



**MINUTES**  
**SPECIAL COMMITTEE OF THE WHOLE**  
**Tuesday, March 5, 2019**  
**8:30 a.m.**  
**City Hall Council Chambers**

**Present:** Mayor D. Reynard  
Councillor M. Goss  
Councillor R. McMillan  
Councillor A. Poirier  
Councillor K. Ralko  
Councillor S. Smith  
Councillor C. Van Wallegghem

**Staff:** Karen Brown, CAO, Heather Lajeunesse, Enforcement Division Lead (Acting Deputy Clerk), Jon Ranger, Deputy Treasurer, Charlotte Edie, Treasurer, Jeff Hawley, Manager of Operations & Infrastructure, Bruce Graham, HR Strategist, Stace Gander, Community Services Manager

**Call Meeting to Order**

Mayor Reynard called the meeting to order at 8:30 a.m.

**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

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**1. 2019 Operating Budget Discussion**

Jon Ranger, Deputy Treasurer, spoke briefly to the adjustments that have been made since last budget discussion to the capital line including the NWHU slight increase, removal of the LOWDC funding as per the municipal accommodation tax, ice rental revenues for both arenas, addition of Saturday parking revenue, removal of \$100,000 vehicle reserve allocation, fitness centre department adjustment, planning advisory committee for additional per diems, arts centre department, City Clerk department for \$20,000 of legal fees from contingency reserves and Council budget of \$25,000 for doctor recruitment.

Operating budget adjustments include a significant increase for update to benefits for Great West Life and the various departments allocated to. Sewer and water allocations has been updated, recreation centre update to memberships, \$20,000 revenue for building rentals, cell phone plans have been adjusted due to savings from new plans, safety devices for line painting that came in over budget by \$40,000, small changes to department interest and principal, KDSB budget known increase by \$29,000, and a small reduction in fire services contracts by \$4,000. Jon indicated that he will provide a summary sheet to Council of these changes.

It was determined that the external fixed costs that the Municipality has no control over is approximately 2.5 percent of the budget. So before the budget is determined there is already 2.5 percent of tax dollars allocated to these costs. It was indicated that currently the final amounts have now been confirmed for NWHU and KDSB but are still awaiting for a final cost determination for Pinecrest Home for the Aged.

It was asked by Council if memberships at the rec centre have decreased since the elimination of the fitness consultant position and advised by staff that memberships have decreased but not significantly.

There were additional options for consideration of budget reduction carried forward from the last meeting that were recommended by the senior leadership team. Jon provided a handout to Council for review:

Northern Analyst Cooperative Project – The annual membership fee of \$400 comes with two days of policy to access. When the final numbers were received it was recommended by senior leadership not to cut this from the budget as it does not help to get to Council's target. This will be looked at again next year if budget permits.

Art Centre business plan – the programmer for the arts centre had been removed and has since been added back in following the Museum Director's presentation to Council at the February Committee of the Whole meeting. This is now an amended ask based on the business plan as presented to Council. It does not include the increases for two full time positions, nor for students. Within the business plan all tasks were reallocated to the existing roles at the museum and was then determined what still needs to be done in terms of job function to ensure the building is running properly. Numbers have been since revised to reflect the business plan. There is a revenue model to this as well, although if goals are not met with operating costs and revenues, there will be additional costs.

City Clerk fee increases – various fee increases have been proposed for the Clerk's department by staff (eg. marriage licences) that will increase revenues by \$10,000 so these have been added.

Insurance options – a proposed \$12,300 would reduce the budget if the City increases premiums on deductibles for liability, buildings and vehicles. Karen Brown suggested that this is not an option we should consider at this time based on current risk.

Building rentals reserve allocation – surplus in building rentals currently goes into reserves but the budgeted surplus could be worked into the bottom line rather than to reserves. There is currently \$400,000 in rental reserves. Karen cautioned Council that this would be a short term solution only as there will be increased costs in upcoming year. Council asked if we get rid of the OPP building this year could the money be used to offset taxes. Karen

suggested that operating expenses have only been budgeted for the first 7.5 months of the year and any dispositions should go into future.

