



**MINUTES**  
**BUDGET COMMITTEE OF COUNCIL**  
**March 7, 2013**  
**9:00 a.m.**  
**City Council Chambers**

**Action**

**Present:** Mayor D. Canfield  
Councillor C. Drinkwater  
Councillor R. Lunny  
Councillor R. McKay  
Councillor R. McMillan  
Councillor L. Roussin  
Councillor S. Smith  
K. Brown, CAO  
H. Kasprick, Deputy Clerk  
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**A. Public Information Notices**  
**N/A**

**B. Declaration of Pecuniary Interest & the General Nature Thereof**

Mayor Canfield will ask if any Member of Council has any Declarations of Pecuniary Interest and the General Nature Thereof pertaining to any items as follows:

- 1) On Today's Agenda**
- 2) From a Meeting at which a Member was not in Attendance**

Councillor McMillan made a Declaration with respect to the capital budget presentation that may reference anything to the Police Services Board budget as his wife is paid remuneration through the Police Services Board.

**C. Confirmation of Minutes**  
**N/A**

**Councillor R. Lunny, Chair**

**2013 Budget Committee Deputations:-**

- 1. 9:00 a.m. Lake of the Woods Regional Community Foundation**  
Don Parfitt and Darlene McGillvrey were present to make their presentation

to Council. Mr. Parfitt explained the highlights from 2012 starting with installing a new sign that is located near Kenora Forest Products which features "Kenora is a Smart and Caring Community". They also celebrated \$1 million in grants to charities ceremony in the fall.

Another highlight for 2012 was Wauzhushk Onigum Foundation and Golden Eagle Charitable Bingo Hall established a First Nations Youth scholarship endowment fund from a bingo that took place and started with \$18,000. The Sioux Narrows Men's Breakfast Club Endowment Fund also established an endowment fund and from this donation the Foundation has established providing U.S. taxable donation receipts for non-residents from the U.S. The Young Professionals Network of Kenora also started an Endowment Fund in support of Community needs.

The Community Foundation finished the year with \$3 million in endowments. They distributed \$160,000 in grants to over fifty charities in the Kenora and Lake of the Woods Region. They received \$300,000 in new endowments benefitting all aspects of the region's charities. They achieved 10.46% rate of return, which is exceptional. They launched a revised website focusing on donor and recipient stories and worked with over 100 dedicated volunteers to achieve their goals. Council thanked Darlene and Don for their presentation and copies of the information were left with Council.

## **2. 9:40 a.m. Lake of the Woods Development Commission**

Fred Wright, Mort Goss and Theresa Gallik presented budget information from the Commission to Council for consideration. The City of Kenora Council has supported the Lake of the Woods Development Commission over the past six years. This support is paying off as they are, through collaboration with Council, meeting and exceeding their goals:

Job Creation and Stability – They have worked with the City and other partners to foster an environment that has brought 78 new jobs into the downtown core alone in the past three years. It is felt that the plan they developed is working.

Population Increase – Kenora was one of two communities in Northwestern Ontario to experience a population increase in the last census. It is felt that the plan they developed is working.

Increased Assessment – Property assessment increased by 5% in 2012 versus 2011. Property values increase as a result of demand. Implementation of The Plan is resulting in increased demand. This plan is also working.

Kenora is the economic envy of the region. Tourism leverages \$75,000 in advertising dollars into \$300,000 to \$400,000 plus in the market.

The Commission had some budget challenges last year and they were not evident until late in the year due in part to a financial reporting system that was difficult to understand.

The Commission restructured late last year in order to become a leaner, more flexible and more effective unit. The City accounting department under the direction of the CAO and in consultation with the LOTWDC treasurer has developed a budget to actual reporting system that will track

all revenue and expenses by activity as budgeted. The Tourism and Special Events are revising their plan regarding the Whitecap Pavilion. This was the first year of operating the facility and there was a steep learning curve.

The Development Commission is asking for approximately \$680,000 in 2013.

Council thanked the volunteers for their efforts on the Commission and agreed that there is a bright future in Economic Development and Tourism in Kenora. There needs to be a balance in the operations of the Commission to ensure that it works as effective as possible and Council looks forward to working with the Commission on an amended structure to move the plans forward in 2013.

