



MINUTES
SPECIAL COMMITTEE OF THE WHOLE
Wednesday, June 26, 2019
12:00 p.m.
City Hall Council Chambers

Present: Mayor D. Reynard
Councillor M. Goss
Councillor R. McMillan
Councillor S. Smith
Councillor C. Van Wallegghem

Regrets: Councillor A. Poirier
Councillor K. Ralko

Staff: Karen Brown, CAO, Heather Pihulak, City Clerk, Jeff Hawley, Manager of Operations & Infrastructure, Adam Smith, Development Services Strategist

Call Meeting to Order

Mayor Reynard called the meeting to order at 12:00 p.m.

Public Notices

Take Notice that as required under Notice By-law #144-2007, Council intends to adopt the following items at a Special Meeting of Council on June 26, 2019:

- Amend the Municipal Water Supply and the Provision of Sanitary Sewage Services By-law pertaining to individual meters in buildings of four (4) or more units

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

John Barr – Multi Unit Water Rate

A little over two months ago the City's Chief Administrative Officer spoke to the Planning Advisory Committee, a city committee on which Mr. Barr sits. She spoke quite eloquently and passionately about how enabling housing is one of the top priorities in the city's strategic plan and about how this Council wanted to do the right thing with housing. Since then, that committee has approved recommendations for Council's consideration that

essentially are meant to make housing starts in this city administratively easier. Yet here we are, dealing with an issue that may have the effect of making housing starts and the maintenance of current rental stocks financially more unstable.

Mr. Barr provided some detailed information to the CAO a couple of months ago on the sewer and water rate issue as it applies to multi-family buildings which was shared with Council and staff. At the time, Council was considering the installation of individual water meters on each unit of any multi-family building in order to assess a monthly water and sewer bill on each unit as though it were a single-family residential unit. This became an issue because it had been brought to the attention of the previous Council that there were inconsistencies in how some condo dwellers were paying higher bills for water and sewer services because they were being charged on a different basis than those in other condos and multi-family buildings. Each of their units was metered and they were paying a monthly service fee and consumption charge equivalent to that of a single-family dwelling. The original builder of that facility had, at the time of construction, decided to install individual meters on each supply to each condo unit. To confuse the issue further, there may have been a specific bylaw at that time around water rates in the former Municipality of Keewatin to account for this type of building. Amalgamation of the three municipalities in the year 2000 seems to have resulted in a number of inconsistencies between the various bylaws which governed each community.

Even so, with few other exceptions if any, most multi-family buildings today are metered by single meters based on the size of the water line servicing the building. The larger the building, the more people being housed in the building, the more water required for use, the larger the water line to serve the building, the larger the meter, the higher the monthly service fee. So, when one looks at various rate structures applied at systems across the province and the country that is generally the process by which multi-family buildings are charged a service fee for their water and sewer use. That is the current situation in Kenora.

Consumption charges which are consistent across all living units in the City are then also applied and added to the service fee for a total monthly charge. Today Council is considering a 7-year phased in plan which will abandon individual meters and charge buildings of 4 or more units on the basis of the single-family residential monthly service fee per unit and a consumption fee which will be based on the single metered amount of water entering the building.

Further, we are also in the final two years of a long-range plan to maintain operating costs and establish infrastructure reserves with another 5.5% increase in rates in each of 2020 and 2021. At the end, this plan will see residents paying about 100% more for water and sewer services in 2021 than what they paid in 2013.

Mr. Barr noted that he has analyzed staff's report of June 19th and does not dispute its figures. However, it may have been useful to identify the current total revenues generated by the city's multi-family buildings as compared to the revenues anticipated in years 1-7 of the report's recommended options. There should also be information supplied on exactly how the recommended 7-year phase in cycle would work, assuming a per unit service fee will supersede the fee based on meter size. Depending on the number of units within a building, there may be a revenue short-fall in year 1. Currently, under today's rate structure, a 6-unit multi-family building on a 1-inch line pays a service fee of about \$1,495 per year which would rise to \$1,577 in 2020 and \$1,664 in 2021, at a 5.5% increase per year. If, as recommended, each unit paid \$88.96 per month phased in over 7 years that

equates to 14.3% per year or about \$916 in year 1, \$1,832 in year 2; finally reaching the pinnacle of \$6,405 in year 7, not including any annual increases in the intervening years. For that particular configuration, that is a short-fall of about \$580 in year 1.

