



February 18, 2004

2004 Municipal Pre-Budget Submission to City Council

SPEAKING NOTES

Your Worship and Members of Council:

My name is Marty Komsa and I am the Chairman of the Board of Directors of the Windsor & District Chamber of Commerce. With me tonight is Ed Kanters, fellow Board Member and Chair of the Chamber's Finance & Taxation Committee.

As the "Voice of Business," the Windsor & District Chamber of Commerce represents over 1,400 business members who collectively employ more than 80,000 people. Our membership profile truly represents a cross-section of the business interests in this community. We actively work with government to ensure the business and investment climate in our region remains competitive and believe that any issues that restrict our ability to attract new business or expand existing business must be resolved.

The Windsor & District Chamber of Commerce is grateful for the opportunity to address City Council on the matter of the 2004 Budget. We applaud the course of action you have begun as the new City Council.

We find this year's Budget process to be more open and inclusive than in previous years. The inclusion of a more comprehensive public consultation process on the front end of budget deliberations will greatly enhance the visibility and effectiveness of the public's input.

This initiative, however, should not detract from the City of Windsor's responsibility to be accountable to its stakeholders. As a significant stakeholder, our business community is ultimately interested in the end results of the budgeting process. Thus, we would like to provide you with our concerns, suggestions and recommendations that we believe should be addressed and taken in stride.

Our Chamber is concerned with the lack of availability of a better financial package. The Budget process should be more open in terms of allowing the public and the City of Windsor stakeholders to review the actual financial data and study variances.

The City of Windsor is ranked 3rd and has one of the highest tax rates for businesses in southwestern Ontario, making Windsor uncompetitive in the market despite additional tax revenue sources of the City of Windsor from the Transportation and Gaming Sectors.

The Chamber is urging City Council to provide direction to City Administration to reduce the tax rates relevant to our business community to offset any increase in the property assessments.

On the matter of the absolute level of our municipal taxes, a comparison of the most recent available data for commercial and industrial classes across municipalities indicates that Windsor is among the highest in legislated tax levy (exceeding Toronto and Kitchener).

Knowing that taxation is based on annual budgetary needs the Chamber would also like to emphasize the need to take a closer look at the cost drivers and cost containment strategies for the City of Windsor.

The 2004 Budget must show that our business community will finally have a competitive advantage, with low taxes and more incentives to invest in the City of Windsor.

The City Budget was increased significantly over the past several years. The 2003 Operating Budget of \$642 million has grown 39.68% or \$182 million since 2000, which is not matched by corresponding increases in population; the public sector cannot continue to support increases in operating budgets at this level.

The Chamber believes that the size of the Budget is one of the elements that can be tackled successfully by the City in order to reduce taxes. Our business community needs this reduction to improve its business competitiveness.

The City of Windsor should spend wisely. The City has been moving in the right direction in this regard, reevaluating its support for many of the discretionary grants to various community organizations.

The Chamber is supportive of funding for community services. This spending helps to make our City more vibrant and livable. The community services, however, have to be encouraged to seek more revenues other than out of municipal taxes. To balance a community need with fiscal prudence is essential to the financial health of the City of Windsor.

Spending priorities must reflect the most urgent needs of the City. The Chamber believes that our transportation and border infrastructures are key priority areas. Our business community relies on the City infrastructure for their bottom line. The measure of business effectiveness is the timely delivery of goods and services and the City has to provide the infrastructure sufficient to sustain that need.

Preliminary City estimates indicate that an additional \$17.8 million would be required in 2004 to maintain the same level of service. What is needed in approaching these costs

is more information about what are the one time costs. Can we phase in some of these costs over time? Why do costs continue to increase?

Recommendations:

For the City of Windsor 2004 Budget process the Windsor & District Chamber of Commerce brings forward the following recommendations:

- Implement the PriceWaterhouseCoopers recommendations under the Control and Procedures review of the Financial Services Function of the Corporate Services Department; including, budget monitoring, establishment and enforcement of performance measurements and timely financial reporting;
- Investigate variances between actual performance and budgeted amounts on a timely basis and align with the performance measurements in place for greater accountability and transparency;
- Interim - periodic reporting of actual financial performance should be communicated to the public as well as to City Council on a timely basis;
- Implement performance measures to ensure compliance with PriceWaterhouseCoopers recommendations, the City reorganization efforts, profitability targets of revenue-centres and other cost cutting initiatives;
- Identify synergies and eliminate redundant or duplicate costs as part of the efficiency and effectiveness recommendations. The outcome of the business processes review (i.e. operating divisions) will go a long way to identify cost saving efficiencies in the corporation and external organizations. Similarly, City departments and external organization should identify new revenue generation programs as part of their accountability efforts;
- Reduce the City tax rate to take into account the increase in the current value assessment so that the overall increase in property taxes is held to the rate of inflation.
- Adhere to strict spending limits and limit operating cost increases to no more than the core of inflation. The focus of the City of Windsor should be on debt reduction and all non-essential discretionary capital spending should be postponed;
- Increase vacancy rebates above the 30% and 35% threshold established for commercial and industrial properties respectively, in an effort to instigate development and growth in the City.

Thank you, once again for the opportunity to present our views on this year's Budget. The Windsor & District Chamber of Commerce is looking forward to working with the City of Windsor as a partner in building a better future for our business community.