

ROTHESAY

Special Council Meeting
Tuesday, November 1, 2022
7:00 pm



Electronic means of communication will be used

Public access to the Live stream will be available online:

<https://www.youtube.com/user/RothesayNB>

1. APPROVAL OF AGENDA

2. DRAFT 2023 Rothesay Budgets (Presentation by the Treasurer)

- 2.1 28 October 2022 Memorandum from Treasurer MacDonald
- 2.2 Draft 2023 General Operating Fund Budget
 - General Operating Fund Draft Budget Highlights
 - Draft 2023 General Operating Fund Budget
 - Assessments and Tax Rates
 - External Agency Budgets – Regional Service Commission Version 6
- 2.3 Draft 2023 Utility Operating Fund Budget
 - Utility Operating Fund Draft Budget Highlights
 - Draft 2023 Utility Operating Fund Budget

3. NEXT MEETING

Monday, November 14, 2022

Regular Council meeting (7:00 p.m.)

4. ADJOURNMENT



ROTHESAY

MEMORANDUM



TO : Mayor and Council
FROM : Doug MacDonald, Treasurer
DATE : October 28, 2022
RE : 2023 Operating Budgets

Attached are draft 2023 operating budgets for both the General Fund and the Utility Fund for your consideration.

Key Budget Discussion Points

Operating vs Capital Budgets

The Town conducts business through two separate “funds”, General and Utility. Property taxes are the primary revenue source for the General Fund and Water and Sewer charges are the primary revenue source for the Utility Fund. Property assessment values are determined by the Province.

The Provincial Government requires the Town to submit operating budgets on an annual basis, ideally on or before November 15th. Capital Budgets are also drafted on an annual basis for each Fund however, these are not directly approved by the Province. Each Operating budget is impacted by the amount of capital spending to be funded from current year’s revenue “capital from operating”.

Our plan is to have the 2023 Operating budgets approved at the November Council meeting, to meet the Provincial filing deadline, and to have the 2023 Capital budgets approved at the December Council meeting.

Various committees have provided input to the budget amounts with the guidance of senior staff. The draft documents also include the most recent version of the Regional Services Commission budget as well as the proposals received from the fire and police Boards. Capital budgets, including funding sources such as Gas Tax expenditure plans, Reserve allocations, etc. are to be discussed at a future meeting.

ROTHESAY

TO: Mayor and Council

FROM: Treasurer

RE: Operating Budgets

2022November1SpecialOpenFINAL_003

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October 28, 2022

Our financial calculations reflect a number of critical assumptions, all of which need to be reviewed, including the following:

General Fund Revenue

Increase in assessment base – 10.4% - potential additional revenue \$1.9 million

Decrease of 1 cent per \$100 of assessed value resulting in a base property tax rate of \$1.19.

Change in non-residential tax rate from 150% to a 170%

In discussing tax rate adjustments there are additional factors to consider in addition to the increase in the assessment base. While there have been relatively large increases the past two years it is unlikely to recur. Recent sales activity, increasing borrowing costs, and other market conditions suggests there could be downward pressure on the real estate market possibly even resulting in a lower future assessment base. There is a real risk that a large tax rate decrease may need to be reversed in future budgets.

“Core” equalization funding has been reduced by \$26,195 and allocated to the Regional Services Commission.

No significant change in other revenue areas, ie rent, interest, arena, fields, etc.

General Fund Expenditures – Shared Services

Preliminary budget information is still under discussion related to the regional Services Commission (now including previous Regional Facilities expenditures) however the current estimate additional cost is approximately \$181,000 (details attached).

Budgets for shared services have been approved in principle resulting in the following expenditures:

Fire protection expenditures	\$2.61 million (10.9% increase) - includes capital
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Policing services	\$3.27 million (7.8% increase)
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General Fund Expenditures – Significant Changes

Fuel Escalation

Contracts for waste disposal and snowplowing include fuel escalation adjustments. There has been a significant increase in the cost of diesel which will impact these contracted expenditures. The current estimate (subject to adjustment based upon the monthly cost of fuel) is an increase of approximately \$350,000 for these services.

