



MINUTES
SPECIAL COMMITTEE OF THE WHOLE
Monday, April 25, 2022
9:00 a.m.
City Hall Council Chambers

Live Stream Recording:

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

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

Staff: Kyle Attanasio, CAO, Heather Pihulak, Director of Corporate Services/City Clerk, Charlotte Edie, Director of Finance, Kent Readman, Fire Chief, Stace Gander, Director of Community Services, Michelle Saunders, Assistant Accountant, 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 Smith

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 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

Take Notice that as required under Notice By-law #144-2007, Council intends to adopt the following items at this Special Meeting of Council:

N/A

Declaration of Pecuniary Interest & General Nature thereof

i) On Today's Agenda

ii) From a Meeting at which a Member was not in Attendance

There were none declared.

Deputations

None.

1. DRAFT Operating Budget Review

Kyle Attanasio, CAO advised that this is pertaining to the day to day operations of the City and does not include any special projects. In the past we have had our budget binders and have done a page by page review and this year we are going to do things differently. We are going to focus on the big themes rather than the small particular changes and rather focus on the big themes.

The City is in very good financial position but because of the prudent decisions made by Council and administration at that time, it is important to note those decisions are a reflection of those good decisions.

We are coming through the pandemic and putting the operating budget in front of Council that is focused on growth and recovery and bring tourists back to the community and focus on attraction of new housing to the area. We are looking forward to having that discussion today.

Charlotte Edie, Director of Finance/Treasurer thanked the SLT and Council for the assistance with this budget and a special thank you to Michelle for getting into the details and taking ownership of this budget.

We are focused on growth and recovery in this budget and we are making changes. The highlights include \$34.5M in gross operating expenditures. \$28.1M in Operating Expenditures net of offsetting revenues, which is gross, to deliver existing city services and other agencies. \$3.7M Contribution to City reserves and \$0.9M Return on Investment Income. As the budget is presented today, we are presenting Council with a 3.32% increase in general tax levy.

For clarification purposes, \$277,364.00 is a 1% levy.

Transfers to other agencies which include the OPP, NWHU, KDSB and Pinecrest total 2022 transfer cost to 3rd party agencies of \$12,343,501 up \$334,348 or 2.8% over 2021.

Net program costs total 2022 net program costs of \$28,111,123 up \$1,052,627 over 2021. There is an astonishing amount that is transferred to other agencies outside of the direct operational government.

Significant changes from prior years include Increase in investment income has been budgeted at \$850,000 in 2022. The 2021 budget was \$550,000. 2021 actual income was over \$900,000. Currently, at year end if we have an investment that is below cost we write it down to market value. If we have an investment that is market greater than cost, then we do not. In the future, the accounting guidelines are changing and we are going to be recording the year end investments at the market value. It will be more difficult to budget our investment income.

\$100,000 of the COVID funding received in 2021 has been allocated to supplement the operating budget in 2022. Last year we appropriated \$700,000 to the contingency reserves to be used for 2021 and unfortunately the year end is not done and feel that we can use \$100,000 of that COVID funding in our operating budget from contingency. Once 2021 year end is complete we will have a better idea of where that funding ends up pertaining to covid related projects.

The overtime budgets were analyzed and reduced to reflect annual trends in expenditures off set by time taken in lieu. Roberta Marsh advised that in 2021 administration conducted an analysis of overtime usage. We looked at trends and reduced the overtime liability. It is a funded liability and were funding it at 100%, but we have reduced it by \$100,000 based on historical data as staff would rather have the time off versus the pay. This is a direct savings to the budget.

Debt payments have been reduced by almost \$210,000. The interest alone savings in 2022 is \$80,277 is what we are saving in interest. Some reserve allocations have been reduced for 2022. The changes to the debt payments result from the refinancing of the City's debt from the Citizens' Prosperity Trust Fund to TD Canada Trust. This does not include the debt in the sewer and water utility.

Applications of reserves and reserve funds. There are healthy reserve balances and projected reserves to the end of 2022 to be \$23M and based on the estimated surplus at the end of 2021. Contributions from reserves to go into operating is the first column in the budget which is a summary of the each of the reserves that is being utilized in the operating budget.

Kenora has always been fortunate to have healthy reserve funds which allows us to be prepared for emergency costs and allows us to be prepared for when funding envelopes become available we have dollars available to contribute to the City's portion of the project.

We are proposing a pause on some of the reserve funds and based on the healthy reserve balances in some of the reserves and a one year decision and assess in next years budget. We have an appropriation to the contingency reserve of \$100,000 and the contribution has always been more as it is the surplus at the end of the year as last year was \$2.3M as we realized more gains on the investments. We appropriated \$300,000 of COVID funding to be used for 2021 and because we know the surplus is going in there, we removed the \$100,000 for 2022 and whatever surplus it is will go in there from end of 2021.

Transfers to reserves – These are the annual contributions to the reserves to be utilized for future operating, capital or unusual spending. Unusual Items Contributions from reserves – This column shows the reserve funds used in 2022 for unusual spend projects. Capital Fund Contributions from reserves – This column shows the reserve funds used in 2022 for capital projects.

