

Budget Presentation (Public and Council) – 15 Nov 2022

Budget passed by resolution (Council) – 17 Nov 2022

Budget Submitted to Province – 18 Nov 2022

Outline






- Tax & Water/Sewer Rates
- Comments on Taxes
- Comparing tax rates
- 2022 Budget Highlights
- 2022 Changes and pressures
- 2022 Operating / Water Budget overview
- 2022 Capital Plan
- Discussion

2023 Tax Rates









- Taxes:
 - Oromocto: Mil rate held at 1.4051 (no increase)
 - Lincoln: Mil rate to 0.9007 (increased by 0.035)
 - Non-residential tax ratio 1.7 (increased by 0.2)
- Water/Sewer:
 - Fixed rate to increase to \$37/quarter (\$100 annual increase per household)

Tax Rate History

Oromocto

- 2009: 1.3990
- 2010: 1.3751 
- 2011 – 2014: 1.3551 
- 2015 – 2020: 1.3851 
- 2021 – 2022: 1.4151  (to eliminate garbage bills)
- 2022 - 1.4051 
- 2023 - 1.4051 (recommend no change for 2023)

Lincoln

- 2015: 0.7721
- 2016: 0.8190 
- 2017: 0.8368 
- 2018: 0.8428 
- 2019: 0.8583 
- 2020: 0.8557 
- 2021: 0.8842 
- 2022: 0.8657 
- 2023: 0.9007 

Comparable Mil Rates (2022)

- Fredericton – 1.4086
 - Moncton – 1.5472
 - Saint John 1.71
 - **Woodstock – 1.42**
 - **Riverview – 1.55**
 - **Quispamsis 1.32**
 - **Sackville 1.56**
 - **Oromocto 1.4051 (current plan)**
- } Cities

A Word on Taxes

- Taxes are derived from **assessed value** x **tax rate (mil rate)**
- **Assessed Value determined by Province (the investment)**
- **Mil rate determined by Mayor and Council (staff advice provided)**
- 1 cent increase to the mil rate is equal to \$136K in new revenue for Oromocto and \$26K for Lincoln

Highlights

This budget allows us to:

- Proceed with some planning of the Cultural and Recreation Centre Build (Hubbard School decision very soon)
- Catch up on some delayed capital re-investment in roads/equipment and fleet
- To start dealing with the growing cost of water/sewer
- Proceed with some planning of new sewage treatment/force main system
- To cover new CBAs (wage increases)
- To invest in some new plans (financial/asset management/departmental) to move the Town forward over the next 5 + years

This budget does not allow us to:

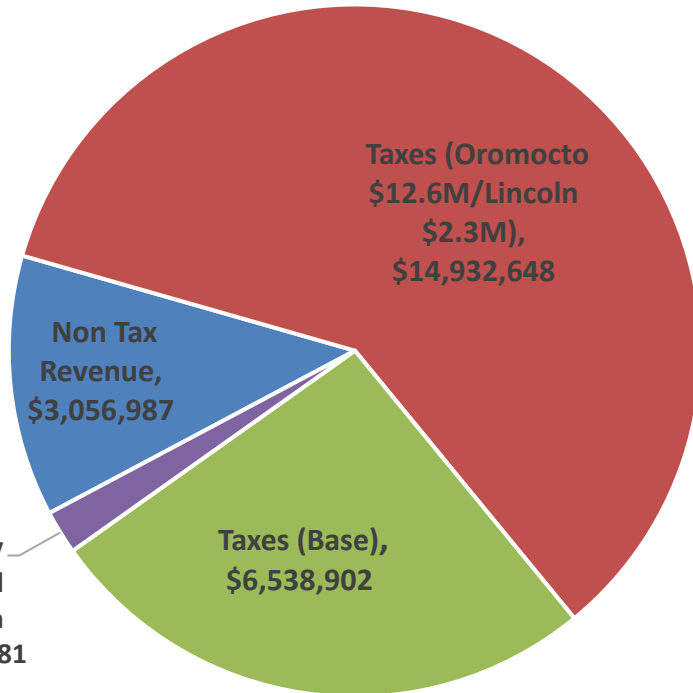
- Replace all of the aging fleet of fire fighting vehicles and equipment for public works
- Upgrade some of our old infrastructure challenges (KAA, Library, Community Centre and Old Town Hall)
- Catch-up on all of the capital asset re-investment that is needed (paving, streetlights, walkways, storm water systems, etc.)
- Build anything new

