

Budget 2012 Comments to Council – January 23, 2012

Madame Mayor, Members of Council, Town Staff and the General Public.

My name is Michael Seguin and I'm president of the Blue Mountain Ratepayers Association

On behalf of the Blue Mountain Ratepayers Association, I would like to commend Mr. Cummings and his entire staff for all the hard work, and probably the many unpaid additional hours, in preparing these massive and detailed budget reports. Certainly having them posted on the Town's web site has made it easier for the public to view them and be kept informed of all the revisions.

However, it's very disturbing that very little effort was made by the Town to advertise the Public Meeting (no Notices were placed in the paper) and a Public Information Meeting was held only 1-2 hours before this Statutory Public Meeting. The taxpayer, viewing this information for the first time, is basically given no time to respond, especially when the Notice posted on the Web Site stated that no written comments could be received after January 18th. This statement alone may have resulted in a number of people not making written comments. This type of Notice is unacceptable and I hope this was done in error and not an attempt to suppress public opinion on a very controversial budget.

Last year (2011), Council and the Public were told that staff had produced a budget with "the utmost fiscal restraint" and we ended up with a 2.7% tax levy. However, this year the word "restraint" is not even used. This year we are told that this budget is based on a "year of lost revenue". If I recall, the revenue streams in 2011 were just as bad and you were still able to practice some restraint. Now, with less revenue to pay for substantial increased enhancements in the amount of \$816,000, we the taxpayer are held responsible and must pay more. What a great source of revenue – the taxpayer!

What the Public should know!

The Public should know that Town Budgets are being based on previous year's Budget amounts and not actual spending amounts. For example, the Total General Expense in 2011 was budgeted at \$8.5 million but only \$8.3 million was spent, a substantial difference and a **surplus** of approximately \$200,000.

This year's Budget amount for general expense (2012) is based on the previous year's budget amount of \$8.5 million and **not** the actual spending amount of \$8.3 million, which produces yet another \$200,000 – that is a \$380,000 differential representing a 5.0% increase in 2012 instead of a projected 2% increase. This is certainly padding and allows for surpluses and considerable discretionary expenses, which we are told is "down 2.0%". This statement alone is an admission

of “padding”. The Public should know that there is substantial padding to accumulate a General Surplus Slush Fund in the amount of approximately \$2.0 million dollars in 2010 and which is now being used (or should I say forced by the auditors) to pay off deficit reserve funds. With annual tax surpluses expected in the \$500,000 to \$1.0 million range, the building deficit and many other department deficits are being protected against reducing operating expenses.

Mr. Cummings, makes a bold statement in his presentation that “the objective of this 2012 budget is to balance the ability of a community pay, while ensuring long term financial stability/sustainability”. The Public will tell you that a Town levy of 7.8% shows no concern for the community’s ability to pay. Many people, including seniors on fixed incomes, who live and work in the community will not be receiving inflationary increases of 2.9%, which you have stated is one of the main drivers in arriving at this 7.8% tax levy. With Council’s enhancements to the base budget and increases in energy costs, gasoline and food that are mentioned, I can’t imagine how people will be able afford to live here anymore. If they are lucky, they may get by spending less in this community.

With regards to the recorded Enhancements, the Public should know that they are continually paying more and more money for Roads and Sidewalks and seeing less and less benefits. Last year Council decided to put \$100,000 in the roads reserves for three years and we have no accounting of this money and whether or not it was ever spent.

I have personally reviewed all the department budget reports and in my opinion there are a number of hidden tax funded requests or discretionary spending in 2012 that should be considered enhancements (in my opinion, these are additional costs and services that are not considered essential). Here are a few that the Public should know about:

- 1) \$15,000 for 3 work stations (desks and chairs) for Council in the new Town Hall;
\$8,000 for new furniture in the Engineering and Public Works Department;
\$7,000 for new furniture in the Planning and Services Department;
- 2) \$225,000 over 5 years (\$25,000 in 2012) for a Housing Committee (and subsequently a Housing Corporation) for attainable housing expenses – no detailed or viable Business Plan has been provided to Council or the Public and I would say this is premature; the Public will want to know more about this project before committing any funds!
- 3) \$183,630 is being spent via debt to provide for signage, demolition of old town hall, landscaping and blinds, etc.; wasn’t this supposed to be funded under the new Town hall project? I guess the project costs are continually growing – should

hit \$10.0 million soon. With a debt service charge of \$233,500 per year, I guess the taxpayers will be reminded how much this new building is costing us – will this be a money-pit?

- 4) \$385,040 is being spent from taxes over 5 years (\$77,008 in 2012) to pay for what they call “Continuous Improvements” or replacement of computers and office equipment; how many people here can afford to throw away their computers and cell phones every 4 years?

Landfill Mining and Expansion

With regards to the “Landfill Mining and Expansion” project, the Public should have some reservations about this proposal when the Town is one of the biggest contributor of waste, especially when the consultant states that the Export Options are not recommended because it will “reduce the ability to donate tipping fees to the Town and community projects (i.e. Town hall site – contaminated soil and structures dumped there). Now, the town plans to demolish the old town hall and send all the construction waste to the landfill at \$100.00 per tonne when the actual cost to remediate will be around \$300.00 per tonne. Apparently, the taxpayer has been subsidizing commercial waste for years. The consultant clearly outlines in his report to Council that commercial waste (which includes the town waste) can reduce the lifecycle of the waste site by 50% (i.e. from 40 years to 20 years). The Public might also be interested in one of the Engineering Reports that states that “used furniture and equipment will be disposed of at the landfill”. No effort is being made to donate, give away or even sell the furniture. How do you like that attitude?