Wage Adjustments

The largest single annual expenditure incurred relates to payroll. Aggregate annual payroll costs are in the range of \$4.4 million or approximately 25% of non-fiscal expenditures. There are several factors to consider when projecting the change in payroll costs from 2022 to 2023, including;

- Collective agreement - expired Dec. 31, 2021
- General rate of inflation
- Payroll agreements reached by comparable towns (Quispamsis)
- Potential new hires or internal job realignment
- Increases in the cost of benefit programs

Wage adjustments are still under review, including ongoing labour negotiations. For discussion purposes we have estimated an increase in payroll costs of 4.5%.

In addition to wage adjustments it is necessary to review staffing levels in various areas. There are a number of vacancies to be filled and ongoing discussions as to the need for additional staff. There are a number of potential retirements of long-term employees necessitating some training overlap in positions. In summary, we expect payroll expenditures to increase at a rate higher than recent history.

Other items

Our insurance broker has advised we should expect a premium increase of 10% to 15% (approximately \$25,000).

Property assessments on Town owned properties has increased an average of 4.5% resulting in an aggregate expenditure of approximately \$160,000.

Our Group Health insurance provider has indicated an average increase in premiums of 4.2%

ROTHESAY

TO: Mayor and Council

FROM: Treasurer

RE: Operating Budgets

2022November1SpecialOpenFINAL_005

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October 28, 2022

Fiscal Services

Debenture payments are based on known repayment schedules plus an expected debenture related to the fire station renovations. Debt service costs are expected to rise with the increase in interest rates. Also, there are a number of large capital projects planned for future years which will have a longer term impact on financing costs.

“Capital from operating” has increased to reflect expected capital expenditures including the completion of the Wells recreation building.

Utility Fund

Proposed increase in fees of 5% (schedule attached)

Proposed based water rate of \$1.24 (from \$1.18) and sewer rate of \$435.00 (from \$410.00)

Similar general inflationary pressures exist as in the general fund. Specifically costs to maintain the infrastructure and payroll cost pressure. A preliminary budget schedule has been attached for discussion.

Presentation of wages and benefits has been amended to reflect the direct costs as a separate line item rather than including in “overhead”. Overhead and direct wages are allocated to water and sewer using a 40/60 split based on the approximate number of equivalent users.

Debenture payments based on known repayment schedules (debenture re Turnbull Court project deferred until 2024).

No change to “capital from operating”.



GENERAL OPERATING FUND

Draft BUDGET 2023 – HIGHLIGHTS

1. Total Operating Budget \$21.76 million
2. 10.55% increase in aggregate property tax assessments
3. Decrease the tax rate to \$1.19 per \$100 of assessment – a 1 cent decrease
4. Increase the mark-up % re non-residential properties to 170%.
5. Aggregate warrant of assessment = \$20,123.778
6. Core equalization funding decrease of \$26,195

7. **General Government** includes the administrative costs, insurance and other overhead expenditures and has an increase of approximately 1.9%
5. **Protective Services** budgets reflect the submissions from the Fire and Police Boards
 - **KVFD - \$2,614,732 – increase of 10.93% (including capital expenditures)**
 - **KRJBPC - \$3,271,213 – increase of 7.78%**
6. **Transportation Services** includes costs of snow removal contracts, salt expenditures and expected wages adjustments – an aggregate increase of 14.3%
 - **Fuel escalation costs of approximately \$350,000**
7. **Environmental Health Services** includes garbage collection and disposal and has an increase of approximately 25% due to increased tipping fees and fuel price increases
8. **Environmental Development Services** – increase of 21.6% includes proposal for one additional staff member
9. **Recreation & Cultural Services** reflect an increase of 8.64% to reflect costs including the maintenance of trail infrastructure, regional facilities, parks, etc.
 - **Increased cost of Regional Facilities (including capital) of \$155,000**
10. **Fiscal Services** includes debt service costs and an increase in the funding of capital projects
 - **New debenture costs related to fire station renovations = \$100,000 annually**
 - **Capital funding from operations increased to \$4 million**

