

Final Version – January 17, 2017

Hello Mayor, Members of Council, staff and the general public.

My name is Robert Shewfelt. I am a taxpayer in the Township of Johnson

I am here to speak on past expenditures and on 2017 budget expenditures.

First some background information on me. Prior to 1984 I worked in this township as a high school summer student doing park and arena work. I have always had a passion for numbers and efficiency and decided to attend the University of Waterloo to obtain my BA with Chartered Accountant specialty. I completed this in 1998. While in university, I worked as a summer student from May to August in this township office from 1984 to 1987 doing all administrative activities including taxation alongside the two full time staff, Marge McEwen – the township Clerk and Jo-Anne McDermaid. Following university I worked at KPMG and obtained my Chartered Accountant designation. A large portion of my work while at KPMG was municipal related. I completed audits of municipalities including the City of Sault Ste. Marie, City of Elliot Lake, Township of Michipicoten, the Township of Day and Bright (who amalgamated into Huron Shores in 1999 along with the Townships of Thessalon, Thompson, and the former village of Iron Bridge) and various other municipalities.

First let me be clear, the purpose of my presentation is not to place blame on any staff, council or group, just here to highlight expenditure facts that need to be considered now and in upcoming budget talks in relation to expenditures. While I understand what I am discussing is a sensitive topic, it is a necessary one and action needs to be completed now. Delay is no longer an option.

Council has a fiduciary duty to provide services at the most cost effective method possible. There is no expenditure, department, role, or any matter which is exempt when you look for efficiencies and ways to save taxpayers funds. I will be clear, it is not the townships role to provide employment but to employ an efficient amount of fully utilized staff to exercise its basic duties. In all expenditures reviews, to find true lasting savings there are always hard decisions to make. I recognize there are costs which are beyond councils control such as policing, school taxes, social services etc and council can only attempt to control these costs through AMO – Association of Municipalities Ontario. AMO can take the political route to address these issues. Council does however have other costs which they can control.

Budget time is not the only time to find savings or cut costs, the entire year should be utilized to save where possible, find efficiencies, eliminate and constrict where possible. While budgets can provide a guide for future costs, they cannot only be relied upon for that purpose. Just because expenditures occurred in the past does not mean the township should have incurred them in the first place. If you only budget future from past, it inevitably leads to growth on inefficiency and does not help in curtailing expenditures.

I have attached charts from the past number of years comparing 4 different municipalities. While I agree not everything is 100% comparable many things are. The township is the same size, roads,

services etc. as when I lived in this municipality and worked here 30 years ago. I fail to understand why the expenditures have had such an exponential increase when compared to other local municipalities.

Page 1 – Chart 1

In comparing expenditure growth from 2001 to 2015 for the 4 municipalities, Johnson's taxation has increased from \$588k to \$1,430k a 143% increase. In the same period, Tarbutt increased 107%, Laird increased 80% (their taxation was \$14,000 higher than Johnson in 2001 and only \$1,093k in 2015, therefore Johnson has increased \$350k more in the same period. Lastly McDonald Meridith increased 106%. The table presents years with exponential growth. The township needs to get back to a proper level of taxation for its size and assessment.

Johnson should not be spending more than Laird as they spent the same in years past with the same area, roads and costs. The costs were close to identical in 2001 and nothing has changed. Therefore taxation in Johnson should be no higher than \$1.1 million representing close to a 25% reduction in expenditures in the township that should be found.

Page 1 – Chart 2

The township now relies 60% on taxation where it relied on 45% in 2001

Page 2 – Chart 1 – Phase in Assessment.

This chart highlights that Johnson assessment is only 67 million where Tarbutt is 73 million, Laird 99 million and McDonald 110 million. The assessment is the lowest of the 4 and yet the taxpayers of Johnson are asked to support an arena. The expenditures of the town are higher than Tarbutt and Laird yet the assessment is up to 30% lower. Based on the assessment, there is a disconnect with the expenditures.

Page 3 and 4 – Salaries

These tables highlight the growth in the salary lines of the main departments of the township. This needs to be reviewed and addressed by council.

To address the exponential growth presented in the charts will required council to make hard decisions to get this municipality back on track. My comment "back on track" refers to getting to the proper expenditure level given the assessment level in this municipality. My assessment of a proper level based on comparable growths of the other municipalities would be 25% lower minimum than it is today. Council should not be looking for more assessment to cover growth but spending an appropriate amount based on the assessment it has.

Efficiencies can be found by combining positions which do not require 100% dedication to a specific task. Again, nothing against anyone in particular, however I have difficulty understanding how positions such as the arena manager and recreation co-ordinator are busy 100% time with the seasonal nature of both positions. I could see a combined job title/work with 1 full time position. In addition we used to share a bylaw position with other municipalities incurring a portion of the costs where we now incur 100% of the costs. Should the prior cost sharing arrangement not have been determined prior to going solo and creating a cost higher than Johnson had in the past. Is there any work being done to attempt to spread the positions cost over other municipalities through sharing duties.

