

Finance & Administration Committee Meeting

Council Chambers
PEMBROKE, Ontario
January 24th, 2017
9:05am

A meeting of the Finance & Administration Committee was held today with Deputy Mayor Gervais presiding and all members in attendance. Staff members present were Terry Lapierre, Chief Administrative Officer/Clerk; LeeAnn McIntyre, Treasurer/Deputy Clerk, Doug Sitland, Manager of Operations; Colleen Sauriol, Manager of Planning & Building; Ron Conroy, Manager of Recreation, Culture & Tourism; Diane Schofield, Deputy Treasurer and Michael Quinn, Administrative Accounting Clerk.

Item #1: Review Budget Critical Path & Process

LeeAnn McIntyre, Treasurer/Deputy Clerk provided meeting attendees with an overview of the budget process.

Item #2: Review Contents of Budget Package

The Treasurer/Deputy Clerk confirmed the contents of the budget packages that Committee members received in advance of today's meeting, which included the following Operating budgets: General Fund, Water and Sewer, Parking Authority, Pembroke Public Library, and PBIA. Also included within the packages were Capital Requests, Reserve and Reserve Fund Schedules, and a Long Term Debt Continuity Schedule.

Item #3: Assessment Growth Report

The Treasurer/Deputy Clerk presented the Finance Committee with a report regarding the 2016 property assessments done by the Municipal Property Assessment Corporation (MPAC). According to the report, positive CVA growth appears to be slowing which is consistent with assessments across the province. The Treasurer/Deputy Clerk indicated that this means that there is less assessment to levy taxes from meaning an increase in the levy would be necessary to help balance the budget. Overall 1,272 property assessment decreased and 4,050 were increased with changes being seen across all property classes. The Treasurer/Deputy Clerk stated that the City is required to adopt tax ratios by-law each year.

Item #4: Tax Ratio Analysis

The Treasurer/Deputy Clerk presented the Finance Committee with a range of tax ratios and described their impact on the various property classes compared to the 2016 ratios. The “Start” ratios would raise the same levy as in 2016 and would result in a rate increase of 2.13% without a levy increase. The “Revenue Neutral” option would recognize the same revenue as 2016 however rate increases would occur across the Commercial, and Industrial classes however the Residential class would decrease. The “Alternative” option would have all ratios remain the same as the “Start” ratios with the exception of the Commercial class which would decrease. Committee members voiced concern over the “Revenue Neutral” option and discussion was tabled until staff could provide further information on the impact of also reducing the industrial ratio.

- Councillor Plummer inquired if it was possible to reduce the ratio for the industrial class. The Treasurer/Deputy Clerk informed him that it was possible and would not have a negative affect given that the City has little industrial property.

Item #5: Review of Operating Budget

County Shared Services – As per Jeffery Foss, the City of Pembroke increased the budget by 2%

Taxation

- The Treasurer/Deputy Clerk advised that there was limited assessment growth however supplemental taxation coming from properties such as the Crandall Street Apartments would help to compensate for the limited growth.
- The budget for taxes adjustments has been adjusted upwards to reflect anticipated write offs

Mayor and Council

- Honorarium error - \$8,000 can be removed

Financial:

- Façade Improvement moved to Planning as part of Community Improvement Plan (CIP)
- General insurance rates = 2016
- Capital budget = \$1.2 million + 306,311 OCIF – 2016 forward
- Provision for budget = \$50,000, same as 2016
- The contingency account was increased to serve as an extra buffer
- Transfer to Library was increased by \$83,691 to \$519,261 to compensate for 2016 deficit caused by pay equity payout
- Deputy Mayor Gervais proposed that the City of Pembroke have a general capital fund that will allow the City of Pembroke to match any grant money received at a moment’s notice