### **Motion – Adjournment to Closed Meeting:**

#### **1. Moved by S. Smith, Seconded by C. Drinkwalter & Carried:-**

That this meeting now adjourns at 10:25 a.m.; and further

That pursuant to Section 239 of the Municipal Act, 2001, as amended, authorization is hereby given for Committee to move into a Closed Session to discuss items pertaining to the following:-

#### **i. Personal Matter about an Identifiable Individual**

#### **At 11:07 a.m., Council reconvened to the Open Meeting**

#### **2. Moved by R. McMillan, Seconded by L. Roussin & Carried:-**

That Council hereby reconvenes to the Open Meeting at 11:07 a.m. with no direction or reports from its Closed Meeting.

Karen Brown, CAO pointed out that we are very late into the budget season for various reasons that Council is aware of. Karen is hoping that we can move towards approval of the capital budget this Monday at Committee of the Whole, at a minimum. If Council is comfortable with Solid Waste, Water and Sewer and Capital that would be helpful for staff to be able to move forward with their projects.

#### **3. Water & Sewer Budgets**

Biman Paudal presented Council with his projections. The existing scenario is that we have aging infrastructure and there has been identification of multiple cross connections with possible chances of tainted incidents. There are stringent existing and upcoming regulations for water and sewer.

In the sanitary sewer program portion of the budget of \$400,000 it partially addresses the budget (\$83,000) estimated for repair works committed to MOE on identified cross connections of water mains and bleeders with sewer manholes. Replacement of sewer services (renovation works) in Drewry Drive. It supports on top of the operating budget for unforeseen future maintenance, repair and replacement works.

The budget request includes \$200,000 for a Coney Land forcemain which is carried out from 2012 for installation of new sewer forcemain. It also includes \$35,000 for a manhole inspection camera which the current one is not efficient for multiple works. They require an inspection camera equally used in both sewer and storm drainages including manholes.

Sewer Lift Stations grinder pump programs includes regular funding of \$30,000. The Sultana Lift Station Pump is the largest sewer lift station and both of the pumps have exceeded their working life expectancies (over 40 years). It is requested to budget \$150,000 for one pump and its installation for 2013.

There is a need to replace aging generators from some lift stations. Sewage overflowed four times in the last two years from Government Road West station and a number of other minor spills from multiple pump stations. The budget request of \$150,000 would replace generators from the Government Road West, Ottawa West, First Avenue West, 4<sup>th</sup> and Beach Road, Keewatin Beach.

There are carry over works on Metis Pump Station of \$330,000 which would replace the 8<sup>th</sup> Avenue Lift Station.

The sewage treatment plant replacement of the main computer software program at the plant of \$13,000 has been included.

Current installation that holds polymerization plant just before the filter bed process has crossed its life cycle and needs to be replaced. The sewage treatment operators have requested this replacement since 2006, and this item has been included in the 2013 budget request of \$75,000.

The west sludge pump was replaced in 2012 and included for 2013 includes the East Sludge pump of \$30,000.

Currently the wastewater flow before UV system is fully open without any close cover, there are events of occasional freezing. More turbid wastewater lessening the effectiveness of UV system for disinfection. The budget is based on the recommendation from the consultant who worked on sewer treatment plants UV system containment chute of \$35,000.

The water main program of \$400,000 partially addresses the budget (\$83,000) estimated for repair works committed to MOE on identified cross connections of water mains and bleeders with sewer manholes. Replacement of lake line, hospital, helipad and harbourfront water works. It covers water works at Station Hill, Government Road in Keewatin. It is intended to cover the looping of water mains in three different locations at Pine Portage Road, Rabbit Lake Road and Keewatin near stand pipe.

The Coney Marine Line carry over from 2012 is \$397,000. The variable frequency drive (Water Treatment Plant) is carried over from 2012 of \$20,000 and the replacement of caustic pump carry-over of \$22,000. Replacement of the Water Treatment Plant computers of \$13,000.

One out of two dehumidifiers completely broken and could not be repaired. Molds developed on the walls of water treatment plant due to humidity and moisture. Complete replacement of the dehumidifier is \$30,000.

Karen pointed out to Council the impact of increased spending on all water and sanitary systems. By 2033-2037 we will no longer have a deficit in the water and sewer systems and our rates will stabilize. There will be significant infrastructure requirements coming in 2058-2062 which if we continue to build the City would be in a better position to address the infrastructure on a forward basis. It gives Council a high overview of what is coming in the future for infrastructure in the water and sewer department and Council having the insight to pass along the 10% increases now which will build capital funds to address the mandatory demands that are going to be there in the future.

Water and sewer is funding 100% by user pay. Where there are water and sewer works, Operations tries very hard to incorporate the same into their budget to coordinate capital costs. Operations Manager feels that there is sufficient dollars in the budget to coordinate road repairs where water and sewer works are affected.

