

The Mayor's Plan and 2016 budget presentation – Dec 7, 2015

At last week's council meeting, a council member who apparently still doesn't understand those pesky Procedural by-law rules commented that City staff wouldn't recommend that Council do anything that was in violation of the Municipal Act.

The role of council members is to ensure the accountability and transparency of operations of the municipality and the activities of senior management. This would suggest that expressing blind faith in senior staff is exactly what council members should not be doing.

The budget suggests the addition of an Information Officer's wage and benefit burden of \$113,000 to the City's payroll. An information officer provides zero benefit to taxpayers. An information officer's sole responsibility is to massage information. The only people who are benefiting from this is council members. This act, especially when council is borrowing money to cover operating expenses, is a slap in the face to taxpayers.

The Mayor made a number of statements in today's Nugget regarding his plan to try and monetize the loan due from Hydro. None of the statements of fact were entirely accurate and we'd like to address a few of them tonight.

The Mayor stated that having Hydro pay at a lower interest rate will make it more profitable. As we stated last week, the interest rate charged to Hydro is dictated by the City and the City can change it at will. If a lower interest rate is really the problem it can be changed regardless if this plan is implemented or not.

In addition, regardless of the interest under this plan, it will now be going to outside lenders and will be of no benefit to taxpayers. Also, taxpayers will now be obligated to use funds repaying the principal which they are not required to do presently since the loan is owing to us.

The Mayor suggested a lower interest from a bank would save the Hydro \$390,000 in the first year.

What the Mayor is forgetting is that any reduction in interest expense to Hydro represents an increase in its taxable income. This means that 26.5% or approximately \$103,000 of the \$390,000 savings goes directly to the government.

So here is the choice. Maintain the status quo and have taxpayers receive \$390,000 in interest or have Hydro borrow the money and taxpayers only receive \$287,000. Think about that for a moment and let me know which option you think is the more beneficial.

The Mayor states that the 2016 tax levy sits at a 1.7 %, compared to 4.5 % without its implementation. The fact is this an artificial reduction of the tax levy does nothing to reduce the cost to taxpayers who will have the principal and interest of this loan borrowed to effect this reduction added to their hydro bills over 20 years.

The Mayor also suggested that his plan provides time for council and staff to truly look at ways the city can do business differently, rather than trying to cope with budgets from one year to the next.

I'm not even sure what that means but it appears that up to now council and staff have not been really serious about looking for ways the city can do business differently and have just been going through the motions.

At a budget meeting on Nov 26th in the upstairs board room a council member suggested that council should look at freezing the salaries of non-union staff. That comment was met with about 10 seconds of complete silence. You could have heard a pin drop. There was no comment, no discussion just complete silence. Finally, someone made an offhanded remark and the meeting continued on another topic. This to me was an indication of the lack of will among council members to make any real changes to the status quo.

Finally, this is not a plan; this is a number of bad ideas wrapped up in a flawed concept.

We are asking that the 2016 budget containing any elements of this plan be defeated.