



MINUTES
SPECIAL COMMITTEE OF THE WHOLE
Monday, May 8, 2017
9:00 a.m.
City Hall Council Chambers

Present: Mayor D. Canfield
Councillor M. Goss
Councillor R. McMillan
Councillor D. Reynard
Councillor S. Smith

Regrets: Councillor L. Roussin, Councillor C. Wasacase

Staff: Karen Brown, CAO, Heather Kasprick, Natalie Pearson, Deputy Treasurer, Jon Ranger, Budget & Special Projects Officer, Jeff Hawley, Operations & Infrastructure Manager (left at 10:45 a.m.), Biman Paudel, Water & Wastewater Division Lead (left the meeting at 10:01 a.m.), Mukesh Pokheral, Environmental Services Division Lead (left at 10:45 a.m.)

Call Meeting to order – Mayor Canfield

Mayor Canfield called the meeting to order at 9:00 a.m. Mayor Canfield introduced Jon Ranger who is the new Budget & Special Projects Officer.

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. Water & Wastewater Draft 2017 Operating Budget and Five Year Capital Plan Review

Karen noted that there are just over \$4 million in the water and wastewater reserves. We are building the reserves based on the BMA recommendation of user pay rate increases with the gradual build of these reserves.

Biman Paudel reviewed the five year capital projections. There is a serious concern with the Crawford pumping station and there is \$350,000 in the budget to repair this lift station. They are upgrading 100 Main St pumping station and have budgeted \$340,000 for this project. We have the highest number of pumping stations in Ontario and Biman has put in \$85,000 in the budget as there are always need for replacement in the 65 pumping stations that we have. There is \$40,000 in the capital projections for the Norman lift station generators. Biman requested Council to tour the water division to fully understand the complexity of the water division.

Under the waterworks capital projections the water main program has been budgeted for \$600,000 along with a marine line water main investigation of \$30,000. We are installing new water dispensing unit system in the amount of \$35,000. We are also installing remote reading capabilities downtown in the amount of \$50,000. The water treatment plan generator is estimated at \$300,000 and energy savings lighting at \$150,000.

Council questioned the amount included in the budget for grinder pumps as this item is on the agenda tomorrow for discussion. There are additional staff allocated in the budget and the discussion on grinder pumps will take place at Committee of the Whole. There are approximately 350 grinder pumps in the City. The reason the grinder pumps went in as it would have been prohibitive cost wise to put in a gravity system at the time and was the best solution to provide service to these locations. Right now the budget includes the two additional staff but does not include the proposed \$84,000 increase to user fees as this has not been passed.

Council questioned how many water delivery customers we have and questioned what the cost of service is. Council would like an analysis of the cost for service and this should be reviewed.

There were concerns regarding the potential hazards within the outlining area with the City's drinking water intake. Council felt that we should be following up with the items outlined in the water shed protection concerns and need to initiate those discussions. We are partners with the golf course and Coney Island is our customers and we should spend time on these issues.

Council questioned the equipment vacuum truck and how many hours would be used on that truck and if we should purchase another truck or hire outside. This is a \$280,000 purchase and an analysis on how much it is used and it may be more cost effective if the hours are lower on the vehicle. This is a projected 2018 purchase.

Karen Brown advised Council will be looking at the next water and wastewater rate increase which will be for 2018 and 2019.

The Water and Wastewater budget approval will be on the Committee of the Whole agenda for tomorrow.

2. Solid Waste Draft 2017 Operating Budget and Five Year Capital Plan Review

Karen took Council to the 2017 budget highlights and advised Council that it is time to review our tipping fees as the graph demonstrates where the solid waste operations funding is projected to decline each year projected to 2021. The report coming forward tomorrow will outline and suggest that a user rate fee review be undertaken to address the upcoming shortfall in funding.

Anticipated costs related to the development of a future landfill site are \$5-7 million. Additionally, there would be closure costs related to the existing site. While closure costs for the site will be done in phases as the site is filled, final cost for closure is estimated at \$1 million for clay cover and vegetation.

Mukesh reviewed the five year capital projections with Council. At the transfer facility, he plans to pave in front of the canopy for \$30,000. The other anticipated projects are in 2018 and 2019. At the Kenora Area landfill, several projects are proposed, including the construction of retention basin for \$50,000, an aggregate area for \$120,000, a fire break road for \$100,000, the installation of camera's at the landfill for \$35,000. Under the solid waste vehicles and equipment, there is a new garbage trailer required for \$130,000, a used pick-up truck for \$10,000, a boat motor for the boat for picking up garbage from Coney Island for \$14,000 a new roll off truck for \$230,000. Other items were set for 2018 - 2021.

Council questioned if the retention basins are part of a requirement from the Ministry of Environment. There is a requirement for a peripheral road but the intent is for access in the event of a fire. The aggregate is from landfill the new area would supply us with aggregate for many years.

