

## **City of Fredericton Budget Speech – 2021**

Your Worship, Councilors, City staff, and all our viewers on Rogers TV and on our website's live telecast...

Good evening and welcome to the 2021 City of Fredericton Budget Presentation.

Before I begin in earnest, I'd like to take this time to recognize our residents and their many contributions that continue to make Fredericton a great community. I'd also like to acknowledge our Indigenous community partners and the active role they play in our City. And finally, I would like to thank all of the other partners in the Greater Fredericton Region and beyond. Collectively, we are all Fredericton's stakeholders, and it is important to recognize this and our shared commitment and contributions towards making Fredericton a better place.

I would also like to take this opportunity to confer upon the city staff and council members due credit and gratitude for having dedicated months of hard work framing and drafting the municipal budget. Starting early this year seeking inputs from residents to organizing debates around the council table, your Mayor, Councilors and City staff have played a crucial role in translating our long-term objectives into reality for the forthcoming year.

As the Chair of Finance & Administration, I regard it as an honor to have been granted the opportunity to present before you the municipal budget for 2021.

## **2021 Budget Goal**

The objective of every year's budget is to fund areas of key services and infrastructure that enable our City to function smoothly and optimally. In the City's administrative framework, these areas are referred to as the Program Result Areas, and they include:

- Corporate results;
- Economic Vitality;
- Environmental Stewardship;
- Governance & Civic Engagement;
- Livable Community;
- Mobility;
- Public Safety; and,
- Sustainable Infrastructure.

Further detailed information regarding these Program Result Areas can be found on the City's web site.

The importance of the annual municipal budget cannot be stressed enough. Every year the budget process defines our City and lays down the path to be followed over the next fiscal term. To be specific about the City's revenue sources, it is the property tax alone that accounts for as much as 88.4% of the incoming revenue. Of the remaining revenue, 10% is from user charges, license fees and so on, and the remaining 1.6% is received through an unconditional Provincial grant. It is important to point out that any fluctuations in these revenue sources can have a direct impact on the city's spending, wherein an increase results in surplus funds and a decrease leads

to a deficit. Unfortunately for the year 2021, the forecast is indicative of lower collection of non-tax revenues, thus resulting in reduced room for spending for the city and its residents.

### **Lessons for the 2021 Budget: COVID-19 Pandemic & 2020 Budget Shortfall**

This year, the construction of the 2021 Budget has had several distinct challenges. Chief among these challenges has been the necessity of coping with the consequences of the COVID-19 pandemic. This pandemic is a public health crisis and has undoubtedly posed a serious threat to the health and wellness of our community. However, because of the necessity of social distancing in public and the extraordinary measures required by City Staff to maintain hygienic facilities, the pandemic has also profoundly challenged how City services are delivered and the extent to which revenue can be generated from these services to cover operating costs. In 2020 these pandemic impacts created a budget shortfall and looking forward to 2021 they will contribute to a revenue shortfall.

Over the past seven months Council and City Staff have closely monitored the impacts of the COVID-19 pandemic on non-tax revenue and municipal service delivery. Flexibility in the design of the 2020 Budget and relief funding from Federal and Provincial sources allowed for the potential 2020 Budget shortfall to be addressed. Where possible, municipal services were maintained or adapted, and the projected revenue shortfall was addressed by curtailing capital spending. These lessons learned by Council and City Staff in balancing the 2020 Budget have been applied to the forecasts used to create the 2021 Budget, while keeping in mind that the impacts from the pandemic are likely to disrupt the lives of residents over the forthcoming days, weeks and months.

In monetary terms, revenue shortfall for 2021 budget is estimated to be \$3, 100, 607, of which \$1, 991, 317 is due to the pandemic, and the remaining \$1, 190, 290 comes to us courtesy of our structural deficit due to municipal expenses rising faster than normal sources of municipal revenue.