Handi Transit Surplus – Jon provided a statement of operations for handi transit operations for 2014-2017 which shows a surplus for each of those years, adding that their vehicle replacement reserve is current around \$130,000. The vehicle replacement reserve has been building and would be enough to purchase a new bus at this time. In the past these buses have been paid for by the dedicated gas tax funds. The dedicated gas tax can only be used by municipalities for specific items which include buses, and the City normally has a balance forward on this funding. It has been suggested to reduce the allocation to handi transit by \$5,000 for 2019 based on past surpluses. Several members of Council expressed opposition to this decrease in allocation, indicating that based on the budget presentation by handi transit they have picked up more clients and are looking at running a second bus. A small decrease to their funding will not have a large impact on the tax rate. This year they are currently not projecting a surplus. The revenues appear to be dropping but fares have been reviewed and are low. It was noted that handi transit has been looking at fundraising initiatives. It was clarified that there are funds available to purchase new buses under the gas tax but if handi transit requires money for other unexpected deficits it would come from their reserves.

Councillor Poirier left the meeting at 9:03 a.m. for the library discussion and returned at 9:07 a.m.

Library Surplus – there has been an adjustment of \$20,000 decrease to library budget, which is based on prior year(s) surpluses. It was noted that there has been a \$10,000 increase in cleaning costs but that the original surplus was \$30,000. This would reduce the library spend going forward by \$20,000 per year, although there is no authority over the board.

Interest Income – Jon and Charlotte both suggested that the interest income could be comfortably increased from \$400,000 to \$450,000, this being a conservative estimate.

Investment trust fund – \$40,000 is allocated from the trust fund as staff feel this is attainable. Council questioned the initial requirements for the trust fund to generate 1.1 million annually, as the last few years have been under. Charlotte advised that we did have an equity investment that we hadn't realized any interest on, which was \$200,000 equity for 2018, a surplus that wasn't recognized. In 2018 \$975,000 interest was accrued on the investment trust fund, it has been a difficult year. Charlotte indicated that there are meetings set up with funders to educate Council and that we are going to be able to invest now in a broader range of investments to give us more interest. Mayor Reynard questioned as to whether or not the City will be able to get back to the 1.1 million and staff assured this could happen. Perhaps not in 2019 but hopefully down the road. It was noted that there was surplus initially, then surplus was used to stabilize but this didn't happen long term, with 2018 being the last year. Different scenarios were discussed based on market value. Charlotte is watching the investments and will have a better idea of where things are at after a call scheduled tomorrow. It was noted that equity is doing quite well.

Jon summarized the budget options as presented in addition to one item on the closed agenda which will bring the tax rate increase from 4.06% to 3.53%. Karen recommended Council review what is proposed, then return to open session to make recommendations.

## **1. Adjourn to Closed Session**

### **Moved by A. Poirier, Seconded by K. Ralko & 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 9:25 a.m. to discuss the following items:

Labour Relations (1 matter)

## **2. Reconvene to Open Meeting**

Council reconvenes to open session at 10:11 a.m. with no reports from its closed session.

Options for consideration:

Council agreed to not support cutting the \$400 annual NACP fee for 2019. It was agreed to support the Art Centre business plan to provide for the position once the budget is approved. The City Clerk's department fee increases were supported. It was agreed that the proposed insurance options were not an avenue to explore. It was agreed that the building rental surpluses continue to go to building rental reserves. It was opposed to decrease the handi transit budget by \$5,000 and this will be removed from the recommendation. It was agreed that municipal transit solutions need to be reviewed. It was agreed to support the library surplus (Councillor Poirier declared conflict and abstained). It was agreed to support the proposed interest income.

Council agreed to support the \$40,000 from the investment trust fund. Council challenged staff to work on bringing it back up to the 1.1 million target as we are going to need the additional \$125,000 in the future as well. Charlotte indicated that this will be a parameter to be set, that they will use this year's activity as a transition year with the new regime for municipal investments.

The agreed to changes to the proposed budget will bring the tax rate increase down from 4.06% to 3.55%. Council agreed they could tolerate the 3.55% increase but want to ensure that the public is made aware that 2.5% of the budget is out of their control. A detailed media release will outline this when the budget is passed.

Meeting adjourned at 10:37 a.m.