

SAINT JOHN'S LONG-TERM FINANCIAL PLAN: A ROADMAP TO 2030

The City of Saint John has developed a 10-year, long-term financial plan to ensure the City can afford to provide reliable City services and sound infrastructure for the next decade and beyond. The plan is a foundation that lays out targets that are then implemented in our annual budgets. Beyond meeting initial targets, it also sets out “stretch” goals that aim to ultimately lower the tax rate over time.



FINANCIAL PLAN TARGETS

- Eliminate deficit of \$10 million in 2020
- Reduce General Fund Debt by 25% by 2030
 - Reduce Debt per Capita to \$1,175 by 2030
 - Reduce Debt Service Ratio to 9% by 2030
- Reduce Total Long-Term Debt outstanding as a % of operating budget to 50% by 2030
- Maintain reserves at a minimum of \$2 million at all times
- Reduce infrastructure deficit by 25% by 2030
- Keep annual wage escalation in line with tax base growth
- Address the infrastructure deficit and reduce debt by increasing Pay-as-you-Go investment to \$12 million per year by 2030



OPPORTUNITIES AND CHALLENGES

The long-term plan will help the City manage challenges and look for opportunities to maximize growth.

KEY CHALLENGES:

- Expenses are growing at three times the rate of revenues, causing a structural deficit
- Saint John has the highest property tax rate in the province
- Employee wages and benefits are rising at an unaffordable rate
- The City is heavily reliant on debt
- The City faces a large aging-infrastructure deficit
- There is a need to build reserves to fund planned and unexpected costs

KEY OPPORTUNITIES:

- Transformational reforms, all of which require support from the Provincial Government
 - Property tax reform
 - Regional cost sharing
 - Shared regional services
 - Legislation to allow growth through new revenue streams
 - Binding arbitration
- Investments in growth and economic development that will start to bear fruit
- The end of temporary pension payments, which will eliminate \$9.5 million annually by 2028
- Newly negotiated collective agreements with four out of five represented work groups



BASIC ASSUMPTIONS AND STRETCH GOALS

The financial plan is based on some basic assumptions:

- 1 Achieving stable 1.5% growth rates
- 2 Holding a constant tax rate
- 3 Experiencing at least 1.5% growth in inflation
- 4 Receiving stable annual unconditional grant amounts

And, it is possible to achieve more!

If stretch goals were achieved, the City's forecasted property tax rate could be reduced significantly.



KEY FINANCIAL POLICIES

Part of the benefit of a long-term financial plan is that it keeps the City focused on the bigger picture and long-term goals even as it goes through the annual budget process. The plan is guided by a series of common-sense policies adopted by Council:

- 1 **Don't spend more money than you make**
Eliminate the structural deficit and ensure operating revenues cover operating expenses.
- 2 **Borrow wisely**
New long-term debt issued will only finance projects approved in the Capital Budget – never operating or maintenance costs.
- 3 **Save your money for a rainy day**
Change mindset to “save first” from “borrow first” (capital reserves).
Set money aside for unforeseen, one-time expenses, such as a wild winter (operating reserves).
- 4 **Take good care of your property**
Plan for asset replacement to improve the reliability of customer service and maintain levels of service.
- 5 **Take control of your expenses before they take control of you**
Help keep the wage envelop in line with tax-base growth.
- 6 **Replace the roof before you buy new living room furniture**
Prioritize how capital money is spent.