

# 2024 Budget – Public Presentation

14 November 2023



# Objective

- Provide Public and Council with recommended budget for 2024

Public Consultation – 17 Oct 2023

Council Briefings – 28 Oct 2023

**Budget Presentation (Public and Council) – 14 Nov 2023**

Budget passed by resolution (Council) – 16 Nov 2023

Budget Submitted to Province – 17 Nov 2023

# Outline

- Tax & Water/Sewer Rates (As outlined in our 5-year financial plan)
- Comments on Tax Rates
- Comments on Water and Sewer Rates
- 2024 Budget Highlights
- 2024 Changes and Pressures
- 2024 Operating/Water Budget Overview
- 2024 Priorities/Capital Plan
- Discussion



# A Word on Taxes

- Property Taxes are derived from **assessed value** x **tax rate** (often referred to as mil rate)
- **Assessed Value is determined by Province (the investment)**
- **Mil rate determined by Mayor and Council (staff advice provided)**
- **Property Taxes account for 85% of the revenues needed to deliver the services that citizens want.**
- 1 cent increase to the mil rate is equal to \$146K in new revenue for Oromocto and \$29K for Lincoln

# 2024 Tax Rates

- **Taxes:**

Oromocto: Mil rate increase of 1.5 cents to 1.4201 (in accordance with our 5-year financial plan approved 21 September 2023)

Lincoln: Mil rate increase of 4 cents to 0.9407 (in accordance with our 5-year financial plan approved 21 September 2023)

Non-residential tax ratio held to max of 1.7



# 2024 Tax(mil) Rates

## What is Mil Rate?

A mil equals \$1 per each \$1,000 of a property's assessed value, which translates to one one-thousandth of a dollar. It also equals 0.1% and is used to calculate property taxes.

Oromocto = 1.4201 (increase rate by 1.5)

Lincoln = 0.9407 (0.5292 + 0.4115 to PNB for roads) (4-cent increase. Consider that PNB mandated a 5-cent max. increase per year to cover tax rate gap)

## Amount of revenue generated by 1 cent mil rate increase

Oromocto = \$146K

Lincoln = \$29K

## What does this mean to the average homeowner?

Avg. home price = \$288.4K (based on data from Ignite for 2023)

A 1 cent increase to tax bill of a homeowner amounts to \$28.84

Based on our budgeted increases, impact to individual homeowner using the average home price is:

**Oromocto - \$43/yr. (\$3.58/mo.)**

**Lincoln - \$115/yr. (\$9.58/mo.)**



# 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 ↓
- 2024 - 1.4201 ↑  
(As per 5-year financial plan)

## Lincoln

- 2016: 0.8190
- 2017: 0.8368 ↑
- 2018: 0.8428 ↑
- 2019: 0.8583 ↑
- 2020: 0.8557 ↓
- 2021: 0.8842 ↑
- 2022: 0.8657 ↓
- 2023: 0.9007 ↑
- 2024: 0.9407 ↑  
(As per 5-year financial plan)



# Comparable Mil Rates

- Fredericton – 1.3386
  - Moncton – 1.4443
  - Saint John 1.62
  - **Woodstock – 1.45**
  - **Riverview – 1.4825**
  - **Quispamsis 1.277**
  - **Sackville 1.5484**
  - **Oromocto 1.4201/0.9407 (current direction as per 5-year financial plan)**
- } Cities





# Water & Sewer Rates

- Water & sewer costs cannot be covered by tax rates.
  - Legislation dictates that this must be funded through direct water and sewer 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 to control deficits
- The 5-Year financial plan to be phased in over 5 years, each year requiring Council approval (we are entering year 2 of 5 where quarterly fixed rates are to expand to \$137.50 by 2026)
- **In order to deal with renewal and capacity issues – we must move to \$87.50/quarter for 2024 (\$50.50/quarter increase)**
- Will offset the overall costs/household due to fixed rate increases by reducing consumption rates by 0.20/m<sup>3</sup> (\$10.50 / quarter decrease)
- Overall increase approx. \$40/average household per quarter (or \$13.33/mo.)
- This will generate an increase in the W&S revenues by \$651K



# Water Consumption Rates

- Currently Paying \$3.70 per cubic meter
- We are decreasing the rate by 0.20 m<sup>3</sup>, as we transition to applying a greater fixed cost ratio while trying to respect the overall costs to the homeowner.
- Long term we will continue to move to a lower usage rate and higher fixed ratio in accordance with our 5-year financial plan. 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 planning in 2024 using our new water & sewer models.



