

**MINUTES
CITY OF IQALUIT
FINANCE COMMITTEE OF THE WHOLE MEETING #03
June 20, 2013 at 6:00 PM
CITY COUNCIL CHAMBERS**

PRESENT FROM COUNCIL

Deputy Mayor Wilman
Councillor Terry Dobbin
Councillor Joanasie Akumalik
Councillor Simon Nattaq
Councillor Romeyn Stevenson
Councillor Kenneth Bell

ABSENT

Mayor John Graham
Councillor Mark Morrissey

PRESENT FROM ADMINISTRATION

John Hussey, Chief Administrative Officer
John Mabberi-Mudonyi, Senior Director, Corporate Services
Valerie Collin, Recorder
Jeanie Eeseemailee, Senior Interpreter/Translator
Rachel Ootoova, Senior Interpreter/Translator

ADOPTION OF AGENDA

Motion #FIN13-13

Moved by: Councillor Bell
Seconded by: Deputy Mayor Wilman

That the agenda be adopted as amended:

Delete Item 5(b) – Request for Decision – Municipal Enforcement Vehicle

Unanimously Carried

1. MINUTES

None

2. DECLARATION OF INTEREST

None

3. DELEGATIONS

None

4. DEFERRED BUSINESS AND TABLED ITEMS

None

5. NEW BUSINESS

- a) Quarterly Financial Statements
John Mabberi-Mudonyi, Senior Director, Corporate Services

John Mabberi-Mudonyi, Senior Director of Corporate Services, presented the committee with the Consolidated Statement of Financial Position. He noted total Financial Assets of thirty six million eight hundred ninety four thousand two hundred ninety nine (\$36,894,299.00) dollars as of March 31, 2013; a slight decrease since December 31, 2012. Total Net Financial Assets of three million one hundred five thousand fourteen (\$3,105,014.00) dollars and total Accumulated Fund Balances of ninety nine thousand seven hundred nine thousand four hundred eighteen (\$99,709,418.00) dollars.

Councillor Bell asked for clarification on Due to Government of Nunavut line under Liabilities in the amount of two hundred ninety four thousand two hundred one.

John Mabberi-Mudonyi explained that this debt has been in the books for a number of years and believes is for school taxes that were collected and owing to the Government of Nunavut; the city attempted a number of times to transfer these funds to the government and they were returned.

Councillor Bell suggested that Administration communicate with the government and try to transfer these funds as intended; the debt needs to be removed from the city's book.

Councillor Nattaq believed that the city should keep these funds and use them for projects; the city has tried to transfer these funds to the government on a number of occasions and has not been successful.

Chairperson Stevenson suggested that Administration write a letter to the Government of Nunavut requesting that the funds be transferred from the city or

that the government confirm that they no longer want these funds and that the city is responsible for the funds.

John Mabberi-Mudonyi reviewed the General Operating Fund and noted the following:

- revenues increased by five point four eight (5.48) percent compared to the same period in 2012 but remain under budget by sixteen point four six (16.46) percent.
- salaries decreased by point eight (0.80) percent and are under budget by twenty point one five (20.15) percent; certain benefits are difficult to determine as to when they will be claimed by employees such as the Vacation Travel Allowance.
- office expenditures increased by ten point one seven (10.17) percent from the previous year but are below budget by four point three three (4.33) percent; increases are due to expenses incurred earlier in the year and the increase in legal fees and insurance costs.
- other expenditures decreased by nineteen point five five (19.55) from the previous year but are below budget by three point nine two (3.92) percent; there was less travel by the Mayor, less feasibility study amortization, fewer repairs and maintenance costs of equipment, et cetera.

He stated that overall expenses decreased by two point one nine (2.19) percent from the prior comparative period and below budget by thirteen point eight six (13.86) percent.

John stated that property tax billings for the period increased by thirty five point three three (35.33) percent compared to 2012; some increases are due to more business in the industrial division, changes in classification and properties that were exempt but are no longer exempt. All taxes have been invoiced and the difference is minimal; the budgeted amount was thirteen million six hundred eighty seven thousand one hundred (\$13,687,100.00) dollars and the invoiced amount was thirteen million six hundred ninety eight thousand two hundred eighty six (\$13,698,286.00) dollars.

He noted that the Government of Nunavut contributions were the same as in 2012 and total closing fund balance is five hundred seventy eight thousand six hundred eighty two (\$578,682.00) dollars.

