

September 28, 2018

Sent by email

Councillor Dave Lane
Lead of Finance Administration
City of St. John's
10 New Gower Street
P. O. Box 908
St. John's, NL
A1C 5M2

Re: 2019 City of St. John's Budget

Dear Councillor Lane,

Earlier this week, the City of St. John's (City) released a brochure as it undertakes consultations on the 2019-21 budget period. These consultations are occurring at a time when the local economy is stagnant and it is expected property assessments will decline, thereby affecting the amount of revenue the City can collect through property tax. It is within this context that the Canadian Federation of Independent Business (CFIB) presents this letter for City Council's consideration.

In response to its financial situation, City Council is presenting cuts in services or increased taxes as the only options. It is difficult to overstate the effect increased taxes will have on small business owners and consumers. Since 2012, the average commercial property tax bill in St. John's has increased by 30 per cent, the largest increase occurring in the 2016 Budget. While the City has made progress on reducing residential property tax bills to 2015 levels, this has certainly not been the case for commercial property owners. In the last few years, small business owners have had to deal with harmful policy decisions made at the municipal, provincial and federal government levels. An increase of one to 1.9 in the commercial mill rate in 2019 is cause for concern.

Rather than increasing taxes, City Council has to identify how it will address expenditures over the next three years to ensure property taxes do not increase. The CFIB membership wants the City to focus on the delivery of core services, so in that vein, the following is presented for consideration:

- **Assessment - \$2.3M (2018 Budget):** The City should consider working with the private sector to undertake the assessment process to achieve cost savings. Another alternative is to allow the provincial government (through the Municipal Assessment Agency) to conduct assessment reviews in the city. St. John's is the only municipality in the province that does its own property assessments.
- **Housing and Real Estate - \$8.7M (2018 Budget):** Non-profit housing is a policy and program area within which the City is active, though it is provincial jurisdiction. The provincial government has a Crown corporation, known as Newfoundland and Labrador Housing Corporation, solely responsible for public housing in the province. The City should allow the

provincial government to take over non-profit housing in St. John's, which should ensure continued access for those who require these services.

- **Parks Division and Recreation - \$19M (2018 Budget):** Parks and community centres in the city are a huge contributor to making St. John's and surrounding communities great places to live. However, the City must consider contracting out some or all municipal park maintenance, and greater collaboration with non-profit groups for the operation of community centres. Further, the City should consider working with the private sector to deliver program offerings, rather than hiring City staff.
- **Subsidy to Metrobus and Para-Transit - \$18.4M (2018 Budget):** The City should conduct a detailed study of the current operations of the Metrobus and Para-Transit system; an ongoing review is insufficient. Unless ridership improves (i.e. fewer buses driving around nearly empty), it may be necessary to seriously downgrade the service being offered, while still helping those who most need it.

These are simply some program ideas the City could review for cost savings, but the total budget in 2018 is substantial at \$38.4M. The main point to be made is that the City is delivering programs and services that are not core to its administration. It is therefore possible for the City to achieve cost savings, while maintaining the core municipal services residential and commercial property owners expect.

The City must also implement initiatives as they concern its human resources. The consultation brochure states that \$1.6M in cost increases in 2019 are attributed to additional salary and employer payroll costs, and salary costs at Metrobus. Yet, the City expects its staff complement will increase by 8.38 full-time equivalents in 2019. In Budget 2018, the City expected full-time equivalents to increase by 13.83. After the 2016 Budget, the program review resulted in fewer staff, but it has become clear that the City is unable to cap the growth of its workforce. Therefore, CFIB recommends the City **adopt an attrition program and extend the 2017 management employee salary and wage freeze to all City employees.**

CFIB thanks the City for providing such detailed information to the public well in advance of its Budget being delivered. We trust this will lead to meaningful consultation. In that spirit, we offer alternatives which challenge current thinking, but also outline what may be possible. We look forward to participating fully in the Budget 2019 consultations.

Should you and your colleagues have any questions, please do not hesitate to contact me by phone at 753-7764 or by email at vaughn.hammond@cfib.ca.

Sincerely,



Vaughn Hammond
Director of Provincial Affairs, Newfoundland and Labrador

Copy: St. John's City Council
Mr. Kevin Breen, City Manager
Mr. Derek Coffey, Deputy City Manager