

Review & Update Financial Plan

Council Presentation 2024-August-20



Objective

- This is an update to last year's 5-year financial plan presented to council.
- Provide a high-level overview of the financial plan incorporating major investments on the horizon.
- Review the impact of these major investments on our tax rates and water sewer rates.
- Gather and review feedback and comments at this time.
- Approval of this updated plan will provide direction to staff for 2025 budget.



Current Resolution/Direction to Staff

WHEREAS Council desires to construct and operate a new Cultural-Generational Center and Arena, replace 2 major fire trucks, and construct a new fire station to meet the growing demands of the community, and

WHEREAS there is an immediate demand to maintain and increase the Town's water and sewer infrastructure to increase its capacity over the next five years,

NOW THEREFORE BE IT RESOLVED: THAT Council approves and accepts the 5-Year Financial Plan, as presented to Council in Committee on 20 August 2024, authorizing the rate increases as detailed therein.



Updated Water & Sewer Projection

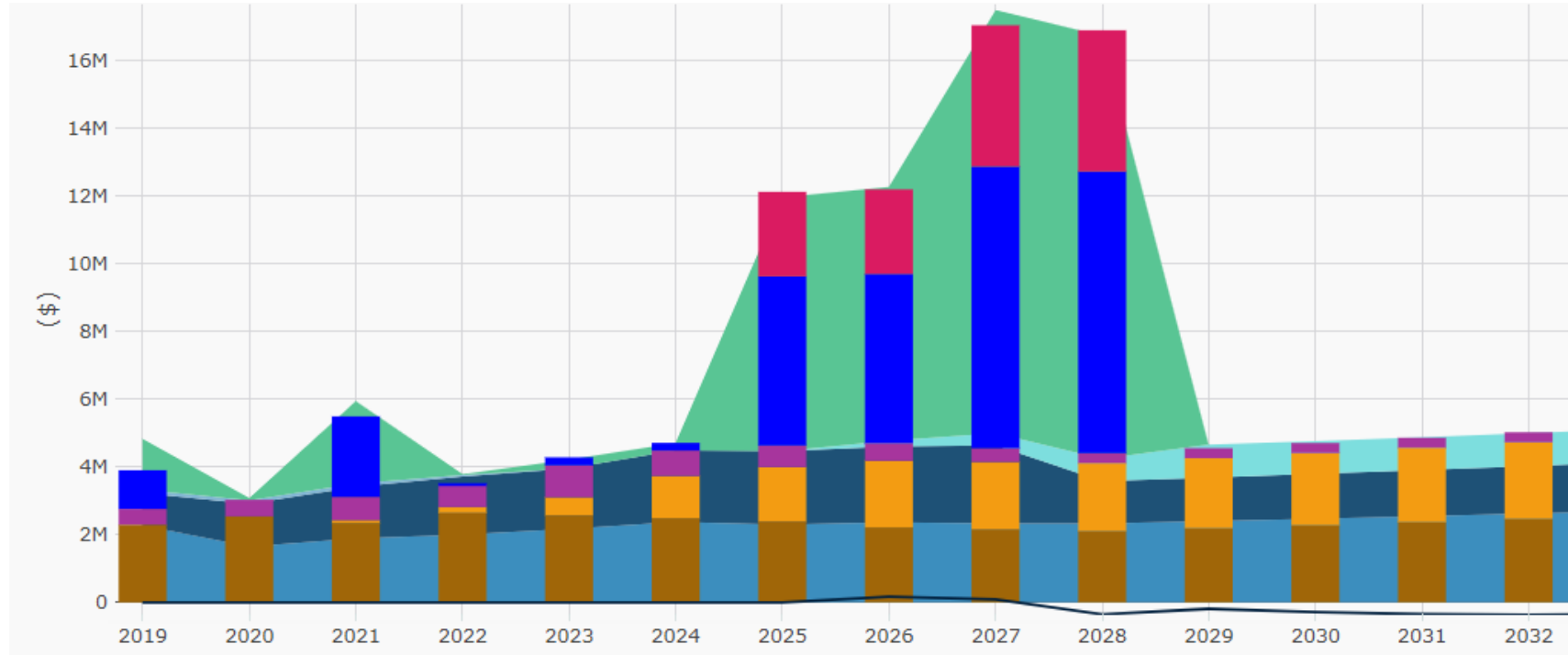
QUARTERLY	2024	2025	2026	2027	2028	2029
Fixed	\$87.50	\$112.50 ↑	137.50	137.50	137.50	137.50
Consumption	\$3.50	\$3.30 ↓	\$3.00	\$2.90	2.80	2.80
Billing per Avg household	261.06	279.41	292.27	288.61	284.86	284.86

