

NORTH BAY TAXPAYERS' ASSOCIATION

RECOMMENDATIONS FOR MAYOR AND COUNCIL

AUGUST 28, 2013

As requested by the Mayor, NORTH BAY TAXPAYERS' ASSOCIATION is pleased to provide a list of recommendations for cost savings, efficiencies and budget reductions for the current fiscal year and the upcoming budget process for 2014.

In tabling these suggestions we are obliged to ask if the Mayor will make a serious effort to evaluate and implement the recommendations and we ask for his commitment to do so. Mayor McDonald, are you willing to bring these recommendations to council for open discussion by September 9th, 2013? We are prepared to share our recommendations with the public and believe they are certain to become election issues in 2014. The Taxpayers' Association and, by extension, the North Bay taxpayers need to see a commitment from council to reduce expenses and ease the burden on taxpayers.

THE FACTS

1. North Bay is one of only 2 cities in northern Ontario experiencing a population decline according to the Stats Canada 2006-2011 census data.
2. North Bay has the highest combined property tax and water/sewer costs in Northern Ontario and, as a percentage of family income, is also the highest in the north
3. Of the 86 municipalities participating in the 2012 BMA study there are only 13 cities with lower combined family incomes than North Bay.
4. Among all Northern Ontario cities only Thunder Bay – with double the population – has a higher municipal debt than North Bay.

(Source: 2012 BMA Comparison of Northern Ontario Cities)

ASSOCIATION RECOMMENDATIONS

RECOMMENDATION #1: OVERALL REDUCTION IN CITY STAFF

Due to current union contract(s) the City is bound to certain wage levels therefore in order to reduce wage and benefit costs there must be a reduction in the numbers of employees.

- We recommend a moratorium on hiring of any kind for the next 5 years.
- Establish a formula to determine surplus personnel.
- Terminate (with cause) any incompetent employees.
- Council should instruct the CAO to look into the staffing levels of each department with a view to reducing both union and non-union employee counts by 10% in every department.

RATIONALE:

Contrary to council's belief that a reduction in staff translates into a reduction in services NBTA believes that the level of service can be sustained with improved procedures.

In addition the NBTA feels that staffing levels in each department are too high. While it may be pertinent for the City's Economic Development office to promote North Bay as a prospective location for new business, it is not in the purview of city administration to create jobs. Current efforts by administration to evaluate these levels have apparently resulted in some movement in this direction but are not sufficient to correct the situation that has been allowed to develop over the last few years.

RECOMMENDATION #2: REDUCTION IN WAGES AND BENEFITS

It has been pointed out by NBTA that wages for Community Services, Corporate Services, Engineering and Environmental services and the Fire Department have increased by 17.57% over the past four years as opposed to inflation which has risen 6.5% over the same period.

This disconnect must be addressed immediately in order to reduce the tax burden on North Bay taxpayers. Part of the reason for the present situation is the overly generous compensation packages given to unionized employees during the last contract talks as well as similar increases granted to non-unionized employees.

- We recommend that wages for all City Sunshine List non-union staff be rolled back 3%
- Immediately freeze all wages of non-union employees for 5 years
- End the practice of defined-benefit pension plans in next negotiations

RATIONALE:

A roll back of the "Sunshine List" staff and a wage freeze for other non-union staff will send a signal to all staff that these are serious times and cuts have to be made. Union staff might be more receptive to changes if cuts are made at the top. It is the feeling of the NBTA that there is little evidence that North Bay is well managed so why should senior staff be paid top dollars and enjoy premium job security when delivering mediocre results.

Subsequent labour negotiations must seek to end the practice of offering defined-benefit pension plans to employees. This benefit, along with accumulation of paid sick days, has resulted in huge unfunded liabilities to government employers at every level. The practice is unsustainable and the idea that taxpayers continue to be asked to top up pension plans such as OMERS, who continually fail to meet obligation targets, must end immediately.

This has a detrimental impact on private sector employers who wish to create jobs in a municipality which has lower and competitive taxation. Private enterprise cannot be competitive.

RECOMMENDATION #3: EFFICIENCIES AND OVERTIME

Annual budgets should reflect the current workforce without overtime costs and operations should be planned with proper procedures to get work done without the need for overtime.

- Remove budgeted overtime from all department budgets and replace with flexible shifts.
- Restrict annual holiday time to the period from October to April for public works employees
- Improve procedures so that existing workforce and non-overtime hours are sufficient to complete the necessary services
- Mr. Knox is currently conducting a review of operations. NBTA recommends that the review include “value for money” items outlined in Appendix A to this report. It is also recommended that these findings be released to the public. (Appendix A attached)

RATIONALE:

Contingency planning for overtime creates more accountability than budgeted overtime.

There is sufficient anecdotal and verified evidence to support the view that crews are not working to 100% capacity and efficiencies can be found.

NBTA understands that currently workers are permitted to take holidays during the summer months when their services are most required. This results in the number of crews being drastically reduced and consequently decreases departmental efficiency and increases part time staff requirements.

RECOMMENDATION #4: NORTH BAY FIRE DEPARTMENT

North Bay has one of the costliest fire departments in the Province of Ontario. The City can no longer sustain the wages and benefit increases demanded by the fire department.

