

North Bay Taxpayers' Association - Council presentation – January 11, 2016

Tonight's presentation will focus, once again, on the financial damage that will result from the passing of the 2016 budget as it now stands. We know there are a number of council members who will be voting against this budget. We know that a few others who have put enough thought into the disadvantages of Hydro borrowing \$25 million to understand that this borrowing will not be a benefit but a financial burden on taxpayers. We hope that other council members will come to the same conclusion tonight and vote against this budget and send it back to committee.

The Mayor's plan provides a short term benefit for council who can now cover up expense increases using loan proceeds. This translates into long term pain for taxpayers. The Mayor's Plan promotes the benefit of a lower tax levy while ignoring the consequences. Covering up expenses using loan proceeds works only until those loan proceeds are no longer available.

Let's examine just one disadvantage. The \$5.8 million being used to subsidize City operating expenses means that instead of paying for operating expenses in the years which they are incurred, we will be paying for them in installments. In addition, the interest expense on these installments, even at the low rates now in effect, will be about \$2 million over 20 years.

As a practical example, let's consider adolescents currently living in North Bay. Taxpayers in training if you will! A young person who is now 16 years old will be 26 in ten years and still have 10 years left to finish repaying money that his parents spent a decade ago. Just think about that legacy for a moment.

Is anyone here tonight prepared to justify this in their own minds and also explain to taxpayers how this is in any way, shape or form a benefit?

Paying off the \$11 million Hospital commitment whose present value is approximately \$9.5 million does not extinguish the liability but only transfers it from our tax bills to our hydro bills. In addition, even though the early payment is a reduced amount because we are trading an interest free liability for an interest bearing liability paid through Hydro bills, the total cost to pay the current \$11 million commitment will be over \$15 million.

This is clearly a cost to taxpayers and can in no way be touted as a benefit. These concerns we have as an Association are not unsupported opinions but are the facts derived from the figures presented by the Mayor in this plan.

The issues of raises in council salaries and the addition of an \$113,000 information officer to the payroll are still fresh in the minds of the public. The expenditure of these additional funds, at a time when we actually have to borrow money to pay for operating expenses, is mindboggling. These items are a benefit to council only and do not represent any tangible value to taxpayers. We suggest that Council would fulfill their role as defenders of the public interest if the salary increase motion was reversed and the position of information manager was eliminated from the budget.

Over the past few weeks and months our Association has publically presented our concerns about this plan in a civil manner. We hoped that Council, especially in light of their numerous requests for public comment on the budget, would have offered some response to those concerns.

We are extremely disappointed that this has not been the case.

We feel that Council's complete disregard for our organization in general and our concerns about this plan in particular stems from the fact that we do not come here as supplicants, hat in hand, to plead on bended knee for some relief. Instead, we have the temerity to actually be critical of staff and council by pointing out errors and suggesting the council's actions are not beneficial to taxpayers. Imagine the nerve!

This is not justification for your attitude. The City of North Bay's only reason for being is to provide services to taxpayers. Without taxpayers, the City of North Bay has no customers. Council exists as a conduit between taxpayers and the corporation. Your role is to protect the interests of taxpayers and ensure that senior staff is doing the same. When you are not doing your job, that fact will be pointed out and it is taxpayers' obligation to do so. It is Council's job to provide accurate feedback so that taxpayers' concerns can be addressed. Suggesting that you are open to comments and then ignoring them completely is surely not the object of the exercise.

We are asking council members to concentrate on the matter at hand and to ignore the artificial December budget deadline which has been put in place without any compelling evidence of any benefit that it provides.

We are asking council members tonight to vote against this budget which represents at least a 4% increase in the tax levy when one ignores the artificial reductions using loan proceeds and the continuing erroneous practice by staff of reducing the tax levy by the growth figure.

In other words, we are asking them to fulfill their roles to protect the interests of the public and the City of North Bay.