

30 April 2020

Office of the Premier of the Province of New Brunswick
P.O. Box 6000
Fredericton, N.B.
E3B 5H1
Attention: Hon. Blaine Higgs, Premier

Dear Premier Higgs:

Re: Another View

It has been almost a year since we, the Mayors of the incorporated municipalities around Saint John, wrote to your government regarding the Three-Part Plan. We are now writing again on a similar topic, the recently publicized Sustainability Plan Information Brief presented to Saint John Common Council April 20th.

Before doing so we wish to compliment you and thank you for the leadership and perseverance you have shown during this unprecedented time. Your daily appearances with Dr. Russell have heartened our citizens and reassured us all!

Summary

The following are the positions with which the Mayors of the Towns and St. Martins agree.

- The work of the Task Force is not complete.
- The Gardner Pinfold report does not support the conclusions the City is representing.
- The cost of the City's proposal to have you tax our residents is substantial.
- If the City cannot manage its cost with the current tax rate, that rate must increase, not ours.
- The Towns and St. Martins have contributed in the past and are willing to continue and perhaps increase contributions, but not with a tax without representation.

Background

The surrounding communities recognize the importance of the City to the New Brunswick economy and more specifically to our region. We appreciate the need for the Provincial Government to assist the City and have cooperated in your Government's initiative to set up the Task Force. It is not we who are drawing away from this process nor complaining that it is ineffective. In fact, we had only received the first of the Gardner Pinfold reports at the last meeting and have not had an opportunity to have it presented and hear a response to our questions.

More work remains to be done as solid waste collection, economic development and EMO were among the functions about which interest had been expressed. Having received a few days' notice to expect something important but no actual information, we were shocked to hear the City's proposal to ask you to tax our residents to fund the City's shortfall. We know nothing about the details of the City proposal including how it would be administered or how long it would be in place. While Mayor Darling may believe residents from outside the City will have no problem with 'a dollar a day', we note that the same argument could be made of City citizens who would generate over \$10M if the same logic were applied. We note the City proposition would require tax rate increases ranging from 9¢ (Rothesay) to 32¢ (Petersville) to implement.¹

Tax Burden

However, tax rates are not our main concern nor that of our residents. The tax 'burden' in the form of a bill that arrives each year is more important to most and the town tax bills are significant. In 2019 Rothesay single family home owners paid the highest tax bills in the province on average followed closely by Quispamsis with the third highest. These were \$550 and \$300 respectively higher than the Saint John average. (It must be noted that this is not simply a matter of higher incomes; the property tax is not progressive and factors such as high mortgages and fixed incomes are relevant, not to mention that ability to pay is already captured in the income tax system.) We are now understanding that the City would intend to use our money to lower their own tax rate!

The residential bills in the City are lower partly because of substantial non-residential assessments and Provincial equalization grants not enjoyed by the towns. In fact, all the regional municipalities except St. Martins fall within the twelve highest tax burdens amongst the 100+ New Brunswick municipalities. In this we agree with the City that the money flowing out of the region to others with lower tax rates and tax burdens is central to the challenges faced.

Current Municipal Support

We also observe that the Towns have made substantial contributions to the City for many years. For example, Quispamsis has recorded more than \$9M in contributions to the Greater Saint John Regional Facilities Commission and regional economic development agencies. Since amalgamation, the City of Saint John has received more than \$190M in unconditional grant monies from the Province, the combined total for the Towns - \$11M. All aspects of municipal finance should be considered before taxing a population with no say in how that money is spent.

City representatives have done a lot of talking about their problems and the future actions they intend to take. However, action on the issues would bring a lot more

¹ A table showing the cost of the City's proposal to the surrounding communities is appended.

credibility to their arguments. For example, the City has identified that it operates more arenas than needed and are running substantial deficits on these facilities. We have been told they intend to close one. They have known about this situation for several years by their own admission and yet still no action!

