



MINUTES OF FINANCE COMMITTEE

MONDAY, JANUARY 14, 2019

5:30 P.M.

**Town Hall – Clench-Dewan Lounge (Committee Room)
(Location was Changed to the Council Chambers)**

Councillor Frank Kennes, Chair

1. Roll Call.

Present: Mayor Joanne Vanderheyden
Deputy Mayor Brad Richards
Councillor John Brennan
Councillor Frank Kennes
Councillor Larry Cowan
Councillor Neil Flegel
Councillor Sandy Hipple
Councillor Marie Baker
Councillor Steve Pelkman

Also present: Greg McClinchey, Chief Administrative Officer
Fred Tranquilli, Director of Legal & Legislative Services/Clerk
Bill Dakin, Director of Finance
Brad Dausett, Roads Manager
Rob Lilbourne, Director of Community Services
Mark Campbell,
Joe Pilon, Director of Technology Information
George Elliott, Director of Engineering and Public Works
Doug Payne, Manager of Human Resources
Kerry Maloney, Acting Financial Analyst
Jennifer Pereira, Assistant to Director of Legal & Legislative Services
Lindsay Laskey, Manager of Accounting/Deputy Treasurer
Kim Arruda, Financial Analyst

Stephen Riczu, Resident
 Ian Nunn, Resident
 Grant Meme, My FM

2. Declaration of Pecuniary Interest. None.

2b. Gemini Plate and Frame Heat Exchanger Repair Funding

Greg McClinchey, Chief Administrative Officer presented an added item to the agenda for the repair of the Gemini Plate and Frame Heat Exchanger with the contractor CIMCO Refrigeration. In order to receive the parts and conduct the repairs the refrigeration plant will need to be shut down which is April/May. The cost of the project is \$18,000 and is included in the Draft 2019 Capital Budget submission for the Gemini. The request for prior approval is due to the urgency that is associated with this maintenance and the time frame it takes to receive the parts.

Councillor Cowan had concerns of only using one contractor and not going through the process of tendering. Greg McClinchey indicated that it is due to the urgency of the repair and that the contractor CIMCO Refrigeration is familiar with the facility.

Councillor Kennes directs to staff to review the Purchasing Policy and suggests an increase to the maximum amount for repairs in case of these kind of circumstances.

Moved By: Councillor Baker and Deputy Mayor Richards

THAT: the repair of the Gemini Plate and Frame Heat Exchanger for the cost of \$18,000 with CIMCO Refrigeration be approved. **Carried.**

3. 2018 Preliminary Consolidated Operating Budget

Bill Dakin, Director of Finance briefly explained his report on the 2019 Budget process and time line for the upcoming Finance Committee meetings.

Municipal Debt

Bill Dakin, Director of Finance, reviewed the report and explained that by the end of 2019 the Municipality's outstanding debt will be \$4,466,466 and by the end of 2026 the Municipality should be debt-free.

Taxation & Grants

Bill Dakin, Director of Finance, highlighted the key issues affecting the 2019 budget:

- Ontario Municipal Partnership Fund (OMPF) has not been announced yet so a 15% decrease has been budgeted in keeping with prior years.
- Ontario Community Infrastructure Fund (OCIF) formula grant funding is proposed to increase \$303,024 or 53% as previously reported.

Councillor Flegel has concerns that the 15% decrease on the OMPF funding is not realistic and wonders if more should be budgeted in the event that the funding cut is more. Bill Dakin, Director of Finance feels that this is a good starting point and that the funding will not decrease more than 15%.

Transfer to Asset Management Plan (AMP) Reserve

Bill Dakin, Director of Finance indicates that since 2015 Council has directed that the taxation achieved from growth be set aside to deal with the asset management replacement gap as noted in the Asset Management Plan. This budget includes a provision for \$230,000 contributed to the Reserve to be allocated from assessment growth tax dollars.

The Director reviewed the major variances in the 2019 Preliminary Operating Budget compared to 2018. They are as follows:

Animal Control

- Increase to cover animal tags and livestock valuator services.

Council

- Increase in remuneration due to federal cancellation of 1/3 income exemption.
- Increase in transfer to reserve for 2022 Municipal Election.

General Government

- Has now been split into three separate departments:
 - Finance and Treasury
 - Legal & Legislative Services
 - Human Resources
- Overall increase is from approved salary wage increases, Pay Equity study and the addition of the Development Charges study.

Information Technology

- IT expenses will now go through the IT Department, rather than the breakdown for each department.

Municipal Debt

- No new debt anticipated. Continue to pay down existing debt.

Building Inspection

- Starting in 2018, added allocations for indirect costs (administration and overhead) \$57,000 permitted by legislation for full cost recovery.

Police Service

- No major changes, any staffing will be covered through attrition.

Bylaw Enforcement

- Full-time started 2018.

Solid Waste

- Full cost recovery through fees.

