



**MINUTES**  
**SPECIAL COMMITTEE OF THE WHOLE**  
**Wednesday, September 14, 2023**  
**4:00 p.m.**  
**City Hall Council Chambers**

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

<b>Present:</b>	Councillor G. Chaze (Chair, left the meeting at 7:00 p.m.) Mayor A. Poirier (virtual attendance) Councillor R. Bernie (Chair @ 7:00 p.m., left at 7:33 p.m.) Councillor B. Manson (Chair @ 7:33 p.m.) Councillor L. Moncrief Councillor K. Van Belleghem
<b>Regrets:</b>	Councillor L. Koch
<b>Staff:</b>	Kyle Attanasio, CAO, Heather Pihulak, Director of Corporate Services/City Clerk, Greg Breen, Director of Engineering & Infrastructure, Ryan Marsh, Director of Finance, Bill Mundy, General Manager of Utilities

**Call Meeting to Order**

Deputy Mayor Chaze called the meeting to order at 4:00 p.m.

**Land Acknowledgement**  
***Delivered by Councillor Manson***

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 #160-2022, 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.

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### 1. 2024 Draft Water and Wastewater & Solid Waste Utility Budgets

Kyle Attanasio, CAO opened the meeting identifying the new budget process that the City has undertaken in 2023. Administration has worked hard to move the calendar forward which is beneficial for the City for ensuring work can be awarded earlier. Administration continue to work on operating budgets which will be presented after the utility and capital budgets.

Director of Finance Ryan Marsh outlined the timelines for budget development which started May 2023. Parameters were to build the budget without any impacts to current service levels, review fees and charges, no impacts to budget were to be entered, variance explanations and project descriptions would be required and capital submission requires a ten year review.

The current three-year water and wastewater utility budget projects a declining reserve balance and the solid waste budget projects a stagnant reserve balance with slow growth. The reserve balances are indicators of the health of the utility. They are sources of capital funding and emergency funding and if there were enough reserves, we could use some as rate stabilization. It's a financial indicator to tell us how well our utilities are running and where they are going in the future.

Greg Breen, Director of Engineer & Infrastructure provided an overview of the water and wastewater system and the operational activities that occur to deliver services under this utility.

For the 2024 draft budget we are currently expecting an increase in revenue of \$364,000 which is made up of the approved water rate increase of 3.1% and service charges for specific service requests. The long-term reserve balance is concerning and the reserve balance by 2026 is depleted and by then we are getting further into debt in the utility. The City has been through the development of an asset management plan as part of legislation that the province has brought forward and we are in a deficit state with our infrastructure. We have a great deal of infrastructure needs and we are seeing a greater amount of breaks and needs in the system. The utility is not making money and we are faced with how we manage that going forward.

Under the expenses, staff looked at the 2023 adopted budget and 2024 draft budget. Greg Breen and Bill Mundy, General Manager of Utilities reviewed the proposed expenses and provided explanation to each project.

The reserve is the measurement of the services health. In 2024 draft budget reserve balance is projected to be \$1M, then drops into the negative numbers by 2026. This is where the surplus from operations comes in. We have to deduct the capital and typically you would have a 2-3% reserve balance for the total of your assets. Our assets in this utility are established at \$507M, which means you should be retaining \$10M in reserves.

Previous to last year's budget we had an unusual spend we identified as a special project. They are not necessarily a capital project as there is no tangible asset attached and so we have pulled those out and reported them under a different account.

In our long-range drinking water plan we have been given a target of \$9-10M for that reserve. Last year when we worked on the budget, we were in the same position. We made a decision at that time to push off capital works to keep the reserves in a positive. As a result of ongoing infrastructure challenges, inflation costs, and others we are not able to maintain the reserves we need to. Council will see a number of request for budget decision reports and difficult decisions will need to be made. It is not a good position to be in within the needs of the utility.

Administration then reviewed the capital projects for the water and wastewater utility.

The solid waste department manages the solid waste, recycle materials, the landfill site and Transfer Station in the City which is self-funded. Some other services we provide the hazardous waste program, waste electronics collection, industrial waste, curbside collection and separate scrap metals and construction waste.

