



Budget Committee Meeting Minutes

**January 13, 2010
9:00 a.m.
City Council Chambers**

ACTION

PRESENT: Mayor Compton
Councillor W. Cuthbert
Councillor C. Drinkwater
Councillor D. McCann
Councillor R. McMillan
Councillor J. Parson
B. Preisntanz, CAO
R. Perchuk, Operations Manager
W. Brinkman, Emergency Services Manager
K. Brown, Finance & Administration Manager
S. McDowall, HR Manager
C. Neil, Recreation Services Manager
H. Kasprick, Deputy Clerk

REGRETS: Councillor C. Van Walleghem

**A. Public Information Notices as per By-law Number 144-2007
N/A**

B. Declaration of Pecuniary Interest & the General Nature Thereof
1) On Today's Agenda
2) From a Meeting at which a Member was not in Attendance
There were none declared.

C. Confirmation of Budget Minutes

**D. Budget Committee Deputations:-
N/A**

E. Reports: -

1. Updated General Purpose Tax Levy Requirement

Karen presented Council with a general purpose tax levy revised proposal. The pre-debt increase over previous year is \$17,710. If the required levy is \$18,927,133 with the phase in of long term debt payments of \$262,422 and other required adjustments that will need to be included are: W.S.I.B Surcharge - \$71,775, K.D.M.A Sponsorship - \$250, M.P.A.C. - additional per notice - \$3,117, LOWDC - reduce to 2009 level - (\$89,217).

Additional recommended adjustments per lists as submitted to Council total \$503,023, resulting in a combined levy requirement is \$19,678,503.

An anticipated 0% levy is \$19,602,145 is an additional requirement of \$76,358 which reflects a 0.42% impact on tax rate. A 1% tax levy impact would be \$181,119.

The W.S.I.B. surcharge is a charge that is imposed based on our claims for the past year. These claims consist of 41% police, 35% roads with charges to various other departments comprising the remainder. We continue to pay that surcharge for 3 years following the amount being imposed.

For unconditional funding, the Ontario Municipal partnership Fund (OMPF) allocation increased by 6.1% or approximately \$266,000. Combined policing costs represented a reduction of about \$284,000 or 4.4%. The City wage related impacts included in the draft budget for CUPE and Fire represent approximately \$159,000 in increased costs.

External organization including NWHU, KDSB (all services), Pinecrest Home for the Aged, Handi Transit, Kenora Assembly of Resources, Kenora Library, LOW Museum, LOW Development Commission represent approximately a \$250,000 combined increase.

Remaining City impacts include new debt payments (representing 50% of annualized impact) of approximately \$262,000, residual net city impact of about \$145,000 in cost reductions and recommended adjustments totaling \$503,023.

Increased tax room due to assessment represents \$693,000 of incremental revenues to the City. The overall tax rate impact of the current draft budget, including recommended adjustments, represents a net impact on the tax rate of about a 0.4% increase.

2. Review of Major Impacts

The current draft budget reflects a savings of about \$284,000. This is based simply on budgeted 2009 vs. 2010 budget information. It does not factor in:

- economic adjustments for 2010 in comparison from 2009
- reductions in 9-1-1 Emergency Access due to the transfer of the dispatch function (34,000 savings in 2010 budget, additional \$110,000 savings recognized in 2009 budget)
- budget overage for KPS in 2009 (preliminary estimate is \$336,000, including overtime incurred in excess of budget).

It also does not reflect that some savings were realized in 2009 due to the part year transition, as well as the earlier transition of dispatch function related to 9-1-1 transfer.

Council reviewed a theoretical analysis of projected savings between policing using the former hybrid policing model based on actual 2009 spending projected to 2010 in comparison with 2010 budget information for

policing using the consolidated OPP force. Theoretical savings from this move represent about \$1.7 million in annualized savings to the municipality. It was noted that some costs, such as capital spending and reductions in liability insurance, were not captured as part of the analysis, so in theory the savings could be even higher.

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Budget Options for Council Consideration that have already been placed in the draft budget include \$5,000 for health professional recruitment as well as \$25,000 for the LOW Community Foundation. Rory will bring information back to Council on what the \$5,000 was used for by the Health Recruitment committee before final consideration.

Budget options for Council consideration – open items include:

- Proposed new reserve appropriations, including:
 - Contingency rebuild representing cost reductions related to police services in the 2010 draft budget of \$284,000 to recognize costs paid with regards to the police severances. Committee approved this item for inclusion in the budget.
 - The strategic plan for the community has estimated a \$25,000 reserve to start building funds that may be required. It was agreed that this item would not be included in the budget.
 - Reserve for accessibility issues that are coming forward with the new legislative timelines. An accessibility reserve of \$30,000 is being proposed. This would be a new reserve that we can work with to start making improvements to the many buildings the City has. Committee approved this item for inclusion in the budget.
 - The dog pound replacement will cost an estimated \$50,000 so a \$10,000 reserve is being suggested. Committee approved this item for inclusion in the budget.
 - Winter control is dependent on the weather completely. The idea of having a reserve is really to try to stabilize the fluctuation from year to year. The costs are really attributed to

the amount of contracted cost services that we incur in a difficult winter season. Committee approved a \$25,000 allocation in the budget for a winter control reserve.

