



MINUTES

**Special Committee of the Whole
Wednesday, February 1, 2023
City Hall Council Chambers
5:00 p.m.**

Live Stream Recording: <https://kenora.civicweb.net/Portal/>

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**With** Mayor A. Poirier in the Chair, Councillor B. Bernie, Councillor G. Chaze, Councillor L. Koch, Councillor B. Manson, Councillor K. Van Belleghem, Councillor L. Moncrief (Virtual)

**Staff:** Kyle Attanasio, CAO, Roberta Marsh, Director of Human Resources, Risk & Insurance, Stace Gander, Director of Economic Growth & Recovery, Marco Vogrig, Acting Director of Engineering & Infrastructure, Ryan Marsh, Director of Finance, Andrew Smith, General Manager of Recreation and Culture, David Mellor, General Manager of Engineering, Kelly Galbraith, Deputy Clerk/Customer Services Manager, David Pratt, Director of Fire & Emergency Services (Virtual)

## **A. Call to Order**

Mayor Poirier called the meeting to order at 5:00 p.m.

## **B. Blessing & Land Acknowledgment**

***Delivered by Councillor Van Belleghem***

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.

## **C. Public Information Notices as per By-law Number 160-2022**

Mayor Poirier then read the following notices:-

As required under Notice By-law #160-2022, Council hereby advises the public of its intention to adopt the following at today's meeting:-

N/A

### **D. Declaration of Pecuniary Interest & General Nature Thereof**

Mayor Poirier then asked if any Member of Council had any Declarations of Pecuniary Interest and the General Nature Thereof pertaining to any items as follows:-

- i) On Today's Agenda or from a previous Meeting
- ii) From a Meeting at which a Member was not in Attendance

Councillor Manson declared indirect pecuniary interest on all matters relating to NOHFC funding as her child manages the NOHFC funding program.

### **1. DRAFT 2023 Budgets**

A recap of the budget was presented to Council. \$16.6 million dollars has been allocated to hard infrastructure which does not include water and sewer or solid waste. More than \$5 million dollars that was contributed last year in capital. \$70.5 million of that is intended to invest in hard infrastructure over the next five years, including \$4.2 million dollars invested north of the bypass and in rural roads, with more anticipated to follow once the City receives the Rural Roads Study. The City continues to maximize external funding to stretch our dollars even further as evidence by the once in a generation injection of grant funding into the Parks and Recreation system over the next few years totaling just shy of \$10 million dollars.

Ryan Marsh, Director of Finance/Treasure presented a recap of where we are at and to frame up the discussion for today's meeting. A major focus is to establish some clear decision points for Council and review different options to reduce the net tax levy for residents.

The City, much like all is feeling the impacts of inflation and the global economy. If the City did the exact same as was done in 2022 we are already starting at an 8.19% tax increase driven by things beyond our control such as inflation, utilities, insurance rates, built in increases to collective agreements, grid bumps, changes with more people enrolling in our pension, etc.

A breakdown of increases to property taxes of 4%, 6%, 8% was presented. The impacts to residents were outlined. If you are a median property tax payer of \$2500, you'd be paying approximately \$108 annually or \$9 a month if the increase was at the 4% level. At the 8% level it is at \$216 annually or \$16 a month. At a 4%, the increase to tax revenue is 1.1 million dollars or 2.2 million dollars at 8%. Right now the 1% tax increase is \$285,454.

### **Councillor Koch arrived at 5:13 p.m.**

Projects with net tax levy implications include:

|                              |                            |
|------------------------------|----------------------------|
| Municipal Paving Program     | \$1,420,306                |
| Surface Treatment            | \$ 272,250*North of Bypass |
| Loose-top, Ditching Culverts | \$ 250,000*North of Bypass |

|                                 |               |
|---------------------------------|---------------|
| Operations Building Renovations | \$ 242,000    |
| Storm Sewers                    | \$ 80,000     |
| ✓ CP Rail Crossing              | \$ 250,000    |
| ✓ Dock Repair Program           | \$ 31,749     |
| 2023 Capital Program            | \$ 2,546,305  |
| 2022 NTL – status quo           | (\$1,185,283) |
| 2023 NTL Increase               | \$ 1,361,022  |

If everything remained status quo and nothing changed from 2022, there would be an 8.19% increase. With the addition of the capital projects listed above this brings the net tax levy increase to 12.96%.