# Water Billing

- Still not charging enough (but on the right track under the 5-year financial plan)  
As a result -we are carrying deficits from previous years - **\$85/household on W & S**
- We have a 681K delta (being assumed by water transfer as per our 5-year financial plan)
- This delta, to cover the water costs, is currently coming from our general operating funds. Ideally, we need to reduce this delta as much as reasonably possible following our 5-year financial plan.
- Our service provider (the Base) is requesting that the Town increase their water rates by 185% and sewer rates by 285% because of infrastructure upgrades. (For 2024-we have negotiated a 15% increase based on our 5-year financial plan. This will assume \$500K of the additional \$651K of additional revenues for 2024)
- New sewage treatment plant/force main needed to address capacity and service growth in Oromocto West. (\$25 Million +/-)



# Comparison of Costs 2024

Water and Sewer 2024 (Assumes 50 Cubic Meters)	Oromocto	Fredericton	New Maryland
Consumption Rate (At lower rate of \$3.50)	\$700	\$406	\$366
Fixed Rate (Showing the \$202 increase)	\$350	\$532	\$864
Total Annual Water & Sewer	\$1050	\$938	\$1230



# Highlights

## This budget allows us to:

- Proceed with the Multi-Generational/Cultural Centre project to be located at Hubbard St.
- Continue catch up on some delayed capital re-investment in equipment and fleet
- To start dealing with the growing cost of water/sewer appropriately and reduce deficit
- Continue to proceed with planning of new sewage treatment/force main system and takeover of Base WTP/WWTP
- To begin to re-invest in aging W&S infrastructure
- Meet our major investment targets outlined in the 5-year financial plan approved 21 September 2023



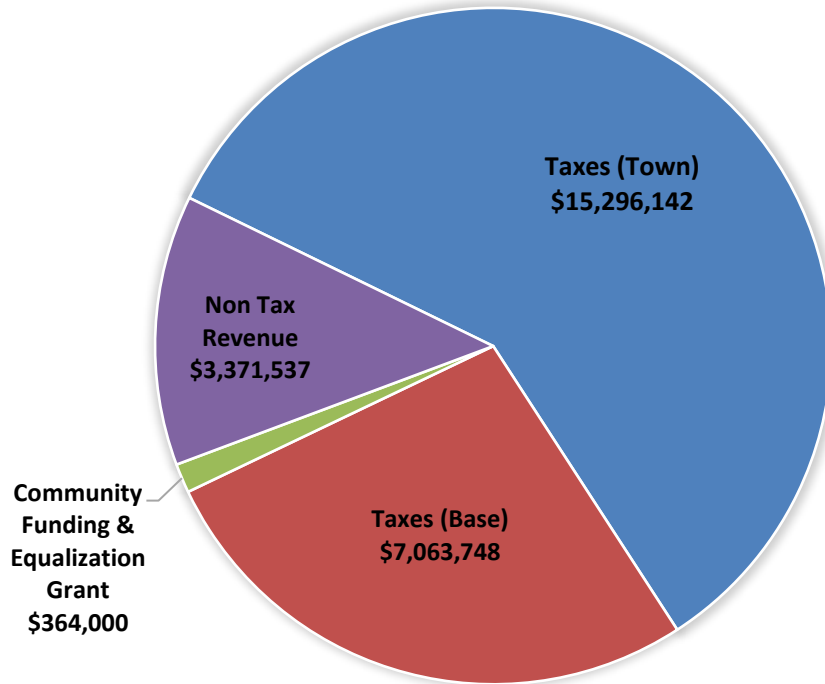
## This budget does not allow us to:

- Replace all of the aging fleet of fire fighting vehicles and equipment for public works
- Catch-up on all of the capital asset re-investment that is needed (paving, streetlights, walkways, storm water systems, etc.)
- Spend beyond our means (ie: unbudgeted projects or wants...)
- Flexibility (ie: we are operationally lean...)



