



MINUTES

Special Committee of the Whole

Friday, December 3, 2021

9:00 a.m.

Virtual Attendance

Livestream meeting recording can viewed at:

<https://kenora.civicweb.net/Portal/>

Present: Mayor D. Reynard
Councillor M. Goss
Councillor R. McMillan
Councillor S. Smith
Councillor C. Van Wallegghem
Councillor G. Chaze
Councillor A. Poirier

Staff: Kyle Attanasio, CAO, Kelly Galbraith, Deputy Clerk, Stace Gander, Director of Community Services, Charlotte Edie, Director of Finance, Michelle Saunders, Municipal Accountant, Adam Smith, Director of Development Services, Kent Readman, Fire Chief, Kevin Gannon, Director of Engineering and Infrastructure Services, Roberta Marsh, Director of Human Resources

Call Meeting to Order

Mayor Reynard called the meeting to order at 9:00 a.m.

Blessing & Land Acknowledgement Delivered by Councillor Chaze

As we gather, we recognize that we are on Treaty Three Lands which are steeped in rich Indigenous history and home to many First Nations and Metis people today. We continue to be thankful for the partnerships with our Indigenous people.

We give thanks for the many blessings we enjoy in the City of Kenora. We seek wisdom in our minds, clearness in our thinking, truth in our speaking and always love in our hearts, so that we may try always to unite the Citizens of Kenora. Let these principles guide us in our decision making.

Public Notices

N/A

Declaration of Pecuniary Interest & General Nature thereof

- 1) On Today's Agenda
- 2) From a Meeting at which a Member was not in Attendance

There were none declared.

1. DRAFT Five year Capital Plan

The DRAFT five year capital plan was presented to Council by Charlotte Edie, Director of Finance. Through the budget planning process staff adheres to a Capital Prioritization Process that adheres to certain capital budget principles to help guide the City's capital budgeting process. These principles are as follows:

- Projects will be reviewed in conjunction with the principles as set out within the City's strategic plan and in recognition of the City's Brand and Brand Promise.
- Priority will be given to projects which, left undone would represent a significant safety concern or hazard to the community.
- Priority will be given to projects based on need, with funds allocated primarily to higher need areas.
- Priority will be given to meaningful projects that are eligible for funding from senior levels of government.
- Priority will be given to coordinating projects between departments to help ensure that unnecessary spending is eliminated.
- Priority will be given to projects that are necessary in meeting legislative or regulatory requirements.

The Capital Prioritization Process is designed to serve as a tool that will assist City staff when they are determining which projects should be prioritized in capital budgeting and planning. It provides a strategic risk-based approach to planning that can be integrated into the City's current capital budgeting and planning process through a simple application of the capital prioritization methodology.

The process represents a risk-averse and quantitative approach to asset management planning. It provides a structured and defined method to achieve consensus between decision-makers that may have different motivations or priorities. The output of this methodology will result in decisions that closely align with the City's organization and strategic priorities and allow for both qualitative and quantitative assessments.

The intent of the process is not to remove the influence of decision-makers on capital planning. Rather it is designed to provide flexibility in the management of the capital planning process while ensuring that all projects are prioritized according to consistent criteria.

As the City's asset management plan database becomes more populated with information on the City's assets, decision-makers will be able to better utilize the information for making informed decisions on capital asset spending. Currently the City is in the process

of updating its asset management data. The City's asset management plan is intended to be a living document with ever changing information to be utilized by staff and the senior leadership team for making informed decisions.

The City utilities are dealt with through an independent budget process, in accordance with Council direction to establish these operations as self-supporting utilities independent of tax dollars. A separate budget is developed for each of these entities.

The City's capital plan includes non-capital works classed as "Non-Capital Special Projects / Unusual Spending" (referred to as "unusual spending"). While these works are not capital in nature, they are budgeted for through the City's capital planning process. Unusual spending refers to larger value non-capital works that are not typical from year to year. The City has listed out the "Non-Capital Special Projects/ Unusual Spending" in the capital budget. This spending is not included in the total capital spending in 2022. The unusual spending included in the City's 2022 budget is \$2.25 million in total costs, with a net tax levy allocation of about \$.63 million.

For 2022, the City is allocating \$1.89 million of the net tax levy to its combined capital and unusual spending programs.