To produce a balanced budget for 2021 in light of the COVID-19 pandemic challenges, Council and City Staff have had to change and adapt how some municipal services are delivered and we have had to scale back our desires for capital project spending in 2021. However, I am happy to say that the full impact of the challenges posed by the pandemic have been somewhat moderated by continued savings from Staff efforts in the Improvement & Innovation of municipal services, flexible Financial Planning and Budgeting, and the continued adaptation of municipal services to our new reality.

### **Increase in Property Tax Revenue**

In addition to these internal efforts, the 2021 Budget process has been supported by growth in our tax base due to new construction and a modest increase to the assessed values of our properties. Revenue accrued from Property Tax has shown a positive upward trend, and this is attributed to the existence of a strong real estate market and new construction taking place all over the city. Maintaining this trend is likely to prove to be challenging, especially with rising municipal costs, but there is optimism in this sector and it is likely to hold up despite the COVID-19 crisis or other challenges. This is undoubtedly a silver lining in an otherwise proverbial black cloud, and hopefully one that will gain sufficient value over the forthcoming weeks and months to pull the city out of these dark financial times.

When the winds of fortune change, it is only justifiable for city council to turn its sails in a different direction. This calls for flexibility, and this is exactly what the city of Fredericton requires from the 2021 municipal budget.

We have responded accordingly in the 2021 Budget by deferring certain capital projects to offset the \$3.14 million shortfall in the operating budget allowing us to continue to maintain services and invest in key projects without increasing the tax rate.

Thanks to the budget flexibility resulting from the fiscal responsibility of past Councils, ongoing growth in our city, and some pandemic relief funding from other levels of government, we have been able to deliver a balanced budget during uncertain times.

### **Water & Sewer Utility**

One of the significant highlights of the 2021 Budget for the city of Fredericton is the Water and Sewer Fund proposal, wherein the intention is to ensure provision of safe and clean water to the city's residents. Through a combination of growth in the number of water and sewer connections and in the consumption of water itself, the City's Water & Sewer Utility is projecting a modest increase in revenue for 2021. To acknowledge the financial impact of COVID-19 on the residents of the city, Council has reached the unanimous decision of not increasing the Water & Sewer rate for the year 2021. This is a welcome 'good news' story.

To sum up, the total budget allocated for Water & Sewer utility service in the year 2021 is \$22.3 million, and the capital budget for the same is \$11.5 million. City Council and City Staff are proud to announce that rates will continue to remain the lowest in the region for the year 2021, owing to their remaining unchanged at \$1.86/m<sup>3</sup>.

## **Strategic Partner & Community Grants**

In normal budget years City Council and Staff allocate a significant part of the City's budget to our City's Strategic Partners and to our City's Non-Profit Community Groups. Due to the challenges our community is facing in these pandemic times, Council and City Staff made a continuing commitment to our grants process to support our Strategic Partners and Community Groups. To that end both the Strategic Partner Capital Grants and the Community Grants have been increased in the 2021 Budget to account for inflation, so that they are \$273,100 and \$270,000 respectively.

In identifying strategic partners for capital grants, the city's policy entails selecting non-profit organizations whose purposes fits the city's mandate and contribute towards achieving the outcomes and strategic objectives of the City through a designated capital project. In order to encourage growth and stability within the community, the objective of inviting strategic partner capital grants is to offer funding that would foster infrastructure development by providing a sustained funding solution. To this effect, the Strategic Partners Capital Grants for the year 2021 are –

- **UNB “Forging our Futures Campaign,”** \$100,000
- **Beaverbrook Art Gallery,** \$50,000 and the extension of the funding arrangement for an additional 10 years.
- **Capital Winter Club,** \$75,000 for capital improvements
- **Science East,** \$30,000 to continue with exterior work on building

- **Fredericton Loyalist Rugby Club**, \$14,600 equipment for field maintenance and storage
- **Branch Out Productions**, \$3,500 for lighting panels and flooring

**Total – Strategic Partner Capital Grants                      \$273,100**

The objective of the Community Grants Policy is to provide financial resources in limited capacity to non-profit organizations whose work aligns with the City’s Livable Community and Economic Vitality Program Result Areas. These grants represent a unique funding opportunity for community groups contributing to the fabric of our community, and through this municipal and community partnership these grants fulfill a distinct vision for municipal participatory budgeting. I would also like to note that the City does not provide grants for social services, and hence any applications pertaining to the same are not be considered.

