



Gord Adams, chair
District of Muskoka
70 Pine Street
Bracebridge, ON
P1L 1N3

August 9, 2008

Dear Mr. Adams:

Re: Debt Reduction Initiative, Report of Stephen Cairns, July 4, 2008

The recommendations before you from Mr. Cairns include various measures in which monies will be used to pay down the debt. As waterfront taxpayers, the board of the Huntsville Lakes Council has a number of problems with respect to some of these.

We do recognize that the current debt load is onerous and agree that District should reduce the debt to the point that it can finance its own programs through its own reserve monies. We are willing, in the short-term only, to let general tax funds be used to bring down the debt, as recommended by Mr. Cairns. Short term assumes a schedule of payment and plan documented and published, identifying status and progress annually.

The Debt Reduction Initiative proposed by Mr. Cairns does not provide a clear outline of the method to stabilize debt and a process to return to viable reserve fund levels. Such a projection would require that numbers be placed on program limits and several plans outlined to deal with the debt. Council could then vote on the most sustainable option.

In the longer term, it seems to us that the only fair solution is to base program funding on a user-pay system. As rural residents, we pay for our own capital costs. With a user-pay agreement, we are willing to pay for increased charges for septic pump outs to cover the true cost of lagoons, if urban users pay the full cost of the services they use.

Two funds, meant for use by all taxpayers, are to be used to pay down the debt. The recommendations show that uplocated Ontario Disability Support Program funds will be put into a Debt Reduction Reserve Fund. The Federal Gas Tax Fund is to be used for sewer related capital projects. When the debt is paid down, these should return to the general tax base.

The current recommendations for restructuring of the District budget will not allow most of us to easily see who is paying for what, essential in a user-pay system. The overall setup of the budget should clearly divide operating and capital expenditures as well as revenues of water and sewer from lagoon.

To ensure that our money is used wisely, we feel that it is very important that the budget be set up in a way that will allow District council and the general public the ability to

track, on an ongoing basis, how closely to its budget each program is keeping and how closely the total budget is following the limits chosen.

There is no justification for a non-urban tax levy contribution to water and sewer costs.

The Huntsville Lakes Council supports the remainder of Mr. Cairns' recommendations and strongly encourages their implementation by council.

Respectfully,

A handwritten signature in black ink, appearing to read "Tonia Di Sabatino". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tonia Di Sabatino

Chair, Huntsville Lakes Council

cc: Huntsville and Lake of Bays Mayors and District Councillors