



ROTHESAY
COUNCIL SPECIAL MEETING
2019 DRAFT BUDGET
Rothesay Town Hall
Monday, November 26, 2018
8:00 p.m.



PRESENT: MAYOR NANCY GRANT
DEPUTY MAYOR MATT ALEXANDER
COUNCILLOR GRANT BRENAN
COUNCILLOR TIFFANY MACKAY FRENCH
COUNCILLOR PETER LEWIS
COUNCILLOR BILL McGUIRE
COUNCILLOR DON SHEA
COUNCILLOR MIRIAM WELLS

TOWN MANAGER JOHN JARVIE
TOWN CLERK MARY JANE BANKS
DIRECTOR OF PLANNING/DEVELOPMENT (DPDS) BRIAN WHITE
DIRECTOR OF RECREATION AND PARKS (DRP) CHARLES JENSEN
DIRECTOR OF OPERATIONS (DO) BRETT McLEAN
TREASURER DOUG MacDONALD
RECORDING SECRETARY LIZ POMEROY

Mayor Grant called the meeting to order at 8:00 p.m.

1. APPROVAL OF AGENDA

MOVED by Counc. Mackay French and seconded by Deputy Mayor Alexander the agenda be approved as circulated.

CARRIED.

2. NEW BUSINESS – DRAFT 2019 Rothesay Budget

- 2.1 2019 General Fund Operating Budget
- 2.2 2019 General Fund Capital Budget
- 2.3 2019 Utility Fund Operating Budget
- 2.4 2019 Utility Capital Budget

Mayor Grant welcomed all in attendance, and invited Treasurer MacDonald to present the 2019 Draft Budget.

Treasurer MacDonald gave a presentation to Council with respect to the 2019 Draft Rothesay Budget. He noted the following: input has been sought from senior staff, Council priorities, projected 2018 financial results, capital priorities, operational issues; funding sources; various committees have provided input; the meeting is to give an opportunity for Council and the public to provide input; and once approved by Council the budget must be submitted to the Province for approval. Treasurer MacDonald reviewed the following: budget constraints; key assumptions; draft operating and utility expenses for 2019; draft general capital and utility capital projects and related funding/revenue; 2019 specific projects; and residential water and sewer rates.

Treasurer MacDonald highlighted the following:

- No change to the tax rate (\$1.24 per \$100 of assessment)
- No significant changes in Town operations
- No significant changes in the number of utility users
- 2% increase expected in property tax assessment base
- Expansion of infrastructure generates additional operating expenses

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- The Capital water budget of \$925,000 includes annual water supply development, and tentative projects on Hillsvie Crescent and Shadowhill Court. The water projects are dependent upon obtaining appropriate funding.
- The Capital sewer budget of \$2,360,000 includes preliminary design of the treatment facility (subject to external funding), and replacement of sewer lines in the geographic area of Church Avenue.
- The net effect of increased operating expenditures and the reduction in debt service costs results in no proposed change in the water or sewer rates for 2019 (currently at a base water rate of \$1.15 per cubic meter used and a fixed charge of \$200 per residential user, and a sewer rate of \$370 per equivalent user).
- The aggregate cost for a “typical” utility customer would remain at approximately \$880.
- General and Utility Capital expenditures will be funded first with revenue from operations at historical amounts (General Fund \$2.4 million, and Utility Fund \$600,000). These expenditures relate to annual activities required to maintain the current standards for municipal services.
- A new Gas Tax Plan is required in 2019 and must be approved by the Provincial government.
- 2019 Expenses by Function:
 - o Protective Services 28.5%
 - o Transportation Services 19.5%
 - o General Government Services 12.6%
 - o Fiscal Services (P&I) 7%
 - o Capital Expenditures¹ 3.6%
 - o Recreational and Cultural Services 11.6%
 - o Environmental Development Services 3.7%
 - o Environmental Health Services 3.5%
- Anticipated total 2019 General Operating expenditures increase of 2% over the 2018 budget expenditures.
- Third party expenditures represent approximately 40% of operating expenses.
- Specific 2019 projects include:
 - o Arthur Miller Field
 - o Fleet Replacement
 - o Marr Road
 - o Church Avenue
 - o Mulberry Lane/Cameron Road
 - o McGuire Road
 - o Computer workstations and software systems
 - o Annual street surfacing program
- The Capital Budget also includes the carry forward of the Connector Trail project from 2018 (subject to grant approvals) and the purchase of equipment as submitted by the Kennebecasis Valley Fire Department.
- The General Capital Budget includes \$5.8 million of spending funded from operating revenue (\$2.4 million), grants (\$900,000), new debt (\$1.2 million), Gas Tax resources (\$1 million), and reserves (\$400,000).
- All Capital spending is subject to specific Council approval of the Gas Tax Fund plan, and approval by the Municipal Capital Borrowing Board, where applicable.
- External department and agency funding (fire, police, library, regional facilities, 911 communications) are based upon budgets submitted and approved by the external agencies.
- General Government Services includes additional costs associated with an expected increase in Worksafe NB premiums.
- The general salary adjustment used is 2%.
- General Government includes a donation budget of \$40,000. Amounts included are based upon the Finance Committee recommendations.