The solid waste draft budget is similar to the other utility which sees an annual surplus which then is placed into the reserves for investment in the utility of capital planning. We have seen a decrease in some of the revenue due to the increased sale of bag tags prior to the price increase. In terms of expenses the increased costs associated with staffing, fleet costs and inflationary increases are reflected. All capital projects for the utility are funded through the reserve.

Administration then reviewed the capital projects for the solid waste utility.

Council then paused the meeting for a break at 5:35 p.m. Council returned at 6:18 p.m. and resumed the meeting.

Council discussed the financial system which does not automatically compile information. Consensus was provided by Council that the way the new budget information is presented is sufficient to the needs of Council.

Ryan Marsh moved to clarify the next is the request for budget decisions. These considerations are currently not in the budget, and therefore we will seek direction on these budget decisions by Council.

These reports centre around the longer term needs of the solid waste utility. The landfill capacity will have been reached and we will need to close the landfill and open a new landfill. Through the budget process we have taken a view of where our reserve balances are heading based on current trajectories. There is no increases in the coming years that are already established. By the early 2030's we will find ourselves in a position where the reserve balances are depleted. Initial discussions are in the \$30M range and there are various factors that influence that. We are looking at making a significant change at that trajectory. The compounding effect year over year, and the sooner you can implement an increase will compound over the years. Administration has compiled all the fees and charges and ties back to the full cost recovery model.

It is very important that with these utility budgets we are looking at all aspects including the long-term debt and needs are addressed today to lessen the impact to the utility. The approach to a gradual increase is less impact to the ratepayers. If we can gradually increase the rates, it is less impactful and more acceptable to the users.

We went through the same discussion where we increased the bag tags and other tipping fees because of a future liability and to build up the reserves. There were assurances then that by doing the 50 cents that would build up the reserve fund between \$300,000 and \$500,000 per year depending on volume. It was suggested that we look at other avenues before we start to continually raising rates. We may want to reach out to neighbouring communities and areas and take a look to see if we can share these costs.

There is no tax support for the utility and it is fully self-supported by the user fees. If someone is using the facility from within municipal boundaries or outside the boundaries, the fees are being collected to support the utility. There are surrounding landfills around the area that are ending life.

It was questioned if we have looked at ways to extend the life of the landfill through different types of composting programs and how we handle waste here. There is not enough compelling information that would prove it would make a significant amount of difference to impact the end of life of the current landfill.

If Council wants to see a very thorough review of the utility, we could conduct a study to examine that. Administration does not feel there is enough volume to make a difference for the new landfill required in 2030.

Councillor Chaze left the meeting at 7:00 p.m. Councillor Bernie took the Chair.

Council discussed the various proposed solid waste fees. Consensus was to move forward with the rates staying flat in bag tags in 2024, but supports an increase in 2025 by 10 cents. Prefer that the rate increases focus on commercial rates and scale rates rather than in the bag tag area.

Council will see this budget again, before it comes to Committee of the Whole and will have another opportunity to consider.

Council then moved to a discussion regarding water and sewer fees and charges. The Engineering & Infrastructure leadership has reviewed the rates and has determined that we are not covering the costs of delivering those services. On an annual basis, we are seeing that it is costing the City \$45,000 more per year to execute those service requests than the revenue coming in. Separately, regarding the water delivery services based on current requests, water delivery costs exceeded the revenue based on billing by \$70,000/yr. Overall we have a shortfall of \$115,000 for these services. We do not deliver water north of the bypass. We have taken into account the additional time and expense to deliver this service north of the bypass. In reviewing the charges, the review resulted in the cost of the service being reduced to what it previously was. We have looked at every service individually the same way, and ensure it provides a cost recovery.

Council suggested that we create a sustainable funding model to ensure that rates are built in on a stable basis so that there are not these significant periods of time before increases are included. Kyle will be looking at options with SLT for ongoing policies.

By consensus of Council, the water and sewer fees and charges will be included in the budget as presented. \$115,000 in additional revenue to the utility through these increases will be recognized. It is important to note that most fees and charges were updated in 2015, but water delivery has not been updated since 2002 and is well below the cost to deliver the service.

Councillor Bernie left the meeting at 7:33 p.m. Councillor Manson took the Chair.

Council decided to hold the balance of the water utility reports for the next budget meeting and adjourn the meeting.

Meeting adjourned at 7:38 p.m.