

2025 Budget – Public Presentation

13 November 2024



Objective

- Provide Public and Council with recommended budget for 2025

Public Budget Survey – 30 Sept 2024

Public Consultation – 15 Oct 2024

Council Briefings – 22 Oct 2024

Budget Presentation to Council(Public) – 13 Nov 2024

Budget Approval by Council – 21 Nov 2024

Budget Submitted to Province – 22 Nov 2024

Outline

- Tax & Water/Sewer Rates (As outlined in our 5-year financial plan)
- Comments on Tax Rates
- Comments on Water and Sewer Rates
- 2025 Budget Highlights (5-year financial plan and public budget survey)
- 2025 Changes and Pressures
- 2025 Operating/Water Budget Overview
- 2025 Priorities/Capital Plan
- Discussion (Considerations from Survey and for Future)



A Word on Taxes

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.

- **Property Taxes** are derived from **Assessed Value x Tax Rate** (often referred to as mil rate)
- Assessed Value is determined by Province (the investment) Assessments are responsibility of SNB – info on assessment can be found at: www.mynbpropertyassessment.ca
- Mil rate determined by Mayor and Council (staff advice provided)
- Property Taxes account for 86% of the revenues needed to deliver the services that citizens want.
- 1 cent increase to the mil rate in 2025 is equal to \$156K in new revenue for Oromocto and \$32K for Lincoln

2025 Tax Rates

- **Taxes According to 5 year plan:**

In accordance with our 5-year financial plan originally approved 21 September 2023 and updated and approved 22 August 2024 by Council.

Ward 1,2,3 Oromocto: Mil rate increase of 1.5 cents to 1.4351

Ward 4 Lincoln: Mil rate increase of 4 cents to 0.9807

Non-residential tax ratio held to max of 1.7

Our 5-year Financial Plan is available on our website (www.Oromocto.ca)

Good News! Based on the assessed values provided by the province, we are able to reduce the increase by 0.5 cent. Proposed and embedded in this budget are rates of:

- Ward 1,2,3 Oromocto : Mil rate increase of 1.0 cents to 1.4301
- Ward 4 Lincoln: Mil rate increase of 3.5 cents to 0.9757



Impact to the average homeowner

Avg. home assessment is **\$301.1K** & (**\$285.9K** Ward 4 Lincoln) (based on data from SNB)

Difference of 1 cent increase to tax bill of a homeowner is:

Ward 1,2,3 Oromocto = **\$30.11**

Ward 4 Lincoln = **\$28.59**

Based on the average assessment increase of **6.55%** (data provided by SNB)

Using our proposed budgeted mil rate increases and SNB average assessment increase, the total impact to the average homeowner would be:

Ward 1, 2, 3 Oromocto = **\$312**

Ward 4 Lincoln = **\$283**



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)
- 2025 - 1.4301 ↑

Lincoln

- 2017: 0.8368
- 2018: 0.8428 ↑
- 2019: 0.8583 ↑
- 2020: 0.8557 ↓
- 2021: 0.8842 ↑
- 2022: 0.8657 ↓
- 2023: 0.9007 ↑
- 2024: 0.9407 ↑
- 2025: 0.9757 ↑



Comparable Mil Rates

- Fredericton - 1.3286
- Moncton - 1.4231
- Saint John - 1.5800
- Woodstock - 1.5000
- Riverview - 1.4326
- Quispamsis - 1.2777
- Sackville - 1.5389
- **Oromocto 1.4301**
 - Lincoln Ward 0.9757



Cities (for reference)



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.
- Revised billing approach (introduced in 2022) continued (fixed rate vs. consumption)
 - 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
- Entering 3rd year of 5-Year financial plan (each year requiring Council approval) where quarterly fixed rates are to increase to \$137.50 by 2026
- **In order to deal with renewal and capacity issues – we must move to \$112.50/quarter for 2025 (\$25/quarter increase)**
- Will offset the overall costs/household by reducing consumption rates by 0.20/m³ (\$5/ quarter decrease)
- Overall increase approx. \$20/average household per quarter (or \$6.67/mo.)
- This will generate an increase in the W&S revenues by \$263K



Water Consumption Rates

- Currently Paying \$3.50 per cubic meter
- We are decreasing the rate by 0.20/m³, 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 and creating efficiency without jeopardizing our ability to maintain and operate the system.
- This will be clearly identified in our water and sewer planning in 2025 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 - **\$48/household on W & S**
- We have a \$567K shortfall (being assumed by water transfer as per our 5-year financial plan)
- This shortfall, to cover the water costs, is currently coming from our general operating funds. Ideally, we need to reduce this shortfall 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 2024-2026 we have negotiated a 15% increase based on our 5-year financial plan. This will consume \$219K of the \$263K in additional revenues for 2025)
- Jump start on replacement of existing in ground piping projects (\$15M).
- New sewage treatment plant/force main needed to address capacity and service growth in Oromocto West. (\$25 Million +/-)