Annual appropriations to reserves were reviewed and adjusted based on current requirements and priorities. In the past, we've budgeted for the following appropriations to reserves but did not in 2022 as reserves are in a healthy position: \$100K appropriation to contingency reserve. Any surplus from 2021 will automatically be allocated here.

\$62K from Rec Centre parking allocation to a reserve for the Rec Centre parking project due to NOHFC funding. We knew we needed to do enhancements to this parking lot, but

given the project with the funding we can forego those \$62,000 and the balance prior is \$103,000.

\$205K holiday from the contribution to the parking rental reserve in 2022. The projected reserve is strong at \$1.6M. There are currently no plans in the short-term to use this reserve.

\$57K from the building rental reserve. The City has reduced some of its building rental business and we do not anticipate major work on the rental buildings for 2022. It currently sits at \$704,000.

A contribution of \$100K from the COVID funding (currently in the contingency reserve) is in the 2022 budget. At the end of 2020 the City has over \$700K available from COVID funding. Until the 2021 year-end is complete the funding required (if any) in 2021 is not known but there is high confidence in the availability of \$100K.

Mayor Reynard would like the projections for the reserves and then an accurate reflection at the end of the year for all the reserves.

The SLT intends to review and update the City's reserve policy with the intent to update the reserves to meet the City's future goals.

General Purpose Tax Levy and this is where we summarize the combined levy requirement with the total levy requirement. Purpose is to summarize the 2022 combined levy requirement. This is where the required increase is outlined. Net program Costs is net of offsetting revenue.

Comparative Analysis of Assessment per Returned Roll. These are the returned roll assessments and this is what we base the tax rates on. The assessments have not gone up this year in terms of the equity change of the four year equity change. The last three years are stable and the increases that you do see are due to new builds and there are decreases where buildings are taken down or not used or have a change in the assessed value. Not as much new build as we would see in normal times. Assessment growth 0.8% in residential.

2. Adjourn to Closed Session

Moved by G. Chaze, Seconded by R. McMillan & 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 10:05 a.m. to discuss the following items:

Labour Relations (1 matter-staffing salaries)

3. Reconvene to Open Meeting

Council reconvenes to open session at 11:13 a.m. with no reports from its closed session.

Roberta Marsh reviewed the 5 year full time equivalent summary. We talked about the various positions and areas we have made changes. For example we have brought the Pines program internally and now those salaries are reflected in the budget versus a contracted service. Administration has been able to identify staffing turnover and identifies vacancies in the City. These vacancies and capacity can be identified through vacancy

management. Human Resources and Finance track and manage vacancies to maximize Council's investment to deliver existing City services. Overall impact this year is the \$1.2M.

List of further options for consideration. The budget presented today and if Council is looking to achieve further expense reductions, the following could be considered: Project management support reduced from \$120K to \$80K, Sign by-law review for \$15K eliminated for 2022, Active transportation plan for \$100K eliminated for 2022, Cemetery office renovations for \$75K eliminated for 2022. These projects have been approved by Council in capital and unusual spend budget, but we can look at further reductions. If eliminated, the result in the tax rate would decrease from 3.32% to 2.77%. Kyle prefers not to remove the project management support due to staffing and projects we have established for 2022.

If we leave the numbers as presented in the budget today, it preliminarily looks like a 2.63% increase on residential. These figures have not been tested to see if the system would produce those same numbers so they are very preliminary.

Council questioned the transit system and asked if we can look at options to increase ridership. This service is costing the taxpayers 1% annually and ridership continues to decline. We recently received a funding approval for a micro transit study and the study is intended to look at our conventional transit and the costs associated with this system. It will move the conversation forward around transit in 2022.

Council noted that in light of all the good news we have had over the past 3-4 months we have been receiving several funding announcements for additional funds to our capital projects. A lot of the dollars we did not think we were getting and wants to know what the impact is if we did not access this funding. We will realize savings in third or fourth year because eventually we would have taken on debt for these projects. We took money that we anticipated for projects and leveraged the funding.

The additional requirement is \$809,000 2.92%.

The external agencies once they set their budgets and their rates we don't have a choice. We have to pay those as they provide mandates services. It is money that council has zero control over. Our City budget increase that is in direct control, is less than the overall increase. Every agency has their own set of challenges and it has to be taken into consideration as an overall increase for both external agency increases and then the direct City services increases required.

In order to address the goals established in the strategic plan we need to invest in areas to realize that growth. Commend senior leadership establishing a new vision and want to see the City grow and this is a solid plan to move the City forward.

The operating budget with a report will come forward to May Committee of the Whole and then approved at the May Council meeting. If something comes up before that time, Council will address through Kyle and anything not captured today Council can address at the Committee of the Whole meeting discussion.

Council returned to closed session for one final labour relations matter.

4. Moved by G. Chaze, Seconded by R. McMillan & 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 11:48 a.m. to discuss the following items:

Labour Relations (1 matter-staffing salaries)

5. Reconvene to Open Meeting

Council reconvenes to open session at 11:55 a.m. with no reports from its closed session.

Meeting adjourned at 11:55 a.m.