2023 – Macro Pressures

- New Cultural and Recreational facility Design/Planning w/Hubbard Street School Infrastructure (**\$125K**)
- Regional Pressures (Pool/Playhouse) + New Regional Service Fees (**\$245K**)
- New Governance model (**Loss of Community Equalization Grant \$100K**)
- Water/Sewer costs (**facing increases in rates from Base of 185/285%**)
- New Sewage Treatment Plant/force main infrastructure required for growth (**\$200K for studies and design**)
- Catch up on delayed capital re-investment (**\$4.2M**)
- Inflationary Operating Costs (power/fuel/materials and labour) – **CPI 6.8%**
- Wage increases (two CBAs)
- LGR procedural costs/operational gap (**\$110K**)
- **Debt Repayment: We currently owe 4.328 Million**

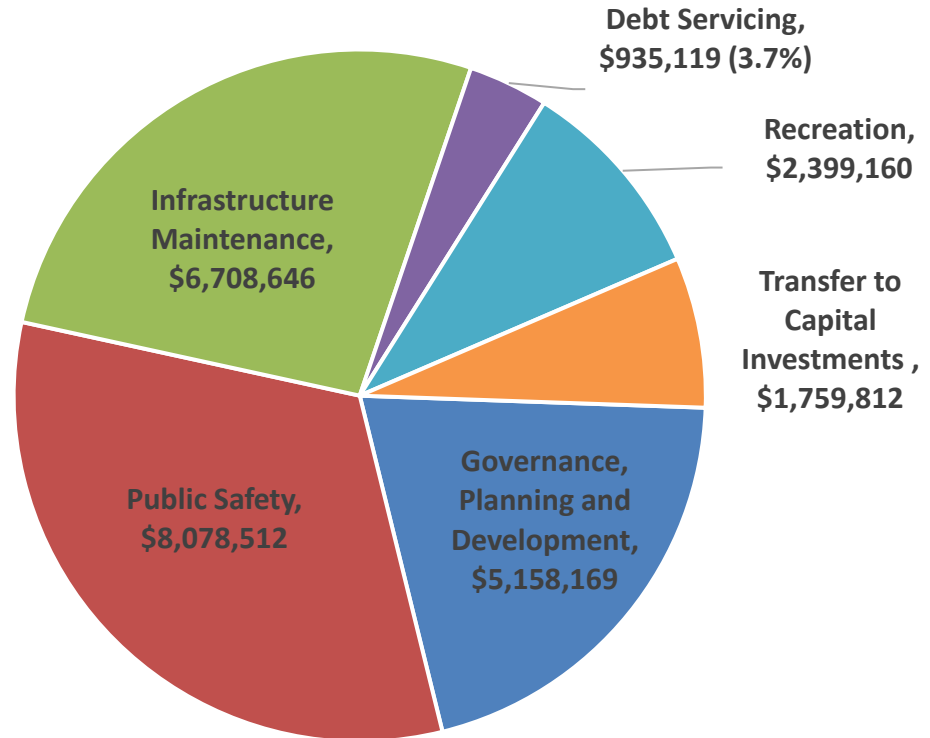
2023 Highlights - General

Revenues



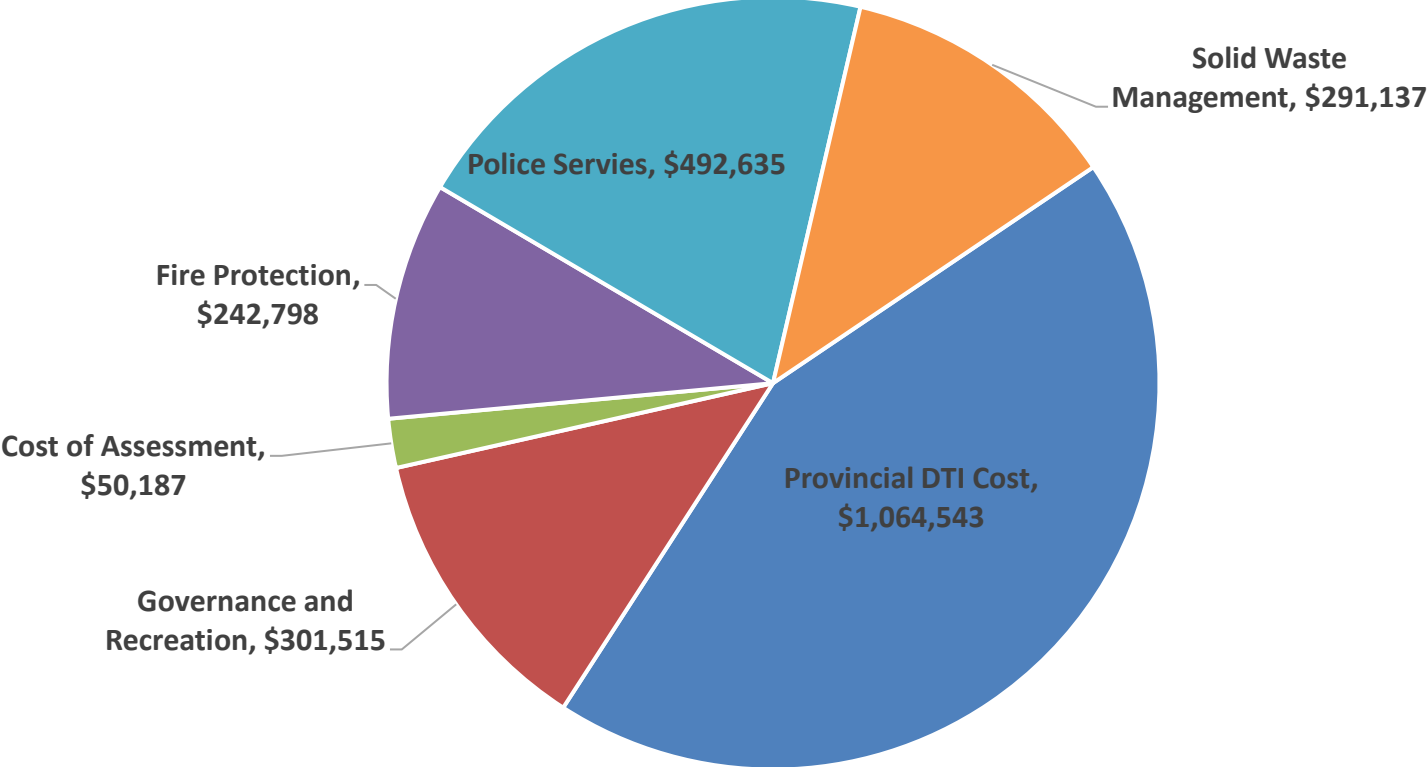
Total \$25.0M

Expenditures



Total \$25.0M

2023 Lincoln Expenditures



Total \$2.4M



Water Billing

- In 2022 we introduced a new “Fixed Service Fee”
 - Aligns with other jurisdictions
 - More appropriately shares actual costs of service (system needs repairs, replaced and maintained even if a homeowner uses little or no water...)
 - Reduces volatility on projecting budget
- Original plan to be phased in over 5 years, each year requiring Council approval (we are entering year 3 of 5 where quarterly rates were to expand to \$18)
- **In order to deal with renewal and capacity issues – we must move to \$37/quarter (\$25/quarter increase)**

Water Billing

- Still not charging enough
- We have a **795K** delta (being assumed by water transfer)
- This delta, to cover the water costs, is currently coming from our general operating funds. Ideally, we need to eliminate this delta as quickly as possible.
- Our service provider (the Base) is requesting that the Town **increase their water rates by 185% and sewer rates by 285%** as a result of infrastructure upgrades.
- New sewage treatment plant/force main needed to address capacity and service growth in Oromocto West. (\$30 Million +/-)