This is a difficult time and all orders of government are facing many challenges. The City has chosen to raise this matter now claiming it must have a 'solution' for the 2021 budget. A solution for what? The City has drawn an arbitrary line in the sand saying they don't want to be the municipality with the highest tax rate in New Brunswick. If the City cannot control costs within the revenue generated by the current tax rate and other revenue sources, they must do what other municipalities do and raise the rate. Saint John Common Council is accountable to its taxpayers and it is these taxpayers who must decide if the right choices are being made. The City is not accountable to voters outside City boundaries and these voters should not have to pay for the decisions made without their input. It is easy for the City's representatives to tell their voters that their problems lie with their neighbours but it is disingenuous to do so. Common Council must make the decisions necessary. Residents of the outlying communities are not responsible for the state of the City and should not be expected to share the burden of addressing the City challenges, especially when limited action has been taken to reduce cost or raise revenue internally.

Gardner Pinfold

We received the Garner Pinfold report: Greater Saint John Regional Task Force Analysis commissioned by your government. The terms of reference for the Report have only now been made available to us and we have not had an opportunity to learn more about the methodology or the focus of the report. The City spokesmen say the Report justifies the proposal to seek substantial amounts from the taxpayers of surrounding communities. We are unable to come to the same conclusion.

For example in the Benchmarking summary, it states '... Saint John costs per paved lane-km of road is above the middle'. Indeed they are! In Table 2.1 of the Report, it shows maintenance cost per paved road kilometre in Saint John at \$13,538, more than 3x the average of the comparable communities. Is this a cost our taxpayers should be asked to share? Fire costs per capita are more than double the average of the other cities and police costs are the highest. In short, the report identifies key functions where costs in Saint John are well above the comparables, yet these are costs the City believes justified in asking the Province to force others to pay.

In interpreting Statistics Canada data, the Report suggests that the City is the only destination for residents from outside Saint John. It argues that most non-work trips taken by town households are into the City.² That is, only 3.9% of the trips taken by town residents are not into Saint John. Perhaps the author should visit the

² Paragraph under table 2.4, page 9, Gardner Pinfold: Greater Saint John Regional Task Force Analysis; January, 2020.

communities. The allocation of costs to the entire road maintenance budget is inappropriate, as most commuters do not travel many neighbourhood roads in the City.

The Report analyzes the cost of police and fire and purports to share that amongst the municipalities according to their share of the total municipal tax base in the region. (It conveniently leaves out the Local Service Districts.) This says nothing about the service received, service delivery structures and the efficiency of the respective departments. Perhaps it also identifies that there is not always greater efficiency in larger scale operations.

On page 10 the Report states the following 'The following does not include City of Saint John temporary special pension costs.' Yet in earlier Table 2.3, temporary pension amounts are specifically included. Why should such costs be borne by commuters?

We could go on. However, the greatest failing of the report in our view is the lack of analysis of the revenue side of the operations. The City generates about \$60M in revenue from its non-residential tax base (\$42M) and unconditional grant. What do the businesses that pay these sums get for their money if not roads for their employees and customers to get to their places of business, and why does the Province award such a substantial grant if not to contribute to the cost of services in a regional service center?

Role of Commuters

The City has also put forward the concept of road tolls. We note that key roads for commuters including Route 1, Rothesay Avenue, Rothesay Road, Fairville Boulevard are either managed and maintained by the Province or for which designated highways funding is paid. We also note that tolls between 5:30 and 9:30 in the morning would have implication to those attending major Provincial institutions like the Regional Hospital, the University and the Community College. Obviously, such a scheme could not move forward without explicit collaboration with your government. Support we strongly discourage.

City representatives have repeatedly laid the blame for its financial conditions on those that do not live in the City but go into the City daily to work at the businesses or patronize them. This is wrong headed. Are residential taxpayers expected to subsidize costs that should be borne by businesses?

Those travelling into the City to work play a role in a symbiotic relationship. Although many would not be here without the jobs created in Saint John, similarly the businesses at which they work would not be successful without talented employees who would expect to live in their choice of the neighbourhoods they find attractive. We question how a growth agenda focused on attracting a creative, energetic labour supply will succeed in such an environment.

Conclusion

We agree with you, Mr. Premier, property tax reform is vital, not just for Saint John, but for all of New Brunswick. If that includes increased taxes on heavy industry or at least more tax revenue returned to municipalities, we encourage that process to be initiated. If you wish to have concepts modelled on the tax base in this region, we would be glad to be a sounding board.

