

City of Kawartha Lakes

2019 Budget

Analysis, and Commentary

Peter Weygang
Sec. C4DD

I do not believe that councilors have the time, or resources, to analyze this 218-page document. Council should list the things that THEY want to know, and stop buying the things that staff want to sell. The report would then be just a few pages, and a hundred times more useful.

Council needs to QUESTION staff on every item, to see that it provides a real service to the **people**. To that end I made this document, that I trust will provoke some thought, and serious discussion.

Reserves: The psychological sham.

When a corporation has *reserves* people believe that the corporation is acting wisely by putting away some income for a rainy day emergency. This was the situation before amalgamation, when the former municipalities had a net reserve of about \$7 million. That money was spent by the amalgamated city to offset the prospect of an enormous increase in taxes.

This administration has an enormous debt. It puts some of this debt money into *reserves*, and then draws on these reserves as *revenue*! In simple terms we have Peter robbing Paul to pay Peter! This is the most bizarre, outlandish method of accounting, which goes on year after year. This, from a staff viewpoint, is much better than admitting that, once again, they have a serious fiscal management problem.

Page 6. Transfer TO Reserves: **\$19,692,644** {This is debt money}

Page 3: Transfer FROM Reserves **\$2,248,205**

While we are creating *reserves* from borrowed money, the interest on Long Term Debt Debenture is **\$1,668,148** (page 6). The total debt owed by the city is never presented by staff. It is the single most important item in any budget since it determines the overall policy of the board, in this case the Council.

We should be repaying debt as fast as possible, not creating fictional reserves to fool council, and citizens.

It is a matter of fundamental transparency that ALL debts be presented by kind, magnitude, and debt redemption contracts, as the FIRST item of the budget. This

will set the whole tone of the detailed discussions. Council should insist that this be done.

Note that tax is set to rise from:

2018: \$108,338,929: to 2019: \$114,228,463. This is a **5.5%** increase. What happened to the 4% in the Ten Year Plan?

The Hidden Thumb Screw

On page 4 the Revenue comes to (**\$200,818,264**)

Removing the Provincial, and Federal Grants (**\$52,681,570**) reduces this to **\$148,136,694.** This should be further reduced by the transfer of debt money from the *reserve* of \$2,248,205.

The net income is really **\$145,888,489**

On page 4 the User Charges, Licenses & Fines come to \$27,533,051

They provide vital funds for paying employees' salaries, wages, and benefits.

These charges, licenses, and fines may be increased without debate by Council, or justification by staff. People are aware that charges have increased astronomically since amalgamation. I know, from personal enquiry, that the Omemee/Emily recreation arena is now too expensive to rent by the people who raised the money to build it in the first place.

There is an ethical question that must be addressed. We pay our employees very well to work for us. Their job is to process permits, issue licences, and so on. That is what they are hired to do. And then we have to pay yet again for those permits, and licences!

The **\$2,243,700** collected as **fines** is a huge, and astonishing, sum. What is it that the good citizens are doing that requires this level of monetary punishment? Staff should provide a breakdown of the breaches of municipal bylaws, and explain the amount of the penalties. We do know that an additional **\$1,107,000** is collected as **Penalties & Interest on Taxes** (page 4). I presume that this comes largely from the poorer citizens who have a hard time paying their taxes. So, **\$3,350,700** is the total collected by the city as a punitive measure. Have we become a police state,

funded by penalties? It seems likely that people are poorly informed about the city's regulations.

Employee complement.

We have something like 1400 employees, with about 650 in staff positions. This is about three times as many as prior to amalgamation.

The total of wages, salaries, and benefits comes to **\$68,029,545**. This is about 60% of the \$114,228,463 collected as taxes!

We spent **\$1,097,402** a year on training our staff. This is incomprehensible. The skills required to manage the corporation are very trivial. They were performed, with great success, by the more fiscally prudent administration that existed before administrations. Very few people had academic qualifications beyond high school. Are we hiring people who are not properly qualified to do the job, and require expensive training? If so, then this practice should stop. Council should cut that line from the budget.

However, this large expenditure, plus over one million dollars in training, is insufficient to run the corporation. We need to bolster the work force with contract employees. They cost an astonishing **\$58,393,028**. The professional fees alone are \$17,091,594. Even the CAO's office, the very mental cortex itself, needs professional aid costing \$722,000!

Do we need this when we already have Ph.Ds, and P.Eng. bureaucrats on staff? What are they doing?

In reality our extended staff costs us **\$116,422, 573 !**
(\$68.029,545+\$58,393,028.) to get the work done. This is more than the amount collected from property taxes.!

CoKL is basically a bank. It collects money, under duress, takes most of it for itself, and then contracts out the major projects. It, like banks, has rules and regulations. I did carry out some informal discussions with people in the banking business. The impression was that a relatively modest bank could handle the city finances with ease. Our engineering department contracts out work, our legal department brings in professional assistance. The human resources department, and the capital assets department, are both post- amalgamation inventions. I think that Council should explore contracting out the business, and personnel, functions of staff. There are several excellent companies, such as ADP, who would welcome the business!