The 2021 Community Grants are:

- **Fredericton Civic Pride Committee (Canada Day)**                      \$44,000
- **Harvest Jazz & Blues Festival**                      \$45,000
- **Multicultural Association**                      \$5,000
- **NB African Association/Star Light Entertainment Assoc.**                      \$4,500
- **NB Highland Games & Scottish Festival**                      \$21,500
- **Shivering Songs (Capital Arts Support)**                      \$5,000
- **The Notable Arts Theatre Company**                      \$4,500
- **NBEX**                      \$12,500
- **Flourish Festival**                      \$5,000

- **Fredericton Pride Festival** \$5,000
- **Bard in the Barracks** \$6,500
- **Beaverbrook Art Gallery** \$27,500
- **Centre Communautaire Sainte-Anne** \$8,000
- **Fredericton Outdoor Summer Theater (FROST)** \$7,000
- **NB Youth Orchestra (Sistema NB)** \$22,000
- **Science East** \$21,000
- **York Sunbury Historical Society/Museum** \$26,000

**Total - Community Grants** \$270,000

### **Additional Budget Highlights and Spending through the Program Results Areas**

The City's 2021 Budget allocates resources across City departments to fund the services and infrastructure required to maintain our City. City Council and Staff work through the City's Program Results Areas to articulate our vision for our community into reality. The 2021 Budget includes the following resources for our City's Program Results Areas:

- **Corporate results; \$25,058,871**
  - Management Systems
    - Implementation of the bilingualism strategy
    - Building space optimization
  - Communications Management
    - Continued rollout of Engage Fredericton
    - Mass notification app for field closures, road closures, emergencies, etc.

- Continued focus on bilingualism
- Real Estate Management
  - Revitalize City's long-term strategic land plan based on Imagine Fredericton
  - Strategic Plan for Industrial Parks/Land
- Human Resource Management
  - HR Tactical Plan: Diversity & Inclusion
- Building Services
  - Office Space Optimization/Planning
  - Continued focus on Energy/Utility saving measures
- Fleet and Equipment Management
  - Equipment Utilization/Life cycle rationalization
  - Hybrid SUV replacement vehicles for Police
- Financial Services and Service Fredericton
  - Refresh of revenue system that will enable paperless billing and better online tools in line with our Digital Fredericton Strategy – Online vs. Inline
  - Tri-City Purchasing
  - Procurement software to allow electronic bidding
- Financial Management
  - Integrate Municipal Plan Growth Strategy with Long-term Financial Plan and Asset Management Plan
  - Continue with cash management practices
- Corporate Information Technology Support and Solution Delivery
  - Continue to implement Digital Fredericton solutions

- Improved Customer Experience
- Cybersecurity
- Improvement and Innovation
  - Develop a new I&I strategy
  - Continue with Innovation Challenge type projects
  - Enhance Corporate Metrics/KPIs
- Civic Innovation
  - Continue to develop partnerships within the community for tech innovation, collaboration and commercialization – Fred-e-Lab
  - 5G partnership
- **Economic Vitality; \$6,664,489 or 6%**
  - Development Approval/Land Use Planning
    - Complete Zoning By-law amendments to conform to the new municipal plan
    - Receive single room occupancy proposed amendments and bring through the bylaw amendment process
    - Facilitate preparation of a housing needs assessment and affordable housing strategy for Fredericton
    - Initiate a new secondary municipal plan for the South Core
  - Tourism Marketing & Sales
    - #SupportFredLocal and Atlantic bubble promotions to sustain tourism sector through COVID-19 crisis.
    - Major “Dinner’s on Us” campaign – packages hotels and local businesses
    - Post-COVID-19 recovery to restore tourism inside & outside the Atlantic bubble

