

North Bay Taxpayers' Association – 2017 Budget input - Sept 8, 2016

According to the Ontario Ministry of Finance, the population decline in North Eastern Ontario is forecast to be 3.7% between now and 2041. That statistic and the anecdotal evidence regarding company closures, relocations and layoffs in this region, reinforces the fact that North Bay's future economic growth prospects are minimal at best.

Since North Bay has one of the highest average family municipal tax burdens in the region coupled with the lowest average family income, it is evident that future tax levies must be reduced rather than increased.

The following are our suggestions for accomplishing this task:

1. Compensation packages for municipal employees represent the largest line item in the City's operating budget. Comprising 45% of the yearly tax levy and forecast to comprise over 75% of any tax levy increases over the next seven years, wage and benefits costs must be reduced drastically. There are a number of ways this objective can be accomplished. The expiry of the current CUPE contract offers an excellent opportunity for Council to accomplish this through negotiations with union leaders.

The following are suggestions how this can be accomplished:

(a) Immediate replacement of defined benefit pension plans with defined contribution pension plans for all union and non-union employees.

Defined benefit pension plans are practically non-existent or on the way out in the private sector because of the escalating cost of unfunded liabilities. Defined benefit pension plan unfunded liabilities have been a major factor in the bankruptcy of a number of prominent US cities.

(b) Address differences in efficiency ratios in Fire costs per \$m of assessment. A 2013 AMO – MIDAS report indicated that the cost per \$m of assessment in North Bay in 145% more than the provincial average.

(c) Address differences in efficiency ratios in Police costs per person. A 2013 AMO – MIDAS report indicated that the cost per person in North Bay in 174% more than the provincial average.

(d) An immediate freeze on wage and benefit packages for all non-union employees.

(e) As of the end of 2015, the City of North Bay (excluding the Water and Sewer department) had over 800 FT, PT and seasonal employees. A reduction in this number must surely be possible considering the financial burden municipal taxes are placing on citizens. We are not privy to the operational details of each department but feel that a reduction on 10% in that number should be feasible without any significant reduction in service levels.

(f) As we demonstrated at Council recently, wages for City employees (excluding Water and Sewer, Police and ABC"s) have increase by 2.3% times the rate of inflation during the period 2010 – 2016. Considering the fact that taxpayers are not receiving any more services that they did in 2010 nor has the quality of service demonstrably increased in this time period these increases are unacceptable. We suggest that the any wage offer contain neither increase in wages or benefits levels nor bracket creep for the term of the next contact.

2. Since our inception in late 2012, the Association has outlined various errors and misleading statements in numerous staff reports. Council relies on the expertise of senior staff to provide accurate and timely reports in order to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council.

We feel that this situation is one of dire concern since many council members are not experts in all fields and need to be able to rely on the accuracy of any reports from senior staff in order to make informed decisions for the benefit of taxpayers.

3. To date the city has spent hundreds of thousands of dollars on consultants for a waterfront study. The current plan to move the mooring of the Chief Commanda and decommission King's landing will cost taxpayers millions of dollars.

Given the state of the City's infrastructure and the current lack of funding required to remedy this problem, we would suggest curtailing any projects that finance "wants" and concentrate on the City's "needs". The Mayor has stated recently that, "Although we could spend more on infrastructure we just don't have that kind of money." In spite of this state of affairs, the City is currently soliciting ideas from the public regarding further tourist related development of the waterfront. We suggest that this initiative be stopped immediately.

4. The immediate reversal of the "Mayor's Plan" which sees taxpayers borrowing over \$25 million plus interest to be repaid over the next 20 years to outside lenders through their hydro bills. In their recent report Moody's panned this plan as being short sighted. Figures show that the entire plan is a financial debacle and mirrors the action of a consumer using one credit card to pay off another.

5. Instruct department mangers to prepare a budget with a 5% decrease over 2016. Any council input following that can fine tune departmental expenditures which should result in an actual decrease in the tax levy. A feat like that would surely give council something to be proud of.

5. Budget estimates are necessary because future expenditures are, to varying degrees, unknown. If the amounts of future expenditures were known to us, we would certainly dispense with budget estimates and increase our certainty by 100%. It becomes clear then that by taking part of the uncertainty out of the equation and waiting for exact figures from the current year increases our chance of accuracy.

The current practice of attempting to set a budget for the following year before the current year's actual figures are available is harmful to taxpayers. This practice increases departmental

budgets without goals, oversight and ultimately any accountability and should be discontinued immediately.

6. Report year over year percentage changes in the tax levy accurately. For the past number of years, staff reports have misrepresented tax levy increases resulting in taxpayers being misled about the year over year increase in city expenditures.

Specifically, real growth figures have no effect on any tax levy. Also, when calculating a year over year increase in the tax levy, one cannot change the ending figures from the previous year in order to present a more favourable result. We have, on numerous occasions since 2012, pointed these errors out to senior staff, the mayor and council. Please inform yourselves of the errors in this regard and correct them.

7. This is only a preliminary listing and we would be happy to discuss other ideas with you.

All of which is respectfully submitted,

North Bay Taxpayers' Association