



**MINUTES**  
**SPECIAL**  
**COMMITTEE OF THE WHOLE**  
**Monday, April 4, 2016**  
**8:00 a.m.**  
**City Hall Council Chambers**

**Present:** Mayor D. Canfield  
Councillor M. Goss  
Councillor R. McMillan  
Councillor L. Roussin  
Councillor S. Smith  
Councillor C. Wasacase

**Regrets:** Councillor D. Reynard

**Staff:** Karen Brown, CAO  
Heather Kasprick, City Clerk  
Sharen McDowall, Human Resources (9:45 a.m.)  
Colleen Neil, Recreation Services (9:45 a.m.)  
Rick Perchuk, Operations  
Lauren D'Argis, Corporate Services  
Todd Skene, Fire & Emergency Services (8:30 a.m.)

**Call Meeting to order – Mayor Canfield**

**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

Councillor McMillan declared an indirect pecuniary interest as it relates to agenda item 3 which is the 2016 operating budget discussions regarding budget discussions addressing only the police services board budget section as his spouse is a member of the Police Services Board and receives remuneration.

## Deputations

Approximately five (5) minutes per person/group.

N/A

### Items:

#### **1. 2016 Solid Waste Budget Discussion (8:00 a.m.)**

Operations Manager Rick Perchuk noted that the solid waste budget is a user pay department which runs off revenue it generates from bag tags and tipping fees. We had a spike in revenue in 2015 which was from 33,000 tonnes of contaminated soil. We are seeing a steady increase in those accounts and fees that we set are based on our future capital spending. We have a number of things that were identified in the capital plan that were aggressive again this year that were carry over from 2015 where we couldn't find proper equipment to fulfill the project. The grinder was one of those projects. There are new programs at transfer station this year which include a hazardous waste area and a new composting system that will operate during the summer months. The public can bring garden waste, grass clippings and brush to the transfer station for composting. During the summer months we will run one day per week where you can bring your hazardous waste in rather than one day all year. It will be challenging again as we have increased our hours on Sundays in summer months to 8 hours per day to accommodate the increased traffic. It is the only place in the area for waste to be brought and therefore in the summer we see an influx of use. In the past when had a lot of restrictions on what could be brought in we had a lot of illegal dumping.

Rates were raised in June 2015 for tipping fees and the revenues are all driven by the amount of material that people bring in.

Rick noted that they are changing all aspects of the WDO funding. There are a lot of great things happening with materials. For example tires used to be a large burden to the municipalities as we used to bury so many. Now they are shipped back to the local dealers and sent for recycling to the manufacturers. These are positive steps to improving our environment and the costs of the longevity of our landfills to the municipality.

Lauren D'Argis, Corporate Services Manager, stepped Council through the overview of the Solid Waste budget. The projected system activity for 2016 is \$464,816 for operations and over \$1M in capital works. The municipality needs to keep working with the province to keep working for additional funding. There is increased product that recyclers are taking back from what they used to take. Things like plastic boat wrap are now being accepted. We work with producers to take back products that weren't taken previously.

Recycling costs the taxpayers annually. Mr. Perchuk doesn't believe recycling will ever be neutral and that there will always be a cost to recycling. Karen suggested to Council that if they are interested in administration looking at user fees for recycling then Council needs to give that direction. Rick noted that the same staff that pick up the waste collection are the same staff that do the recycling. There is only one dedicated staff to recycle who transfers the recycle to Winnipeg, but all other staff are doing both at the same time so they are mixed for efficiencies. We don't charge a fee for anyone bringing recycle items to the transfer station.

Council direction was to move forward with the Solid Waste budget as presented.

## **2. 2016 Water & Sewer Budget Discussion (8:45 a.m.)**

Rick advised that we likely have challenges ahead with water and sewer. He would like to get back to the days where there are some funding programs to help upgrade our infrastructure. Our infrastructure is old and it is very expensive for the municipality to replace. It is a challenging department to keep working to improve it with the number of kilometers of infrastructure and no other municipality has the number of pumping stations that we have. We have to spend a lot of money below ground and above ground. There are many programs that have been identified and we see the things that need to be done.

Lauren D'Argis then walked Council through the water and sewer budget. The 2016 projected operations is \$1,973,897, local improvements \$37,643, Long Term Debt Impacts (\$91,107) Capital (\$-3,088,000) and interest on reserve funds held is \$29,211.

As we have been increasing the water and sewer rates the 10% per year, we are seeing a decrease in usage. That is part of the challenge. We are not receiving the forecasted revenues as when we increase the fees we see the usage drop. This is a positive thing but not helping with revenues.

