



SPECIAL COUNCIL MEETING # 02-2004

BUDGET SESSION # 01

Tuesday, January 20, 2004
Meeting began at 7:00 p.m.

PRESENT: A special Budget Meeting was held this evening with the following members present: Mayor Phil Poirier, Councillors Naresh Bhargava, Joël Côté, Chris Savard, Korey Kennedy, Glen Grant, Leslie O'Shaughnessy, Mark MacDonald, Jacques Lemire, Huguette Burroughs

REGRETS: Councillors Perry Lalonde

ADMINISTRATION: Cecil Vincent, Chief Administrative Officer, Denise Labelle-Gélinas, City Clerk, and the following Management Personnel: Graham Dart, Susan Cain, Debora Daigle, Roger Desjardins, Victor Leroux, David Dick, Steve Wintle, Morris McCormick, Fernand Hamelin, Donna Derouchie, Stephen Alexander, Heather Arthur, Carmen Cousineau, Tracey Poirier, Paul Scrimshaw and Anita Roach

CHAIR: Mayor Phil Poirier called the meeting to order at 7:00 p.m.

Mayor Poirier confirmed for Council's benefit, the manner in which the conduct of proceedings would be followed through all Budget deliberations. He indicated that he would entertain questions from any Councillor who wished to speak either before the presentation scheduled this evening or after the presentation. Each Councillor would have three minutes to speak. Additional questions from any member of Council who has already spoken will be entertained after all members of Council have had an opportunity to speak.

PRESENTATION

David Dick, Manager, Financial Services

BUDGET 2003 OVERVIEW AND PRESENTATION

David Dick, Manager, Financial Services, made a Power Point presentation to Council depicting the Corporation's financial position for revenues and expenses which are being challenged as the City advances towards the 2004 budget deliberations.

Council has indicated its desire for a 2004 budget representative of a 0% tax increase which suggest a similar levy to that raised in the year 2003. A suggestion of new assessment growth of approximately 1.03 % be considered as additional revenue for the 2004 fiscal year. Mr. Dick's overview and presentation provided Council with five separate columns broken down to 2002 Actuals, 2003 Actuals (unaudited to November 2003), 2003 Approved Budget, 2004 Department Requests and 2004 "Best Efforts". The 2004 Department Requests are based on the level of expenditures provided by each Department of similar service levels as those provided in 2003. The identified expenditures include

service enhancements in some areas as well as certain capital requests, including requests for future expenditures. The Best Efforts column is subsequent to Managers providing a budget that would generally provide the same level of service as had been provided in 2003. The task was to review the level of expenditures in 2004 to provide a similar net levy as had been raised in 2003.

Mr. Dick provided a summary of mandatory expenditures to better identify known increases for the 2004 fiscal year as follows:

i) Negotiated and to be negotiated increases	\$2,250,000
ii) OMERS holiday	900,000
iii) Police expenditures/estimate of non-wage component)	436,000
iv) Additional costs associated with the delivery of mandatory Social Services programs	865,000
v) Requests from outside agencies (RRCA, EOHU) for which the City has no control	246,000
vi) Environmental Assessment of new snow dump site (Funding approved by Province for their share)	<u>100,000</u>
	<u>\$4,797,000</u>

It was indicated that this level of expenditure increase did not reflect any known inflationary increase for utilities, newspaper advertising etc. as well as the expected CPI increase projected to exceed 2% in 2004.

Without giving consideration to those inflationary items noted above and without any "service level" changes the net requirement for 2004 would in fact be in excess of \$47,780,259 (2003 - \$42,983,259). Those additional expenditures should be financed by new growth of which the assessment data would indicate an additional \$443,000 leaving the City requiring cuts of \$4,354,000.