The report does imply in its risk analysis that the average user pays 8% more than they would pay under the new suggested billing system but there are no figures to substantiate that value. Also, that, in itself, is not a risk. It would be more helpful if the risk was defined as the likelihood of closures of current rental stock and lack of new multi-family housing construction against the effect or impact of both on the city. Simply put, such closures and lack of construction will worsen an already poor housing background in this community.

Mr. Barr has difficulty in determining how one would enforce the type of rate structure being contemplated for multi-family buildings. These buildings can include apartments, condominiums, townhouses, mother-in-law suites, micro-apartments, studio apartments and mobile-home parks. They can be a mix of residential units and commercial enterprises. They can be social housing buildings which are geared to income. If a landlord decides to close one of 4 units to be lower than the 4-unit threshold or if a unit in a 10-unit building is empty for a month, does he or she still need to pay the service fee for that abandoned or empty unit? Is it fair to charge each of the 72-570 square foot seniors' units that house one or two people in the Parkview Apartments with rents geared to income and no in-unit dish-washers or laundry facilities, no car washing and lawns to water, the same monthly service fee that a family of 4 living in a private 2,000 square feet residence pays? Is Council contemplating charging the service fee to social housing units like the Parkview which are partially subsidized by the taxpayer? That's like taking money from one pocket and putting it in another. What actually defines social housing from affordable housing from market attainable housing and will a tenant or landlord in one pay more than a tenant or land-lord in another.

The purpose in Mr. Barr's presentation is to try and ensure that Council does not create real or imagined impediments to housing starts and to the maintenance of current rental stock. Staff have reported that there has not been a construction start for multi-family type living arrangements since 2014. Recent fires have actually reduced the number of living units in the city. The renovation of the Norman school into small square footage condos is a good first start Mr. Barr understands there are current proposals for market-attainable multi-family buildings in the works which it is hoped these would not be jeopardized by a new rate structure which makes them financially unstable. Mr. Barr also does not wish to see Council make any decision that may risk the number of current units that are currently available in the city. As indicated earlier, City surveys taken as part of the strategic plan process indicated that housing is a top priority with voters.

If it is such a good idea to charge multi-family building dwelling units a monthly service fee equivalent to that charged to an individual single-family home, one would think everyone would be doing it. Of more than 600 water systems in the province, only those serving Cobourg and the Regional Municipality of Halton seem to be alone in that type of rate structure and they charge a substantially smaller service fee than that proposed by this city. Granted there may be others, but they don't jump out in the research.

Sometimes the best idea is to do nothing. Given the available information, Mr. Barr sees nothing which suggests Council absolutely needs to move on any kind of decision. As reported by the press, your own survey suggested that 81% of the respondents opposed new rates. After this year, we have two more years of planned increases under the current

rate structure and no decision on rates for multi-family buildings needs to be made until at least that time has expired, and the whole rate structure is hopefully re-assessed. There may also be opportunities for new revenues should Wauzhushk Onigum First Nation wish to tie into the Kenora sewage and water system and one does not know where that project might be in 2-7 years.

Anyone who has ever had to rely on a well for water supply know, if the pump works, don't fix it. Mr. Barr encouraged Council to please keep that in mind when making their decision on Friday.

Mayor Reynard thanked Mr. Barr for his presentation and a copy was left with the Clerk.

1. Multi Unit Water Rate

Mayor Reynard opened the meeting stating that the report is before Council today, and ultimately Council has three options to decide on. If there are no changes made, that is what is already approved. The recommendation is now to phase in over seven years instead of five. Eliminating the requirement for individual meters it will be up to the developer for individual meters or single meter in the build.

We could charge 50% of the current rate which would be phased in over a period of three years. We can't create a class within a class.