- Councillor Lafreniere was not in favour of the idea, citing unnecessary taxation of ratepayers for projects the city may not undertake
- Councillor Scott agreed with building reserves, proposing that we roll a portion of any surplus into the reserves and the rest would be carried forward
- Deputy Mayor Gervais was concerned that money is used when needed and therefore is not saved.
- Councillor Scott believes council needs to give staff the flexibility to decide on the reserve
- Deputy Mayor Gervais proposed that Council return to the matter after the audit is completed
- The Treasurer/Deputy Clerk stated that many municipalities do have similar policies
- Direction: once audit has been completed, staff is to create a report to be brought forward to council to determine what is to be done with the surplus
- Grants to organization reduced by \$10,000 as per Council's previous direction to funding grants from applicable budget area. That \$10,000 has been moved to the recreation budget
- The Treasurer/Deputy Clerk advised council that the Centre Lajoie des aîné(e)s francophones de Pembroke requested a \$20,000 grant. Councillor Scott believes the City should refrain from giving out tax payer money to organizations, states that the grant should remain at the current \$10,000. Councillor Lafreniere and Mayor LeMay agree
- Ontario Energy Board reduced ORPC interest rate, Solar panel installation will be paid off in 2021 with savings from LED lights going to ORES loan
- Sale of solar energy is slightly less than \$30K which is in keeping with the original projection and is being used to pay the Capital cost of solar panels
- Includes sale of Welcome Centre – transfer to reserves

Admin:

- Status quo
- Change in salary
- Support contracts have increased

Election:

- \$1,800 for software to improve accuracy of electors list

HR & Purchasing:

- Status quo except for additional training
- Increase in cost of OMERS

Municipal Property:

- Staff still has to determine whether the best custodian option is to have someone live at City Hall or to contract the job out
- Cost of municipal property has decreased due to sale of former police building and the demolition of 415 Pembroke Street West

Fire:

- Small increase in wages – \$3,000 for increase in secretary hours
- Fiddle Park overtime has been reduced to reflect level of coverage at the park
- 2.25% increase in wages as per Collective Agreement
- Three probationary firefighters move up a class in April
- Includes transfer to reserves of \$172,000 as per the replacement schedule
- Rent for storage of the Aerial truck increased however it was negotiated to a more reasonable amount by the CAO
- Deputy Mayor Gervais questioned the recovery of cost figures, The Treasurer/Deputy Clerk stated that these numbers are based on variables and are therefore difficult to gauge but are based on call outs, retiree payments etc.
- Pumper truck needs to be replaced, funding coming from fire reserve

Policing:

- The OPP contract has been reduced by \$32,800
- Includes increase in Court Security Grant of \$84,450, \$252,000 to \$337,000
- Additional funding for Needle Disposal Program
- Ministry has advised that collective agreements have resulted in an increase in wage costs retroactive to 2015. An allocation was made and there is very little difference. The Treasurer/Deputy Clerk would like to transfer \$25,000 to a reserve to ensure that we have adequate funds when the increases are passed onto the City – possibly in 2017
- Overall there is a decrease in the Policing budget by \$86,500

Police Services Board:

- Deputy Mayor Gervais: grants are provided to help with different initiatives and the PSB needs funds to pair with the grants when they are received

Animal Control:

- Status quo
- Revenues have been decreasing due to reduced licence purchase (precautionary measures on Treasurer's behalf)

Building:

- Several unknowns exist in terms of wages for the new building staff (new Chief Building Official had not yet been hired, not sure how long contracted CBO will be staying on for)

- A study will be done to determine if permits are covering costs or if there needs to be a change in prices

By-law:

- Budget has been increased for legal fees
- Parking budget has a line for a \$91,800 transfer from by-law which covers ticketing

Roads:

- All departments that use fuel of any type will see an increase in these costs in 2017 and onwards
 - o This is due to changes related to climate change and “Cap and Trade” legislation
 - o \$20,000 has been added in the roads section that will hopefully be sufficient to cover the additional cost for all departments in the general fund
- Tree Maintenance has been moved to the Recreation budget as the section is responsible for this
- Road resurfacing has a budget of \$600K this year and includes Pembroke Street West, Hinks Street to Clemow Street, and Patricia Avenue
 - o This is \$400,000 higher than what has been budgeted in this section historically
- Resurfacing of roads is mostly done internally
- Pembroke Street West: In the past council has expressed a desire to have this prioritized and completed in the spring
- Councillor Lafreniere inquired if labour was included in cost of road, the Treasurer/Deputy Clerk confirmed it was included through job costing
- Deputy Mayor Gervais asked if the project goes in to capital or stays in operating, the Treasurer/Deputy Clerk expressed a desire for consistency citing not budgeting labour in to capital. Mr. Sitland confirmed that operating staff looks after in-house projects which are allocated according to the budget.
- Deputy Mayor Gervais inquired whether the roads projects were realistic, Mr. Sitland said they were citing less work than 2016 which was all completed
 - o Trouble lies within contract work, not in-house labour
- Deputy Mayor Gervais voiced concerns over the Operation Department’s ability to keep pace with so many projects and the effect it has on procurement staff
- In regards to winter control portion of budget: The Treasurer/Deputy Clerk stated it is difficult to predict how much will need to be spent, budget figures produced through average of actual costs and winter events

Traffic Control:

- Status quo for the most part
- Reduction in line painting budget to consider a 2-year line painting budget
- May need speed signs on Paul Martin Drive

Streetlights:

- Costs are up slightly as cost of electricity has increased

Garbage:

- Collection fees have increased per a 1% increase in the CPI
- The City of Pembroke pays \$60,000 to Laurentian Valley as per the agreement between the municipalities
 - o Speculation as to why, likely because of the liability the township takes on to operate the facility

Recreation, Culture, and Tourism:

- Staffing changes will be made in 2017 in accordance with recommendations made in the operational review
 - o This includes a new position for Tourism and a “Crew Chief” to oversee parks and facility staff
- Not all capital completed in 2016
- The estimate for the Laurentian Valley cost share for the PMC, PACC, and Kinsmen Pool is increasing from \$224,000 to \$254,000 with an additional contribution of \$12,000 towards Capital
- Keeping Pembroke Beautiful has Communities in Bloom surplus transferred to offset expenses
- New Civic & Youth Awards section with \$4,500 budgeted
- Mayor LeMay inquired if the budget was increased because of the Canada 150 celebrations, confirmed by Mr. Conroy
- Councillor McCann wished to outline that the budget was bringing forward \$30,000 from last year’s budget plus an additional \$50,000 to help support plans to bring more business to Pembroke although there are no events currently planned
- Deputy Mayor Gervais asked whether or not the City had the resources to organize events and Councillor Plummer pointed out that the City needs funding to get plans off the ground, stating that in the past there has been times where a plan was ready but there was no funding to get it started
- Councillor Lafreniere asked for clarification on the extra \$10,000 being transferred, Mr. Conroy stated that it would be used to organize and support events
- Councillor Reavie stated that the money is being used for opportunities and that the department is starting monthly meetings to generate ideas and support
- General belief is that money being used by RCT is important to economic development

Bogie’s Bar:

- Any funds left over are carried forward

Pool:

- The Treasurer/Deputy Clerk stated that the pool budget is split up due to the consolidation of different departments over the years, also stated that since Pembroke is hosting the Senior Games this year the Pool will need to upgrade existing equipment and purchase some new equipment

- Also includes \$34,000 for new lane markers and pace clock for the pool, a storage shed for lifeguard equipment at the beach and additional tables and chairs for use in facilities throughout the City
- Councillor Lafreniere inquired if the pool had a non-resident fee and how closely the staff checked to see who was a resident and who was not. The Treasurer/Deputy Clerk confirmed that there is a non-resident fee and the CAO stated that the pool staff was improving in regards to their checking of residency.
- The CAO stated that we are currently reviewing contracts with cost sharing partners, and that we will be getting a list of costs in the spring but we may need a third party to review said costs

Planning:

- Development charges and parkland dedication fees estimates
- There is an increase in planning wage budget – this reflects a portion of the wages for the new Planning Technician position
- A new set of accounts has been added for the Community Improvement Plan
 - o Since the program is new it is difficult to know for certain how many applications will be approved
 - o However, \$50,000 has been budgeted with \$25,000 coming from the reserve that was established in 2016
- Mayor LeMay inquired if council approved a Community Improvement Plan budget of \$100,000, The Treasurer/Deputy Clerk confirmed that the money was in the reserve fund and that we can transfer that money out of reserves per Councillor Lafreniere’s inquiry