Conservation Authority

- 1) The budget calls for \$1,539,359 to be given to conservation authorities. The amount for KLCA has increased to \$1,429,792. This is about 7%, and sweet music to any aspiring bureaucracy. (page 8)
- 2) The KLCA has morphed into a significant bureaucracy with, typically, the CAO getting paid a six digit salary
- 3) The grunt work is still done by volunteers.
- 4) There is no quantifiable evidence that water quality has improved, or that fish populations have increased, as a result of centralized environmental governance by the KLCA.
- 5) The KLCA replaced a 100% volunteer organization, that did the same job.
- 6) This is an example of the Second Law of Bureaucracies. *All bureaucracies shall support each other.*
- 7) The KCLA has now assumed police-like powers to enter properties without warrants, to search for misdemeanors, and lay charges. These facts have been featured in several articles in the OLA magazine.
- 8) This money would be better used by the various communities along the shoreline. They are already engaged in environmental work. This would create a real dynamic interest in the environment, truly engage the people, and get something done.
- 9) Note that we already pay \$4,142,673 for Environmental Contract Services (page 5). We also have Provincial, and Federal, bodies that are responsible for the environment.
- 10) This is time to have a referendum. At that time all the arguments against supporting the KLCA would have a proper hearing.

Fleet, etc.

The budget for the fleet of vehicles has increased by **20%**, (\$168,387/\$811.917)

The public expects that all materials, and equipment, from pencils to bulldozers, will be used **until they have completely exhausted their useful life.**

The policy of replacing equipment with new vehicles under a short timeline must be stopped. One candidate for council noted that he bought equipment at the CoKL equipment sale, then immediately used it in a contract for the city!

We are spending \$456,000 on replacing furniture which, I suspect, is better than that found in the homes of most taxpayers. Cut this amount.

Information Technology

This department has a staff of 17 people, with salary and benefits costing \$1,506,599 . Yet it still needs to contract out work to the tune of **\$1,802,535** On page 181 we see the rationale for some expenditure given as *IT Strategy*. That is not enough detail. The council should ask '*what is this strategy?*'. The last update to the system cost millions, and lost information that I have previously located on the old website. The IT department budget calls for contracted work costing \$8,200.

Note. When I worked for the Ministry of Education the whole of the Western Region had **one** IT officer.

Library Services (pages 46,47 etc)

In the budget the salary and benefits of the library system cost us **\$1,442,913**, an increase of **\$36,659**. The lion's share of this amount goes to the salaried staff of 8. The remaining 16.48 people are part-time employees who, traditionally, have no pension benefits. These are the local librarians, who serve us directly. We have one full time supervisory staff person for every two part-time real workers! Top heavy administration, or what!

Prior to amalgamation there was no administrative cohort for libraries. A library can **not** function without a librarian working on site. A library system **can** function perfectly well without any overseeing executives. The executives are, in economic lingo, a **marginal utility**.

Council should cut this whole thing back to one executive, with a secretary. All other functions, that are of any importance to the customers, are done by the local library workers.

Page 48 summarizes the revenue, and expenses.

The total Revenue is given as **\$286,433**. The Total Expenses as **\$2,192,913**. It looks as if the taxpayer must make up the difference of **\$1,906,480** . However, the revenue includes a magical transfer of debt money from the *reserves* of **\$63,000**. So, the real cost of the library system to the taxpayer is **\$1,969,480**. You can see how the debt money in the *reserves* is used in very ingenious ways by the staff.

I can find no entry costing the proposed relocation of the Bobcaygeon Library, a proposal that was rejected in the public meeting. However, there is this entry

BP1901 9531901 Building and Property Facilities 953190111 Bobcaygeon Library Design for relocation of library to the Bobcaygeon Service Centre and expansion of capacity to meet growth-related needs.

So, I suspect that, as usual, staff are judge, jury, and executioner. The wishes of the taxpayer's are of no account. I am personally infuriated by the overbearing arrogance of the staff making decisions for a highly intelligent, well informed, populace.

Missing ?

Sale of Property. The sale of our property provides substantial revenue. I could not find this in the budget.

Staffing. There is no policy for reducing the number, and cost, of staff. This is the single largest cost to the corporation, and deserves serious attention.

Comments.

The City bureaucrats have a vision for themselves, and for the City, that can **not** be sustained by any tolerable tax base. It has been sheer irresponsible folly to assume a huge debt in order to pursue that illusion.

It is time for Council to tell staff, in unmistakable terms, that they must tighten their belts, get their heads out of the clouds, and their feet firmly back on solid ground.

Council must set quantifiable objectives for the staff.

I suggest the following:

- 1) An immediate reduction in expenditures by all departments of 3%. This is to be done without sacking any staff earning less than \$80,000 a year, or by reductions in any level of service to the public
- 2) Make this reduction a requirement of every budget for the next ten years, have a ten year plan based on this premise.
- 3) Extend the use of all materials, vehicles, computers, arenas, fire halls, etc. until they have reached the end of their useful life, as appraised by a panel of citizens.
- 4) Use Gord James' idea of having committees of citizens act as oversight controllers of all departments.

Yours sincerely
Peter Weygang