GENERAL OPERATING FUND

Draft BUDGET 2023 – HIGHLIGHTS

Total proposed expenditures by category are as follows: % of total Budget

General Government Services	\$ 2,593,000	11.9%
Protective Services	\$ 6,236,000	28.6%
Transportation Services	\$ 3,669,000	16.9%
Environmental Health Services	\$ 1,078,000	5.0%
Environmental Development (planning)	\$ 830,000	3.8%
Recreation and Cultural Services	\$ 2,496,000	11.5%
Fiscal Services (P&I)	\$ 863,000	4.0%
Capital Expenditures	\$ 4,000,000	18.3%

Town of Rothesay

Account Detail

	ACTUAL YTD 09-30	BUDGET 2022	DRAFT BUDGET 2023	
REVENUE				
Warrant of Assessment	13,636,133	18,181,510	20,123,778	
Sale of Services	313,692	447,600	464,704	
Services to Province of New Brunswick	57,975	60,000	80,000	
Other Revenue from Own Sources	173,658	94,943	142,008	
CORE Equalization	98,229	130,973	104,778	
Conditional Transfers	324,782	40,000	51,500	
Other Transfers	840,174	552,674	796,570	
	\$15,444,643	\$19,507,700	\$21,763,338	
EXPENSES				
General Government Services	1,915,680	2,543,618	2,592,591	1.9%
Protective Services	4,438,416	5,765,750	6,235,746	8.2%
Transportation Services	2,770,357	3,209,550	3,668,562	14.3%
Environmental Health Services	639,699	862,000	1,077,728	25.0%
Environmental Development	419,490	682,700	829,950	21.6%
Recreation & Cultural Services	1,859,855	2,297,632	2,496,171	8.6%
Fiscal Services	448,984	4,146,450	4,862,591	17.3%
	\$12,492,481	\$19,507,700	\$21,763,339	11.6%
Surplus (Deficit) for the Year	\$2,952,163	\$0	\$	(0)

Town of Rothesay

Statement of Revenue & Expenditure

	ACTUAL YTD 2022-09-30	BUDGET 2022	DRAFT BUDGET 2023
REVENUE			
Sale of Services			
Bill McGuire Memorial Centre	16,625	20,000	20,000
Town Hall Rent	60,045	73,000	98,604
Community Garden	1,120	1,000	1,200
Fox Farm Rental	11,270	20,000	22,500
Arena Revenue	111,008	224,900	214,900
Recreation Programs	113,624	108,700	107,500
	<u>313,692</u>	<u>447,600</u>	<u>464,704</u>
Other Revenue from Own Sources			
Licenses & Permits	84,562	55,000	82,500
Recycling Dollies & Lids	529	800	800
Interest & Sundry	33,261	12,000	32,000
Miscellaneous	41,598	10,435	10,000
Fire Dept. Administration	9,000	12,000	12,000
Local Improvement Levy Mulberry Lane	4,708	4,708	4,708
	<u>173,658</u>	<u>94,943</u>	<u>142,008</u>
Conditional Transfers			
Canada Day Grant	1,680	1,500	1,500
Grant - Other	264,512	0	0
Grant - Students	58,590	38,500	50,000
	<u>324,782</u>	<u>40,000</u>	<u>51,500</u>
Other Transfers			
Surplus of 2nd Previous Year	52,674	52,674	274,070
Utility Fund Transfer	787,500	500,000	522,500
	<u>840,174</u>	<u>552,674</u>	<u>796,570</u>

EXPENSES**General Government Services**

Legislative

Mayor	29,531	47,000	47,000
Councillors	97,733	135,100	135,100
Regional Service Commission 9	3,929	6,000	15,076
Other	5,586	12,500	13,500
	<u>136,779</u>	<u>200,600</u>	<u>210,676</u>