Economic Development:

- \$5,000 budgeted for proposed new entrance sign
- \$30,000 is allocated to the Waterfront Development Project which includes marketing, environmental assessment, archeological assessment, geotechnical and elevation work

County Shared Services:

- Actual county budget is lower than what was initially budgeted by the City
- MPAC is contemplating a 2.65% increase in assessment fees based on amount of certain activities performed

Motion: Moved by Councillor Plummer
 Seconded by Councillor McCann
 THAT the contingency account be reduced from \$100,000 to \$50,000 for the
 2017 budget

CARRIED

Item #5: Review of Sewer Budget

The Treasurer/Deputy Clerk gave an overview of the proposed Sewer Budget which included an increase in the sewer rates by 5% as well as an added line for the carbon tax expense that will be incurred by the City given new Provincial and Federal legislation.

- Mayor LeMay voiced his concern about the water and sewer rates rising for another consecutive year.
- The Treasurer/Deputy Clerk stated that a study is being performed to determine if our rates are fair
- Mr. Sitland stated that the study will not be complete until the spring and that the City's rates are already lower than the average. Mr. Sitland also stated that most municipalities are raising their rates.
- A large portion of the capital budget is going to the Pollution Control Plant
- Councillor Scott pointed out that water and sewer is not cheap to provide and that we must plan for future budget needs through our rates
- The Treasurer/Deputy Clerk stated that less money is being held in reserves as the City is undertaking more capital projects. If the proposed rates were to be decreased, then portions of the budget would have to be reduced in order to balance it
- Councillor Lafreniere inquired if the rates were factored in to capital funding, confirmed by the Treasurer/Deputy Clerk however not all of it goes to capital
- Decision to defer rate discussion until after capital budget is discussed

Item #6: Return to Discussion of Tax Ratio Analysis

The Treasurer/Deputy Clerk provided attendees with a revised copy of the Tax Ratio Analysis which included an additional alternative ratio column titled "Alternative B". Alternative B would see a reduced Commercial Class ratio of 1.98 and a reduced Industrial Class ratio of 3.42. Alternative B may help to improve the likelihood of businesses being established in Pembroke thanks to favourable tax rates.

MOTION: Moved by Councillor Plummer
Seconded by Mayor LeMay
THAT the proposed "Alternative B" Tax Ratios be approved

CARRIED

Item #7: Review of Water Budget

- Proposed Water Budget includes a 5% rate increase
- \$200,000 transferred to water reserve
- \$100,000 transferred to water tower reserve, aging structure will need repairs eventually
- \$25,000 added for fire flow testing
- \$897,000 transferred to capital

- Reducing the transfer could affect the 5% rate increase

Item #8: Review of Parking Authority Budget

- Revenues come from ticketing and meters
- Costs come from maintaining lots such as clearing snow
- A portion of By-law wages are charged to Parking Authority for parking duties, reflected in transfer to By-law
- Mayor LeMay voiced concern over ticketing on weekends saying that it has hurt the downtown area from a public relations stand point. Wanted to look into ending Saturday ticketing however it is estimated that the city would see approximately \$3,000 decrease in ticket revenue

Item #9: Reserve Funds

- Parks: Parkland Dedication fees for development
- Land sales: the proceeds from the sale of the welcome centre
- Mayor LeMay asked if the pumper was necessary, the Treasurer/Deputy Clerk and CAO confirmed it was, the current truck is 25 years old which is generally the life of a pumper. After 25 years it becomes an insurance liability
- Councillor Lafreniere inquired why funds were being allocated to the Water Tower, Mr. Sitland responded by saying that the City has not allocated much in the past and eventually it will need to be replaced so it is best to start planning now
- Deputy Mayor Gervais asked if transfers to fire reserve were in line with plan for future equipment purchases as per schedule, confirmed by Ms. McIntyre
- Councillor Plummer inquired about the plan for Hoffman Lane, Mr. Sitland said he intends to bring a plan forward this summer but currently \$75,000 is not enough for the project however it will help with consulting costs