Water Consumption Rates

- Currently Paying \$3.70 per cubic meter
- We are not recommending an increase in rates, as we transition to applying a greater fixed cost ratio.
- Long term we would like to move to a lower usage rate and higher fixed ratio. This will be more advantageous for planning/budgeting purposes and align with our vision of reducing water/efficiency without jeopardizing our ability to maintain and operate the system.
- This will be clearly identified in our water and sewer plan once completed in 2023.

Comparison of Costs 2023

- Note: \$100 increase on the fixed rate will create an additional **350K** in revenue annually

Water and Sewer 2023 (Assumes 50 Cubic Meters)	Oromocto	Fredericton	New Maryland	Sussex
Consumption Rate (At same rate of \$3.70)	\$740	\$372	\$334	\$146
Fixed Rate (Showing the \$100 increase)	\$148	\$495	\$792	\$330
Total Annual Water & Sewer	\$888	\$867	\$1126	\$475

2022 Highlights

Projected completed / to be completed by year end

- Road Infrastructure:
 - Miramichi Rd
- Buildings:
 - HVAC Unit RCMP
 - Fire Station 1 Reno
 - KAA Plant Roof
 - Completion of new VIC
- Fleet:
 - Ford 450
 - Two half tons
 - One SUV (Fire Department)
 - Pumper truck retrofit
- Equipment:
 - Jaws of life

Capital Budget 2023

	2019	2020	2021	2022	2023
Paving and Road Construction	~1.7M	770K	700K	500K	1,415K
Water and Sewer	~1M	100K	2M*	0	477K
Equipment	0	600K	0	195K	287K
Building Maintenance	~250K	110K	100K	105.4K	200K
Parks and rec facilities	~50K	220K	100	42K	356K
Fleet replacement	~1M	1M	1M	679	1,495K
VIC	0	0	300K	122K	0
				Total	4,230K

Capital Program 2023

- Road Infrastructure:
 - Waasis Road Overpass, Brizley St., Watling Cres., Long St., MacKenzie Ave., McElroy Cres., Wharf Rd.
- Buildings:
 - Library Parking Lot
 - Energy efficiency upgrades (Hazen, Library, Community center)
- Fleet:
 - Salt Truck
 - Plow Truck
 - Trackless (for new AT trails)
 - Field Tractor
 - Excavator
 - (2) Fire Trucks (Phase 1 of 2)

Capital Program 2023

- Parks and Recreation:
 - Gateway accessibility upgrades
 - TransCanada Trail re-surfacing
 - MacKenzie field soccer goal replacement
- Equipment:
 - TMR Radio equipment (Fire)
 - Chipper

Capital Program – BELOW the Line

- Boat Replacement
- Small Vehicle Replacement x 3
- Utility Terrain Vehicle
- Gateway Child Play Area
- Station 1 Condition Assessment / Design
- Recycle Truck
- Self Contained Blower
- LED light tennis courts and Hazen Diamond
- AT Linked secondary Route Oromocto West TCT

Considerations for the Future

- Still many unknowns (new governance model, Future power rates, increased tipping fees, rising cost of fuel, etc.)
- We don't have a surplus; we made significant cuts and had stopped or delayed purchases to the point where we cannot delay any further without affecting level of service.
- No flexibility at this time...
- To build a Cultural and Recreation Centre + invest in a new sewage treatment facility we need to manage a mortgage of 2.5 – 3.0 million annually.
(Approx. \$85 million to accomplish the two projects)

Recommendations

For Council's Approval

- Approve the Budget for 2023
- Hold the mil rate at 1.4051 for Oromocto and set at 0.9007 for Lincoln + 1.7 multiplier on non-residential properties
- Increase the fixed rate on water bill to \$37 quarter
- Hold water consumption costs at \$3.70 per cubic meter

Question/Concerns