You might ask what we propose. We would ask you Mr. Premier not to act on any request by the City of Saint John to impose a tax on residents of surrounding communities for the City's benefit. We do agree to continue to talk to City representatives to look for ways in which all the communities in the region might cooperate and benefit. We understood that to be the mandate of the Task Force and we should be included in any and all discussion related to more property tax on our property owners. We remain committed to regional cooperation and collaboration with a well-thought out plan and a comprehensive approach.

We recognize this is a lengthy letter but hope you will understand how important this matter is to all our taxpayers and do note it is succinct when set against all the material prepared for and by the City. There is much more we could add and more dialogue is needed.

Yours truly,



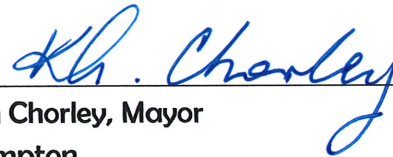
Gary Clark, Mayor
Quispamsis




Grace Losier, Mayor
Grand Bay-Westfield



Dr. Nancy Grant, Mayor
Rothesay



Ken Chorley, Mayor
Hampton



Bette Ann Chatterton, Mayor
St. Martins

cc. City of Saint John Common Council

Local Government		Hsehlts ³	@\$265	Tax Rate equivalent ¢	Current Tax Rate	New Rate	@\$353	Tax Rate equivalent ¢	New Rate
Grand Bay-Westfield		1930	\$511,450	13.37	\$1.37	\$1.50	\$681,290	17.81	\$1.55
Hampton		1640	\$434,600	11.75	\$1.30	\$1.41	\$578,920	15.65	\$1.45
Quispamsis		6455	\$1,710,575	9.50	\$1.34	\$1.44	\$2,278,615	12.65	\$1.47
Rothesay		4635	\$1,228,275	9.23	\$1.24	\$1.33	\$1,636,155	12.30	\$1.36
St. Martins		140	\$37,100	20.06	\$1.22	1.42	\$49,420	26.73	\$1.49
subtotals			\$3.9M				\$5.2M		
Simonds	69% ⁴	1515	\$401,475	20.08	\$0.38	\$0.59	\$534,795	26.74	\$0.66
Kingston	31%	1225	\$324,625	11.15	\$0.48	\$0.59	\$432,425	14.86	\$0.63
Hampton	25%	1090	\$288,850	12.72	\$0.67	\$0.79	\$384,770	16.94	\$0.84
Westfield	61%	1962	\$519,930	20.30	\$0.44	\$0.65	\$692,586	27.05	\$0.72
Norton	35%	515	\$136,475	15.09	\$0.57	\$0.72	\$181,795	20.10	\$0.77
Upham	34%	520	\$137,800	19.10	\$0.74	\$0.93	\$183,560	25.44	\$0.99
Musquash	10%	510	\$135,150	2.59	\$0.35	\$0.38	\$180,030	3.46	\$0.38
Saint Martins	50%	480	\$127,200	18.62	\$0.49	\$0.68	\$169,440	24.80	\$0.74
Greenwich	38%	450	\$119,250	16.22	\$0.56	\$0.72	\$158,850	21.61	\$0.78
Lepreau	28%	335	\$88,775	11.11	\$0.52	63.19	\$118,255	14.80	\$0.67
Petersville	43%	295	\$78,175	24.17	\$0.75	\$0.99	\$104,135	32.19	\$1.07
Rothesay	39%	120	\$31,800	13.56	\$0.47	\$0.60	\$42,360	18.06	\$0.65
Fairfield	50%	110	\$29,150	16.44	\$0.44	\$0.60	\$38,830	21.90	\$0.66
subtotals			\$2.4M				\$3.2M		
TOTALS			\$6.3M				\$8.4M		

If the same approach was applied to the City, the results would be as follows:

Local Government	Hsehlts	@\$265	Tax Rate equivalent ¢	Current Tax Rate	New Rate	@\$353	Tax Rate equivalent ¢	New Rate
City of Saint John	30,210	\$8,005,650	11.56	\$1.78	\$1.896	\$10,664,130	15.40	\$1.934

If contributions for GSJRFC and economic development are eliminated in the City's model, it suggests the amount they want in addition to the existing formula is \$6.73M. That can be generated with a City mil rate of 1.85 in 2021.

³ Statistics Canada 2016 Census , Community Profiles

⁴ Percentage increase over current rate