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- Snow and ice removal projected costs have increased to reflect the additions to the snow removal contract, as approved by Council. Casual labour costs have been reduced.
- Increases to individual line items have resulted in overall increases to General Operating expenditures, including:
 - o General Government (4.45%)
 - Worksafe NB 73%
 - Insurance 14%
 - Wages 2%
 - o Protective Services (4.37%)
 - Police 6.5%
 - Fire 5.8%
 - o Planning (1.81%)
 - Enterprise Saint John 14.3%
 - o Recreation (2.53%)
 - Regional Facilities 12.85%
- Conservative estimates were used for variables such as actual assessment base, wages, and Worksafe NB rates as the actual costs have not been confirmed.

Counc. McGuire commended Town staff for creating a balanced budget without proposed increases to the tax rate or water and sewer fees, and maintenance of a standard level of service, despite the considerable increase to expenditures and minimal increases in revenue.

Counc. Shea echoed Counc. McGuire's comment. He questioned if there is an advantage to borrowing funds rather than increasing the tax rate. Treasurer MacDonald advised borrowing funds for long-term capital projects enables the cost to be borne by users that benefit from the project over time. Counc. Shea questioned the impact of the additional \$1.4 million dollars to the Town's overall debt. Treasurer MacDonald noted he did not have the figure immediately available but could report back to Council. Mayor Grant noted the current amount of debt for the utility as of August 2018 is \$8.3 million dollars. Treasurer MacDonald advised the Town's overall debt remains well below the maximum mandated by the Province. Counc. Brennan inquired about depreciation. Treasurer MacDonald advised the timeframe for depreciation depends on each item. For instance, pipes may depreciate over thirty years whereas it may only be ten years for vehicles. Town Manager Jarvie noted the depreciation period for projects such as the Wastewater Treatment Facility would be a combination of different timelines for the building and equipment. In response to an inquiry, Treasurer MacDonald advised there are too many unknown variables to estimate a debt payment. He noted a large factor is the interest rate at the time.

Council inquired about the variances for the following items: Environmental Development, Administration Wages, the Town's share of the KVFD budget, Special Payment (Gen. Revenue), Miscellaneous (Gen. Revenue), Administrative Other (Gen. Expenses), Railway Crossing; and McGuire compound fencing

Treasurer MacDonald responded with the following: the consulting firm ESRI recommended updates to existing GIS software; wages were not incurred during the time the Human Resources Coordinator position was vacant; the Town's share of the KVFD budget is roughly 40%; there are different funding formulas for the KVFD and KRPF budgets; the Special Payment was a one-time payment received from the Provincial government to compensate for the 2018 property tax freeze; miscellaneous revenue was unusually high, as a conservative measure it was decreased in the budget; Administrative Other includes the expected increase to Worksafe NB rates; Railway Crossing refers to the rental fee incurred to install infrastructure across the railway; and the McGuire compound fencing is to replace the existing fence surrounding the water plant.

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Blair MacDonald, 27 Burnett Terrace, was in attendance. Mr. B. MacDonald expressed concern that last year Council expressed an interest in maintaining the tax rate however a one cent increase was approved. He inquired if another meeting was held to discuss the budget before approval. Treasurer MacDonald clarified that, in December 2017, Council was presented with two options for either a one or two cent increase to the tax rate for 2018. He noted there may be some revisions to the proposed 2019 budget as this is the first draft and it is anticipated the actual assessment base, wages, and Worksafe NB rates will be confirmed in order to prepare a final budget for approval at the December 10th Council meeting. Mr. B. MacDonald inquired about the following: the Hillsvie Crescent/Shadowhill Court project, the Rothesay Arena project, flood cost recovery, and the Church Avenue project.

Town staff advised: the Hillsvie Crescent/Shadowhill Court project is to upgrade a private system that was assumed by the Town during amalgamation; it is anticipated a local improvement levy may be used to share the cost with residents in the area; there is \$100,000 allotted in the budget for the Rothesay Arena project; additional funds may be used from the Gas Tax Fund or borrowing if required; all capital projects require individual Council approval; the total amount expected to be recovered for flood costs remains unclear; and the Church Avenue area project will result in improvements to storm drainage, water, and sewer infrastructure. In response to an inquiry, Town Manager Jarvie confirmed the Provincial government indicated an estimated 2% increase in the assessment base is to be expected.

Deputy Mayor Alexander inquired about unconditional grants. Treasurer MacDonald advised an amount of roughly \$120,000 is expected based on the value of \$0.16 per \$100 of assessment for non-residential properties. However, an unconditional equalization grant is not expected. Council Lewis expressed disappointment that the ten year fleet replacement schedule was not provided to Council. Treasurer MacDonald advised the document was provided to Council in the past and no changes were made. Council Lewis expressed concern that the Arena project may be delayed further if there are inadequate funds available. Treasurer MacDonald clarified that there is \$100,000 allocated in the budget and additional funds are available through the Gas Tax fund, reserves, or borrowing, if required.

3. NEXT MEETING

The next regular meeting of Council will be Monday, December 10, 2018.

4. ADJOURNMENT

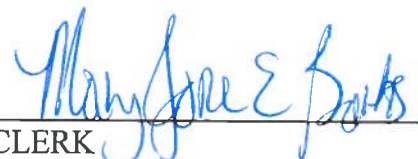
MOVED by Council McGuire and seconded by Council Wells the meeting be adjourned.

CARRIED.

The meeting adjourned at 8:46 p.m.



MAYOR



CLERK