

-Budget 2022 Speech-

**Coun. Henri Mallet, Chair
Municipal Finance & Corporate Administration Committee**

**Regular Council Meeting
November 22, 2021 | 7:30 pm**

Good evening, Mayor Rogers and fellow City Councillors.

After more than three months of work, we are here this evening to adopt the City of Fredericton's 2022 Budget of \$135.1 million, as well as the separate \$23.2 million Water & Sewer Utility Budget.

Before we begin, I am going to provide some introductory remarks and then turn things over to our City Treasurer, who will take us through the final numbers.

Staff began preparing for this meeting back in August, when they started to pull together numbers and look ahead to 2022.

On September 20, we formally kicked off the budget process by reviewing the budget impacts from 2021 and setting the direction and goals for 2022.

On October 12, we looked at the budget for the Water & Sewer Utility and then we considered our capital budget on October 18. We reviewed our operating budget on November 1.

It was at this meeting that we got to discuss the 9.21% increase in property assessment, which resulted from a 1% increase in new construction and an 8.21% increase from a strong real estate market.

Ultimately, this budget is about resetting the City's budget baseline to better deliver municipal operations, while reducing the property tax rate.

As part of our budget deliberations, we knew that we needed to:

- deliver the same service level as in 2021, while covering inflationary costs and wage increases,
- address structural gaps created over the past few years,
- adjust budget lines to reflect a growing city, and
- mitigate any impacts resulting from COVID-19 forecasts.

We also understood, that despite the differences in property assessments related to residential, institutional and commercial properties, we could currently only charge one property tax rate.

With the baseline budget reset, and revenue still available, Council turned its discussions to reducing the property tax rate.

It is fair to say that the 2022 Budget sets a new foundation for the City of Fredericton. It will help us better serve our residents and help us succeed over the coming years as we continue to grow.

The budget supports several areas of focus, including:

- Governance & Civic Engagement
- Economic Vitality
- Environmental Leadership
- Mobility
- Livable Community
- Public Safety
- Sustainable Infrastructure

When it came to our capital budget, we wanted to create a budget that respected the City's Long-Term Financial Plan. The Plan prescribes that a portion of revenue be allocated to capital investments.

We also needed to align the budget closely with Council Priorities, CAO Goals, and other key plans of the City, with the intend of supporting our residents.

In all of this, we know that our Asset Management Plan provides evidence-based recommendations on infrastructure renewal and replacement.

I believe it is fair to say the 2022 Budget is a practical balance between the current portfolio of assets and planning for and building new assets.

As for the Water & Sewer Utility budget, it is important to remember that as per provincial legislation, Fredericton's water & sewer utility is self-funded, deriving all its revenue from rates charged and government infrastructure grants.

The challenge for the Utility heading into 2022, is that there was a significant reduction in water consumption in 2021, resulting in a shortfall of revenue.

With costs rising, it was agreed that the Utility would continue with a 5% rate increase as outlined in its Long-Term Financial Plan.

Tonight, we will seek approval for a balanced operating budget that includes support for capital and community grants, as well as a Water & Sewer Utility Budget.

As I have said, the budget is about resetting the City's budget baseline to better deliver municipal operations, while reducing the property tax rate for citizens.

I will now call on the City Treasurer to present the final numbers, before we move ahead with the resolutions needed to adopt the 2022 Budget.

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