Item #10: Annual Debt Continuity

- As of the end of 2016, the City has \$16.7 million in debt
- The Treasurer/Deputy Clerk gave an overview of the current debt schedule and also outlined how much of that debt would be paid down in 2017
- Councillor Lafreniere inquired if the new fire hall would add to the debt, the Treasurer/Deputy Clerk responded by saying that it depends on how the committee decides to fund it, currently it is slated for capital spending

Item #11: Capital Budget

The Treasurer/Deputy Clerk gave an overview of the Capital Budget, going over the shortfall of the budget and some of the recommendations made. According to the Administrative

Review conducted in 2016 there are many improvements that can be made to I.T. infrastructure across all the departments, not just City Hall. The Treasurer/Deputy Clerk recommended that the City of Pembroke take a collective approach to meeting new I.T. demands by actively upgrading old technology. Each department manager has compiled a list of I.T. improvements they wish to have done over the next five years.

- Discussion with managers found that some I.T. upgrades have no cost requirements and some do. Staff recommended that a reserve be set up for future I.T. requirements, \$55,000 was brought forward from the 2016 capital budget to help fund it
- Mayor LeMay voiced concern over the lift and why it was not on the Capital Budget to which Mr. Lapierre replied it was not at the stage where it was necessary to be on there as it is likely to be fixed
- Councillor Plummer and Mayor LeMay both suggested that the City should finance the construction of the Fire Hall through a debenture
- Councillor Lafreniere suggested that the City debenture the full amount of the new Fire Hall and use the \$914,539 currently allocated for the project to offset the 2017 capital budget. Councillor Plummer stated that the money was raised specifically for the new construction from land sales and that using a debenture for the full amount would be too expensive in terms of interest expenses
- Councillor Scott feels that since the reserve was built the City should use it and use a debenture when necessary
- Mayor LeMay voiced concern over increasing debt load

MOTION: Moved by Councillor Plummer

Seconded by Councillor Scott

THAT the debenture for the new Fire Hall be held off until 2018 when the final cost of the station is known

CARRIED

- Deputy Mayor Gervais inquired if the Operations and Fire Communications would be used to communicate with other fire chiefs, The Treasurer/Deputy Clerk informed him that it would be used to communicate between the Operations department and the Fire department
- Councillor Lafreniere inquired if the equipment would be in vehicles or buildings, The Treasurer/Deputy Clerk informed her that a study needs to be done to determine needs and how to meet them but it is more mobile oriented so likely in vehicles.
- The Treasurer/Deputy Clerk provided details regarding the pool situation stating that the City does not have funds for a total revamp and that the City needs cooperation from partner municipalities to work on a plan. Currently waiting on direction from council
- Councillor Scott wanted to hear from Mr. Conroy regarding the pool: should we put the project on hold or cancel it? Stated he was hesitant to leave that much money in the Capital Budget. Mr. Conroy voiced concern over consultant's estimate to rebuild the pool versus repairing it, as costs are low compared to other municipalities that have constructed pools

recently such as Elliot Lake and Kirkland Lake that spent \$7.4 and \$11.6 million respectively

- Councillor Plummer informed the committee that the YMCA in Syracuse recently built a facility that has 3 pools for \$3 million USD and that he is going to gather further information
- Councillor Reavie voiced her concern about liability to the City operating an “old” pool and not acting on structural investigation findings. Believes the City should act sooner rather than later
- Mayor LeMay clarified proposed pool projects are unfinanced, believes that \$181,000 needs to be put to use. Is confident that community would help pitch in stating Council needs to look to the future
- Deputy Mayor Gervais expressed concerns over how much money to raise and how long it would take to raise that money. Should the City increase reserves for pool?
- Councillor Lafreniere believes \$181,000 is not enough and that we must speak to the Joint Recreation Committee, The Treasurer/Deputy Clerk stated that the maximum amount the Township of Laurentian Valley pays is \$59,100 for capital as per agreement however that amount needs to be higher
- Based on a recent structural review of the pool, Council understands the structure is safe and that there is no reason to close the pool

MOTION: Moved by Councillor Plummer

Seconded by Councillor Scott

THAT only the carry forward amount of \$181,000 be left for the Kinsmen Pool Capital Budget in 2017

