Presentation Notes by Ross Eadie, Citizen

My name is Ross Eadie, a citizen of Winnipeg. There are rights and responsibilities for citizens and the City of Winnipeg. Let me focus in on a few: As a citizen, I have a right to share public facilities and services while being responsible for paying a share of the costs for said public facilities and services according to my ability. The City of Winnipeg has a responsibility to provide public facilities and services while having the right to collect taxes. The City of Winnipeg has a very important responsibility related to its right to collect taxes: **"public accountability to the citizens"**.

The City of Winnipeg is not a business!

Business can act quickly in regard to finance due to its lack of responsibility toward citizens. Because they act quickly, business poses a higher risk when borrowing money. As a public entity, the City of Winnipeg cannot act in private like many corporations do in the private sector. Winnipeg spends public money versus private money. This public money must be fully accounted for and revealed to citizens. Yes, more red tape than the private sector so we the citizens can be assured our money is not being misdirected.

Costs More, Delivers Less!

Most Kildonan citizens are having a tough time making ends meet. We are working more to keep up, or we are struggling to find decent paying jobs. Many of us are paying up to 25% more in City of Winnipeg property taxes since 2006. Now the City of Winnipeg is going to ask us to pay more for a lease agreement on an extension to the Chief Peguis Trail, Disraeli Freeway and 3 new police stations. The extra cost could be used to fix back lanes, community centre facilities and put more community police on the street.

The Preliminary Capital Budget proudly speaks to the success of the pay as you go method of financing capital purchases. it has definitely reduced the annual interest costs to the operating budget. However, the extra costs involved with the lease funding method will replace the interest cost and make the operating budget higher than it would have been with interest rates the City can obtain in the market. If I were a ratings firm, I would consider the lease payments as a loan obligation anyway. So, please don't tell me the lease funding method keeps the City's credit rating higher.

I have inspected this years "capital budget and five year plan" for capital projects to be funded through lease payments. This report lacks information to allow someone to make an informed decision. How does using a leasing contract perform better in regard to spending less money? it seems to violate the City of Winnipeg's "debt policy" and "financial management policy": getting the most out of public dollars spent on public facilities and services.

People living in Kildonan know we need the Chief Peguis Trail to be extended from Henderson to Lagimodiere. However, most citizens would like to know what the cost will be to build the extension.

So, I tried to figure out what the cost would be if the City issued debentures versus the lease agreement method. Given the numbers and notes provided, I could not do it. Some people might think it is 64 million dollars to complete this project, but as far as I can tell, it is 64 million for procurement, property acquisition, administration, and internal contract works; plus 162.8 million for lease payments less some amount for a maintenance agreement over 30 years? There is definitely extra costs associated with setting up a leasing contract to deal with such assets as the Chief Peguis Trail extension, but I thought the City already owned the land to build the Trail? If the project cost is 64 million dollars, over a guessed 30 year agreement at the City's rate of 5.25% with a serial debenture with blended payments, the total cost of the project with interest would be 128.5 million dollars (annual payments: $4.28 million). This calculation would leave a maintenance charge of 34.33 million dollars. One problem with this calculation is the private sector would not get such a rate, and the City can only go 20 years, not 30 years.

There is No Accountability Yet!

Because I know it costs more, my expectation for public accountability on any lease funding of major capital projects are as follows:

1. The lease agreement comply with the 20 year term specified in the "debt policy".

2. The option of lease be compared to issuing debentures to determine differences.

3. If the lease method is used, public identification of the owners and lenders of the project corporation (business entity) should be on record, including the owners and lenders of any subsequent business entity which may purchase the asset or business entity.

4. Like any lease agreement for office space, the maintenance charge must be detailed for public viewing at the end of an operating year, or the maintenance charge must be billed for, in detail, each month for payment purposes. (In the public domain, there is very little with holding of operating costs regardless of competitiveness.)

5. the City should treat the lease contract as a item for the City's balance sheet given an ownership option at the end of the agreement. Nevertheless, the lease is a long term liability. I believe this is or should be a "generally accepted accounting principle" related to the matching principle.

Design Build Saves Money?

According to a past project, the design build method resulted in cost savings to at least the lease holder. Why not just contract with a construction company to build the Chief Peguis Trail extension using this method with debenture funding? Either way, I have a concern about this design build process though. there is still no accessible pedestrian signals on all sides of the intersection at Moray and Portage some 10 years later.

Will a project end up forgoing proper accessibility for persons with disabilities? For at least the edification of one councillor, a citizens social welfare will be effected by this Trail extension as one must walk from Whellam's Lane to Gilmore Ave. to purchase medicine. If the crossing over the Chief Peguis Trail is made inaccessible from its current accessible status, the City will be paying for Handitransit trips to a place which did not cause the use of said service in the past. The City's facilities must allow for the social activities of its citizens. Maybe some city councillors need to whack their heads on a City pole or feel like a dear in a trucks headlights as persons who are blind feel when having trouble crossing an intersection.

Pettiness aside, can we be assured the best accessibility can be achieved with this kind of process. I heard the leased hospital in Toronto ended up with doors not wide enough to allow a hospital gurney to roll through. What about wheelchairs. People with disabilities have been known to commit crime, work in enforcement, and visit police stations. Will the 3 new stations be accessible?