Comparison of Costs 2025

Water and Sewer 2025	Oromocto	Fredericton (latest media)	New Maryland (by-law)
Consumption Rate (At rate of \$3.30)	\$497	\$420	\$382
Fixed Rate (Showing the \$100 increase)	\$450	\$567	\$900
Total Annual Water & Sewer	\$947	\$987	\$1,282



Highlights

This budget allows us to:

- Proceed with the Oromocto Community Wellness & Recreation Centre project
- Continue catch up on some delayed capital re-investment in equipment and fleet
- To continue dealing with the growing cost of water/sewer appropriately
- Continue to proceed with planning of new sewage treatment lagoon 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 by Council.



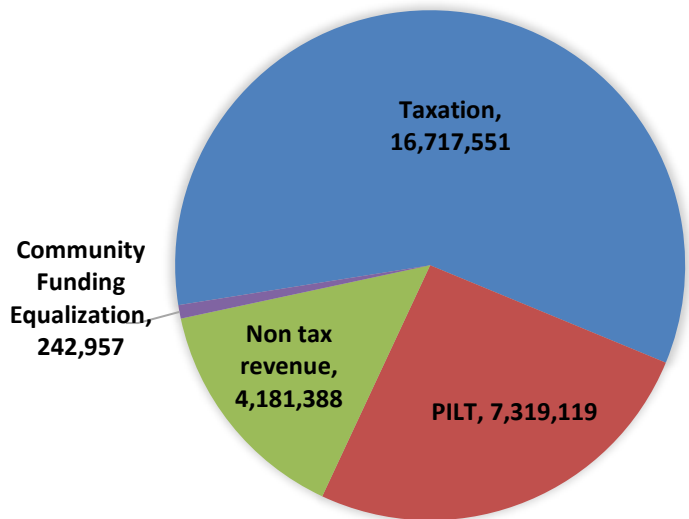
This budget does not allow us to:

- 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.) - Projected 200 + million deficit in spending in this area based on AMS.
- Spend beyond our means (ie: unbudgeted projects or wants...)



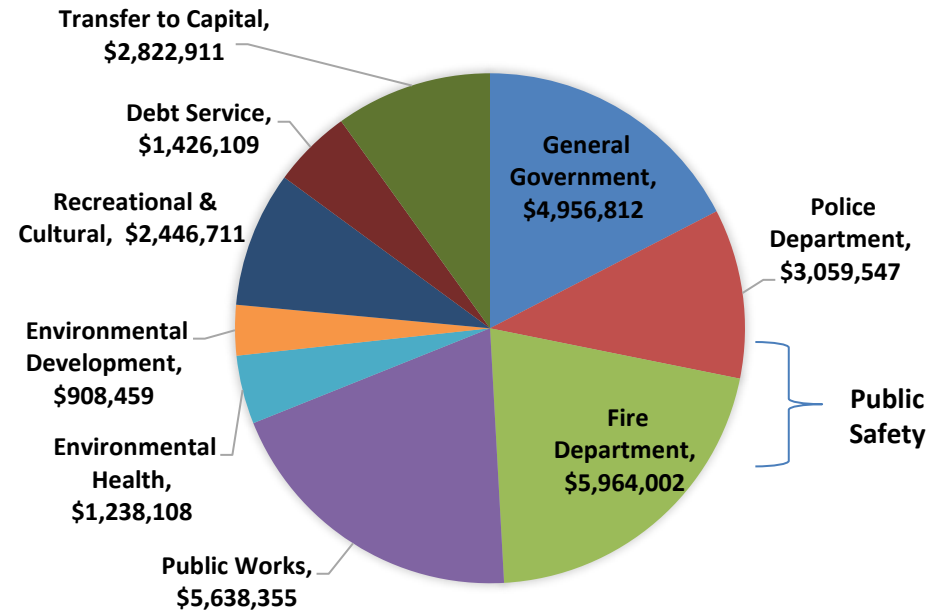
2025 Highlights - General

REVENUE



Total \$28.46M

EXPENDITURES



Total \$28.46M

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

Ward 1,2,3 Oromocto Tax Base Value for 2025 = \$1.757 Billion

Ward 4 Lincoln Tax Base Value for 2025 = \$0.316 Billion

Total Assessed Values for 2025 Tax Base \$2,073,174,600

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

- over 37% of the properties were protected



2025 Considerations

- **Water** – revised billing approach continued (fixed rate vs. consumption)
 - 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 lagoon** – Oromocto West to deal with capacity and growth
- **Transition of ownership** and responsibilities of WTP + WWTP from DND to the Town
- **New Community Wellness & Recreation Centre** – Commitment of \$50+ Million for design/planning + Construction will require a small increase to mil rate to accommodate future debt servicing and operational costs
- **Planning for future** – asset management strategy, study, and design for major capital projects.
- **Costs due to Local Governance Reform** (Regional Services/ Regional Assets)