Karen clarified for Council that when we have capital dollars allocated, they are sitting in reserves and we do not use them for any other purpose other than approved and allocated for. The funds are safeguarded for water and sewer (or the applicable department approved in) and if they aren't spent, they stay in reserves. We have taken a number of projects from 2012 and moved them to 2013 which is money that was there last year, and has just been shifted over to 2013.

Council expressed their support for moving forward with water and sewer projects as it is extremely important to protect our water system. Council and staff hold a high liability when it comes to our water system and Council was clear they are thankful for Biman's presentation and are confident he is taking all the necessary precautions to protect the water system and Council's liability.

Karen advised Council that we have deleted the automated water meter reading system from the capital budget program. Karen also advised there was \$175,000 in the budget for a tandem dump truck, and Mike Mostow, Fleet Supervisor, suggested that we can put some bins in place in lieu of purchasing a new truck and this was a great example of staff trying to find efficiencies to save the City dollars.

### **Approval of Water & Sewer Budgets**

#### **3. Moved by S. Smith and Seconded by C. Drinkwalter & Carried:-**

That Council accepts the Water & Sewer Budgets as presented; and further

That the budgets be presented to Council for final passing at its March 18, 2013 meeting.

#### **4. Solid Waste Budget**

Mukesh Pokheral, Environmental Supervisor, was present to discuss the Solid Waste Budget. Karen highlighted that the solid waste department is also a user pay self-sustaining department. We are experiencing higher than expected tipping fees and it is felt by the department that we need to review our tipping fees as they have not been reviewed for several years.

Karen assured Council that staff have done a good job on going through and addressing what needs to be done within the departments and also building a healthy reserve to address future infrastructure needs.

#### **Approval of Solid Waste Budget**

#### **4. Moved by D. Canfield and Seconded by L. Roussin & Carried:-**

That Council accepts the Solid Waste Budget as presented; and further

That the budget be presented to Council for final passing at its March 18, 2013 meeting.

#### **5. Five (5) Year Capital Review**

Karen requested Council to focus on the 2013 projects and the deleted projects in the event Council feels that staff has deleted things that they feel are priorities.

In 2012, Council approved an additional 1% tax levy to be invested to our infrastructure investment allocated for roads and bridges. Transportation services (roads and bridges) is 79% of the budget. We have a substantial bridge program. This year, the province introduced the new MIII funding program. We are anticipating that we are going to be able to access this funding program each year for up to \$2 million and to our knowledge now, it has been set for a 3 year period.

In 2013, we are looking at spending \$10.5 million dollars in capital spending. Roads and bridges are almost \$7.6 million of the capital budget. If we take net allocation of capital spending it is between capital and unusual spending we spend approximately \$2 million dollars in unusual spending. If you look at the capital budget you have approximately \$400,000 to spend on all other levels of the City. Karen directed Council to the detailed list of the capital projects that are set for 2013.

Council indicated they would like to receive information on the details of the gas tax program and how it can be used. Karen indicated that we receive just under \$1 million dollars in gas tax funding annually and there are specific projects you can use the funding for. Examples are water and sewer repair funding projects we can access the money immediately for but if we are using it for roads or bridges we have to apply the year in advance to use the funds for this purpose. Karen expressed that her vision is to be able to use the gas tax money with the MIII funding for the Winnipeg River West Branch bridge replacement. The spending has to be identified as a priority under our asset management plan, not a priority of Council.

**KBrown**

Karen advised Council that in the current draft operating budget there is a 1% increase for capital reserves already built into the proposed budget.

Council reviewed the 2013 Capital Budget summary and the projects proposed.

The City Hall roof has been on the capital budget for many years. The roof envelope has issues with it with consistent leaking and it is not going to get any better. There is a Heritage status aspect to the building and we cannot do any renovation or change to the structural look without the permission of Heritage Trust. We have submitted the change to the roof to Heritage Trust for approval and the detailed roof design is the most costly for the City. The financial cost estimate from the contractor for replacement was \$621,000 plus HST to do the complete roof replacement. John Nabb has negotiated with the company and has brought the costs down to approximately \$438,000 but some items have been deleted from the replacement. There is not enough money in the City Hall contingency reserve to cover the total cost of replacement. Council felt strongly that the roof needs to be replaced completely this year and that Karen will make adjustments to the budget to take the funds from contingency reserves or unusual spending projects.

**KBrown/  
JNabb**

Karen then directed Council to unusual spending projects for 2013. There is approximately \$732,000 in unusual spending proposed.

