

Minutes - The Blue Mountains Special Council Meeting



MEETING DATE: July 6, 2010, 4:00 pm

LOCATION: Fire Station #1, Thornbury

PREPARED BY: Corrina Giles, Clerk

A. Call to Order

- Mayor Anderson called the special meeting to order with all members in attendance.

Also in attendance was CAO Paul Graham, Director of Financial & Information Services Rob Cummings, Director of Engineering and Public Works Reg Russwurm, Manager of Water and Wastewater Services John Caswell, Director of Building and Planning Services David Finbow, Deputy Fire Chief A.J. Lake, Director of Special Projects Peter Tollefsen, Library CEO Carol Cooley, Darcy Chapman Capital Accountant, and Debbie Brown Financial Analyst.

Council then paused for a moment of Personal Prayer or Reflection.

- Approval of Agenda:

Moved by: John McKean Seconded by: R.J. Gamble

THAT the Agenda of July 6, 2010 be approved as circulated, including any items added to the Agenda, Carried.

- No member declared a pecuniary interest with any matter as listed on the Agenda.

B. 2010 Budget Deputations/Presentations

B.1 2011 Budget Philosophy and Budget Preparation

Director of Financial and Information Services Robert Cummings reviewed the Budget process and philosophy noting he is encouraging dialogue. Robert spoke to 3 year operating, 5 year capital budget process, and suggest Council consider a 3 year economic forecast for budgeting purposes with development growth projections based on current trends.

Capital Accountant, Darcy Chapman reviewed development growth including building permits and the development charges background study, and new lot creations from 2005-2013. Darcy noted the Planning Department confirms the number outlined in the background study is accurate to 2013. Darcy then noted as soon as a lot is created the Town gets roads, water and sewer charges reimbursed.

Darcy advised the development charges calculation includes local improvement charges from services extensions. The development charge reserve fund receives this money immediately upon billing the residents as the Town holds the debt and recoups that money on annual basis, including interest.

Darcy noted the town utilizes this interest as part of its interest income for annual operations.

Robert then reviewed assessment growth noting Staff feel growth will be 2% in 2011. Robert then confirmed budget levels based on controlled growth and long term financial sustainability.

Robert noted it has been four years since water metering came into place and further noted that water usage is decreasing because of water conservation of users.

Robert then reviewed historical and projected tax levy charges (year over year) in The Blue Mountains.

Councillor McGee asked for a revision to the chart of tax levies to indicate where The Blue Mountains stands year over year, comparing it with inflation and how it affects residents. Councillor Gamble asked that information regarding the increase in assessment growth be included as well. Robert Cummings advised that he will adjust the charts to reflect Council's recommendations.

Robert noted higher level summaries will be used as in last year's budget based on departmental summaries and corporate wide summaries. Council concurring the noted summaries were satisfactory.

Councillor Gamble then asked for a revision to page 5 and asked that an additional breakdown be included to note how expenditures will be financed, in particular development charges, taxation, and reserves.

Councillor Kennedy then spoke noting he would like to see energy efficiency reflected in the budget information with respect to the new Town Hall project. Director of Planning and Building David Finbow replying that the Town will have a larger building that will cost the same to operate. David noted that water and wastewater use will not be increased, but maintenance issues will be higher based on a larger space.

Councillor McGee asked that page 5 be amended to lump departments together, i.e. total Recreation budget, total Engineering and Public Works budget, etc., to determine the actual budget. David replying that lumping the Planning and Building & By-law budget would not make sense noting dissimilar items should not be lumped together. Councillor Kennedy noting subheadings would be beneficial by having the department named, with a subheading listed below.

Darcy then noting Directors cannot answer questions if the greater detail is not included for their department. CAO Paul Graham spoke noting all line accounts will not be included as in the past. Councillor Gamble spoke noting Staff need to be careful that too much detail is not removed as this budget will be adopted by a new Council in 2011 so it may be less work to include the detail now so Staff do not have to work to recreate detail later on when the new Council asks for the information.

Darcy then reviewed the capital budget noting a new capital project has been created that may be used this year, noting the detailed project timeline and project management so everyone knows what is going on which will assist Senior Management Team with better cash management and spending.

Darcy reviewed the Capital Budget versus Actual History noting this year we may be at 75% of budget spent. Darcy noting whatever is not used is rolled over to next year.

Darcy then noted taxation related projects are in need of money and noted overall we are a little overzealous, noting we need to maintain what we have. Deputy Mayor McKinlay noted some development is development charges project. Darcy commented unless it is a development charges project. Darcy noted there is a great deal of pressure on roads as reserves are being depleted and noted these reserves need to be replenished.