Administrative

Administration - Wages & Benefits	776,621	1,173,818	1,189,610
Office Building	149,856	179,250	177,750
Supplies	110,922	144,000	143,000
Solicitor	13,393	50,000	50,000
Professional Fees	31,155	35,000	35,000
Covid-19 Expenses	6,697	25,000	0
Other	90,097	116,110	110,000
	<u>1,178,741</u>	<u>1,723,178</u>	<u>1,705,360</u>

Other General Government Services

Website/Other	1,356	2,763	3,000
Community Communications (Team)	2,887	7,237	5,525
Civic Relations	0	1,000	1,000
Insurance	254,475	256,784	282,462
Donations	20,675	36,500	36,500
Cost of Assessment	293,934	293,934	328,068
Property Taxes - L.P.P.	17,824	17,622	16,000
Fox Farm Rental Expenses	9,009	4,000	4,000
	<u>600,160</u>	<u>619,840</u>	<u>676,555</u>

Total General Government Services

1,915,680	2,543,618	2,592,591
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Protective Services

Police

Police Protection	2,278,710	3,035,186	3,271,213
Crime Stoppers	2,800	2,800	2,800
	<u>2,281,510</u>	<u>3,037,986</u>	<u>3,274,013</u>

Fire

Fire Protection	1,822,581	2,360,764	2,614,733
Water Costs Fire Protection	330,000	330,000	330,000
	<u>2,152,581</u>	<u>2,690,764</u>	<u>2,944,733</u>

Emergency Measures

EMO Director/Committee	116	20,000	500
	<u>116</u>	<u>20,000</u>	<u>500</u>

Other

Animal & Pest Control	2,040	5,000	5,000
Other	2,168	12,000	11,500
	<u>4,208</u>	<u>17,000</u>	<u>16,500</u>

Total Protective Services

4,438,416	5,765,750	6,235,746
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Transportation Services**Common Services**

Administration (Wages & Benefits)	1,286,512	1,322,999	1,557,760
Workshops, Yards & Equipment	542,681	679,413	756,350
Engineering	15,301	5,000	7,500
	<u>1,844,494</u>	<u>2,007,412</u>	<u>2,321,610</u>

Roads & Streets	64,500	55,000	65,000
Crosswalks & Sidewalks	6,197	20,200	17,300
Culverts & Drainage Ditches	114,566	60,000	80,000
Street Cleaning & Flushing	7,737	45,000	45,000
Snow & Ice Removal	498,095	667,000	810,000
Flood Costs	616	15,000	15,000
	<u>691,712</u>	<u>862,200</u>	<u>1,032,300</u>

Street Lighting	110,475	145,000	145,000
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Traffic Services

Street Signs	9,335	12,500	10,000
Traffic Lanemarking	32,456	40,000	35,000
Traffic Signals	7,794	40,000	10,000
Railway Crossing	15,031	25,000	25,000
	<u>64,615</u>	<u>117,500</u>	<u>80,000</u>

Public Transit

Public Transit - Comex Service	57,601	74,938	87,152
Public Transit - Other	1,460	2,500	2,500
	<u>59,061</u>	<u>77,438</u>	<u>89,652</u>

Total Transportation Services	<u>2,770,357</u>	<u>3,209,550</u>	<u>3,668,562</u>
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Environmental Health Services

Solid Waste Disposal Land Fill garbage	154,699	210,000	224,280
Solid Waste Disposal Landfill Compost	24,924	36,000	38,448
Solid Waste Collection Fero	428,159	571,000	771,000
Solid Waste Recycling bins	3,093	0	4,000
Clean Up Campaign	28,824	45,000	40,000
	<u>639,699</u>	<u>862,000</u>	<u>1,077,728</u>

Environmental Development Services**Planning & Zoning**

Administration	273,990	460,000	550,000
Planning Projects	1,500	25,000	55,000
Heritage Committee	0	2,500	15,000
	<u>275,490</u>	<u>487,500</u>	<u>620,000</u>