Council questioned the composting program. There were some challenges with it in its first year, but looking towards improvements this year. We should be able to develop a product that is reusable. The problem is volume and getting to a good quality product. It has been a learning process but the product is good to use at the landfill. Next year at this time we will have more historical data to review as there will be improvements this year which we believe will be more successful.

This item will come forward to the Committee of the Whole meeting tomorrow for further discussion.

3. 2017 Municipal Operating Budget Discussion

Karen distributed a high level draft budget overview. 2016 net tax levy that was just under \$24.1 million which is an approximate \$700,000 increase. This is primarily due to funding that has been reduced. It is an approximate 2.86% net tax increase.

The high level major impacts were presented. Starting with the OMPF allocation decrease we are losing roughly \$333,000 in OMPF funding. Our OPP policing costs is dropping by \$254,000 this year which is good news. The KCPTF income has dropped and a phase in amount has been included of \$40,000. The external organizations total an increase of \$202,000. The KDSB total increase is \$132,000 with Pinecrest Home for the Aged is increased cost of \$70,000.

From the external organization presentations, the Kenora Handi Transit and Kenora Public Library, Triple Play, Kenora Assembly of Resources and Tourism Strategy-BLT all requested no increase. The Lake of the Woods Museum increase is \$1,400 and the LOWDC is \$40,600.

The staff related impacts are fire arbitration award of \$68,000, CUPE non-utility impacts of \$99,100, non-union (non-utility) economic adjustment & steps \$116,300, Council adjustment of \$4,100, City Hall restructuring of \$14,200 with a total wage impact of \$326,700.

There was a \$110,000 error in the 2016 budget where the debt related to the KMA was reduced on the capital spend. The offsetting debt payment was not added. This will need to be reflected in the 2017 budget. In the capital spend, we take last years' capital spend level, take off any debt payments we are issuing, when the 2016 budget was done we took the 2015 capital spend and took off the \$110,000 for the KMA debt payment. When it happens, it needs to go into the operating budget so basically we reduced the spend but it was not reflected in the operating budget.

The combined major impacts total \$687,500 which is a 2.9% tax rate increase.

In the past when administration has talked to Council about increasing capital dollars we have put it to roads and bridges. We are in trouble with the rest of our capital budget spend. We need to start putting some money towards other programs and Karen recommends that some of the capital goes towards other capital programs.

There was a \$100,000 ask from the Substance Abuse and Mental Health Task Force for a position but if Council is going to consider this request, and Karen suggests a partial funding of possibly \$10,000 with other partners stepping up, but not a full consideration.

The Kenora Baseball group asked Council for \$20,000 plus other items such as labour of summer students. This needs to also be discussed.

Karen questioned what Council's appetite is for a tax increase for 2017.

The 2017-2020 estimated net assessment growth and value changes based on returned roll data was provided to Council. This data was reviewed by Council which demonstrates the net growth, and value/equity on properties.

Council agreed that we need to increase our available housing in the community to build the growth in the community.

Karen questioned if it is Council's preference to cut service to keep the levy small or is it your preference to keep service levels and include a tax increase.

Council feels we have good services and offer more than other communities. The demands that have been placed on the municipality over the years have increased substantially. Council feels we need to maintain our services to attract people to our community and they do not want to see us cut any services. There are some services we need to expand on and build on but we need to maintain what we are doing now.

Council agreed that we have a strategic plan of where we want to go and we need to keep on track with that which requires us to maintain services.

Staff will bring back a budget with service levels maintained with a marginal tax increase.

Karen provided Council with a notional rate comparison. The information provided was based on the information Karen had at the time of preparing the report. We are looking at banding or graduated rates. Our software solution will not accommodate that, but we could manually accommodate this. In Fort Frances they were able to introduce banded rates on their commercial properties. Some of the assessed values from the box stores are low so in order to pick that up we would need to assess whether this is fair in our own community.

Karen requires direction from Council if Council is interested in maintaining the tax burden by class. We have made every effort to use every tool to eliminate shifts onto the residential tax burden. Karen printed the impact analysis for implementing revenue neutral ratios for both the residential and commercial classes. There would be no net difference in the overall levy, but using revenue neutral ratios would maintain the tax burden by class. If Council is seeking the CAO's recommendation, Karen suggests that we maintain the burden by class as we have had to shift onto the residential properties in the past and the residential is consistently growing from value perspective not from build perspective, and it is difficult to have much more to the residential tax payer.

The next operating budget meeting review meeting will be held on Monday, May 15 at 8:00 a.m.

4. Motion to Adjourn to Closed Session

Moved by Councillor D. Reynard, Seconded by M. Goss & 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 12:16 p.m. to discuss the following item:

Labour Relations (1 matter)

5. Reconvene to Open Meeting

Council reconvenes to open session at 12:27 p.m. with no reports from its closed session.