John Mabberi-Mudonyi reviewed the Water and Sewer Fund for the committee and noted the following:

- revenues decreased by point nine eight (0.98) percent compared to 2012 and are forty eight point three five (48.35) percent below budget
- salaries and benefits increased by thirteen point two one (13.21) percent and are six point seven five (6.75) percent below budget

- other expenditures decreased by twenty one point seven one (21.71) percent and are over budget by two point seven seven (2.77) percent

He explained that the department experienced staffing issues for metre readings, found broken wires on water metres which most have been fixed, water metres were being installed by developers rather than by city staff and there were a few faulty metres. The department has been slowly addressing these issues by installing an improved and automated system for trucked services, working on automating piped system, new metres are being installed and most of the broken wires have been replaced and installing leak detection systems.

Councillor Bell asked if the property owner would be responsible for the cost of the new metre being installed by city staff.

John Mabberi-Mudonyi believed that the property owner may need to pay for the hardware but not for the installation cost.

He reviewed the Sanitation Fund for the committee and noted the following:

- revenues increased by five point four three (5.43) percent and are thirty one point nine four (31.94) percent below budget; tipping fees increased but were also below budget due to some information processed later than usual
- salaries and benefits increased by two point nine one (2.91) percent and are fourteen point seven seven (14.77) percent below budget
- other expenditures increased by thirteen point one seven (13.17) percent and are below budget by twenty one point four one (21.41) percent; this is due to equipment repair and maintenance and contracted services

John Mabberi-Mudonyi reviewed the Land Fund for the committee and noted the following:

- revenues increased by two hundred forty eight point zero three (248.03) percent compared to 2012 and are thirty nine point eight five (39.85) percent over budget; six lots were sold earlier in the year
- salaries and benefits increased by fifty one point four four (51.44) percent and are twenty three point one four (23.14) percent under budget
- other expenditures increased by four hundred sixty nine point seven seven (469.77) percent; again, due to sale of lots earlier in the year

He reviewed the Gravel Fund for the committee and noted that there are no activities to date; the Engineering and Sustainability Department is currently working with developers to set-up a system for tracking of gravel use while they continue to use the honor system.

Councillor Bell expressed his concern with the honor system and believed that this matter needed to be addressed immediately; meeting with developers will not address the issue and Municipal Enforcement should be involved and a weighing system should be installed.

Chairperson Stevenson noted that the Engineering Department currently looks at development in the community and estimates how much material will be required and compares it to what is being used by the contractors; the matter will be addressed in the very near future.

John Mabberi-Mudonyi reviewed the Reserves Fund for the committee and noted the following:

- total transfers to reserves of five hundred forty three thousand one hundred fifty (\$543,150.00) dollars
- total opening fund balance is ten million two hundred ninety nine thousand five hundred seventy six (\$10,299,576.00) dollars
- total closing fund balance is ten million eight hundred forty two thousand seven hundred twenty six (\$10,842,726.00) dollars

He noted that the Community Health Fund is a contracted position and mostly funded by the Government of Nunavut; money is transferred to the city and then transferred to organizations that apply and receive approval for funding.

Motion #FIN13-14

Moved by: Councillor Bell

Seconded by: Councillor Nattaq

That Council accept the Quarterly Financial Statements ending March 31, 2013. Unanimously Carried

c) Discussion Item – Reserve Funds
Councillor Bell

Councillor Bell stated that he requested that the matter be added for discussion, understanding that the city has worked hard to transfer money into reserves for different purposes, as he believes that all money from reserves should be transferred to the Public Works Department to begin their big project of re-building roads and addressing drainage issues.

Councillor Nattaq noted that the city often applies for funding for different project through the Government of Nunavut or Government of Canada when they have money in reserves with these specific projects; the project to be undertaken by the Public Works Department requires further research and information. He did not believe that all money from reserve funds should be transferred to the Public

Works Department and that a plan should be identified in detail prior to moving forward with the project.

Deputy Mayor Wilman believed that further discussions needed to take place and that more information was required such as other important projects that the city should be undertaking.

Councillor Dobbin believed that the reserve funds were for future projects and that roads were a very important part of the community; the community is growing at a fast rate and more vehicles are shipped to Iqaluit each year. The city should have a metal crushing program in place to crush old vehicles that are no longer useable and arrange for them to be shipped south yearly; residents will soon think that Council does not address important infrastructure in the city if action is not taken.