Councillor Smith will support the original resolution but consider the option of the seven year phase in. We had residents make deputations to us to give more time, we have given more time. We listened and acted upon that. One thing that caused concern and gave reason to pause would impede future builds. There are opportunities through capital planning which provides incentives to multi-unit builds. The ratepayers of the current system cannot be subsidizing other rate payers. The experts are our staff, the Operations Manager, and is qualified to do the job and give expert opinions, along with the professional legal advice we have received. They are the experts and Councillor Smith supports their recommendations. The ratepayers of the system should not be subsidizing others on the system.

Councillor Goss referenced the issue of fairness which is a tough one. There are some that are not paying their fair share. We accept option 2, remove individual water metering, and option 3, everyone has to be part of it. There is no cash grab, there is no residential tax payers money going into this as it is a full user pay system. Option 3 is the way to go. 50% - phased in.

Councillor Van Walleghem was not here when original decision was made, however, he does agree with option number one. The reason he agrees with this is there are two different rates right now with domestic and commercial which he doesn't agree with. We should all pay the same and not a different rate, support option #1.

Councillor McMillan noted that he was part of the Council that passed the original resolution. Many deputations that have come forward and based on information received from legal counsel and principal of user pay that we discussed at Committee of the Whole, some can be left with interpretation of the council of the day. Councillor McMillan is going to remain with the original recommendation and will remain consistent on his decision. This is going to have an impact on our community but he is basing his decision on fairness

and equity for all citizens. Staff have done their job and provided information to Council to provide an informed decision.

Mayor Reynard recognized that each member of Council all have their own thoughts. Mayor Reynard's is based on what he believes is best for our municipality. One thing that really jumped out was the number of people coming forward to Council that believe they want equality across the board. Recognizing that it has no bearing on his decision his decision is based on what he believes is fair and do not believe the multi-unit res users/owners/non-profits, should be paying 100% of the residential. Talking to the developers and non-profits, if we decide on Friday to go with this we will not achieve any multi res builds. That is why Mayor Reynard proposed the rate he did at the last meeting. He firmly believes the best decision for this Council and all users of the system is to take option #3 – 50% and to eliminate requirement for individual meters in each unit. Mayor Reynard hopes we have some second thoughts and understand the impact of this decision. This is not the right decision and would be supporting the option of 50% over the three year period.

Recommendation to the June 28 Special Council Meeting:

That Council hereby reconfirms the decision made on May 22, 2018 wherein all buildings consisting of four (4) or more living units, including apartments, condominiums, life leases, 55 plus and similar usage buildings, hereafter referenced as multiplex buildings, be charged a per living unit sewer and water service fee based on the number of living units within the building times the sewer and water service fee for individual homes (based on a 5/8" service line), as per the General Tariff of Fees and Charges By-law; and further

That any increases to existing multiplexes, resulting from implementing this decision be phased in over seven (7) years in equal increments; and further

That Council hereby approve the elimination of the current requirement for individual living unit metering in proposed new multiplex buildings; and further

That By-law 70-2018, a By-law to regulate the Municipal Water Supply and the Provision of Sanitary Sewage Services in the City of Kenora, be amended to reflect these changes; and further

That in accordance with Notice By-Law Number 144-2007, public notice is hereby given that Council intends to amend the Municipal Water Supply and the Provision of Sanitary Sewage Services By-law pertaining to individual meters in buildings of four (4) or more units; and further

That three readings be given to a bylaw for this purpose.

2. AMO Delegation Requests

Similar to previous years, the 2019 AMO Conference will have an opportunity to meet with provincial ministers. The deadline for submission of these meeting requests is July 5th. Based on a review of the previous issues packages combined with some recent developments, staff are proposing the following issues to be discussed.

NOHFC Funding for Affordable Housing—Ministry of Energy, Northern Development and Mines

Affordable housing has long been identified as a need in Kenora, not only to affect homelessness but to attract workers and compensate for demographic trends. The City of Kenora has previously indicated its concerns around inflexible government funding

programs that distort municipal priority setting. This extends to the NOHFC as housing is not perceived to be a catalyst for economic development despite evidence to suggest otherwise. The KDSB has been recently rejected in its application for support to proceed with a Regional Housing Strategy and the City of Kenora would like to leverage dollars from the Province to off-set the cost of extending municipal water and sewer.