Cemetery

- Shared full position with horticulture approved in 2018, covered through attrition.

Water

- Increased preventative maintenance and added admin overhead from general government.

Wastewater

- Increased preventative maintenance and added admin overhead from general government.

Caradoc Housing

- Housing agreement concluded in 2017 now part of municipal budget.

Recreation

- Increased day camp revenue & expenses for expanded programs. Two year provincial grant ended in 2018.

Mayor Vanderheyden asks about the \$18,000 increase in hydro in Recreation and questions if this is an item that needed to be planned for. Rob Lilbourne, Director of Community Services explains that the energy conservation has been maxed out which assisted in covering those cost. In addition the two roof top dehumidifiers consume a lot of energy.

Councillor Flegel inquires on the investment made in the Municipality's energy saving projects and would like to see a report reflected those savings. Rob Lilbourne ensures that the Municipality has seen those savings but the hydro costs remained the same through out and has caught up us.

Community Development

- Increased provisions for PTP, project maintenance and engagement. Partially offset with anticipated donations form community partners.

Planning

- Addition of municipal planner shared with building department.

The Director indicated that pending review of the 2018 department budgets it is proposed that any unused funds will be placed in department reserves for future use or used to decrease tax increase. The 2019 Preliminary Operating Budget as presented reflects a tax levy increase of \$1,255,137 (8.78%) in new taxation. In comparison, a house with an assessment of \$200,000 would experience an increase of \$116.66 of property taxes.

Councillor Flegel raises concerns that the Asset Management Plan is referenced and to be used for growth, and questions why Council is receiving a request of a proposed capital budget for an increase of 8.78%. Greg McClinchey clarifies that the intention is not to

increase the tax rate by 8.78%, this is a working budget and a starting point for Council to direct staff on their intentions.

After some brief discussion, it was unanimously decided that the proposed operating budget be directed for staff to return with a revised report reflecting a 4% or lower tax increase.

Moved By Councillors Pelkman and Baker

THAT: the Finance Committee Report dated January 14, 2019 be received. **Carried.**

4. Community Partnership Fund Requests 2019

Bill Dakin, Director of Financial Services presented the Community Partnership Fund Request for 2019 totalling \$64,820. These requests are incorporated in the Council Operating Budget and the 2019 budget. The 2019 Budget provision of \$38,000 remains the same as 2018.

Bill Dakin, Director of Finance reviewed the list with the Committee as follows:

- The Art Group of Strathroy-Caradoc: requesting \$3,000 to assist with the 2019 Community Art Events.
- Strathroy & District Chamber of Commerce: requesting \$2,200 for the Spring Home Show and Family Fun Expo.
- Strathroy Hometown Festival – 41st Annual Turkey Fest: requesting \$15,000 for the 2019 Hometown Festival.
- Melbourne Agricultural Society: requesting \$10,000 for the funding for the Melbourne Agricultural Society.
- Multiple Sclerosis Society of Canada: requesting \$300 for the rental of the West Middlesex Memorial Arena gym.
- Council Annual Donations: \$500 for Del-Ko-Brydge Canada Day events, \$735 Miscellaneous Donations (wreaths, school awards etc.), \$500 Mt Brydges Fire Fighters Association – Santa Claus Parade for Candy and giveaways, \$1,000 for Strathroy Lion's Club for annual support of the Santa Claus Parade.
- Hope Community Christian Reformed Church – Discount on hall rental for the Annual Community Event 1st Saturday in December.
- Mount Brydges Business Association: requesting \$500 for Community events and celebrations.
- Strathroy District Arts Council: requesting \$2,000 for the Strathroy Street Art event.
- Chiros Care: requesting a Friday-Sunday Gemini Arena rental for Casino Strathroyal.
- School to Community Pathways Program: requesting \$5,000 for the Holy Cross Secondary School.
- CMHA Middlesex – Strathroy Site: requesting \$12,000 for Accessibility renovations.
- Strathroy-Caradoc Dog Owners Association: requesting \$1,500 for Liability Insurance.
- Women's Rural Resource Centre: requesting \$8,319.71 for new WRRC Crisis Shelter flooring.
- Caradoc Sands Golf Club: requesting \$5,000 for Canada Day Fireworks and fundraiser.

Moved By Mayor Vanderheyden and Councillor Brennan

THAT: the Community Partnership Fund Request Report be amended as follows:

- Melbourne Agricultural Society be reduced from \$10,000 to \$5,000.
- School to Community Pathways Program request for \$5,000 be removed.
- CMHA Middlesex – Strathroy Site request for \$12,000 be removed.
- Women’s Rural Resource Centre request for \$8,319.71 be removed. **Carried.**

5. Next Budget Meetings

- Monday, January 23, 2019 @ 5:30 p.m.

6. Adjournment

The meeting adjourned at 8:30 p.m. on a motion by Mayor Vanderheyden and Deputy Mayor Richards. **Carried.**

Deputy Mayor

Clerk