Lastly, the Public should know that \$353,500 is being spent from taxes over the next 5 years (\$70,000 in 2012) to pay for the acquisition of lands adjacent to the existing landfill site. Is this enhancement or a requirement and why wasn't it discuss as part of the Landfill scenarios?

Garbage

Undoubtedly, "garbage" is a very sensitive topic in this community and the Public have expressed their concerns about the Town's "full user pay" proposal. The Public believe that this is an ill-conceived idea and just a quick way to generate revenue and pay for enhancements. That's why it appears on the enhancement chart. Any revenue generated from a user pay system should be used to cover the cost of garbage collection and disposal and not enhancements. There has been no open and transparent public meeting to discuss this proposal and the staff has provided no business plan regarding the administration time and costs to provide tags and enforcement. There are many options for waste collection services and the Public want you to consider these options and discuss it with them.

You also mention that Simcoe and Meaford have implemented a full user pay system – what you forget to mention is that both have gone to a biweekly collection which doesn't generate a lot of revenue but sure saves on garbage costs and disposal – isn't that what this program is suppose to be about?

In Summary

I have read a number of emails and letters sent to you by taxpayers. They are obviously in disbelief and shock.

If Council votes for this budget and an increase at 7.80%, then the reality will set in for most taxpayers that this Council has no clue and cares nothing about “the hardships and ability of this community to pay”. This budget will do nothing but compound the hardship in years to come and drive people out and away from our community.

We know that three councilors voted against this budget and hopefully the remainder will come to their senses and reconstruct a more meaningful and responsible budget – one that reflects less padding and discretionary spending. If no serious changes are made, then it is the responsibility of our Association to remind people that this Council has scored another “F” for failure to communicate and reach out to the needs of the taxpayer.

Michael P. Seguin, President
Blue Mountain Ratepayers' Association

Water and Sewer Rates

What the Public should know!

The Public should know that the proposed 2012 water rate and Plan went from an 8.2% annual increase per annum down to 7.7% and further down to 6.25% in less than 2 months. In April, we were told that “an 8.2% annual increase over 7 years is a best option in order for the town to be better prepared for unforeseen problems and avoid a larger one time increase”. What happened? This tells me that there is considerable padding in this budget as well, and that there is a disagreement in how each member of Council views the needs for the next 20 years and beyond.

The Public should know that our current water system is relatively new and is built 60% for the current users and 40% for future users and that only 25% of the system is currently being used. This means that current users are being asked to carry the full burden of the future – a future that the whole community will likely benefit from in terms of economic growth. This also means that if there is new growth, new development will pay substantial development charges to buy into the current system that doesn't need expansion. This money should be used to help reduce the cost to the current users and set-aside for replacement cost of the infrastructure.

The Public should know that there is no percentage breakdown between operational expenses and contributions to the Asset Replacement Reserve Fund. Without a pre-determined breakdown, this permits movement of funds to increase the bureaucracy at any given time. We should also have a full audit of this Reserve Fund – any interest or investments of these funds should be used to offset increased user fees.

The Public should know that no serious consideration is being given to the Town's agreement with the Town of Collingwood and the ability to take 8,000 cubic meters of water per day (twice what we are taking now). At the Public Information Centre in April, 2011, we were told that this water offsets the Town's water needs and ensures “that no treatment expansion is required in the near future”.

The Public should know that we have four members of this Council who are making decisions about how much we should pay when they, in fact, have never paid a cent into the water system and have no financial investment in its future growth. If they say they do, then they should also be paying or contributing a portion of their tax dollars for future infrastructure replacement. Infrastructure Plans should be considered an investment in the community as a whole. I think it's time that everyone in the community should be sharing in the burden of future infrastructure.

A good example is the Slabtown Bridge, where the taxpayers are being asked to pay about \$877,000 for infrastructure that will only benefit 15-20 families. I ask you - is that fair? You will probably answer that it's for the betterment of the community and we would all agree.

Base on current reports, another example is that the general taxpayer is being asked to help pay for infrastructure needs along Elma Street (\$40,000 in 2012).

With regards to the proposed 2012 Wastewater Rate, The Public should know that the proposed wastewater rate and Plan went from 0% to 8.4% and down to 7.25% without any Business Plan or presentation to the public. We are only told that this rate is based on the "philosophy of the 20 year Capital Water Plan". This is not an open and transparent decision and the Plan should have been presented to the public before a request for approval. It appears that this must have been decided in a secret meeting because we were never made aware of this charge until the budget process started in December, 2011. Is this another example of Staff and Council making major financial decisions without public consultation – where is the transparency?

On behalf of the Public, I urge this Council to provide more leadership and show more respect for the community and their ability to pay. These high utility rates are outrageous considering what you want in tax increases, the state of the economy and given the current state of existing infrastructure.

When you decide the final rates, remember, when it comes to respect, you will get what you give!

Michael P. Seguin, President
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