

THE CORPORATION OF THE TOWNSHIP OF HORTON

Finance Committee Meeting

September 27, 2012

There was a Meeting of the Finance Committee held in the Municipal Council Chambers on Thursday September 27, 2012. Present were Mayor Don Eady and Councillor Jamey Larone. Staff present was Jennifer Barr, Finance Manager and Mackie McLaren, CAO/Clerk.

1. CALL TO ORDER

Mayor Eady called the Meeting to Order 8:40 A.M.

2. DECLARATION OF PECUNIARY INTEREST

There was no declaration of pecuniary interest by members of the Committee or Staff present.

3. MINUTES OF MAY 18, 2012 COMMITTEE MEETING

Mayor Eady asked the Committee members and staff to review the May 18, 2012 meeting minutes.

4. 10 YEAR CAPITAL FORECAST AND LOT DEVELOPMENT STUDY

Mayor Eady noted that Jp2G Engineering and Planning consultants have completed all the previous development charge studies. He questioned if Brian Whitehead would have a conflict of interest as he represents developer's interest in the Township. He asked Mr. Whitehead directly and Mr. Whitehead said he did not. Mayor Eady suggested that staff contact three local municipalities where Jp2g have completed their study and also represent developers in that municipality to see if they consider that Mr. Whitehead had a conflict of interest when he did their study. The CAO/Clerk and the Finance Manager reviewed the development charge study process. Jennifer Barr noted that there are funds in the development account available to finance the study. She added that the study will have to be completed early in the New Year so that a new development charge by-law is in effect by May 2013 when the current by-law expires. She noted that the cost for the study that completed the details in the last study would be 10 – 13 thousand. However, she wants a study that has much more detail which would be in the 20 thousand dollar range. She added that her recommendation is to continue with Jp2g. They have our previous experience, they know the County development and they know the cost to construct roads and better our assets. Mayor Eady asked if an emergency reserve fund to repair an example a collapsed culvert be included in the study. The answer was no that the study and the project are site specific.

Moved by Jamey Larone, Seconded by Don Eady

That the Finance Committee recommends to Council that they appoint Jp2G to carry out a development charge study at an estimated cost of twenty thousand dollars. Funding to come from the Lot Development Charge Fund. **Carried.**

Staff were asked to contact the three local municipalities prior to Council considering this recommendation.

10 Year Capital Forecast

Mrs. Barr presented a copy of a draft template for staff and committees to complete to generate a 10 year capital forecast. Mayor Eady suggested that the Committee Chair and the Manager complete the documentation. Mayor Eady noted that the 10 year forecast has a tie in to the Asset Management Plan that will be created within the next year. We need a sense of direction on the two plans in the short term. Councillor Larone, member of the Infrastructure Committee, said he thought the intent of the Infrastructure Committee was to prepare a 10 year capital plan, this has not been done yet as they are dealing with smaller things. He said they have no plans to replace or repair over 1 million dollars plus in building assets. Mrs. Barr said that she is not capable of supplying how to value an asset. This needs appropriate staff and professional input. I.E. When a road needs to be repaved and the cost to do that. Mayor Eady asked Mrs. Barr to present the capital template at

the next Council meeting. Mrs. Barr says she will not be here; she is at an asset management training course in Kingston October 2, 2012. She will speak individually to each Chair and Manager. Mayor said he will present the plan. Mrs. Barr suggested Mayor Eady, Councillor Larone and herself meet to do the Waste template.

5. LIBRARY CONTRACT VS USER FEE

Jennifer Barr noted that there is no Library Agreement in place for 2013 with the Town of Renfrew Library. We are eligible for a grant of five thousand and fifty dollars annually from the Province of Ontario if we have a contract with a Library Board. As we do not have a contract at this time there is no grant available for 2013. Mayor Eady said he spoke with the Library Chair this past spring and said that he wanted to keep communication open but it appears that it has closed. The Committee suggested that the Finance Manager send a letter to the Library Board to see if there is communication but the User Fee would be in 2013 if we did not have a contract. Mayor Eady noted that there has been no decision of Council what our contribution would be in 2013 budget. We need clarification from the Library Board where they are and we need an immediate response. The CAO/Clerk was asked to draft a letter to Ms. Lynda Janney, Chair of the Library Board for a response to this question.

6. RECREATION AGREEMENT

Mayor Eady reported to the Committee that he has carried out some research on the issue of Recreation User Fees and it is time to bring this issue to a head. After discussion the CAO/Clerk was directed to draft a letter to the Renfrew Recreation Director requesting a meeting to discuss future recreation user fees.