- Immediately deliver an austerity message to the Fire Department demanding cost cutting and a call to back off annual increases
- Cut Administration costs by 10%
- Immediately pass a motion to reduce the number of firemen required per platoon with a view to shrinking the number of firemen by at least 10 by attrition and other means if necessary
- Council should have a discussion with the Fire Dept. about the number of emergency responses (ie accidents) versus fire calls with a view to reducing these numbers or, at a minimum, reduce the equipment costs to service these non-fire calls
- Review the practical need for four (4) fully staffed, fully managed fire halls

RATIONALE:

It is recognized that council has little control over wages and benefits of the firefighters, however, they do have control over the number of personnel stipulated as a minimum for each platoon. NBTA encourages council to use this control to reduce platoon sizes. With this reduction there will be an avenue to reduce the size of the fire department workforce and administration.

The leadership shown by council to reduce the fire department costs will be a strong bargaining tool during the next negotiations for all unionized workers.

The majority of Fire Department responses are for non-fire emergencies (ie: car accidents). This protocol needs to be evaluated to see if the calls can be screened or reduced. In many cases it may not be necessary to dispatch a fully equipped fire truck.

It seems unreasonable that North Bay Fire Department staff are getting the same rate of pay as Toronto firefighters when the risks of office tower fires and other large events are extremely low. Without the authority to change the wage scale the council should pursue other means to reduce wages and benefits as noted above.

RECOMMENDATION #5: NORTH BAY POLICE SERVICES

As with the fire services the council has little control or input into the wage and benefits costs of the North Bay Police Services and the escalating costs each year are virtually uncontrolled.

- Immediately investigate the possible savings associated with contracting out area policing services to the Ontario Provincial Police

RATIONALE:

The OPP maintains a large presence within the municipality and offers assurances that they can do the same job as the North Bay Police for considerably less money. With contracting to the OPP the Council would have a clear picture of costs for a contract period. The taxpayers deserve a chance to consider this option and it is incumbent upon the mayor and council to explore this alternative.

Job losses for local police officers should not be a serious concern because these officers would likely be hired by the OPP in order to carry out the contract. OPP would no doubt give preference to former NB Police Services officers as they would be familiar with the community and the area needs.

RECOMMENDATION #6: OPERATIONAL REVIEW

According to the 2012 BMA North Bay's road repair costs per paved lane (including amortization) are the highest of any community in Northern Ontario. Specifically, North Bay's road costs are \$5,907 per km higher than the average for Sault Ste. Marie, Timmins, Thunder Bay and Sudbury whose roads and weather conditions are similar.

- North Bay should substantially reduce the usage of their own public works crews for larger road repairs
- Establish a baseline for road repair where public works could be efficient and cost effective
- Any contract work exceeding this baseline should be sub-contracted out to the private sector via tender
- A strong focus should be placed on maintaining roads and sidewalks in good repair in the most cost-effective manner

RATIONALE:

With similar weather and road traffic in other northern communities, costs for North Bay road repair should not be \$5,907 per km higher than the average. Expressed as a percentage this is a 67% higher cost to North Bay taxpayers than similar Northern cities. The differences can likely be attributed to the inefficiencies, high costs and minimal productivity of public works crews versus the private sector. It is challenging to determine how much this negative variance is costing the citizens of North Bay on an annual basis.

RECOMMENDATION #7: LOBBY CONSORTIUM

North Bay citizens and business would welcome the opportunity to offer assistance to the City during budget development, during operational and service delivery reviews and other evaluation processes.

- City of North Bay should create a mechanism whereby business owners and residents can provide assistance and intelligence to city management in an effort to keep costs down and keep us moving forward in developing the most appropriate and efficient city operations.

RATIONALE:

The formation of a consortium, with a cross-section of North Bay's diverse population, could be formed in co-operation with the North Bay Taxpayers' Association to serve as a resource and idea mill for the City. In areas where reduced staff levels are a deterrent to information gathering and research into options the consortium could offer solutions with a willing group of knowledgeable business owners, residents and individuals with the time, energy and commitment to work towards a 5% budget reduction in 2014 and beyond.

RECOMMENDATION #8: GROUP PURCHASING

There are tremendous advantageous to group buying power and many firms, even small family businesses, take advantage of group buying organizations to improve profitability. The opportunity exists for the City of North Bay to do the same.

- City of North Bay should immediately initiate a dialogue with other like communities in the north to explore the feasibility of bulk buying for supplies and equipment.

RATIONALE:

Group buying is not a new concept and would be one of the easiest projects to initiate because there is no down side. It is a win-win concept for North Bay, for the other communities involved, for the suppliers and ultimately for the taxpayers.

SUMMARY

North Bay has a rich history in mining, transportation and forestry and an excellent quality of life. However, given global economic changes, urbanization in Southern Ontario, reliance on government agencies in the local economy, impacts from the Green Energy Act making our industries less competitive and deteriorating Provincial finances North Bay Taxpayers' Association believes North Bay has reached a critical juncture:- the status quo of a high cost City administration versus strong leadership charting a course to future prosperity.

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APPENDIX A

North Bay Taxpayers' Association strongly recommends that the following recommendations be included in the City of North Bay's operations review currently underway.

1. Analyse and document all current systems, procedures, operations policies, reporting procedures, job descriptions and performance appraisals currently enforced and activated for all departments and specific recurring operations.
2. Scrutinize all operations to determine inefficiencies, duplications, poor planning, ineffective or redundant procedures, etc. and make recommendations for new policies and more effective procedural methods for repetitive operations that will serve to cut costs, increase efficiencies and eliminate wasted time and materials.
3. Review operations to identify those that can be contracted out and performed more efficiently and cost effectively by the private sector.
4. Complete a cash revenue analysis including all current methods of documentation for areas where cash payments are received (ie: landfill, parking, transit, etc.) Ensure that there are sufficient checks and balances in place to track and trace cash payments at all levels of handling, deposit and recording.