- Water Cost for Fire Protection decreases by \$114K per year from 2025 to 2028.
- Absorb DND Water and Sewer rate increase average of \$220K per year for 10 years.
- All other Operating costs expected to increase by 3% per year or \$70K
 - Offset with operational savings of \$40K per year. Net Operating costs is expected to rise \$30K per year.
- Assumes take over of DND Wastewater Treatment Plant by 2028 and operating cost offset by fees charged to DND. Estimate a net of \$1.25M costs to run the facility. Rates for 2028 and beyond depends heavily on this. (ie. \$1.3M DND Water Purchase/Sewer fees comes back into the budget in 2028)

- Projected Quarterly Billing will be equal to City of Fredericton



Water and Sewer Recap



Operating Expenses Purchased Water Current Debt Service Proposed Debt Service Capital Improvements Variable Fixed Rate Other Operating Revenue Grants Borrowed Funds



Bars represent funding based on the current plan; the shaded line area represent expenditures; black line represents the cash position.



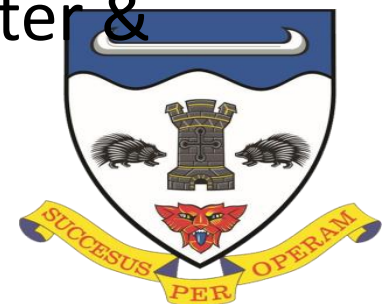
2025 Budget Considerations

- Recommend stay the course with the water sewer rate plan for 2025 as per council resolution dated 17 September 2023.
- Review rate revenue structure to better reflect service model.
- Seek additional prov./fed. funding directly relating to water sewer projects.
- Allocating Canada Community-Building Fund (Gas Tax) to projects and renewals when absolutely necessary.



Why Continue with Rate Plan

- Need for increase capacity sewerage treatment in Oromocto West.
- DND water & sewer rate increase of 15% over each of the next 2 years. (approx. \$266K per year)
- Need to catch up on existing aging infrastructure (ie. Old pipes)
- Operational modernizations (lead to efficiency through investments)
- Operational costs to reflect real costs. (ie. Water cost transfer)
- Taxes do not cover Water & Sewer infrastructure and maintenance. Legislation dictates that this must be funded through direct water & sewer billing.



Tax Rate Projections (Next 5 Years)

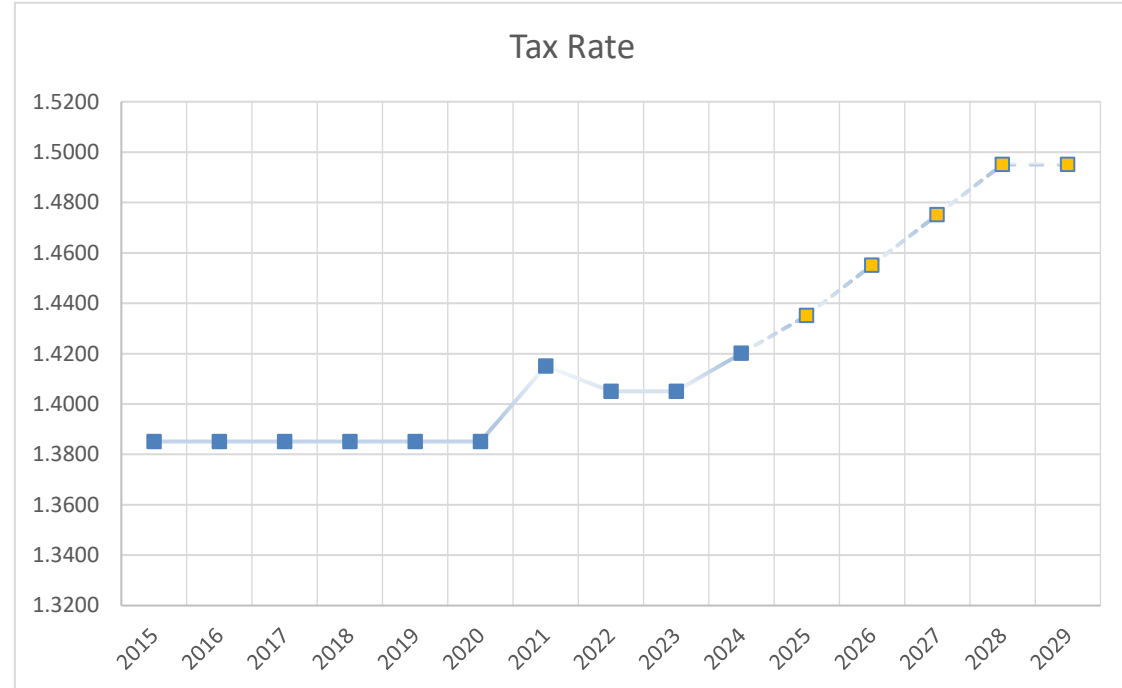
	2024	2025	2026	2027	2028	2029
Town	1.4201	1.4351	1.4551	1.4751	1.4951	1.4951
Federal	1.0193	1.0301	1.0444	1.0588	1.0731	1.0731
Lincoln Ward	0.9407	0.9807	1.0207	1.0407	1.0607	1.0607

