



MINUTES
BUDGET COMMITTEE OF COUNCIL
March 18, 2014
8:30 a.m.
City Council Chambers

Present: Mayor D. Canfield
Councillor C. Gallivan
Councillor R. Lunny
Councillor R. McKay
Councillor R. McMillan
Councillor S. Smith
K. Brown, CAO
L. D'Argis, Corporate Services Manager
C. Caron, Property & Planning Manager
R. Perchuk, Operations Manager
S. McDowall, HR Manager
C. Neil, Recreation Manager
W. Brinkman, Emergency Services Manager
M. Pokharel, Environmental Supervisor
(left meeting at 9:45 a.m.)
B. Paudel, Sewer & Water Supervisor
(left meeting at 9:45 a.m.)
H. Kasprick, Deputy Clerk
H. Lajeunesse, Deputy Clerk

Regrets: Councillor L. Roussin
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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:

Councillor McMillan made a Declaration with respect to the budget discussions that may reference anything to the Police Services Board, of which his spouse is a Member, and receives remuneration.

1) On Today's Agenda

2) From a Meeting at which a Member was not in Attendance

There were none declared.

C. Confirmation of Minutes

Moved by R. Lunny, Seconded by C. Gallivan & Carried:-

That the minutes of the last Budget Committee Meeting held Tuesday, March 11, 2014 be confirmed as written and filed

Councillor R. Lunny, Chair

1. Water & Sewer Budget

Operations Manager Rick Perchuk explained that the 2014 Water and Sewer budgets were prepared prior to the winter season we have experienced, and that damage to the infrastructure has not been reflected in the budget and therefore will need to be revisited. Rick confirmed that the calls for frozen water lines are still exceeding what they are accomplishing each day and more are expected as the weather warms up.

It is hopeful that the City can seek funding for capital works for repairs and was noted that contractors will be required. Karen indicated that the Mayor has had discussions with the Province regarding disaster relief funding and information is being gathering for the Minister of Municipal Affairs. Mayor Canfield asked for a report on all the water main breaks, and documentation of all winter issues to take to Minister Jeffrey to determine what funding may be required for the damaged infrastructure.

It is not recommended that Council try to budget based on this exceptional year, it is recommended that Council budget normally in accordance with previous years and recognize that this is an incomparable year and adjustments will need to be made. Karen shared that Council has received the draft budget binders in advance and have reviewed them, adding that the budget maintains existing service levels.

The water and sewer budget was reviewed. A new item in the budget is in relation to grinder pumps, some need to be refurbished and some replaced so a program is being implemented for this. There are upgrades proposed to the sultana sewer lift including pump replacement. It was mentioned that it is hard to acquire parts for the pumps at the sewer pumping stations so the department is looking to replace the pumps. The department is also looking to rebuild screens, as well as building renovations.

There was an inquiry as to whether or not the frost in the ground and the lack of an early spring will have an impact on Downtown Revitalization project. Rick confirmed that they do not believe this will have an impact on DTR project. There was an inquiry as to whether or not Council should wait for the current conditions to pass before approving the water and sewer budget. Rick confirmed that the department would like the budget approved in order to move forward, and that adjustments can be made later in the year. It was asked whether the water truck needs to be replaced or if the

use of this piece of equipment can be stretched another two years. Rick indicated that they try to keep the life span of the equipment spread out as to not have extreme costs all in one year. He stated that it is better to have reliable equipment than to lose a piece of equipment, adding that he will confirm this with Fleet Supervisor, Mike Mostow.

2. Solid Waste Budget

Rick indicated that there have been many changes over the years to the waste industry and all programs have been very good for the City. Diverted waste allows our landfills to last longer, and although recycling is not part of the solid waste budget and continues to make very little revenue, it is a good thing from the waste side as it helps to ensure the landfill lasts longer and is good for the environment.

Rick indicated that doing things in-house has been beneficial. The garbage truck picks up waste and recycling. Picking up comingled products (mixed recycles) costs more for the City as we have to pay the recycling company to sort them. It was noted that public dumping has decreased in recent years so recycling initiatives are working. Rick mentioned that the City may have to review the services for rural collection as the quantities are extremely low right now, adding that they are looking into remote depots for garbage and recycle drop offs. There are already some rural depots in place and it was noted that they operate well.