Envision Saint John	144,000	192,000	191,950
Tourism	0	3,200	18,000

	<u>144,000</u>	<u>195,200</u>	<u>209,950</u>
	<u>419,490</u>	<u>682,700</u>	<u>829,950</u>

Recreation & Cultural Services

Administration	289,905	385,025	399,000
Beaches	48,766	51,000	53,500
Rothsay Arena	285,597	383,000	367,000
Memorial Centre	33,582	72,988	67,850
Summer Programs	63,791	61,800	72,100
Parks & Gardens	483,140	638,500	691,725
Rothsay Common Rink	36,394	54,800	52,950
Playgrounds and Fields	90,675	134,000	134,000
The Hive expenses	7,572	29,700	14,000
Regional Facilities Commission	430,117	356,102	360,819
Regional Facilities Commission Capital	0	0	150,715
Kennebecasis Public Library	66,897	83,217	85,012
Special Events	23,418	40,000	40,000
PRO Kids	0	7,500	7,500
Rothsay Living Museum	0	0	0
	<u>1,859,855</u>	<u>2,297,632</u>	<u>2,496,171</u>

Fiscal Services

Debt Charges			
Interest	83,984	187,450	195,591
Debenture Payments	365,000	784,000	667,000
	<u>448,984</u>	<u>971,450</u>	<u>862,591</u>

Transfers To:

Capital Fund for Capital Expenditures	0	3,000,000	3,750,000
Reserve Funds	0	175,000	250,000
	<u>0</u>	<u>3,175,000</u>	<u>4,000,000</u>
	<u>448,984</u>	<u>4,146,450</u>	<u>4,862,591</u>

Town of Rothesay

Assessments and Tax Rates

Municipal Tax Base For Rate:

Residential

Non-residential

2020	2021	2022	2023
			\$ 1,536,293,200
			\$ 91,047,400

Non-Residential Multiplier (1.4 - 1.7)

1.5 1.7

Municipal Tax Base For Rate:

2020	2021	2022	2023
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\$ 1,330,037,450 \$ 1,388,723,650 \$ 1,515,125,800 \$ 1,672,864,300

Tax Rate

1.2400 1.2400 1.2000 1.1900

Warrant of Assessment

\$ 16,492,464 \$ 17,220,173 \$ 18,181,510 \$ 19,907,085

A one cent increase in the tax rate raises:

\$ 133,004 \$ 138,872 \$ 151,513 \$ 167,286

Cost of Assessment

\$ 258,027 \$ 269,412 \$ 293,934 \$ 324,536

Percentage Change

2020	2021	2022	2023
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Assessment increase

2.80% 4.41% 9.10% 10.41%

Tax rate decrease

0.00% 0.00% -3.23% -0.83%

2.80% 4.41% 5.58% 9.49%

-0.83%

10.68%

External Agency Budgets

Regional Services Commission - Version 6

	2022	2023
RSC - coop & regional planning	CRP \$ 6,000.00	\$ 345.00
RSC - landfill charges	SW 246,000.00	262,728.00
RSC - other services	CD/RT/RPS -	14,731.00
Community Development		
Regional Transportation		
Regional Public Safety		
RFC - approved budget	SRC	
operating and capital	356,102.00	360,819.15
Sport, Recreation and Cultural		150,714.85
Envision (plus corporate)	TP/ED 192,000.00	191,949.00
Tourism Promotion		
Economic Development		
RSC net totals	\$ 800,102.00	\$ 981,287.00
		22.65%
Lost "core" equalization funding		\$ 26,195.00
Total budget effect		\$ 207,380.00



UTILITY OPERATING FUND BUDGET 2023 HIGHLIGHTS

1. Total Revenue \$3,865,000
2. Revenue from sale of water of \$1,155,000 includes a 5% increase in rates
(base water rate - \$1.24 per cubic metre and \$215 per annum fixed fee)
3. Revenue from sewerage services \$1,942,500 includes a 5% increase of \$25 to an
annual base rate of \$435 per equivalent user per year
4. Aggregate “typical” residential utility fees total approximately \$1,000 annually
5. Total operating expenses, including debt service charges but excluding capital from
operating, increased to \$2,990,000 (4.55%)