To help equalize, stabilize and fund certain annual capital expenditures, the City has established a number of reserves and reserve funds. All funds set aside in either reserves or reserve funds are allocated to a specific purpose. Certain expenditures are fully funded through reserves, such as vehicle/ equipment replacement. Many reserve funds are set at an annual contribution amount, and others are based on the income from the department. The reserve allocations that dependent on net income from the department at the end of the year include; Building rentals, Building inspection, 911 emergency access, Health & Safety, Parking rentals, Docks & Wharfs, Recycle, and Land planning.

The City has identified several significant projects for consideration of funding with long term debt. Typically, the net costs for projects on this list are well in excess of what the City historically contributes to capital expenditures through the tax levy.

These projects are being held for Council consideration pending the development of a business plan that would support the associated long term debt issuance to fund the related project. A summary is provided within the budget which provides information on these projects, including total projected cost; total anticipated funding through long term debt issue, estimated annual repayment amounts, and the potential percentage impact on the tax rate if costs relating to the debt repayment were added directly to property taxes.

Highlights of the 2022 Capital Budget include:

- \$11.1 million in total cost of capital assets
- This draft capital budget intends on utilizing \$1.26 million in net tax levy, \$4.63 million in government subsidies, 150k from recoveries, \$3.13 million in reserves, and \$1.93 million in debt financing
- Recreation & Cultural represent the largest demand on City capital resources
- Unusual spend
 - While these works are not capital in nature, they are budgeted for through the City's five year capital planning process.
 - Unusual spending refers to larger value non-capital works that are not typical from year to year.

- \$2.55 million in total cost of unusual spend projects

Charlotte reviewed each project in the 2022 capital budget.

The large increase in insurance costs were discussed by Council. Charlotte has increased the 2022 costs by 25% based on prior increases. The new rates will be available in early 2022.

Council discussed the Community Improvement Plan (CIP) Program. This is a valuable program to the community and Council would like to see an additional \$100,000 dedicated to the program.

The City of Kenora Fire Department is in need of a new pumper truck. The budget ask is for \$450,000. Council questioned what the average kilometers on pumper trucker would be. Fire Chief, Kent Readman explained some trucks accumulate kilometers when pumping and that a Fire Underwriters survey is more accurate than the number of kilometers on this type of a vehicle. A Second line pumper should be no older than 20 years. The current pumper truck is a 1990 and has served Jeffray Melick and Kenora for over 31 years.

Northern Ontario Resource Development Support (NORDS) is a new funding opportunity. NORDS provides municipalities funding of \$322,000 per year, for five (5) years and is intended to be used for resource based projects. The funding can be used on one project or spread over a number of projects however, the funds will not be reimbursed until 2026. The city of Kenora will utilize the funding to subsidize the Railway Street project. The funding will not cover any expenses prior to April 1, 2021 or the land acquisition.

The cost of bridge repairs and replacement were discussed at length. The capital budget draft reflects repairs to the Portage Bay Bridge in 2026 at a cost of \$10,000,000. Councillor Poirier expressed his concern for the major costs ahead on bridge repairs and replacement. The associated costs of bridges may have serious impacts on Council's decision making for future projects.

The level of capital budget passed will impact the operating budget in much the same way as it has in the past years. The five year draft budget as presented reflects a balanced budget in 2022 however 2023, 2024, 2025 and 2026 will have impacts on the net tax levy requirement which eats away at the operating budget. The largest deficit being seen in 2026 as a result of the Portage Bay Bridge repairs. Council discussed the option of passing the 2022 capital budget and not the five (5) draft capital budget at the December 21st Council meeting. The recommendation will be brought forward at the December 14th Committee of the Whole meeting.

2. Adjourn to Closed Session

Moved by Councillor, Seconded by Councillor VanWalleghem & Carried:-

That pursuant to Section 239 of the Municipal Act, 2001, as amended, authorization is hereby given for Committee to move into a Closed Session at 3:52 p.m. to discuss the following items:

- A trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or

interfere significantly with the contractual or other negotiations of a person, group of persons, or organization (1 matter-Mill Site Property)

3. Reconvene to Open Meeting

Council reconvenes to open session at 4:59 p.m. with no reports from its closed session.

Meeting adjourned at 4:59 p.m.