We need to talk about how we are going to address our infrastructure under spending and improvements. There are a lot of great things that the department is doing to replace, repair and maintain but there is not a lot more they can do without the funding.

Rick noted that Kenora has 3 water stand pipes, 5 booster stations and 65 pumping stations and a lot of grinder pumps which is unique to Kenora.

Changes recommended in the organizational review that was approved by Council have been updated in the budget before Council today. Changes to the grinder pump operation have not been included in the presented budget as they were not approved by Council to date.

Lauren clarified that when we do raise the rates by 10% for the past several years, we have seen some increases but not to the targeted projections. People are not reducing their consumption by the full 10% so we are getting some increases through that just not the full 10%.

Council supports moving forward with the sewer and water budgets as presented.

## **3. 2016 Operating Budget Discussion (9:45 a.m.)**

Lauren spoke about major changes you see in this budget. There are two shifts happening. The OPP cost savings is recognized but are more than swallowed up by our other funding going down and increased external agency funding. The Citizens Prosperity Trust fund is not targeted to make the annual budgeted revenues. You will see more into general government and administration. Transportation came down a little, and protection came down a fair bit because of the OPP cost savings.

Estimated net spending for net program costs (operations) is \$25,663,643 with a general purpose tax levy how we calculate it. Operations are up 3.1% and special projects/unusual spending is up.

A net tax levy of 1% would mean we would have to cut \$245,782. The additional requirement before Council today is \$1,359,922 which is a 5.81% increase.

The MPAC assessment increases are in their final year of the phase in for everyone who had an increase. Residential saw well over 6%. Revenue neutral tax ratios try to keep the levy amount per class. Revenue neutral ratios allow us to adjust our rates by class amounts. They allow us to shift the burden to commercial and industrial by a bit and lessen the burden to residential. It was the reduction in the mill rate that brought down the tax increase in previous years of the phase in.

Lauren then reviewed the major budget impacts and what is leading us to the 5.81% increase.

The OMPF allocation decrease funding was \$364,400, Policing Costs decrease was \$374,400. The Kenora Citizens Prosperity Trust Fund income impacts are approximately \$350,000 which we will not recognize as we won't meet our target on interest. The external organization impacts are an increase from the KDSB of \$138,800 and \$32,600 from Pinecrest Home for the Aged. The Lake of the Woods Museum increase request is \$19,500 and Lake of the Woods Development Commission is asking for an additional \$37,600. The Lake of the Woods Regional Community Foundation has a decrease request for funding of \$5,000.

City impacts show a reserve of \$262,000 that was set aside in the 2015 budget for the organizational review. ½% tax increase to capital which is \$122,500 and other impacts of \$12,500.

Staff related impacts from the organizational review are \$262,000 which is offset by the reserves as noted above in the 2015 budget. Steps for non-union which is grid movement is \$65,400, staff are requesting the addition of an IT summer student for \$9,100, Customer Service summer student for \$9,100 and two flagging summer students for \$17,600. Other staffing related impacts are \$81,000.

Other City impacts are utility costs for \$156,000, additional training for new/existing staff \$53,400, and miscellaneous items reviewed in detail by Lauren for \$268,100. Council reviewed the small miscellaneous items and the need for each item.

The combined major impact is \$1,359,900 or a 5.5% net tax impact.

Lauren then reviewed Council's direct budget with them and no changes were made to that budget.

Lauren then reviewed budget options for Council consideration which are already included in the draft budget. In 2014 we had an accounting adjustment for the Citizens Prosperity Trust Fund and in 2015 we had a pick up. When we did an analysis we anticipated it would be closer to 2014 levels. What staff are requesting is can we phase in that impact to the tax payers over 4 years and we still have sufficient room there.

The next consideration is the Museum total increase of \$19,500. Councillor McMillan noted that we just went through a major organizational review and we completed that org review for a purpose. Ultimately it is to enhance service and communication to citizens. Let's be careful what we reduce and what we cut. One primary objective is communication

and enhancing our services so our cuts need to recognize our commitment to the organizational review we approved.

With removing all the options on the presented list it is a reduction of 2.6% on the budget. The next options for Council would see options that have a 3.5% potential increase to the budget.

Councillor Roussin feels we need to commit the 2.2% increase for capital reserves. We committed to an asset management plan which recommended 2.2% annually in capital reserves. We reduced the amount years ago which has resulted in us being behind in our capital reserves. We need to restore our core services back to a level we can maintain.