Regarding analysis of funding available and the balance of \$857,000, it was questioned if this amount is a reserve fund. It was confirmed that it is a general reserve fund and that the interest goes against general taxes. It was asked if this can be set up in a separate account to go back to solid waste and confirmed that this could be done.

Mayor Canfield mentioned Bill 196 and how it will have an impact on our recycling regarding AMO's position on full cost recovery, adding that we are likely to see more revenue come in.

It was further discussed what items help to lengthen the life of the landfill which is the goal.

3. Capital Budget

Council has reviewed the capital budget in advance and it was asked that members ask specific questions pertaining to the budget if they had any. Highlights were reviewed for the 2014 portion of the capital budget.

Regarding the museum reserves, Karen confirmed that \$17,500 is strictly reserves for capital projects related to the building.

There was an inquiry as to why there is a budget item for tiles at Anicinabe Park washrooms being that it is a new building. It was confirmed that there were never tiles put in the building when it was built and the tiles are to cover the cinderblock.

Regarding street lighting capital costs, \$600,000 is for conversion for all of the remaining HPS lighting in the City to LED lighting. Rick indicated the City is losing money by not moving to LED, through cost of hydro and maintenance of existing lights. Converting will generate an overall savings in hydro costs and maintenance work. It was asked if there is a business case to explain these projects. It was confirmed that Kenora Hydro will take the lead on the proposed project and have done a preliminary business case, as well grants are available to assist. Rick shared that the prices have dropped extremely and LED lighting is a whole different technology, adding that the traffic lights were converted three years ago and they have noticed savings. It was suggested that the conversion is a good thing, and the City should get started but perhaps through a program over a few years.

There was an inquiry about the fire department extraction vehicle for \$315,000 and if it is necessary to replace. It was confirmed that the current vehicle is a 1989 and is on 25 year replacement plan. It is believed that it is time to replace the vehicle. It was noted that the City would be better to sell than trade it in.

There was an inquiry about the genie lift in the 2015 budget, whether the City has one now or are we looking to purchase this piece of equipment. It was confirmed that the City does not have a genie lift and has had to rent one several times and they are very expensive to rent. For the use the City would get out of the equipment in various departments it makes sense to purchase.

Regarding the \$1.5 million for paved roads, \$200,000 for surface treatment, and \$150,000 for storm sewers it was questioned if this is enough to move forward. It was confirmed that the 1% tax increase from two years ago, and the .5% increase from last year have gone into roads. It was agreed that the amounts are not enough to upgrade the infrastructure and suggested to keep in mind that roads and water are separate.

The 'deleted from capital projects list' was discussed briefly and confirmed that there were no items that Council would like to see brought back. It was noted that the new stop signs were sufficient to address concerns with the railway crossing at 16th Avenue so this can remain on the deleted list. It was questioned why the bunker suits have been deleted again and when replacement is required. It was confirmed that they need to be replaced every ten years, whether used or not. Norman Transportation Park was discussed. It was noted that the item was on the table a number of years ago as it was a vision of previous Council to build a transportation park at the location. It was questioned whether this item should be removed from the long term debt list. It was suggested to move the Norman Splash Pad onto the long term debt list and delete the transportation park. Charlotte confirmed that the transportation piece can now be related to boating and that this item can be reworded to reflect projects.

The expense item for City Hall ice damming was questioned. It was confirmed this will alleviate the issue of the snow sliding off the roof. It was agreed that this is a safety concern and needs to be addressed.

Lauren asked if there were any concerns or questions regarding the 'unusual spend list'. Karen confirmed that this is the draft budget and Council can recommend any changes.