2025 – Macro Pressure

- Abatement, environmental and demolition costs outlined in Phase 2 of the Oromocto Community Wellness & Recreation Centre (\$1 million)
- Regional Service Fees (\$200K)
- Loss of Community Equalization Grant of \$332K over last 3 fiscal years
- Water/Sewer costs (facing increases in rates from Base of 15% in 2025)
- New Sewage Treatment lagoon required for growth (\$25+ Million)
- Catch up on delayed capital re-investment (estimated at \$200+ Million)
- Inflationary Operating Costs (power/fuel/materials/equipment and labour)
- Paving costs rising by 20%+
- Electricity costs 7.7% (streetlights) to 11.3% (buildings)
- Operational maintenance of aging fleet and buildings (ie. Fleet budget up 6.4%, Building budget up 19%)
- **Debt Repayment: We currently owe 3.318 Million**



Capital Budget 2025

Category (in 000's)	2021	2022	2023	2024	2025
Paving and Road Construction	700	500	1,415	1,063	1,557
Water and Sewer	2000	0	477	225	3,341
Building Maintenance	100	105	200	94	458
Parks and Rec Facilities	100	42	356	229	185
Fleet and Equipment	1,000	874	1,782	895	1,270
Community Wellness & Recreation Centre				835	1,485
				Total	8,296



Capital Program 2025

Based on priorities identified through Asset Management data:

Paving and Road Construction

- Laurier Drive, Fraser Avenue, D'Amours Street

Water and Sewer

- Wood Street – SAFM
- West Sewerage Treatment Lagoon

Fleet and Equipment:

- John Deere tractor
- Bucket lift
- Bush Hog
- Broom
- TMR Radio equipment (Fire)
- Critical and technical rescue equipment
- Training site equipment
- Small Vehicles (pickup truck x4, and fire x2)
- Lift station pumps and door replacements

Capital Program 2025

Buildings:

- Hazen Center and Town Hall - HVAC
- Fire Department - Exhaust Ventilation
- Traffic lights control sensors
- EPW - generator transfer switch
- Small Craft Aquatic Centre – roof

Parks and Recreation:

- Hazen Ballfield and Tennis Court – Lighting
- Gateway Trail – accessibility upgrade
- Trail - Richmond Estate to Fredericton refresh and barriers
- AV Park – swing and communication board
- Pickleball pole and net
- Turf Cleaning

Community Wellness & Recreation Centre

- Demolition
- Design

Capital Program – BELOW the Line

- Turf replacement
- Other road and water sewer infrastructure – Finnamore, Doyle, Black Watch, Harris, Leger.
- Town Hall Doors
- Base Facilities Assessment

Considerations from Budget Survey

To create more citizen engagement in the budget process, survey held in September.

- **Top 5 Priorities identified by the public for Oromocto:**
 - **Public Health** (The Town has created a Health Care Action Committee to tackle some of these issues and be a voice to the Provincial Government)
 - **Affordable Housing** (Town is working with Ignite to develop an Economic Development Strategy of which this is a core component)
 - **Infrastructure renewal** (we are planning to invest millions into a new facility to replace several old buildings)
 - **Investments in Active Living** (our Park Master Plan will identify a way forward in developing our parks, trails and rivers, etc.)
 - **Curbside Recycling** (the Town will be negotiating with a service provider to provide this service hopefully by the end of 2025).
- **Top reoccurring Comments:**
 - Wellness – Encouraging outdoor activities for all ages
 - Recycling – do more and get a curbside service
 - More police and related by-law enforcement
 - 2 new ice surfaces
 - Lower the current tax rate

Considerations for the Future

- Still many unknowns (new governance model costs, future power rates, increased tipping fees, rising paving costs, materials and equipment, etc.)
- We presented a tightly balanced budget.
- In the past, we've 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...
- We need to manage a mortgage of 2.5 – 3.0 million annually to complete the build of the Community Wellness & Recreation Centre + invest in a new sewage treatment facility.
(Approx. \$75 to \$100 million to accomplish the two projects)

Recommendations For Council's Approval

- Approve the overall Budget for 2025
- Increase the mil rate to 1.4301 for Oromocto and 0.9757 for Lincoln + hold the 1.7 multiplier on non-residential properties
- Increase the fixed rate on water bill to \$112.50/quarter
- Reduce water consumption rate to \$3.30 per cubic meter



Questions/Concerns?