The City lost \$400,000 what was averaging for investment income. The projections at the time the interest rate would not stay low for long, and we would adjust the capital spend for a few years and put back in when the rates turned around. This was the intern solution as to not pass along the loss to our taxpayers at the time.

Karen suggested Council now move the meeting in camera so Council could discuss the in-camera items before moving forward with recommendations. There are still some things on the radar which includes a user fee review. Karen suggested to Council that they may want to direct administration to start looking at various boards and committees and there may be some tough decisions as a result of those recommendations. Administration could also look at service levels such as crossing guards. Council needs to look at the options and figure out where we are at. If need be, administration can come back with additional cuts.

Councillor Smith questioned what we are basically looking at. If you took every item on the list what would your tax impact be. Lauren explained it would reduce the tax rate by 2.6% which would be close to a 3.4% increase to the average ratepayer. There are ramifications to those options however.

#### **4. Adjourn to Closed Session**

Moved by R. McMillan, Seconded by C. Wasacase & 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 10:58 a.m. this date for the purpose of:

**Labour Relations (1 matter)  
Personal Matter about an Identifiable Individual (1 matter)**

Council resumed at 11:32 a.m. from its closed session with one direction:

That Council hereby directs administration to take \$10,000 from contingency reserves for legal expenses and reduce that amount from the operating budget.

Council then reviewed the budget options for Council list as well as the small impacts list to try to identify any one time issues that could be taken from contingency instead of operating.

Council then directed administration to remove the volunteer firefighter clothing of \$6,500 from the operating and move to contingency along with the brushing of billboards \$7,200,

tennis fencing \$10,000, Discovery Centre bar & cooler \$8,500, warehouse racking of \$8,000. This now brings the budget down to 4.11%

It was suggested by administration that Council could consider increasing parking fees. This would be approximately half a year this year for the increase. This would allow us to adjust the budget for \$60,000 to increase parking fee revenues to \$0.25 per 15 minutes.

Council discussed the Museum increase again. Of the \$19,500 about \$13,000 is staffing related increases. The remaining \$6,000 is help with the intern costs and the utility costs. The increase is \$3,800 in utilities and \$2,700 is the intern portion. Council directed administration to leave that in the operating budget.

Council discussed the Lake of the Woods Development Commission increase of \$37,600. In the previous budget season, the LOWDC requested an intern position which was not approved. They chose to hire the intern position and used some of their budget dollars from another area. We put the intern money back to their budget because they aren't paying for the intern. Council consensus was to remove the requested \$37,600 from the LOWDC budget.

Council supports the IT summer student position. The flagging summer students request was a health and safety request as we are always short in the summer for staff and there are concerns with the safety aspect of works being done. It was suggested that these students could clear brush around the billboards when not flagging. Rick expressed that there is a lot of work to be done in Operations and these students would primarily be used for flagging. Council direction was to leave the students in the operating budget.

Council discussed the advertising for the Clerks office and reduced this budget by \$5,000.00

The Everbridge emergency system that was recommended in the Organizational review will be left in, however, Council suggested that the Manager of Fire & Emergency Services seeks partnerships to help offset the annual costs of \$5,000 by other agencies who could also benefit from the system.

Council supported the Kenora Area Health Care Working Group support for 3 years for \$25,000 but these funds would be out of contingency, not operating.

Council discussed enforcing parking on Saturdays as an additional revenue source. It was decided at this time that this option will not be included in the 2016 operating budget.

Council then had a discussion around increasing the capital reserves. If we are going to 1% instead of the ½ % that is included in the draft for capital spending levels we are looking at 4.2% increase. After extensive discussion around the importance of our capital reserves, Council agreed to leave the 1/2 % which still leaves us at 3.7% increase to the average homeowner.

At this point, CAO Karen Brown, advised Council that they need to give some thoughts to service levels and service cuts at this point. Senior management have reviewed these budgets closely and have cut what they could.

Council then went back to the smaller items on the preliminary budget impacts list. They directed administration to move the following items from the operating budget to contingency: Finance chart of accounts changer \$4,000, Direct IT (land manager upgrade) \$10,000, Clam for handling cardboard \$16,000. This leaves us at 3.56% increase.

Council directed administration to make the changes to the budget that were directed today and bring the final numbers back to Council for the regular Council meeting on the 19<sup>th</sup> and recommend in principal the final numbers. Managers will take one last look if there is anything at all they can cut and let Lauren know so she can finalize the numbers for this meeting. Council will meet as a special Committee of the Whole on the 19<sup>th</sup> at 11:00 a.m.

**5. Close Meeting**

Meeting adjourned at 1:52 p.m.