Councillor Smith referred to the Official Plan (OP) which indicates that Keewatin would get a Community Improvement Plan (CIP) of its own, and questions why the amount \$39,250 has been pushed back again now to 2015. The importance of the OP was stressed in that if you have one in place and can meet the targets this should be done. The purpose of an OP is to improve Economic Development and when CIPs are in place this can result in significant development. Councillor Smith referred to downtown since its CIP inception, and noted the rate of return is 45% which is significant. It was asked why the plan keeps getting pushed back when we are trying to get businesses involved in Keewatin, it is unfair to them that the City continues to invest in the downtown CIP. The return on investment will assist the City and the City will need to deal with it sooner or later. Councillor Smith suggested consideration of investing in this plan at this time. Council asked Charlotte Caron her thoughts as Property & Planning Manager and she confirmed that this is something they definitely have wanted to do, noting that a CIP was done for the Abitibi Mill site which was not as successful as downtown. Karen shared that the OP is also being reviewed as part of the strategic planning process. Karen asked if there is money in the planning reserves to do this and Lauren confirmed that there is. There was mention of partnering with other communities to have OPs and CIPs completed as there is a savings. Council agreed to support bringing forward the Keewatin CIP to 2014 from planning reserves, and partnering with communities for CIP savings.

There was an inquiry about the City GPS equipment and whether or not it is currently being used to full potential. The GPS can be used as a tool that identifies that works are being completed. It was confirmed that the equipment is not being used to full potential from a record keeping perspective for risk management. Additional sensors are required to be added to the GPSs in order to obtain further information from them which can in turn protect the City, especially when going to court for insurance purposes. Charlotte indicated that live tracking will provide data as it is all recorded and saved, adding that these systems are used by many municipalities in Southern Ontario.

4. Operating Budget

Lauren presented information to Council showing an overview of the operating budget and the Net Tax Levy. Major impacts on the operating budget include decreased funding from the Ontario Municipal Partnership Fund (OMPF) and increased amounts for the Kenora District Services Board (KDSB). It was noted that the cost for OPP has been reduced. The net tax levy for 2014 is \$619,865 or 2% higher than the 2013 net tax levy. Of this \$619,865 increase, \$364,378 relates to OMPF, OPP, KDSB and Pinecrest Home for the Aged. The leaves \$255,487 of City impacts, the majority of which are wage related. The residential tax rate has decreased from 2013 by 4% to help balance the overall assessment increase of 6.76%, which includes growth. Therefore the impact to the average residential taxpayer

(one who did not change their property ie. build an addition, new garage, etc.) given the average assessment increase, is a 2.31 % increase on their tax bill.

Other items regarding the operating budget were reviewed. New program costs is 1.6% over last year at \$393,000. Unusual spend is the same as 2013.

Capital is 6.1% over last year. It was noted that it will be a different tax rate per class as per revenue neutral ratios. It was asked where the interest shows for the trust fund and confirmed that it is in unallocated sources of revenue. Reserves were touched on and explained in that they are used so that tax payers do not take a big hit. Money for reserves is part of the budget every year.

Changes from last year include special projects as the Strategic Plan and Elections. It was noted that it is unusual for operating dollars to come out of reserves that more is coming out of reserves than is going in this year.

The Kenora Citizens Prosperity Trust Fund is budgeting for the \$1.1 million in income next year, there is 0% income from the fund this year.

External Organizations:

It was anticipated that the LOW Community Foundation would ask for the same amount as last year yet they have asked for \$5,000 more, which is not reflected in the draft budget. The Lake of the Woods Development Commission (LOWDC) request is the same as last year, as well no others have asked for an increase. It was agreed that the Community Foundation does great work and is an extremely valuable asset to the City, however, it is not realistic for the City to give more funds. We need to keep the initially budgeted amount at the same level and this will go unchanged. Council is not supportive of taking \$2 million to invest with the Foundation from the Prosperity Trust Fund as proposed by the Community Foundation.

There is an additional \$47,000 in the budget for the JM Arena and it is hopeful this estimate will be enough to cover the operating costs. It was noted there was a \$30,000 savings from the Northwest Business Centre restructure.