- Tourism Accommodation Levy (TAL) – Engage tourism partners and stakeholders on marketing and development initiatives
- New “Market Basket” website drives online sales for market vendors and positions Fredericton as a premiere market destination
- Leverage micro-beverage industry with Fredericton’s Taproom Trail
- Tourism Development & Operations
  - Support Garrison Master Plan implementation
  - Return of the Garrison Night Market in 2021
  - Preparing for the future - program review of tourism programming
  - Return to sport tourism operations & special events
  - Planning next phase of Frostival development post-COVID
  - Fredericton Tourism Ideaworks – Cultivating ideas from staff, monitoring the implementation of each
- **Environmental Stewardship; \$4,473,121 or 4%**
  - Environmental Outreach
    - Publish detailed environmental data on the Open Data Portal
    - Implementation of the Corporate Energy Management Plan and integration with the Asset Management Plan
    - Coordinate and track the implementation of the Climate Change Adaptation Plan
    - Partnerships with CCNB and GFSI on community outreach and residential/low-income efficiency funding and actions
  - Storm Water Management
    - Increase our resiliency to flooding to protect homes and transportation networks
  - Solid Waste Management

- Use of web-based tool “Recycle Coach” for recycle promotion and information
- Improve recycling depot sites and search for second southside location
- Monitor Extended Producer Responsibility Program
- Composting
  - Biosolids review
  - Increased usage on City projects
  - Roadway Operations sorting materials for incorporation into topsoil production
- **Governance & Civic Engagement; \$5,166,315 or 4%**
  - Community Leadership
    - Enhance Corporate Metrics/KPIs
    - Review of grants application/impact on community
  - First Nations Relations & Special Projects
    - Develop a closer working relationship with New Brunswick’s six Wolastoqey Nations
    - Develop practices for consultation and engagement with First Nations
    - Cooperate with other departments to pursue implementation of the park plans
  - Intergovernmental Affairs
    - Identify and pursue third party funding to implement the City’s programs and priorities
    - Advance the City’s interests in Provincial legislation and policy changes
    - Continue to engage in dialogue with City Council to clearly articulate Council priorities so they can be communicated to other levels of government

- **Livable Community; \$14,323,276 or 13%**
  - Arboriculture
    - Tree watering to increase survivability of trees
    - Efficiencies in tree planting process
    - EAB Management Plan
    - In-house tree nursery to grow climate resilient trees
  - Horticulture
    - Staffing and equipment review to increase mowing Productivity
  - Leisure & Recreation Development & Delivery
    - All-Wheel Sport Plaza festival grand opening (spring)
    - Recreation & Parks Master Planning process
    - Pool study follow up, Field House Feasibility, Cricket needs assessment
    - Programming with COVID restrictions while reducing social isolation
    - Use of online registration tool for more services
    - Digital Leap – improvements to social media, website, scheduling software
    - New Mass Notification application to improve timely field/facility closure information to residents.
  - Recreation Facility Scheduling
    - Improvements to Recreation Card Process through scheduling software (Amilia)
    - Looking to increase dry floor use in shoulder seasons to maximize use of facilities
  - Outdoor Sport, Recreation and Leisure Spaces
    - Recreation & Parks Master Planning process

- Expanded beach volleyball courts & new bocce court at Wilmot Park
- Ball field renewal and improvements at Royals Field
- Park Plan Implementation
- Neighborhood Parks development/renewal
- Community Liaison and Social Outreach
  - Fredericton Dialogue Community Initiative
  - Inclusion and Diversity Working Committee
  - Participation in Housing First Development
- Cultural Development
  - New public art at All-wheel Sport Plaza
  - Development of Public Art Operating Procedures
  - Victoria Circle Public Art
- **Mobility; \$17,435,070 or 15%**
  - Parking Management
    - Digital Solutions for Permitting and Ticketing
    - Equipment Modernization
    - Supply Management (commuter zones)
  - Fixed Route Scheduled Transit
    - Charter policy
    - Accessible service roll-out (policy development, implementation)
    - Marketing strategy for attracting/growing ridership
    - New bus tracking tool
    - Monitor outcomes of Camera / Wi-Fi Pilot