7. TIMING OF DEBENTURE – RATES ARE LOW

Mrs. Barr presented information on debenture borrowing rates from OSIFA and from other Financial Institutions. She noted that other Financial Institutions would not give specific percentages for borrowing costs unless we carried out an RFP. However, in her information gathering, OSIFA is by far the best rate. Currently it is 2.83% as of June whereas the others are 5 – 8 %. She said that Council needs to seriously look at converting the loan from construction loans to debenture and decide which projects we are going to debenture or self-finance. The Committee agreed that they would discuss this at the next Committee meeting. Mayor Eady suggested at that meeting each loan be reviewed individually to make a recommendation. Mrs. Barr to prepare debenture figures.

8. 2012 BUDGET VS ACTUAL TO DATE

Mrs. Barr reviewed and presented an actual budget as of September 26, 2012 with anticipated wages and material supply costs to year end. She is anticipating a small deficit. She reviewed the accounts by department, noting the ones that could be a concern. Mayor Eady discussed maintenance and capital agreements on Town line Roads with adjoining municipalities. We need to analyze the cost benefit to Horton as we spent \$9,500 in maintenance costs on Fraser Road, a road that benefits very few Horton residents. The Committee members discussed using a professional to lead the engineering reports on Landfill Studies and future grant opportunities. The Committee agreed to invite Mr. Joe Hall to the next Finance Committee meeting. Mrs. Barr suggested that all capital purchases for building should be approved by the Infrastructure Committee before being ordered to ensure all costs are examined and considered. Mayor Eady noted that our Chief Building Official had commented that our commercial building permit fees are very low, especially when talking about solar and wind power generation ventures that may appear in the Township in the future.

9. 2013 BUDGET – DEPARTMENTAL GUIDELINES AND ISSUING WORKSHEETS

Mrs. Barr presented a worksheet to indicate the effect to the overall budget if departments were directed to come in with the 2% increase, up to a 5% increase. This is only on operating costs. She noted that above these there are extra costs i.e. reduction in OMPF funding and OPP costs increase will add approximately 3% to the bottom line by themselves. She said she needs to give direction to the Committee chairs and Managers on what percentage increase to bring their draft budget back in at. She suggested this would shorten the budget deliberation process

before presentation for approval. Mayor Eady noted that the CPI is stating cost of living increase is 1.7%. The Committee agreed to provide direction to the Committees that they draft their 2013 budget at a 2% operating increase.

10. 2012 COUNTY TAX RATE REPORT

Mrs. Barr presented a report from the County of Renfrew showing all the tax rates for the lower tier Municipalities. Mayor Eady noted that Horton Township is sitting at approximately in 6th position from lowest out of 17 municipalities.

11. 2011 FINANCIAL INDICATORS FROM MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

Mrs. Barr presented a copy of the 2011 Financial Indicators which is sent to every municipality after the Ministry reviews our Financial Statements and Financial Information Return. In Horton Township it was noted that we should have more reserve funds set up. Mayor Eady agreed noting that reserves should at least increase by the cost of inflation annually but this is one area in the past that has not happened and the room has been used to cover Provincial downloading increases to our budget.

12. ASSET MANAGEMENT PLAN

Mrs. Barr noted that the application for funding has been submitted. As she mentioned earlier, she is attending a seminar to prepare a plan in Kingston on October 2, 2012.

13. PROCUREMENT BY-LAW

Mrs. Barr said that it is now time to bring the draft by-law forward for consideration as we have started to do this some time ago and have not completed it. Mayor Eady agreed suggesting that it should be reviewed by all of Council and managers as well to kick start the review. He suggested that there is a need to ensure local contractors and businesses have an opportunity to bid on each quotation that is out for bid. Councillor Larone suggested there is need to give consideration to not always accepting the lowest price. Sometimes this comes back to haunt the municipality. The Committee members agreed. The Committee authorized the Finance Manager to compare a by-law she drafted for a local municipality versus our current by-law and present the information to the Committee.

14. NEXT MEETING

It was agreed that the next Committee meeting would be October 4, 2012 at 8:30 a.m. Included on that agenda would be an invite to the Renfrew Recreation Director at 8:30, an invite to Joe Hall to discuss management of the engineers at the Landfill Site, 10 year capital forecast for waste management, issue of when to debenture, potentially discuss procurement if Mrs. Barr has an opportunity to compare. Councillor Larone asked about the discussions with the contractor for Pinnacle Road. Mayor Eady noted that with his discussions \$54,000 has been removed from the tender price and now will attempt to negotiate fees with the Township's engineer.

15. ADJOURNMENT

Moved by Jamey Larone, Seconded by Don Eady.
That this Committee Meeting be adjourned at 11:45 a.m.

Carried.

CHAIR

CAO/Clerk