



## MEDIA RELEASE

March 2, 2009

For Immediate Release

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At its Meeting on Monday, March 2, 2009, City Council finalized the 2009 City Budgets. The public budget process began on December 1, 2008 with the filing of the Preliminary Operating Budget and the Capital Budget after several months of review by administration. Council's Standing Committees began their detailed review of those estimates during the month of December. The City's financial needs were considered in the context of the current economic environment, while maintaining existing levels of service wherever possible.

In meetings throughout December, January and February, those Standing Committees and the General Government (Budget) Committee considered a number of adjustments and reduced the preliminary estimates. Council has faced a number of fixed cost increases in this process – wage settlements, utilities and fuel costs, bulk goods (such as sand, gravel, road salt, automotive parts and equipment) that are necessary for the day-to-day operations of the municipality.

In December 2008 City Council received a **State of the Infrastructure Asset Management Report**. The report has confirmed that the City of North Bay needs to increase the annual infrastructure investment by about \$25,000,000 per year to reach the recommended sustainable level...this is almost double the \$25,000,000 current level of capital funding the City provides from debt financing, tax operating levy, water bill levy and development charge sources. The following is a summary for one of the asset categories included in the report:

### Roads

- Replacement value = \$548 Million
- 81% of City roads require rehabilitation or reconstruction in the short term
- Additional \$15.5 Million per year required just to maintain current overall network condition (Poor / Fair Rating)
- The backlog of work required immediately totals about \$180 Million

We have also been encouraged by the significant infrastructure funding provided by the Provincial Government and Federal Government in recent years. Funding from Move Ontario, Investing in Ontario Act, Roads and Bridges Initiative, MIII, Dedicated Gas Tax, Federal Gas Tax and Building Canada have all contributed towards reducing the staggering infrastructure investment backlog we must address in the near future.

The Provincial Municipal Fiscal and Service Delivery Review consensus report was a good deal for the property taxpayers in Ontario. The relationship between the Province and its municipalities has turned the corner with the announced long-term program to “upload” social assistance and court security costs that will ultimately result in \$1.5 billion a year in net savings for municipalities. By taking back full funding responsibility for these social assistance programs the Province is eliminating a major area of uncontrollable financial risk and uncertainty for municipalities and reinforcing the principal that property taxpayers should not bear responsibility for these income redistribution programs.

Unfortunately, the Review did not address changes to the structure of the **Ontario Municipal Partnership Fund (OMPF)** to ensure that the net benefits from the uploading announced would benefit all municipalities more equitably. Most of the municipalities in the North, and in particular the five cities in the North, have all received NO NET BENEFIT from the uploading in 2008 and 2009. The full benefit has been clawed back by an equal deduction in the Social Program Grant component of the Ontario Municipal Partnership Fund. The net benefit per household for Northern Ontario, in both the short term and the long term, is far less than the net benefit per household for all other regions of Ontario. City Council and many other northern municipalities have asked the Province to increase the Northern Communities Component of the OMPF by \$50.00 per household in 2009.

While Councillors acknowledged the challenges in this budget process, the emphasis this year shifted to measures designed to react to deteriorating economic conditions. This year’s budgets include the following measures:

- City Council and local Agencies, Boards and Commissions collectively identified savings that lowered the tax levy by \$1,285,110 by reducing discretionary spending, new staff hiring freezes, deferring expenditures, identifying efficiencies and optimizing other revenue sources. This reduced the tax levy increase from 6.26% to 4.22%.
- The benefits of a robust local economy in recent years resulted in real growth in the City’s assessment base which will generate \$819,000 in new tax revenue. This reduces the tax levy increase by 1.3% to 2.92%.
- The Reserve Fund Policy targets adopted in 2005 are within reach. All taxpayers will benefit from the decision to use reserve funds totaling \$1,500,000 over the next 3 years including \$750,000 in 2009.
- Increased City investment in capital along with significant Federal and provincial funding will rebuild infrastructure and create jobs locally.
- Council reinforced their commitment to a Long-Term Tax Policy which will promote fairness and equity in municipal taxes. It will also support City Council’s commitment to strengthen the competitive position of businesses, thereby promoting growth and prosperity in the community. This will stabilize tax levels across all classes as multi-residential, commercial and industrial taxes are adjusted in future years. These properties, many of which have seen values decline, will see the full benefits of lower assessment values in 2009.
- The full impact of higher assessment values arising from the 2008 reassessment will be passed back to the taxpayers. Tax rates will decline to help offset these increases. The 2009 residential tax rate will be down by 2.56% from the 2008 rate.
- Tax Deferral and Rebate Programs will be reviewed and options identified to address residential tax increases for needy taxpayers.
- Transit cash fares reduced by \$0.25 effective January 1, 2009.

According to Councilor Peter Chirico, the City's Deputy Mayor and Budget Chief, **“this Council continues to invest in this city's future...to build upon the well structured and fiscally sound foundation that we, together with staff, have built...as we move forward into these challenging economic times...we will continue to monitor and react to changes as they face us...should the Province address our request for additional Ontario Municipal Partnership Fund grants for northern municipalities...we will re-open our 2009 budget and pass every dollar received back to the taxpayers of the City of North Bay”**.

The resulting changes to the tax levy, with the passing of the Operating Budget, will mean that a typical residential property, assessed at \$152,088 in 2008, increasing by 5.25% to \$160,076 in 2009, will see a 2009 tax increase of approximately \$71 (approximately \$5.90 per month). For further information please see the Budget Backgrounders which will be available soon. Final tax bills are expected to be mailed in early June.

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***For Further Information:***

Peter Chirico  
Deputy Mayor  
Budget Committee Chair  
474-0626 Ext.2517

David Linkie  
Chief Administrative Officer  
474-0626 Ext.2400

Brian Rogers  
Chief Financial Officer  
474-0626 Ext.2250

Budget Backgrounders on Operating Budget, Capital Budget, Tax Policy, and Tax Rates & Typical Tax Bills will all be available on the City's web site next week.