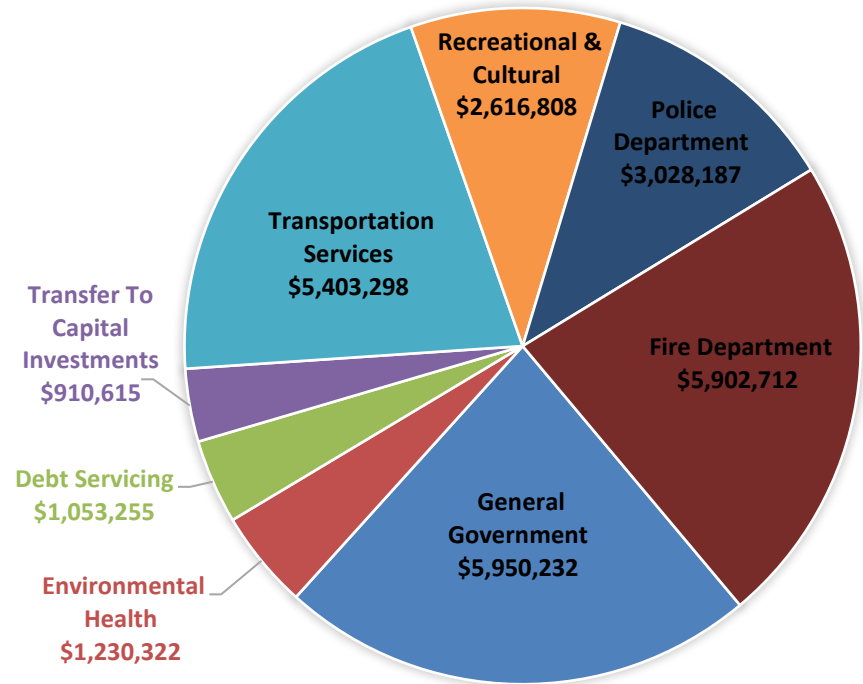
# 2024 Highlights - General

## REVENUES



Total \$26.0M

## EXPENDITURES



Total \$26.0M

# Known Facts

New Population of Oromocto including Lincoln (based on 2021 census)

**11,910**

**This is new number being used by PNB to calculate CRSC Service charges**

Lincoln Tax Base Value for 2024 = \$289 Million

Oromocto Tax Base Value for 202 = \$1.66 Billion

Assessed Values for 2024 Tax Base \$1,951,381,600

**BUT – Province is applying 10% cap (spike protection)**

**- 37.6% of the properties were protected**



# 2024 Considerations

- Water – revised billing approach (fixed rate vs. consumption)
  - Will need to reassess to kick-start on infrastructure renewal & base water/sewer rate increases 185/285% set by DND
  - Desperately need to catch up on recapitalization of aging in-ground infrastructure. (ie: old/failing pipes + sustainability due to climate changes)
  - Funding operating deficits as a result of insufficient rate increases
- New sewage treatment plant/force main – Oromocto West to deal with capacity and growth
- Transition of ownership and responsibilities of WTP + WWTP from DND to the Town
- New Cultural and Recreational Facility – Commitment of 50 Million for design/planning + Construction will require a small increase to mil rate for debt servicing and operational costs
- Planning for future – asset management strategy and major capital projects for the next 5 years.
- Costs due to Local Governance Reform (Regional Services/ Regional Assets)





# 2024 – Macro Pressure

- Potential abatement, environmental and demolition costs outlined in Phase 2 of the Multi-generational/cultural centre project **(850K+)**
- Regional Pressures (Pool) + New Regional Service Fees **(\$245K)**
- New CRSC funding model (Loss of Community Equalization Grant of **\$222K**) over last 2 fiscal years
- Water/Sewer costs (facing increases in rates from Base of 15% in 2024 = **\$500K**)
- New Sewage Treatment Plant/force main infrastructure required for growth **(\$25 Million)**
- Catch up on delayed capital re-investment (estimated at \$191 Million)
- Inflationary Operating Costs (power/fuel/materials/equipment and labour)
- Garbage collection costs rising by **26%+**
- Paving costs rising by **20%+**
- Insurance increases **15%**
- Policing/RCMP increase **10%+**
- **Debt Repayment: We currently owe 4.125 Million**



# Capital Budget 2024

	2020	2021	2022	2023	2024
Paving and Road Construction	770K	700K	500K	1,415K	1,063K
Water and Sewer	100K	2M*	0	477K	225K
Building Maintenance	110K	100K	105K	200K	94K
Parks and Rec Facilities	220K	100K	42K	356K	229K
Fleet and Equipment	1,600K	1,000K	874K	1,782K	895K
Multi Generational/Cultural Center					835K
				Total	3,341K

# Capital Program 2024

- **Road Infrastructure:**
  - MacLaren Drive, Brayson Boulevard, Hibernia Crescent, Dakota Drive
- **Buildings:**
  - Public Works storage building and gate
  - Fire department heat pump
  - Former EPW site cleanup
- **Parks and Recreation:**
  - Fence for sports field
  - Soccer nets
  - Age friendly bench
  - Marina gas pump and gas line
  - Ice painter and water applicator

# Capital Program 2024

- **Fleet and Equipment:**

- Water truck
- Sander
- Mower
- Asphalt hot box
- TMR Radio equipment (Fire)
- Critical and technical rescue equipment
- Training site equipment
- Small Vehicles (pickup truck x2, fire x1, and trailer x1)

# Capital Program – BELOW the Line

- Boat Replacement
- Small Vehicle Replacement x 3
- Utility Terrain Vehicle
- Recycle Truck
- Dozer
- Snow blower
- EPW Generator

# Considerations for the Future

- Still many unknowns (new governance model costs, future power rates, increased tipping fees, rising cost of fuel , materials and equipment, 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. \$100 million to accomplish the two projects)

# Recommendations For Council's Approval

- Approve the overall Budget for 2024
- Increase the mil rate to 1.4201 for Oromocto and 0.9407 for Lincoln + hold the 1.7 multiplier on non-residential properties
- Increase the fixed rate on water bill to \$87.50/quarter
- Reduce water consumption rate to \$3.50 per cubic meter



# Questions/Concerns?

