

Taxpayers' Association - Council Presentation – Dec 14, 2015

We want to continue the conversation about the benefits of the Mayor's Plan that he talked about in last week's Nugget.

We addressed the Mayor's statements detailing interest savings which are not savings but actually a cost to taxpayers. We stated that using borrowed funds to artificially lower the tax levy is an obvious act of desperation in addition to being in violation of the Municipal Act. The fact that the general government committee has recommended this plan lends no support to it and its flaws.

This week we'd like to put an end to the notion, promoted by the Mayor, that using funds borrowed by Hydro in order to reduce capital borrowing by the City is a benefit.

Whether loans are made by the City or the Hydro, taxpayers are responsible for the payments. The statement that there is somehow a benefit from Hydro borrowing the money is untrue. Taxpayers are on the hook for the loans whether they pay through their hydro bills or their tax bills.

As a matter of fact it is more costly if Hydro borrows the money since Hydro must make principal payments from after tax funds. The current tax rate is 26.5% and applied to the approx \$25 million loan amounts to \$6.6 million in taxes.

The Mayor suggests that after 20 years Hydro will have no debt showing on its books. What he fails to mention is that in 20 years the City will have no note receivable showing on its books. The end result will be exactly what the situation is now a zero liability. Unfortunately, during the 20 years, the City will have wasted over \$20 million of taxpayers' money to arrive at the same financial position that presently exists.

There's a reason that the recent Baylor survey indicated that 71% of the population do not trust our municipal government. It's because of plans like this that claim taxpayers' benefits when the only benefits are to council and staff. We are saying that taxpayers are being sold a bill of goods and Council's reaction this far, which consists of ignoring our Association's concerns, indicates that we are correct in this assumption.

People may not understand all the nuances of this plan but they know when they are being fed the straight goods and when they are not.

We've been indicating that this plan has no benefits but that's not quite true. There are benefits..... for council and staff..... and this is of course why they are anxious to pass it without any serious public discussion.

Putting this plan into place means that council and senior staff doesn't have to make the hard decisions necessary to reduce the 4.75% tax levy increase that now exists. Hard decisions like freezing wages and eliminating about 60 positions at City Hall.

Additionally, the \$25 million loan will not show as part of the City's borrowing limit which will allow the City to more borrowing room and costs for taxpayers to shoulder in the future.

On an additional note, the upcoming recommendation to raise council salaries plus the addition of an information officer when the City is making long term borrowings to pay for current operating expenses is a direct insult to taxpayers.

Any council members here tonight who are interested in fulfilling their role to protect the interests of the public and the City of North Bay should vote "No" on the 2016 budget as it is currently proposed.

If anyone needs any clarification of the points that have been raised here now is the time to ask.