The "Best Efforts" reductions were cuts to services that have been mandated by the Province (cuts to Land Ambulance Services - \$435,000), cuts to roads maintenance programs (also mandated by the Province - \$89,000), Health and Safety issues at the Lodge (\$63,000), a request for an appropriation from reserves for Social Housing purposes (\$200,222). The net impact on this required expenditures was a reduction to the best efforts decreases as reported on December 19, 2003, of \$787,000. There was also a reduction to the proposed water and sewer by \$298,000. Additionally, departmental "Best Effort" cuts also included expenditure cuts that managers had budgeted for based on needs. Examples provided were: the Fire department budgeting for a new fire hall in each of the past two years to accommodate both the larger vehicles and the possibility of relocating to a more strategic location which request is based on the 10 year Master Plan. The Transit budget included a request for two new buses (\$500,000 each less MTO subsidy) plus cost to refurbish five buses (\$375,000 less MTO subsidy). The Manager has reduced the request by one bus in the "Best Efforts". It should be noted that the request relates to buses that are in excess of 20 years old and have served their useful lives.

After a detailed review of each Budget, there was a \$5,300,000 in reductions leaving the net requirement for taxation based on no service changes at \$5,855,747 (compare to estimated mandatory expenditures of \$4,797,000).

With all proposed reductions, the City is left with a shortfall of \$5,900,000. Subject to further service cuts, this would represent an increase in the tax levy of approximately 13.7%.

Additional expenditure cuts were reviewed that result in potential policy changes which are not administratively mandated. These proposed items include reducing all asphalt resurfacing (\$1,300,000) in 2004. (This does not include water and sewer road work) as well as further deferring the purchase of Public Works equipment of \$539,000 and the transit fare box system estimated at \$350,000. These cuts total an additional \$3.2M leaving a total shortfall of \$2,700,000 or a 6.3% tax levy increase and which increase is consistent with the CVA growth of 6.19%.

The increase in costs of protective services relative to supplementary taxes have indicated an overall spending increase from 1999 to 2003 by 4,122 million or 33%. Based on 2003 tax levy, this increase represents approximately a 10% increase. Protective Services include the Fire Services, Land Ambulance Services and Police Services

Mr. Dick indicated that the majority of proposed cuts to the 2004 Budget related to the level of capital spending. The net spending request for 2004 after proposed cuts represented a total expenditure of \$9,074, including 4,660 million from the progress fund.

An overview of this Municipality's position relative to the Local Service Realignment and Community Reinvestment Fund provided by the Province was delivered to the Council and how the level of funding was based towards the services we provide.

In closing his presentation, Mr. Dick reviewed the City's position relative to the progress fund, Debt versus shadow portfolio, which established through the sale of Cornwall Electric and the municipality's position relative to the comparative tax rates.

Next Budget Meeting is scheduled for Saturday, January 24, 2004, beginning at 9:00 a.m.

SPECIAL IN-CAMERA MEETING

Moved by Councillors Leslie O'Shaughnessy and Korey Kennedy that Council go into a Special In-Camera Meeting to discuss Personnel Issues.

The Clerk informed the Chair that the Special Open Council Meeting was called to discuss the beginning of Budget process and that this motion was out of order.

Councillor Leslie O'Shaughnessy requested that a vote of the Council be taken to invoke Rule 10 of the Procedural By-law which would suspend the Rule.

A super majority 2/3's of the entire Council (eight members) is required to suspend the Rule.

A recorded vote was taken.

All in favor of suspending the Rules:

Councillors Naresh Bhargava, Joël Côté, Chris Savard, Korey Kennedy, Glen Grant, Leslie O'Shaughnessy, Jacques Lemire, Huguette Burroughs and Mayor Phil Poirier

Against: Councillor Mark MacDonald

Absent: Councillor Perry Lalonde

Motion to Suspend the Rules CARRIED

Motion to enter into Special In-Camera Meeting - CARRIED

Adjourned at 8:45 p.m.


DENISE LABELLE-GÉLINAS, CLERK


MAYOR PHIL POIRIER