Darcy further noted that replacement of water and wastewater lines should be coordinated with road repairs and construction. Director of Engineering and Public Works Reg Russwurm spoke noting we need to do better with asset management, i.e. sidewalks, roads, bridges. Paul Graham spoke noting the pressure on the road budget is associated with servicing of non-serviced areas, noting roads are being replaced when infrastructure is replaced.

Councillor Gamble questioned if the upper tiers of government are being asked to assist with infrastructure. Darcy replying he agrees but noted The Blue Mountains practice good managed governance The Blue Mountains is not relying on grants. Councillor McKean spoke noting we need to look after our own municipality and finances, further noting the Town cannot afford everything and should not rely on the assistance from upper tiers as the money may not be there.

Robert then reviewed capital budgets fund regarding Human Resources. Reg spoke regarding how the Town can get construction projects completed and referenced projects we have engineered with our in-house Staff. Reg noted engineers that can do their own engineering work may save The Blue Mountains money and we may get better results.

Reg noted the fees for projects with consultants are significantly higher than what Staff earn and referenced the Hester Street parking lot being completed successfully. Reg then referenced a current project noting if Staff member Mike Campbell had not been on site there would have been more problems with the project. Reg further noted if there was a lull in work, the Town could contract out its services to neighbouring municipalities. Reg noted he is proposing 3 additional Staff, Manager of Engineering and 2 Construction Coordinators. Paul spoke noting this does not necessarily mean a budget increase as consultant fees would decrease. Mayor Anderson spoke noting she appreciates this, but noted this may be a hard to sell to the public. Reg spoke noting a business plan would be created to justify. Deputy Mayor McKinlay spoke noting the business plan should note the projects to be included in the business plan and further believes projects should be completed faster if there are 3 more Staff hired to assist. Reg replying that he is not certain if projects would be completed faster as infrastructure money would be required to do projects. Darcy noting shovel ready projects are beneficial so 3 Staff would assist with this.

Duncan then questioned if consultants would be affected if we do some work in house. Reg advised it would not put anyone out of business. Councillor McKean spoke noting the quality of the construction product from consultants may improve if we have in-house consultants.

Councillor Gamble noted the business plan needs to indicate what could be eliminated from the outsourcing of fees versus doing inside. David Finbow spoke noting we cannot assign Staff costs to development charges projects. Darcy

noting that the Development Charges Act does not permit a municipality to charge back Staff time.

Duncan then spoke noting this should be brought to the attention of our public through reports and perhaps could be brought into the 2012 budget.

Robert Cummings then provided a summary of 2009 Unaudited Year-end Balances and 2010 Estimated Year-end Balances. Darcy noted the \$11,169,232 debt is for the Water Treatment facility, Craighleith Water Treatment Plant, \$500,000 for the Thornbury Reservoir, police station with the balance being local improvements that have not been billed, further noting some will be cleared off sooner than later.

Robert then reviewed the Base Target Budget noting Staff will be forwarding a Base Target Budget with proposed enhancements or reductions being debated through the budget process. Robert then questioned if Council was happy with this process or not. Councillor Kennedy and Mayor Anderson noted that it worked well.

Robert noted section vii of page 10 of the Report is a larger list than what was in the budget last year. Paul then spoke noting Plans such as the Integrated Community Sustainability Plan are major documents and Staff and Council need to be comfortable that Council know how these documents will be used, and then will have to build a budget around these plans.

Councillor Kennedy spoke noting the Integrated Community Improvement Plan is a good plan to proceed with now. Councillor McGee spoke noting all plans have good parts, but noted the municipality needs to create a funding mechanism to act on these plans and need to be creative on how to deal with funding the plans, further noting it should not significantly affect taxation.

Councillor Gamble spoke referencing the Integrated Community Sustainability Plan and noted that Senior Management Team will see parts of this plan can be enacted in house that would not affect taxation. Paul then spoke agreeing with Councillor Gamble regarding forward thinking municipalities but noted community partners are asking for enactment, including grant applications, and concurred with Councillor McGee that we need to be creative. Paul noted sustainability is part of our core business and will change how we do business over time.

Councillor Martin then spoke noting Council has not debated these plans, as to what will be done with plans. Michael then noted all plans should have a sunset clause. Paul then noted these will be debated through the budget process.

Budget Preparation

Robert then reviewed the budget preparation assumptions and reviewed COLA increase proposals for 2010-2013. Robert noted many surrounding municipalities are in negotiations with unions. Robert further noted he is looking for more data to provide a clearer update on unionized and non-unionized salary increases.

