

of its intention to consider the passing of a by-law to stop up and close an undeveloped portion of Wilson Street in West Saint John, as generally shown on the submitted plan, be received and filed and the recommendation adopted.

Question being taken, the motion was carried.

20. 2002 Operating Results

Consideration was given to a report from the City Manager referring to Council's request during presentation of the 2001 Financial Statements on April 8, 2002 for staff to provide updates on actual operating results throughout the year; advising that the submitted projections, which were prepared on the basis of actual results to the end of April, are very preliminary as they reflect only four months of actual operations, and the four main factors contributing to the projected deficit of \$350-\$400,000 for the year are (1) an increase in funding to Saint John Transit - \$150,000, (2) external IT support - \$100,000, and (3) the demolition of the Simonds Arena - \$65,000; and also advising that a detailed analysis has been completed on all line items and staff could provide details for Council on any areas of particular interest or concern.

Mr. Beckett advised that, having looked at the results to the end of June to make sure that there was nothing else significant that would alter the projection of a deficit of between \$350,000 to \$400,000 for the operating year, every effort was being made from an administrative level to try to control expenditures as much as possible so that the City would not end up incurring this result, which is a very preliminary number based on only four months of actual operation.

On motion of Councillor Trites

Seconded by Councillor Desmond

RESOLVED that the above report from the City Manager be received and filed:

AND FURTHER that the City Manager develop a process and/or suggestions on ways to eliminate the projected deficit of \$350-\$400,000 before year-end and report back to Council.

Question being taken, the motion was carried.

21. City Of Saint John Employee Pension Plan

Consideration was given to a report from the Commissioner of Finance submitting a copy of a recent article from the Globe and Mail newspaper, one of a number of recent media reports regarding the impact of recent stock market declines on the funding of defined benefit pension plans similar to the City's Pension Plan; and, in providing Council with the most recent information regarding the funding level of the City's Plan, advising that, while at December 31, 2000 the Plan's assets had a market value of \$275,375,000, as of June 30, 2002 the assets were valued at \$239,232,000 or a decrease of just over \$36 million in 18 months of which almost \$17 million took place in the last six months, and also that the Plan's liabilities were estimated at \$251,062,000 at December 31, 2000 and, at June 30, 2002 it was estimated that these liabilities have increased to approximately \$271,080,000; and summarizing, in table form, the net impact of both of these factors on the funding of the Plan. In terms of financial implications, the Commissioner of Finance reports that there is no immediate impact to the City as a result of the projected funding shortfall as the next formal actuarial evaluation is not scheduled until December 31, 2003; however, if at that time the assets have not increased significantly, there could be significant financial consequences for the City as the Pension Benefits Act requires that, if there is an unfunded liability on a "going-concern basis", then the total of the employee plus employer contributions being put into the Plan each year must be at least enough to cover the full annual current service cost plus a special payment which would amortize the unfunded liability over not more than 15 years and, if a valuation report were required to be filed at June 30, 2002 in order to meet the funding requirements under the Pension Benefits Act, the City would have had to increase its annual contribution to the Plan by at least \$3.6 million; and also advises that the Pension Plan's Board of Trustees continues to be vigilant in its efforts to minimize the potential of an unfunded liability through careful management of the Plan's assets, and the Fund employs a number of professional investment managers to oversee the investment of the Plan's assets and also has an independent consultant

engaged to monitor the managers' performance, and comments on the issue of solvency valuation in that, at the last valuation on December 31, 2000 the Plan showed a solvency surplus of \$8.2 million, while a very rough estimation of the Plan's solvency position at June 30, 2002 would indicate an unfunded liability of approximately \$49.2 million which, if it existed at this magnitude at the next valuation date, compliance with the Pension Benefits Act would require the City to contribute an additional \$11.9 million a year for five years (this would include the \$3.6 million required for the going-concern liability), and the Pension Plan's Board of Trustees is pursuing discussions with the Province to have the City's Plan exempted from the requirement to have a solvency valuation.

On motion of Councillor Desmond

Seconded by Deputy Mayor White

RESOLVED that as recommended by the Commissioner of Finance, the above report be received and filed and Common Council support the Pension Plan's Board of Trustees in its efforts to have the City's Plan exempted from the requirements for a solvency valuation under the Province's Pension Benefits Act.

Question being taken, the motion was carried.

22. Response To Questions On Newspaper Articles

On motion of Councillor Desmond

Seconded by Deputy Mayor White

RESOLVED that the report from the Commissioner of Finance providing background on questions raised at Council's July 22, 2002 meeting regarding an article in the July 16, 2002 Telegraph Journal newspaper under the headline "Finance Commissioner wants City to hike taxes", and an earlier article reporting on data from Statistics Canada on the City's dependency ratio, be received and filed.

Councillor Court explained why he disagreed with the Mayor's indication at the last meeting that he was being unfair to staff by not having listed his questions in accordance with the Procedural By-law, and why he had a right, if a staff person was quoted in the media and he had a concern, to address that staff member in open session of Council; and asked the Deputy City Manager to respond to this in that the above report did not tell him anything he did not read in the newspaper and he wanted to ask his questions at this time. The Mayor read a section of the Procedural By-law dealing with a member of Council wishing to present a matter to Council, and made the observation that the letter put before Council had to include a motion and also that the enforcement of the By-law was the responsibility of the Presiding Officer - the Mayor. On a point of order, Councillor Court made the observation that his letter was on the July 22, 2002 agenda and the agenda was accepted, and requested to ask the same questions from the July 22, 2002 meeting to the staff member concerned, to which the Mayor advised that, as Mr. Beckett had had an opportunity to report back, Councillor Court would be permitted to ask questions on that report. Councillor Court, noting that 71% of the City's tax revenue came from residential taxes, asked the effect on that 71% of a 15 or 18 cent tax increase, to which Mr. Beckett replied that the 71% referred to in terms of revenue base was actually what came from both residential and commercial property taxes and that would rise to just over 73% if the tax rate went up accordingly; and, as to Councillor Court's question on the percentage of the City's population that was carrying the City of Saint John and the outlying areas for the maintenance of the City of Saint John, Mr. Beckett indicated he did not have the information to answer that.

Question being taken, the motion was carried.

(Deputy Mayor White withdrew from the meeting as he was not present for the July 22, 2002 public hearing for the proposed Zoning By-law amendment for 621 Rothesay Avenue)