

North Bay Taxpayers' Association

October 18, 2017
FOR IMMEDIATE RELEASE

North Bay Taxpayers' Association – 2018 Budget input - Oct 18, 2017

Since the last census, North Bay has experienced a decrease in population of 1,500 souls which provides hard evidence of previous provincial forecasts regarding population decline in North Eastern Ontario.

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 continuing company closures, relocations and layoffs in this region, reinforce 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 to reduce the City's tax levy and taxpayers' tax burden.

1. Compensation packages for municipal employees represent the largest line item in the City's operating budget. The City has recently signed a contract with CUPE raising wages by 1.5% per year over the next 4 years. Comprising over 45% of the yearly city expenditures and forecast to comprise over 75% of any tax levy increases over the next seven years, wage and benefits costs must be reduced drastically.

The following are suggestions how this can be accomplished:

(a) Address differences in efficiency ratios in Fire costs. A 2013 AMO – MIDAS report indicated that the cost per \$m of assessment in North Bay is 145% more than the provincial average. A volunteer fire department compliment is long overdue in North Bay and would go a long way to dealing with this problem.

(b) Address differences in efficiency ratios in Police costs per person. A 2013 AMO – MIDAS report indicated that the cost per person in North Bay is 174% more than the provincial average. A request to the OPP for a quote on providing police services is long overdue and would go a long way to dealing with this problem.

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

(d) As of the end of 2016, the City of North Bay (excluding the Water and Sewer department) had over 825 FT, PT and seasonal employees. A reduction in this number must surely be possible. 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 real reduction in service levels.

(e) An immediate freeze on new and replacement hiring.

(f) Wages for City employees (excluding Water and Sewer, Police and ABC's) have risen 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. Defined benefit pension plans are practically non-existent 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. These plans must be

terminated sooner rather than later in order to negate the ever increasing unfunded liabilities incorporated into them.

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 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. There needs to be some changes made to increase the reliability of information being supplied to the Mayor and council.

3. To date the city has spent hundreds of thousands of dollars on consultants for a waterfront study. Simply considering the state of the City's infrastructure and its accompanying underfunding plus the new capital demands required to replace West Ferris Arena, we would suggest curtailing any and all projects that finance growth related expenditures. We need to ignore the wants of a few and concentrate on the City's needs. In particular the City's current initiative on further tourist related development of the waterfront needs to be stopped immediately.

4. In their recent report Moody's panned the Mayor's plan as being short sighted. Figures show that the entire plan is a financial debacle which is costing taxpayers millions of dollars. At this time, some of the damage is irrevocable but there are considerable savings to be had if it is abandoned. The "Mayor's Plan" should be discontinued immediately.

5. Budgets estimates are necessarily partially based on past experience. If the amounts of future expenditures were known to us, we could certainly dispense with estimates. It is clear that by taking part of the uncertainty out of the budgeting equation and waiting for exact spending figures from the current year will increase the accuracy of budget estimates for the coming year. The current practice of attempting to set a budget for the following year before the current year's actual figures are available reduces the accuracy of budget figures. There is no financial or practical reason to have a budget in place before the end of the year. This practice increases departmental budgets, decreases oversight and ultimately dispenses with accountability and should be discontinued immediately.

6. Instruct department managers to prepare a budget with a 5% decrease over 2017. Any council input following that can fine tune departmental expenditures. This would result in an actual decrease in the tax levy. A feat like that would surely give council something to be proud of.

7. Report year over year percentage changes in the tax levy accurately. For the past number of years, staff reports have misrepresented tax levy increases by reducing the tax levy percentage increase by the percentage of real assessment growth. This results in taxpayers being misled about the year over year increase in city expenditures.

Real growth figures have no zero effect on the tax levy. Also, when calculating a year over year increases in the tax levy, one cannot, as staff have been doing, substitute new ending figures from the previous year in order to calculate the current year's increase. We have, on numerous occasions since 2012, pointed these errors out to senior staff, the mayor and council. Please stop misleading taxpayers as to the percentage increase in the year over year tax levy.

8. Dissolve Invest North Bay which has been a costly waste of taxpayers' funds and has produced zero results. Retrieve the \$1 million given to the corporation. These funds were provided without a hint of what they were going to be spent on and without any evidence that the funds would produce any beneficial results.

We consider these suggestions to be sensible and attainable.

All of which is respectfully submitted,

North Bay Taxpayers' Association

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