Connecting Links Program: Ministry of Transportation

Kenora bridges are multi-million dollar structures, some worth tens of millions of dollars, which used to receive between 80% - 100% capital funding from the Province. The City owns and maintains 18 vehicular bridges that cannot be ignored. Kenora's bridge infrastructure is aging and represents a potentially major cost to the City that cannot feasibly be maintained only through municipal tax dollars and without assistance from the Province. A significant share of this infrastructure is on Highway 17 which is the primary route of the Trans-Canada Highway in Ontario. Although Highway 17A serves as an alternate route and by-pass around Kenora, when there is an accident, all traffic is diverted into the City. Moreover, it serves as a conduit into Kenora for surrounding communities including Wauzhusk Onigum First Nation and Obashkaandagaang First Nation. Unfortunately, Kenora is not eligible for funding under the Connecting Links program despite fitting within the policy of the program. Highway 17 is a critical roadway that serves provincial and municipal interests, carries long distance provincial highway traffic moving through communities, as well as local traffic within the community. We are in an extremely unique situation when compared to any other municipality in Ontario and are desperately seeking sustainable sources of provincial funding to address the burden related to our bridges.

Improving Capacity to Address Substance Abuse: Ministry of Health and Long-Term Care

In 2019, policing costs in the City of Kenora stood at \$789 per household rising from \$720 the year prior and greatly exceeding the provincial average. In terms of City operating expenses, 21% consisted of policing costs. In the past, the City has seen costs driven by alcohol dependency, however, the presence of methamphetamine has further complicated the development of upstream solutions to mitigate both the financial and social costs methamphetamine addiction has on the community. Currently, Kenora and by extension, Northwestern Ontario does not have a treatment centre for this drug which leads to management through the criminal justice system and emergency room which is much more costly and ineffective. Complex addictions require multi-faceted solutions and the City of Kenora has been working extensively with local partners to determine a path forward.

An enhanced street patrol program will help alleviate pressure on the police to direct those in crisis to the appropriate centres of care. However, moving forward, a holistic treatment centre for addiction is desperately required in Kenora. To combat addiction, particularly for methamphetamine treatment must go beyond the traditional 30-day model. It must be conducted with a lens to providing housing supports so that those dealing with addiction can effectively break the cycle of crisis.

Public Transit Funding Criteria – Ministry of Infrastructure

Despite the lack of funding programs for the City's roads and bridges, there remains an overabundance of public transit dollars available to the City yet cannot effectively use given its limited transit system. While this may support a vital service for larger urban

centres, Kenora and many other small, rural communities would much rather have these dollars allocated to core infrastructure projects.

The City of Kenora views narrow eligibility criteria and inflexible government programs as a significant issue that affects priority-setting. With the recent announcement on intake for the Public Transit Stream, the City of Kenora was allocated approximately \$1.1 million to support a transit capital project. The City has applied under the program to use some of this allocation towards the purchase of a Handi-Transit bus and garage for the vehicles. However, this leaves approximately, \$1,000,000 of the provincial allocation left unspent. The City of Kenora is seeking to use the remaining dollars allocated for the purpose of other capital works such as roads and bridges.

ICIP Application Rural and Northern Stream: Railway Street— Ontario Ministry of Agriculture, Food and Rural Affairs

The City of Kenora has submitted a funding application under the Investing in Canada Infrastructure Program – Rural and Northern Stream with a request of \$1,583,946.67 from the Ontario Government. The total cost of the project is approximately \$5,019,622.85 and will lead to a complete reconstruction of a 1.7 kilometer roadway with improvements that will greatly enhance vehicular and pedestrian safety, create a new active transportation corridor and improve land drainage. There are also broader economic development goals attached to this project as it will help accommodate a major housing development that is anticipated near the boundary of the project scope. The City is seeking the Ontario Government's approval of the application so it may improve deteriorating assets and foster positive economic outcomes.

3. Adjournment

Meeting adjourned at 12:40 p.m.