I have a couple of specific questions and requests of Council for this meeting and going forward.

1st - I am asking council to address immediately that the township office should be open to the public on Thursdays. This should have been a quick change from the Spring 2016 public meeting. As a taxpayer, if staff is being paid by the township from township revenue (taxation, grants or other), then they should be accessible to the taxpayer, both in person or via alternate communication while being paid.

2nd – **Previous comments prior to agenda read** - I noted the township considered the school and related property at one time and then I noted in the May 2016 minutes that council agreed on the property only. I did not see a business case on this matter on the use or costs to the taxpayer. I want it to be clear as a taxpayer, we should not fund any purchase of the building if that ever is back on the table. I am also not in favour of a large dollar purchase of property costing taxpayers more again. It is more appropriate if land is in private hands to permit taxation of those lands. I am requesting Mayor Hicks and council update the public as to where this currently stands.

Updated comments based on agenda. The agenda now provides an update where the township has offered to obtain the property and has been accepted. I am confused as to the value of the offer being forthcoming. Can council confirm that it is a fixed price offer and the conditions as listed are at the full and absolute cost of the ADSB. I am concerned in reading the agenda update that Johnson could be liable for some portion of the existing main building. I agree that the township should recoup some of its costs by selling some or all of the portables. There was discussion of future developments. I will repeat what I have said above. Given the township is going to hold this land which will be non-taxable, its sole and only purpose should be to convert its use to private land ownership for future tax revenue. The property should not be considered for any township non-taxable development use. As a taxpayer I would like to see business case work done on this property as soon as possible as it will not be contributing to the township revenues until it is converted to private use.

3rd – Arena – While perhaps appropriate many years ago, it is no longer appropriate with its costs. It has become a white elephant draining cash from taxpayers. Council minutes from October 26, 2016 noting that “the issue of closing down the arena would be a 2018 Municipal Election issue” is absurd. This issue is not a 2018 election issue, it is an issue today and has been for the last 5 years. Council was

elected to make decisions during their term and operate this township, not pass the buck to the next council. Taxpayers will not get back funds spent/wasted as decisions are delayed with in-appropriate action taken. Delays, surveys, studies, etc, everything is a delay tactic, it is time to make a decision to cut some costs. Personally if I was another municipality I would be glad we have it, they get to enjoy it with no taxpayer cost to use. Bruce Mines came to the correct answer eventually. It is a luxury not a must have which is unaffordable given the dynamics today.

4th – Asset purchase 2015 – I noted long term debt for a large capital asset purchase which will now cost taxpayers an additional approx \$30,000 per year until paid off. Does the township have a policy to put money into capital reserve funds for specific large dollar purchases or not with an amount that is not cost prohibitive to the taxpayer?

6th I am requesting Council take what I have presented and investigate and find ways to attain substantive reductions in expenditures in the Fiscal 2017 budget. It is only January 2017 and action can be done now to look for savings in a budget not struck until May.

Schedules

- Page 1 Taxation own purposes - FIR Sch 10 - note taxation only not total expenditures.
- Page 2 Res - Phase in Assessment -FIR Sch 22A
- Page 3 Res - Mill/Tax rate - Sch 22A - used to calc Amount per \$100,000
- Page 4 Per FIR Sch 40 - Salaries and Benefits Total
- Per FIR Sch 40 - Salaries and Benefits - subset of Admin
- Per FIR Sch 40 - Salaries and Benefits - subset of Roads

Taxation - own purposes - FIR -Sch 10		All comparisons only up to 2015						
Note this is taxation only not total expenditures.		Johnson	\$ value	% change	Inflation	Tarbutt	Laird	McDonald Merideth
% increase since 2001	143.82%					106.88%	80.06%	105.90%
Includes both municipal and school board portions								
2015	1,432,157	21,462.00	-1.48%	1.10%	861,241	1,083,422	1,785,181	
2014	1,453,619	78,008.00	5.67%	1.95%	837,205	999,210	1,663,957	
2013	1,375,611	57,300.00	4.35%	0.90%	802,425	943,373	1,586,503	
2012	1,318,311	88,385.00	7.19%	1.50%	821,913	889,906	1,493,924	
2011	1,229,926	54,309.00	4.62%	2.90%	789,496	828,607	1,427,823	
2010	1,175,617	133,468.00	12.81%	1.80%	712,203	759,611	1,343,911	
2009	1,042,149	100,316.00	10.65%	0.30%				
2008	941,833	51,928.00	5.84%	2.30%				
2007	889,905	21,676.00	2.50%	2.20%				
2006	868,229	48,462.00	5.91%	2.00%				
2005	819,767	4,074.00	0.50%	2.20%				
2004	815,693	82,806.00	11.30%	1.80%				
2003	732,887	88,721.00	13.77%	2.80%				
2002	644,166	56,788.00	9.67%	2.20%				
2001	587,378				416,293	601,713	867,016	