Items in the Unfunded List were explained. Timing wise, these are items that did not make it into the budget build. These include; compensation review (Administration is recommending 100%), Sustainability Advisory Committee Operating Budget of \$75,000, Community Safety and Well-Being Coordinator position which was approved January 18, 2023 and the 5.2% increase to KDSB land ambulance (bill of \$150,000). It was asked if Northwestern Health Unit and District of Kenora Home for the Aged budget asks have been confirmed. In absence of the information being received from the agencies, the City has put in a 3% placeholder.

The unfunded operating costs total an additional 2.74% to the net tax levy, bringing the total to 15.7% or \$4,481,627.

Options to reduce the net tax levy were presented. A number of items have been identified that can be used to reduce the impact. Reduction to capital by reducing capital projects and contributions to debt and reserves were discussed. Council was cautioned that currently the City does not have a policy around debt financing and reserves. Limits are not set. Provincial annual repayment limits are quite large so it would not be recommended to use that as a specific guide for the municipality. Best practice would state that your fiscal stabilization reserves should be a set percentage of your tax revenue. A percentage amount sufficient enough to catch any type of risks that can come up. For this reason staff has taken a conservative approach to debt and reserve usage. Moving forward Council would like to see policies in place which outline restrictions to the reserve accounts. Administration anticipates doing a fulsome reserve review and policy development over the next twelve months which will put Council and Administration in a much better position to work through these budgets. Further options to reduce the net tax levy include; OCIF funding can be used to offset costs, contributions to reserves be put on holiday, using a tax write-off reserve to reduce the impact and a reduction to operating specifically the compensation review and Sustainability Advisory Committee operating budget. These options would reduce the 15.7% to 8.01%.

**Councillor Moncrief joined the meeting virtually at 5:35**

Drivers to the net tax levy include:

|                                                                 |                    |               |
|-----------------------------------------------------------------|--------------------|---------------|
| • Transfers to Capital – Increased investment in infrastructure | \$1,361,022        | 4.77%         |
| • Salaries and Benefits – Includes Vacancy Management           | \$1,280,000        |               |
| • Transfers to Reserves                                         | \$316,000          |               |
| • Fuel – <i>Inflation</i>                                       | \$125,000          |               |
| • Utilities – <i>Inflation</i>                                  | \$120,000          |               |
| • Audit Fees & Retirement Obligations                           | \$76,000           |               |
| • Travel and Conference – Restate to pre pandemic levels        | \$67,000           | 8.19%         |
| • Insurance                                                     | \$60,000           |               |
| • General Maintenance                                           | \$60,000           |               |
| • City Funding                                                  | \$50,000           |               |
| • Cleaning – <i>Inflation</i>                                   | \$44,000           |               |
| • Materials Supplies/Other                                      | \$140,338          |               |
| <b>Total Increases</b>                                          | <b>\$3,699,360</b> | <b>12.96%</b> |

Council discussed the capital budget and the impacts to rate payers at length. Further discussion will follow at tomorrow’s meeting.

The operating budget was presented by staff. The 2023 operating budget projects total operating expenditures of \$43.418 million dollars including capital expenditures (tax supported amount), reserve appropriations and debt payments.

Primary cost drivers accountable for the \$3.6 million increase from 2022 Adopted Budget include inflationary pressures, return budgets to pre-pandemic levels and investment in Capital.

The City will require \$32.245 million dollars through general tax levy. Options to balance were presented to Council. The tax levy is the City’s most significant funding source, representing 74% of combined operating revenues.

2023 Revenue:

|                                        |                     |
|----------------------------------------|---------------------|
| • Other Income (2%)                    | \$882,144           |
| • Citizen's Prosperity Trust Fund (2%) | \$1,100,000         |
| • Investment & Interest Income (3%)    | \$1,130,000         |
| • Federal & Provincial Funding (10%)   | \$4,314,384         |
| • User Charges & Levies (7%)           | \$3,031,125         |
| • Reserve Appropriations (2%)          | \$715,766           |
| • Property Taxes (74%)                 | \$32,244,736        |
| <b>Total</b>                           | <b>\$43,418,155</b> |

Member's of the Senior Leadership Team presented their department's operating budget. A further budget meeting is scheduled for February 2, 2023.

## **2. Motion to Adjourn to Closed Session**

**Moved by Councillor G. Chaze, Seconded by Councillor K. Van Belleghem & 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 6:28 p.m. to discuss the following items:

- Labour Relations (1 matter - staffing salaries)
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- 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 (2 matters – New Hospital & Former Mill Site Development)

## **3. Return to Open Session With Any Reports**

Council reconvenes to open session at 9:12 p.m. with no reports from its closed session.

## **4. Adjournment**

Meeting adjourned at 9:13 p.m.