Deputy Mayor McKinlay then questioned where we are in comparison to neighbouring municipalities. Paul then spoke noting advised Gazda provides an update on this annually and notes some positions are above and some are below the comparisons.

Robert then reviewed the OMERS rates and noted the increase in rates will be 1% in 2011. Mayor Anderson spoke noting OMERS is important for Council members too, noting it may appeal to younger people to become involved in municipal government.

Manager of Water and Wastewater Services, John Caswell then reviewed the anticipated cost increases/decreases to purchasing water from Collus.

Robert then noted an estimated 15% increase in insurance, but noted it is too early to project an accurate estimate. Robert further noted all insurance will likely see an increase.

Deputy Mayor McKinlay then referenced "self insuring" and questioned if this would be an option. Darcy noted one environmental loss would be a huge problem and would deplete all reserves.

Robert then reviewed the cost pressures of energy including hydro, water, street lights, and the Beaver Valley Community Centre. Reg noted to Jeff Fletcher is working on a solar energy project at the Town to ensure a project is feasible.

Councillor McGee then questioned if there are plans on how Treatment Plants can reduce hydro use when smart metering comes into effect, John Caswell replying that there is nothing yet, though he knows this will be an issue that will be looked at.

Robert then reviewed the capital projects flowing from the Stimulus Funding and other grants. Paul noted other grants available, ie for events, Trillium grants and rural connections. Paul then referenced a recent meeting where environmental initiatives were addressed on the farm.

Robert then reviewed the increased costs related to parks and trails growth. Paul noting the Recreation Department is almost at capacity with respect to trails and parkland and further noted the assembly of land will continue. Councillor Gamble referenced the addition of 12 summer students over the next few years noting this may be overzealous.

Robert then reviewed the other duties of the Parks Department. Paul noting the Parks Department is running very lean and noted he is impressed with the work done with the team they have. Paul then referenced volunteer Fire Fighters and referenced opportunities where Roads and Parks share positions.

Robert then reviewed the impacts of multiyear contracts or agreements for Solid Waste and Environmental Initiatives.

Darcy noted over the next two to three years that the landfill will cost a significant amount to operate, after hiring and expansion the consultant will provide options.

Robert reviewed impacts of multiyear contracts and agreements with the Roads and Drainage section of the budget.

Robert then reviewed the ongoing implementation of the Fire Master Plan and the costing implications.

Robert then reviewed projections for major revenue sources including Provincial and Federal Funding projections, all service fees increased annually at least by the rate of inflation and reviewed the effect of Harmonized Sales Tax on service fees. Robert noted service fees will have to increase by 2% in 2011, 2.5% in

2012 and 3% for 2013 to offset costs otherwise taxation will pay for the loss. Councillor Kennedy noted if rates are increased too much, users may be unable to afford to use the service.

Paul noted Staff needs to know if a 2% inflation should be included in the budget or not. Councillor Gamble replying it should be increased with Councillor McKean and Mayor Anderson concurring as well.

Robert then reviewed water consumption and wastewater generation and noted the rates did not change in 2010. John Caswell then reviewed usage for this year to date and trends to this date. John noted weather will affect usage over summer months. John further noted unbilled water is at 19% and noted he has money in the budget money to find leaks and unbilled water. John Caswell then noted unbilled water fluctuates from one period to the next.

Councillor McGee then questioned why the Fire Department is not being charged for water used for fire training. Paul noted we could and transfer charge to Fire Department. Councillor McGee replying any department using water should be billed noted this could address water loss. Deputy Mayor McKinlay requested a report on water loss to be presented to the Infrastructure and Recreation Committee. Paul spoke noting transferring fees from one department to another will be a struggle dealing with things like HST, further noting this may increase the mill rate as it is over and above how we deal with billings.

John Caswell noted wastewater is anticipated to stay the same and noted we are still accepting effluent.

C. Closed Session

Moved by: Cameron Kennedy Seconded by: John McGee

THAT .with regard to subsection 239 of the Municipal Act, 2001, this Council do now move into closed session in order to address matters pertaining to litigation or potential litigation, including matters before administrative tribunals affecting the municipality or local board;

AND with regard to personnel matters about an identifiable individual, including Town or local board employees and personnel matters;

AND with regarding to a proposed or pending acquisition or disposition of land by the municipality or local board;

AND with regard to the 2011 Budget Philosophy and Budget Preparation Process

Council moved into closed session at 8:17 pm.

Council moved into public session at 9:30 pm.

F. Adjournment

Moved by: D.R. McKinlay Seconded by: John McKean

THAT this Special Meeting of Council does now adjourn, unanimously
Carried.

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Ellen Anderson, Mayor

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Corrina Giles, Clerk