Options for council consideration:

The pay equity review and salary survey is legislated and is suggested to use reserves for these items. The City is looking to implement Pay by Phone parking meters, beginning with the recreation centres in Kenora and Keewatin to assist with summer parking. There will be a cost to the City for people to use credit cards but was confirmed that the collection far exceeds the costs. The Fire department is looking to replace their multi-gas monitor which detects deadly gasses immediately when using to test. This will come from the fire equipment reserve fund. There is an increase to the budget for storage for facilities maintenance (tools, etc.) and it is recommended to use reserves for this. Additional swipe key access and recaulking of the concrete walls is required for the Operations Building and it was suggested to take these out of reserves. A structural engineering review of the Kenora Rec

Centre is required and it is recommended to use reserves for this. The Kenora Recreation Centre requires chairs and tables for special events as their current inventory is depleting due to broken and damaged equipment. It was confirmed that there are not enough to cover special events when happening at the Whitecap Pavilion and Rec Centre at the same time. Electrical panel upgrades are also required for the Kenora Rec Centre in order to accommodate the Midway and Home Show, a review was completed and recommendations were made to do so by staff as well as the Electrical Safety Authority. Keewatin arena requires repairs to the rubber matting from the lobby as it is bubbling and has shrunk causing tripping. Accessible doors are also required at the Kenora Rec Centre, downstairs doors are not accessible including the senior's centre as well arena washrooms do not have accessible doors.

There was discussion of the LOWDC and their reserve request in regards to operating budget. LOWDC is predicting a surplus of \$10,000 and would like to put into reserves for sound systems at the Whitecap Pavilion. It was suggested that Council would then look at reducing the levy by \$10,000 this year. Karen indicated that normally departments don't have reserves for budgets and that the City retains control of all of the reserves. If there were reserves then the LOWDC would have to ask Council to use them when it is required. It was noted that it is then up to Council to decide what is priority and that all departments are treated the same in this aspect. Charlotte suggested to leave the LOWDC budget as is omitting the reserve request. Leave with total as is even though they are showing a surplus, and review again at the end of the year. If they have a surplus at the end of the year it will show that there is not a need for as much of a budget. Karen indicated that she does not recommend the Commission approve the budget with a 10,000 surplus. It was agreed to leave the amount requested by the LOWDC in the budget and if they have a surplus it will have to come back to Council.

Budget meeting adjourned to media announcement at 11:20, followed by the regular Council meeting at 12:00p.m.

At 12:51, Committee reconvened to the Budget meeting

Lauren proposed to Council to restore capital spending levels up to the 2008/2009 levels when they were cut, and add 2.2% for the asset management plan. Karen indicated that it will be attractive to start addressing the infrastructure deficit. In 2015 the new policing costs and impacts to Kenora are significant and instead of pushing to tax payer, it was suggested to find out where the City ends up after that as there may be a significant reduction and should be in a good situation to put funds into capital to address infrastructure. It was suggested that the OMPF funding could get worse but with the OPP gain things should balance out.

Lauren added that the audit committee costs for elections are not in budget. This could be a cost of up to \$4,000 should it be required. She indicated that the City could use an extra \$50,000 going into fleet or this will start showing negative reserves, adding that if we can't find places to save items

are likely underfunded in the long run. It was also noted that there is no increase for snow removal for 2014.

Budget Committee meeting adjourned for lunch at 1:15 p.m.

Adjourn to Closed Meeting:

Moved by R. McMillan, Seconded by R. McKay & Carried:-

That this meeting now adjourns at 1:37 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:-

- i) Personal Matter about an Identifiable Individual
- ii) Labour Relations Matter

Reconvene to Open Session:

Moved by R. McKay, Seconded by R. Lunny & Carried:-

That the budget Committee of Council hereby reconvenes to open session at 2:24 p.m. with one report pertaining to contingency funds:

That Council directs staff to reduce the appropriation to the contingency budget by \$50,000.

Following the closed discussion regarding budget impacts, Lauren D'Argis, Corporate Services Manager reported that the net tax levy has been impacted by the \$176,000 in reductions, which means that the City budget will be reduced by \$619,865 which will result in a budget of minus 4%. This means, that on average, an average resident will see a 4% reduction in their tax rate but will see an average increase of 2.78%. The average increase on the assessment was 6% so the difference would be a net impact to the average resident of 2.31% increase.

It was noted that the education rate has decreased slightly as well and taxpayers may notice this slight change.

Council will hold a Special Council meeting on Monday, March 24th at 11:00 a.m. to propose the budget for passing.

5. Close Meeting

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

That this meeting be now declared closed at 2:27 p.m.