- Roadway & Sidewalk Management
  - Continue measuring salt use to ensure cost effective applications and service level delivery
  - Monitor plow time per storm to determine indicators
  - Increase the level of service provided in summer maintenance activities for addressing trip hazards
- **Public Safety; \$39,138,185 or 34%**
  - Policing
    - Improve skills and competencies of members investigating major violent crimes
    - Training Plan based on Mandatory, Operational and Developmental training
    - Strategic Human Resources Plan (recruitment, performance management, professional development, succession planning and diversity)
  - Policing
    - Full review of support/special teams
    - Increased Police presence
    - HUB model for integrated community services
    - Recommendation/Request:
      - Maintain the temporary funding approved for 2019/2020
      - Permanently applied as 6 uniformed members and 4.5 civilian FTE positions to be more supportive of HUB and frontline
  - Building Construction Permitting & Enforcement
    - Meet service level targets for permit processing
    - Digitize permit construction drawings
    - Webpage development

- Dedicated inspector to closing older permit files
- 911 Communications
  - Updated and digitization of Operations Manual
  - Next Generation 911 Common Call Taking Project
  - PSAP Peer Support Training
- Fire Prevention & Inspections
  - Adaptation of education and tours to online delivery
  - Fire education programs tailored to the needs of the community
- Fire Emergency Incident Mitigation
  - Development of on-shift trainers
  - Rapid intervention training
  - Fire risk assessment informing the long-term strategic plan constant with the municipal masterplan
- Fire Investigations
  - Succession Planning and Implementation
  - Assessment of reporting metrics
- Fire Training
  - Personnel development, succession planning & performance management integration
  - Electronic delivery methods for enhanced training capacity while leveraging cloud based content.
  - Strengthened HAZMAT team functionality
  - Development of on-shift trainers for the services of ice water rescue, low & high angle rescue
- By-Law Enforcement

- Panhandling Enforcement Project
- Property By-Law Enforcement Project
- Emergency Preparedness
  - Vulnerable person registry
  - Generator added at P&T Depot can now serve as a backup for City Hall Services in case of emergency
  - Enhanced public communication regarding person/family preparedness
  - NBEMO sponsored exercise will take place in 2021
- **Sustainable Infrastructure; \$24,653,130 or 22%**
  - Construction communication engagement with key stakeholders
  - Coordination of construction projects to maximize asset lifecycles and minimize construction impacts
  - Advancement of key priorities:
    - Downtown revitalization
    - Park plan implementation
    - Infrastructure deficit reduction
    - Active transportation implementation
  - I&I Innovation Project implementation to manage projects in a virtual environment (Digital Platform)
  - Energy efficient infrastructure upgrade projects
  - Rationalization of infrastructure needs with community demand

## **Capital Budget 2021**

The Long-Term Financial Plan for the City has guided our capital budget for many years.

However, this year required us to make some difficult decisions in order to ensure that municipal

services were maintained, and the property tax rate remained the same. Council's decision to defer some capital projects while maintaining investments in others through this budget has struck the right balance. Moreover, deferred investments will be re-considered immediately when the fiscal situation improves. Make no mistake. We will not lose sight of the need to address our infrastructure needs, but we will be prudent about our investment decisions.

### **Reliable Services & Infrastructure with a Stable Tax Rate**

Yes, I am proud to say we have delivered a balanced budget and a tax rate that remains the same at \$1.4311 per \$100 of assessment for the inside tax rate and \$1.0733 per \$100 of assessment for the outside tax rate. The 2021 Budget for the City of Fredericton has been devised bearing in mind the challenges that the city faces in the current pandemic, but also with an eye on the horizon. It addresses every aspect of the city's functioning and what is being done to mitigate the losses and suffering that the current health crisis has caused. At the same time, it also highlights the bright spots in the city's administration that have proved the efficacy of our long-term governing principles, propels growth and echoes our community's resiliency.

I regard it as being an honour to have had the opportunity to work with my council colleagues and City staff throughout this year's budget process. As a culmination of our hard work, I would now like to submit for your approval the 2021 budget for the City of Fredericton.

Thank you. Merci.