CARRIED

Direction for staff to use \$181,000 for pool repairs and ensure safety of pool patrons

- Mr. Sitland advised the committee that design for the Indian River Bridge had been completed but the project has been deferred. Deterioration of the bridge has increased and must be addressed
- Deputy Mayor Gervais suggested that if the City were to get the OCIF grant funding for the Victoria Street project that the money could go to the Indian River Bridge instead however Mr. Sitland stated that because the grant was not applied for specifically for the project that the money could not be used there. However, the bridge project would be eligible for a grant
- Mr. Sitland has not received confirmation for Victoria Street funding yet but expects to hear in early February, City applied for maximum amount of funding
- Mayor LeMay asked for clarification on funding for Paul Martin Drive, Mr. Sitland informed him that the City needed to contribute 10% of the funding for the project spread

over 2016/2017 which would amount to approximately \$2.9 million meaning that the City's contribution would be approximately \$290,000

- Deputy Mayor Gervais inquired if the City is required to inspect the dam, Mr. Sitland informed him that in some respects it functions as a bridge and therefore requires inspections. A diver will conduct a subsurface inspection checking for erosion of the structure
- Deputy Mayor Gervais asked for confirmation if the projects on Angus Campbell/Matheson Drive, Broadview Drive, Darcy Street, and Dunlop Street were contracted, confirmed by the Treasurer/Deputy Clerk and Mr. Sitland
- The Equipment/Fleet portion of the Capital Budget is funded through the reserves
- Mayor LeMay asked what the difference was between a ½ ton truck and a road services truck, the Treasurer/Deputy Clerk stated the size of the vehicle, Councillor Plummer confirmed also mentioning that the road services truck is more "heavy duty"
- Mr. Sitland spoke of the McGee Street pump station, funding is not confirmed however he expects that it will be and stated that the City applied for the maximum amount
- Councillor Plummer asked to confirm that the 5% increase in the sewer rate balances the sewer budget, confirmed by the Treasurer/Deputy Clerk
- The Treasurer/Deputy Clerk states that the City has healthy reserves but not much in terms of general capital
- Councillor Plummer inquired how long the lifespan of the Indian River Bridge would be increased if it were to be repaired, Mr. Sitland expects it to last another 40 years if work is done
- Councillor Plummer suggested that a debenture be used to finance the Indian River Bridge project, possibly a shorter term loan i.e. 10 to 15 years
- Mayor LeMay and Councillor Scott agree but Councillor Scott suggests using Victoria Street capital if grant is not approved
- Deputy Mayor Gervais inquired how urgent the bridge repairs are, Mr. Sitland replied that deterioration is exacerbated by the amount of salt put down on Boundary Road and at this point only a partial deck replacement is needed but if it goes unattended it will need a full deck reconstruction. The railing system will also be replaced

MOTION: Moved by Councillor Scott

Seconded by Councillor Plummer

THAT if no funding is received for the Victoria Street Project then funds set aside for it will be used for the Indian River Bridge Project

CARRIED

- Councillor Scott inquired if any debentures will be retired within the next several years, the Treasurer/Deputy Clerk informed him that the first debenture retired would be in 2020
- The Treasurer/Deputy Clerk asked Council how they wanted to go forward with the budget in 2018 if they debenture the Indian River Bridge project and the debenture amounts to approximately \$300,000 per year. Councillor Plummer spoke in favour of

reducing capital rather than raising taxes, Mayor LeMay agreed, asked what the surplus was. The Treasurer/Deputy Clerk informed Mayor LeMay that there is little surplus and reserves are lean for general capital

- Councillor Lafreniere inquired if the City got a better interest rate for borrowing more money, Councillor Plummer per Infrastructure Ontario stated that amount borrowed does not change rates, rather the amount of payment periods does
- Direction for the Treasurer/Deputy Clerk to come back with capital budget adjusted to reflect decisions made

CARRIED

Item #12: Motion to Adjourn

MOTION: Moved by Councillor Reavie
Seconded by Councillor Plummer
THAT the meeting be adjourned at 2:58 pm.

CARRIED