



MINUTES
SPECIAL
COMMITTEE OF THE WHOLE
Tuesday, February 16, 2016
1:45 p.m.
City Hall Council Chambers

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

Staff: Karen Brown, CAO
Heather Kasprick, City Clerk
Sharen McDowall, Human Resources
Colleen Neil, Recreation Services
Rick Perchuk, Operations
Lauren D'Argis, Corporate Services

Call Meeting to order – Deputy Mayor R. McMillan

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

Deputations

Approximately five (5) minutes per person/group.

Items:

1. 2016 Major Budget Impacts

CAO Karen Brown advised that the intent of this meeting is to have a pre-planning meeting with Council and staff before the budgets are drafted. This meeting was at the

request of Council. Lauren D'Argis, Corporate Services Manager has a few items on a preliminary list for Council to review and start thinking of.

Lauren noted that the OMPF fund is seeing another \$364,000 loss which is a big hit for us. That is a 1.5 % increase in taxes. Policing sees a further reduction of \$374,000.

With the Citizens Trust Fund, we are not going to make the 1.1% return in 2015. Council needs to think about how they want to handle that for 2016. She suggested we could use the earnings made in previous years to make up the difference but Council needs to determine at what point you want to pass along that loss to the taxpayers. At the same time, we don't know for sure that this will be the same for 2016.

Under external requests, we know that we are looking at an approximate \$270,000 increase. \$10,000 from the Museum, \$140,000 from the Kenora District Services Board, \$97,000 from the Lake of the Woods Development Commission, \$30,000 from Pinecrest and the Kenora Regional Community Foundation is \$5,000. These are all estimated at this point.

Council needs to consider an increase to capital reserves and wage related impacts which are also unknown at this time due to various reasons.

Provincial Offences revenue is unknown at this time but will see a decrease in 2016 due to changes.

The Human Resources Management implementation, senior manager retirement and hiring, and the human resource system is an unknown cost at this time. The Human resource management system still needs to have further investigation and review on the system we want that will meet all our needs. That will take place over the next few months. It is very important we choose system will work best for us.

Staff questioned if there was any specific direction from Council on any of these areas.

Karen noted that there were a few questions that staff have regarding the Policing savings and the Citizens Prosperity Trust fund. If we are not going to hit that target year after year, does Council agree that we would be better positioned to recognize that we aren't going to meet the 1.1% annually and recognize that now? If so, it will mean a tax hit. Does Council prefer to continue to take out the \$1.1 until the fund goes down to the original amount or we could phase down. Karen advised she doesn't see rates turning around in the next 5 years.

Council made aware of these issues and they understand these impacts but will not make any decisions until they know the final draft budget.

Lauren made Council aware that with capital there is not a lot of net tax levy going to anything else other than roads and bridges. We have increased 2.2% for 10 years just to get us to what our annual spend should be for roads and bridges. We will likely not see our infrastructure deficit addressed.

We will have an updated Phase 2 of asset management plan by end of 2016.

With water infrastructure capital, even with water rate increases over the years, what typically happens is with each increase the City sees a decrease in the water usage when we increase fees because people are using less water. It is positive in the aspect of less water being consumed, but we aren't seeing the revenues increase at same rate as we thought.

Council questioned if all our 2015 capital projects were completed in 2015. Karen explained that there were significant staff challenges in 2015 which resulted in several projects that could not be completed due to staffing and other demands on the staff that were here. If there is a project that does not get completed it goes into the reserves so that the funding is still there but in reserves.

It was questioned if we are we always underspending in departments and is it a possibility that we are budgeting too much which is resulting on impacts to the taxpayers. Karen explained that projects are put into the budget that do not always get approvals for. We provide estimates for costs to the best of our knowledge but in the end we don't always know what all costs are when we start a project. Staff do try to keep at reasonable operating level at all times. There are many of our projects that are contingent on funding programs. In other situations, there are some pieces of equipment that can take a long time to get. We have had some items take up to 45 weeks for delivery from the time it is ordered. Budget approval can be as late as May and then you only have 6-7 months for delivery of product before year end. Sometimes there is not always enough time.

It was noted that the average homeowner saw their taxes up 5.7% just on assessment value. Property assessment will go up \$100,000,000. If we did nothing with our budget and proceeded as is, the taxes will increase just from the assessment to an average of 5.93%. The good news is that this is the last year of the 4 years.

The next budget meeting of Council will be March 15th at 8:00 a.m. Council will break at 11:30 a.m. for the regular Council meeting and then resume back following the Council meeting. Lauren will be proceeding with a capital budget that assumes same levels as last year.

Adjourned at 2:55 p.m.