- Restore capital spending levels has not been recommended for several years as it is anticipated that the interest levels will increase again over the next several years. Committee concurred that this item would not be included in the budget.
- Council remuneration has not been looked at since the term of council. The consensus of Council was to leave the remuneration status quo and Karen indicated that a by-law requirement will be coming forward to pass with regards to this. It was noted that currently Council remuneration is 1/3 tax free. There is, however, a requirement to pass a by-law to establish Council remuneration every term of Council, or this 1/3 tax free allowance will be lost.
- Discussion regarding Council travel requirements needs to be looked at due to the demands of Council to attend events. Committee approved reducing the Mayor's travel budget by \$2,000 and increasing the individual Councillor travel budgets by \$1,000 each, for a net impact of \$4,000 to the budget.
- Wage increase not in draft budget for City non-union staff and LOW Museum staff for economic increase and grid movement. Council supported this increase to be included.
- Triple Play requested funding from the City of \$15,000 and Council. Bill suggested that we take a look at what role the City could play in administrative support. Committee agreed to include the grant in the budget, but that the grant be held pending further review.
- The Finance department reduced one Assistant Accountant position in 2009. It was noted that a Finance and Administration summer student may be required for the change in accounting staff to keep up the regular work in the department. At this time, however, this position is not being recommended for inclusion in the budget.
- The citizens on patrol program will be \$800 for basic expenses to keep the program running. The OPP will monitor and administer for us but there are basic expenses for the program. The Police Services Board has requested this item be included in the City budget. Committee concurred with the inclusion.
- Sponsorship of the Allan Cup would be approximately \$5,000 for this event to take place in Kenora. Committee approved this item for inclusion in the budget.
- The upkeep and maintenance of the Bombardier snow-machine at Norman Park could potentially cost up to \$5,000. There is concern

that leaving it in the state it is there is potential to be vandalized. Council believes it should be removed from the location and stored at Barsky's Hill until it can be worked on, and the \$5,000 not be included in the budget at this time.

- There is a requirement that the Community Clubs will require further funding. An operating grant of \$6,000 for each 4 community clubs will be included in the budget. There is also a rehabilitation reserve of \$30,000 based on the consultant's recommendation of reducing to three clubs.
- The request from the Library Board was reviewed. Committee supported that the Library be treated in the same manner as the Museum, where the base budget request will be approved based on last year's approved budget level. Committee further approved that incremental amounts related to projected wage increases and cleaning costs be approved in addition to the base budget request, representing a total approved budget of \$530,802.
- Handi Transit request for increase of approximately \$7,000. This is due primarily to the increased cost of expenses for bus repairs and a budgeted wage increase for the drivers. Committee is recommending a 4% increase over the 2009 budget allocation. It was noted that there is should be an anticipated reduction in vehicle expenses due to the planned bus replacement in 2010. Committee further recommended the Handi Transit Board look at increasing their ridership rates.
- Committee directed that responsibility for funding both the KAR programs and the \$17,000 donations previously given to the three major events, namely Canada Day, Harbourfest and KBI, be transferred to the Lake of the Woods Development Commission. The KAR funds are to remain intact under the KAR budget lines, although moving KAR will be seen to better coordinate activities between KAR and the Commission. With regards to the \$17,000 donation monies, the Commission can determine whether or not these are being used for the highest and best use, and whether these funds should be allocated to encourage new events within the City.

3. Discussion Items

Policing Costs – Impacts on 2010 Budget

This item was reviewed in conjunction with the major impacts analysis.

K.D.S.B. Draft Budget Request

Rory has provided to Council what the draft budget is and from a process point of view, DSAB is meeting on January 25th where they will be requested to come back with a draft budget for a vote in March. Rory's recommendation that we leave the proposed amounts in the draft as we have no idea what will happen in the process.

Other Items

Council discussed animal control and whether we need another staff member. Within the 2010 proposed budget there is a provision for one and a half positions. The Bear Wise funding program can not include wages towards that funding it is strictly for training portion of staff. The current by-law parking officers do not provide coverage for animal coverage other than pound duties.

4. Discussion of Options

Pinecrest Home for the Aged is setting up a fund through the Endowment Fund in the Community Foundation. Council would like confirmation from Pinecrest on where the \$50,000 is coming from for this donation to the Community Foundation. Karen will also inquire with Pinecrest as to why they are not applying to be accredited.

5. Public Meeting

Budget Committee directed that a public Council meeting be held just prior to the Standing Committee meetings on February 8th. At this meeting, there would be a budget presentation similar to the 2009 process, and following the presentation the budgets would be passed at this public meeting of Council.

6. Council Direction / Next Meeting

It was noted that the amendments made by Committee at this meeting now reflected a residential tax rate increase of 0.43%. It was recognized that the current draft budget includes estimates for some of the external organizations, specifically the KDSB and Pinecrest Home for the Aged, and that there are a few items still needing final resolution including the Triple Play request, the transfer of KAR and the second Animal control officer. Committee agreed to pass the budget with these requests, recognizing that subsequent budget amendments may be required, and that the tax rates can be held until this final information is available.

Other Business:

N/A

Items on Hold:

N/A

Next Meeting:

February 8, 2010 for budget approval

The meeting closed at 11:51 a.m.

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