



SPECIAL COUNCIL MEETING #11-2004

BUDGET SESSION # 08

Tuesday, February 17, 2004
Meeting began at 6:00 p.m.

-
- PRESENT:** Mayor Phil Poirier, Councillors Chris Savard, Glen Grant, Leslie O'Shaughnessy, Perry Lalonde (arrived at 6:35 p.m.), Joël Côté, Mark MacDonald, Jacques Lemire and Huguette Burroughs
- REGRETS:** Councillors Naresh Bhargava and Korey Kennedy
- ADMINISTRATION:** Cecil Vincent, Chief Administrative Officer, Denise Labelle-Gélinas, City Clerk, and the following Management Personnel: David Dick, Graham Dart, Paul Fitzpatrick, Fernand Hamelin, Roger Desjardins, Norm Levac, Vic Leroux, Stephen Alexander, Tracey Bailey, Paul Scrimshaw and Anita Roach

PRESENTATIONS

Manager of Finance

Conceptual Discussions on Debt Financing

Previous Motion by Council: " that Administration be directed to provide a report on the Corporation's position and it's advantages and disadvantages of returning to the business of borrowing."

Mr. Dick gave a detailed power point presentation on The Corporations projections of its future financial position for year 2003 to 2006. Some of the financial pressures presently being felt by the Corporation are:

- That expenditures are increasing at a faster rate then revenues
- effects of downloading of previously provincially delivered services to municipalities
- financial cost of the service enhancements of land ambulance
- arbitration awards to fire and land ambulance
- wage settlement to police
- annual cost increases as a result of contract negotiations (wages and benefits exceeding 4% year)
- cancellation of OMERS holiday, additional expense of \$900k000 in 2004
- effects of inflationary pressures on the balance of the Budget (>2%)
- capped provincial transfers (CRF) with increase LSR costs

Mr. Dick continued to particularize where municipal revenues were being generated from and where the City's infrastructure deficits were. Specifics on historical and comparative capital expenditures were graphed out. The 1999 Policy on Pay-as-you-go, which was implemented as a result of the sale of Cornwall Electric and what this means for the City's progress in so far as being debt free.

The Corporation of the City of Cornwall has established, by Bylaw 125-2001 and 128-2001 that the \$25M "Progress Fund" created by the sale of Cornwall Electric not be spent, and that a 100% vote by any future Council be required, to revoke the Bylaw. All investment income generated as a result of the "Progress Fund" is to be used for quality of life items, including financing new City owned and operated facilities, financing new not for profit owned facilities, financing capital improvements of existing recreational facilities that are city owned, financing capital improvements of existing recreational that are not for profit.

The presentation indicated that the Council may wish to review alternative financing for its long term capital forecasting that cannot be met in the pay-as you-go philosophy. Items such as long term borrowing for items that extend beyond the short-term or recreation/public health/safety issues; development costs, local improvement levies, low interest bonds and lease-purchase options.

For clarification purposes, Mr. Dick provided the projected budget shortfall beginning with the year of 2001 up to and including 2006 in so far as Tax Revenues less expenditures and the shortfall predicted. In conclusion to the presentation, a comparative scenario was offered when reviewing the use of debt financing to pay for capital works.

Debate on the many issues brought forward by the Manager of Finance provided the Council to bring forward the following motion:

Moved by Councillors Chris Savard and Mark A. MacDonald that the Council indicate its commitment to reach a 0% tax rate increase and that Administration provide a level of Capital Expenditure that could be funded based on the budget decisions that Council made thus far.

Motion Carried

Adjourned at 7:45 p.m.

Next Scheduled Budget Meeting

Saturday, February 21, 2004, at 9:00 a.m.


DENISE LABELLE-GÉLINAS, CLERK


MAYOR PHIL POIRIER