- Increase of 1.5 cents in 2025 and 2.0 cents through 2028.
- Rate hold in 2029.
- Federal rate follows a consistent ratio
- Lincoln Ward 4 cents for 2025 and 2026; 2.0 cents increase, consistent with Town for 2027 and 2028, rate hold in 2029.



Tax Rate Analysis Today

- Fredericton - 1.3286
- Moncton - 1.4231
- Saint John - 1.5800
- Woodstock - 1.5000
- Riverview - 1.4326
- Quispamsis - 1.2777
- Sackville - 1.5389
- **Oromocto 1.4201**
 - Lincoln Ward 0.9407



Major Investments

2024

FIRE TRUCKS (2)

\$3,100,000



2025

WATER & SEWERAGE LINES

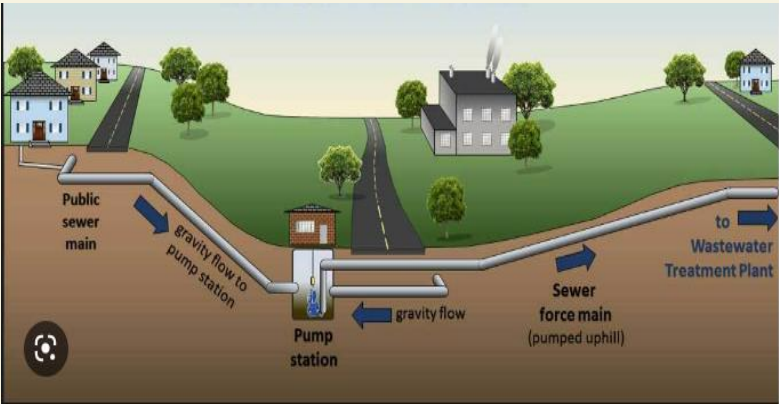
\$15,000,000



2026

WASTEWATER TREATMENT SOLUTION

\$25,000,000



2027

OROMOCTO COMMUNITY RECREATION AND WELLNESS CENTER

\$50,000,000



2030

FIRE STATION

\$10,000,000

Oromocto Community Recreation & Wellness Centre

- OCRWC (Hubbard Street)
 - Estimate cost to be \$50M+.
 - Town share \$16.7M+.
 - 2024: Initial assessments, public consultation, project plan, funding scan, tender and award (\$275K) – Decision point upcoming (Sept 2024)
 - 2025-27: Site abatement and demolition, design and construction management and testing (\$1.975M)
 - 2028: Annual debenture principal and interest payment \$1.44M (20YRS).
 - Increase on current tax rates to accommodate this build.



Fire Station

- Estimate cost to be \$10M (based on Fire Service Review).
- 2028-29: Construction interest \$900K.
- 2030: Annual debenture principal and interest payment \$865K (20YRS).
- If status quo on budget forecasts – would require 5.1 cents increase in 2029/2030 to absorb this investment.



Water Sewerage Utility

- Wastewater Treatment Solution (Direction given tonight)
 - Estimate cost to be \$25M.
 - Town share \$8.5M.
 - 2027: Construction interest \$485K.
 - 2028: Annual debenture principal and interest payment \$614K. (30YRS)
- Water Sewer Line Renewal
 - 2025-2027: \$5M debenture, principal and interest payment \$365 thousand(K), (30YRS); construction interest \$200K.
- Increase on rates to accommodate above noted capital projects/renewal and increase in water costs from DND.



Forecast Assumptions

- Inflation 2025 - 4%, 2026-2028 - 3%, 2029 - 2%.
- Operating cost for Multi-Cultural/Generational Center and Arena will be an additional \$1.25M to the operation cost in 2028.
- Community Funding & Equalization Grant \$510K to \$0 by 2027.
- Regional Service Commission charge increase at the rate of inflation, minimum. (\$245K in 2024)
- Assumes take over of DND Wastewater Treatment Plant by 2028 and operating cost offset by fees charged to DND.
- Gas tax funding earmarked for Capital Projects.
- All major capital projects will require funding from Prov./Fed. of 2/3 minimum.



- Questions / Comments

Canada's *Model* Town
OROMOCTO