- **Expenses:**

Water Supply	\$ 1,203,200
Sewer Collection and Disposal	983,500
Fiscal Services	<u>803,300</u>
Total	<u>\$ 2,990,000</u>

- **Revenue:**

Water services	\$ 1,155,000
Sewerage services	1,942,500
Other Revenue	<u>767,500</u>
	<u>\$ 3,865,000</u>

Town of Rothesay

2022 November 1 Special Open FINAL_016

2022 UTILITY OPERATING FUND BUDGET

	YTD September 30, 2022	2022 Budget	2023 Budget
REVENUE			
1 Sale of Water	\$ 827,890	\$ 1,127,500	\$ 1,155,000
2 Water Connection Fees	54,750	45,000	100,000
3 Meter and Non-Hookup Fees	46,286	50,000	64,420
4 Water Supply for Fire Protection	330,000	330,000	330,000
5 Sewerage Services	1,850,772	1,860,000	1,942,500
6 Sewer Connection Fees	-	35,000	75,000
7 Infrastructure grants	-		
8 Interest Earned	80,056	80,000	90,000
9 Transfer from operating reserve	-		
10 Prior Years surplus	48,220	48,220	41,757
11 Local improvement levy	58,881	59,000	59,000
12 Misc Revenue (meter reading)	7,451	5,280	7,323
TOTAL REVENUE	\$ 3,304,306	\$ 3,640,000	\$ 3,865,000

EXPENDITURES

WATER SUPPLY					
13	Share of Overhead Expenses	315,000	200,000	211,000	5.00%
14	Direct wages and benefits		220,000	230,000	
15	Profess. Fees/Legal/Training	8,481	17,000	14,000	
16	Purification/Treatment	443,210	487,500	536,000	
17	Water Purchased	1,499	1,000	1,200	
18	Trans/Distribution	79,628	120,000	110,000	
19	Power & Pumping	39,771	44,000	51,000	
20	Billing and Collections	3,569	5,000	5,000	
21	Other Expenses	20,692	36,000	45,000	
TOTAL WATER SUPPLY		\$ 911,850	\$ 1,130,500	\$ 1,203,200	6.43%

SEWERAGE COLLECTION AND DISPOSAL					
22	Share of Overhead Expenses	472,500	300,000	311,500	5.00%
23	Direct wages and benefits		330,000	350,000	
24	Profess. Fees/Legal/Training	7,270	11,000	11,000	
25	Collection System	23,240	99,000	105,000	
26	Lift Stations	36,247	56,000	77,000	
27	Treatment/Disposal	87,535	93,500	103,000	
28	Other Expenses	37,230	17,000	26,000	
TOTAL SEWERAGE COLL & DISP		664,022	906,500	983,500	8.49%
		\$ 1,575,872	\$ 2,037,000	\$ 2,186,700	7.35%

FISCAL SERVICES			FISCAL SERVICES		
29	Interest on Short Term Loans		5,320		-
30	Interest on Long Term Debt- Water	169,585	156,300		138,544
31	Interest on Long Term Debt- Sewer	-	131,570		116,259
32	Principal Repayment- Water	194,808	322,440		334,990
33	Principal Repayment- Sewer		207,370		213,507
34	New Debenture		-		-
35		364,393	823,000		803,300
36					
37	Trf to Reserves - connect fees		80,000		175,000
38	Trf to Reserves-Dev infrastruc.				
39	Trsfr to Reserve Accts - other	-			
40	Capital Fund	-	700,000		700,000
41	Prev Yrs Deficits				
TOTAL FISCAL SERVICES		\$ 364,393	\$ 1,603,000	\$ 1,678,300	4.70%

TOTAL EXPENSES	\$ 1,940,265	\$ 3,640,000	\$ 3,865,000	6.18%
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NET INCOME (LOSS)	\$ 1,364,041	\$ -	\$ (0)
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