Karen reviewed the deleted projects list for capital spending with Council. There was \$5,093,000 in deleted projects. \$75,000 was under protection, \$839,000 under Transportation, \$3,054,000 under Recreation & Cultural and \$1,125,000 under Planning & Development. Council agreed that there were no amendments to the deleted list as presented.

The 2013 potential capital projects for long term debt financing included \$37,160,000 worth of projects that no funding is available for at this time.

### **Approval of 5 Year Capital Budget**

#### **5. Moved by L. Roussin and Seconded by R. McMillan & Carried:-**

That Council accepts the 5 Year Capital Plan as amended; and further

That the budget be presented to Council for final passing at its March 18, 2013 meeting.

#### **6. Overview of Operating Budget**

Karen Brown reviewed the general purpose tax levy. We have lost a significant amount of revenue due to several factors and staff have worked hard to eliminate many items in the budget to make up for this loss. Contributing to these budget challenges include: \$112,000 in OMPF funding lost, wage related impacts of \$193,000, external organizations for a total impact of \$320,000 increase. Policing costs are down by \$33,000 and anticipated interest income up \$114,000 for a total combined major impact of \$934,000.

Council then reviewed their departmental budget and discussed the support of the NAFN tournament. This is a \$3,000 budget item and Council felt that this would be the last year to support this event. There are many organizations that pay thousands of dollars to the Recreation Centre annually in ice time that run numerous tournaments each year and bring equal economic benefits to our community that do not receive funding assistance from the City. They agreed that it was too late to eliminate the funding for this year as the tournament is less than a month away, but that notice would be given to the tournament organizers that this would be the last year for funding.

**CNeil to advise**

Council requested to eliminate half of the 1% (half a percent) increase in capital allocation.

### **7. Review of Major Impacts**

Council noted that if it wasn't for the industrial drop in industrial assessment we could have gone to a larger decrease in the mill rate. The assessment increases are going to be substantial for some people and Council is committed to ensuring we have no tax increase at all. This is the first year of 4 years of assessment phase ins. We will not have a large draw in industrial assessment which means we will continue to have reasonable room for 3 years. With a zero levy it's a 4.45 % on what we levy. Not everyone will get the same tax assessment increase but some will be hit hard.

### **8. Discussion Re: Options**

Karen presented Council with budget options for Council consideration. These items have already been included in the draft budget but could be discussed for further savings.

Karen advised Council that her travel budget has been increased significantly in order to enable her to participate on two provincial committees which the Mayor has requested her to participate in. Council agreed that it is important for Kenora to be represented at the table for these two provincial committees and want her to continue on these committees.

Council agreed to eliminate the half of 1% increased capital allocation for a savings of \$111,000.

Brand Leadership Team tourism strategy. Council agreed to support this amount with matching dollars only and they must have matching funds from private industry to use this funding.

Council decided several years ago to do a major study every 5 years rather than a small study each year for the Black Sturgeon Water Study.

\$1.1 million dollars from the Citizen's Prosperity Trust fund. We have never seen this low of a return in our investment. Propose to Council that we leave it at \$1.1 million this year and look at next year.



Karen wanted to make Council aware that several years ago it was recommended that we take \$429,000 from capital spending to make up for a rate loss that we lost from the investment return. This is just to make Council aware that this is still on the books for when the investment returns this amount needs to go back into the capital investment.

Karen strongly suggests to Council that we include dollars for a strategic plan update from contingency reserves. We need to look at where we are going and what the priorities are for the City. It has been about 12 years since we had an official strategic planning session and feels this is important for our City as we continue to rebrand and rebuild. Karen would like to establish an RFP and find out what the cost is from providers. She indicated she would like to pull together an RFP by the end of March with closing in April or May and moving forward in early fall with a consultant in place.

**Motion – Adjournment to Closed Meeting:**

**6. Moved by R. Lunny, Seconded by C. Drinkwalter & Carried:-**

That this meeting now adjourns at 4:10 p.m.; and further

That pursuant to Section 239 of the Municipal Act, 2001, as amended, authorization is hereby given for Committee to move into a Closed Session to discuss items pertaining to the following:-

- ii. Labour Relations Matter**
- iii. Personal Matter about an Identifiable Individual**

**At 4:47 p.m., Council reconvened to the Open Meeting**

**7. Moved by R. McMillan, Seconded by R. Lunny & Carried:-**

That Council hereby reconvenes to the Open Meeting at 4:57 p.m. with no direction or reports from its Closed Meeting.

The meeting adjourned at 4:57 p.m.