NOTE: FIR refers to Financial Information Return as required to be filed by the Government of Ontario
Schedules are linked and information is related between scheduled

Total Expenditures	Raised by Taxation	Others/Grants ETC	% raised by taxation	% raised other methods
2015	2,406,405.00	1,432,157.00	59.51%	40.49%
2001	1,314,803.00	587,378.00	44.67%	55.33%

Res - Phase in Assessment -FIR Sch 22A

	Johnson	% assessment higher	Tarbutt	Laird	McDonald Merideth
	66,682,032		109.99%	148.33%	166.10%
2015	66,682,032	2,232,032	73,342,658	98,909,263	110,759,784
2014	64,450,000	4,169,291	70,706,388	93,909,145	103,765,844
2013	60,280,709	857,864	67,355,836	87,886,968	97,342,629
2012	59,422,845	4,669,904	65,128,520	82,310,950	95,906,910
2011	54,752,941	4,157,218	58,979,576	76,794,564	87,878,949
2010	50,595,723	3,608,823	52,951,480	70,035,089	80,122,785
2009	46,986,900	3,714,775			
2008	43,272,125	412,900			
2007	42,859,225	373,735			
2006	42,485,490	10,540			
2005	42,474,950	374,600			
2004	42,849,550	1,665,700			
2003	41,183,850	2,521,135			
2002	38,662,715	751,920			
2001	37,910,795		37,067,105	54,667,095	58,661,215

Res - Mill/Tax rate - Sch 22A

2015 Per 100,000 assessment	2,006.64		1,142.73	1,033.80	1,481.31
Municipal portions only - does not include school assessment					
2015	2,006,635	-10.5715%	1,142,733	1,033,804	1,481,314
2014	2,112,350	0.0000%	1,144,545	1,001,594	1,481,317
2013	2,112,350	5.5650%	1,156,300	1,008,357	1,483,476
2012	2,056,700	0.0000%	1,186,167	1,014,925	1,433,810
2011	2,056,700	0.0000%	1,276,196	1,021,065	1,474,200
2010	2,056,700	3.9740%	1,290,408	1,022,620	1,524,800
2009	2,016,960	3.2789%			
2008	1,984,171	7.6314%			
2007	1,907,857	4.3032%			
2006	1,864,825	6.8270%			
2005	1,796,555	6.5797%			
2004	1,730,758	9.8633%			
2003	1,632,125	12.4085%			
2002	1,508,040	11.8140%			
2001	1,389,900		1,006,679	1,039,700	1,290,800

Per FIR Sch 40

Salaries and benefits Total

	Johnson	All comparisons only up to 2015		
		Tarbutt	Laird	McDonald Merideth
2015	626,814	347,707	466,021	714,819
2014	620,934	311,686	426,343	692,020
2013	553,988	294,879	426,103	696,080
2012	508,683 -	247,783	377,329	656,896
2011	531,837	232,000	427,436	588,801
2010	529,663	193,000		
2009	499,590 -			
2008	510,991			
2007	374,222			
2006	362,918 -			
2005	453,566			
2004	377,926			
2003	342,486			
2002	340,901			
2001	331,867			

Subset of above salaries- same schedule

Salaries admin

2015	283,835	36,835	208,258	203,684	310,469
2014	247,000 -	11,999	178,664	199,000	286,594
2013	258,999	18,798	178,491	175,556	298,232
2012	240,201 -	23,793	169,954	163,460	286,343
2011	263,994	55,667	164,259	163,728	243,170
2010	208,327	4,809	154,826	182,310	
2009	203,518	5,112			
2008	198,406	34,630			
2007	163,776	10,409			
2006	153,367 -	6,726			
2005	160,093	413			
2004	159,680	22,200			
2003	137,480	446			
2002	137,034 -	3,875			
2001	140,909				

Salaries roads

2015	208,910 -	33,090	87,475	153,518	235,028
2014	242,000	51,154	84,926	158,000	241,394
2013	190,846	13,845	70,764	138,803	239,463
2012	177,001	462	40,066	140,779	227,070
2011	176,539	6,555	30,949	157,715	217,646
2010	169,984	29,639	-	118,338	
2009	140,345 -	42,734			
2008	183,079	51,341			
2007	131,738	2,896			
2006	128,842	14,834			
2005	114,008	4,149			
2004	109,859	10,678			
2003	99,181 -	5,353			
2002	104,534	17,107			
2001	87,427				