Councillor Bell agreed with Councillor Dobbin and understood Deputy Mayor Wilman's and Councillor Nattaq's concerns with the transfer of reserves but explained that the transfer of funds would be used to rebuild the roads and address drainage issues; they are two important issues and must be addressed immediately.

Councillor Akumalik believed that the matter was a good discussion item but that more time and information would be needed before Council can make a decision; Council received important information from all directors during the 2013 budget deliberations such as their projects and departmental needs. He noted that a budget was approved, including the reserve funds, and that changes were made based on Council's recommendations and future plans.

Chairperson Stevenson did not believe that roads were the most important project for the city to undertake; public nature of the roads is important but the transfer of all reserve funds to undertake the redevelopment of roads and addressing culverts is a drastic decision to make. The reserves are there for future needs such as vehicles and equipment and if funds are removed from the reserves, the city will not be able to purchase or undertake other projects that are very important. He noted that some reserve funds cannot be touched, by law, as they must be kept for specific purposes. The city would be endangering itself if it were to remove all funds from reserves.

John Hussey, Chief Administrative Officer, explained that some reserve funds cannot be used for projects other than their specific purpose according to territorial law; the land fund and the gravel fund can only be used for their specific purpose such as land development or restoration of existing gravel sources. The post-employment benefit fund, future closure of sewage lagoon, future closure of landfill site and future closure of landfill site are also bound by territorial or federal legislation. He noted that there are currently several important projects being worked on and funds will be needed for these projects; he suggested that

Council meet to identify their goals and objectives as the previous Council did which identified the swimming pool, new landfill and cemetery as the most important projects.

Chairperson Stevenson noted that the city needs to identify another source of revenue and this has been discussed by Council in the past; the city expressed interest to the Government of Nunavut but did not succeed in receiving approval. He suggested that the city perhaps express their interest once again and work towards another source of revenue.

Deputy Mayor Wilman noted that the city is currently working on the new Solid Waste Management Project which will include a new landfill, along with many other projects; she agreed with Mr. Hussey that projects need to be prioritized and that roads are important as well. She suggested that Council meet to discuss their goals and objectives to prioritize projects and identify sources of funding.

Councillor Nattaq stated that the city will need money for future projects and that such a decision cannot be made based on a short discussion; residents of Iqaluit, governments and others would be very disappointed with Council if such a decision was made. The city has been working hard to transfer money into reserves each year for equipment, vehicles, projects, et cetera and removing all funds for one specific project would be a mistake.

Chairperson Stevenson believed that the city is very financially responsible and auditors are happy with the reserve funds and its accounting practices; he believed this motion to be a mistake and that this would endanger the city. These reserves are established for specific uses and they will be needed in the future; removing funds from all reserves would jeopardize projects and future expenses that the city will need to incur.

Councillor Dobbin asked if money was budgeted to address road issues during the upcoming summer; the city has been planning several projects for many years and they have not been completed or started. Action needs to take place and perhaps a road fund should be established for this project.

Councillor Bell noted that based on the report card of the Plateau subdivision presented to the Planning and Development Committee of the Whole on June 18th residents felt that the roads were the failure of that development. He noted that he would agree with Chairperson Stevenson that the city is financially responsible if their entire major infrastructure was now failing; it is a false fiscal responsibility as the city must repairs the roads and funds are available to do so. The city is in great need of a swimming pool and he fully supports the development of an aquatic centre but does not believe the city can afford to build such a facility at this time and it is the reason why he hesitates with the project.

Motion #FIN13-15

Moved by: Councillor Bell
Seconded by: Councillor Dobbin

That Council relinquish all reserve funds, except for the Land Fund, Gravel Fund, Post-Employment Benefits, Future Closure of Sewage Lagoon and Future Closure of Landfill Site, and transfer them to the Public Works Department for the future roads project; all work to be done by Public Works must receive Council's approval.

**For – Bell, Dobbin
Against – Akumalik, Nattaq, Wilman
DEFEATED**

6. IN CAMERA SESSION

None

7. ADJOURNMENT

Motion #FIN13-16

Moved by: Councillor Bell
Seconded by: Councillor Akumalik

That Committee be adjourned at 8:00pm.

Unanimously Carried

Councillor Stevenson
Chairperson

John Mabberi-Mudonyi
Senior Director, Corporate Services

Approved by City Council on this **13th** day of **August**, 2013, A.D.