

**MINUTES
CITY OF IQALUIT
FINANCE COMMITTEE OF THE WHOLE MEETING #04
September 18, 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
Tracy Cooke, City Clerk
John Mabberi-Mudonyi, Senior Director, Corporate Services
Jennifer Catarino, A/Director, Planning and Development
Amanda Wells, Lands Administrator
Valerie Collin, Recorder
Jeanie Eeseemailee, Senior Interpreter/Translator

ADOPTION OF AGENDA

Motion #FIN13-17

Moved by: Councillor Bell
Seconded by: Councillor Akumalik

That the agenda be adopted as presented.

Unanimously Carried

1. MINUTES

None

2. DECLARATION OF INTEREST

None

3. DELEGATIONS

None

4. DEFERRED BUSINESS AND TABLED ITEMS

None

5. NEW BUSINESS

- a) Discussion Item – Metis – NHC Tax Penalty
Jennifer Catarino, A/Director, Planning and Development

Administration stated that Lot 860, Plan 2105 is on the Government Exempt List and is therefore owned by the Government of Nunavut's Department of Public Works. The lot was leased by the Commissioner to the N.W.T. Metis Development Corporation for twenty (20) years and thirty (30) days; it expired on April 1, 2007. The original legal description was Portion of Lot 646, Plan 1626 and was amended by Amendment to Lease No. 10543T on April 26, 1993.

In 2005, the City of Iqaluit was promoting conversion to equity leases. The Planning and Lands Department sent letters to all lessee's with a standard lease and informed them that the city was interested in converting standard leases to equity leases. On December 2, 2005, the Planning and Lands Department sent a letter to N.W.T. Metis Development Corporation Ltd. to inform them that the deadline to receive the 2005 assessment roll lease price would be January 31, 2006.

On June 12, 2006 an email was received from David Stout (lawyer), who had been retained by Nunavut Housing Corporation in relation to the intended transfer of leasehold interest of Lot 860, Plan 2105 from N.W.T. Metis Development to Nunavut Housing Corporation. Mr. Stout asked if an equity lease was available at this time and what the estimated cost would be; there is an amortization schedule and a lot pricing calculation in the file.

On January 18, 2012 a letter was sent by Davis LLP to the City of Iqaluit Finance Department, to inform the City that the N.W.T. Metis Development Corporation no longer had any interest in the land as the lease had expired several years ago. The letter requested that the Finance Department update city records so that N.W.T. Metis Development no longer appeared as the assessed owners of the property. The Finance Department responded to Davis LLP by email on January 19, 2012 indicating that this would need to be done by the Government of Nunavut's Department of Community and Government Services and copied the Department of Planning and Development on the email.

Administration advised that Nunavut Housing Corporation has occupied the twenty one (21) units located on Lot 860, Plan 2105, for a number of years. Neither N.W.T. Metis Development nor Nunavut Housing Corporation has paid taxes on the property in a number of years. The notice that was published by the City of Iqaluit in the newspaper in the summer of 2013 states that N.W.T. Metis Development owes over three hundred and thirty thousand (\$330,000.00) dollars in tax arrears.

When the lease expired, N.W.T. Metis Development Corporation should have paid all arrears to the City of Iqaluit and then surrendered the old lease (to be prepared by the Commissioner's Office). The N.W.T Metis Development Corporation then had two options: either enter into a new lease with the Department of Community and Government Services or the lot should have been given to the Nunavut Housing Corporation, where no lease would have been required. The Nunavut Housing Corporation, as a government agency, could have the land if the Department of Public Works no longer required it and the land would remain on the Government of Nunavut's exempt list. This is in accordance with Article 14.7 of the Nunavut Lands Claims Agreement that states:

"... if the Land is no longer needed for Government purposes it will be declared a surplus and Government will convey the Fee Simple Title to the Municipality..."

The Nunavut Housing Corporation would have then appeared on the assessment roll as the owner of the property.

Administration explained that on September 4, 2013 the Planning and Development Department received an email from Larry Journal, with Nunavut Housing Corporation, stating that they have been attempting to complete the transfer of this land and believe that a significant issue impacting the transfer was the city's insistence that Nunavut Housing Corporation enter into an equity lease. In the summer of 2013, the Planning and Development Department completed research on the lot. As a result of the lot being included on the Government Exempt List an equity lease is not required and the land may be transferred to Nunavut Housing Corporation, another government entity. The Nunavut Housing Corporation is requesting a break for the penalties accrued against the lot since 2007 for a total amount of one hundred and five thousand fifty six dollars and fifty four cents (\$105,056.54). The Nunavut Housing Corporation believes that if the city had clarified the property ownership issue the property would have been transferred; they are requesting that consideration be given to forgive the penalties.

It is the opinion of the Planning and Development Department that between the years of 2006 and 2012, the city informed Nunavut Housing Corporation's legal counsel of the appropriate process regarding the equity lease and the transfer process. As it was a Commissioner's lease, the Department of Community and Government Services was contacted and made aware of the situation. At that

time, the Government of Nunavut departments could have rectified the issue and the accrued amount of one hundred and five thousand fifty six dollars and fifty four cents (\$105,056.54) in tax penalties would not have occurred.

The city is obligated to adhere to Section 84 of the *Consolidation of Property Assessment and Taxation Act (Nunavut)*, which states:

- 1) *Interest that becomes payable on property taxes or supplementary property taxes shall be considered to be part of the property tax or supplementary property tax payable in respect of taxable property.*
- 2) *No discount shall be provided for payment of arrears of property taxes or arrears of moneys collected as property taxes.*
- 3) *No regulation or by-law providing for the pay of property tax or supplementary property tax by instalments shall have any effect until the calendar year following the year in which the regulation or by-law is passed.*

To change the assessment roll information the following steps need to be completed to correct the situation.

1. All arrears must be paid to the City of Iqaluit by either N.W.T. Metis Development Corporation or Nunavut Housing Corporation;
2. N.W.T. Metis Development Corporation needs to Surrender Lease #5969T by documents prepared by the Commissioner's office;
3. Ownership of the land be titled to Nunavut Housing Corporation;
4. City shall be notified of the ownership change so updates can be made to the assessment roll.

Deputy Mayor Wilman asked for clarification as to how N.W.T. Metis Development Corporation was notified of the arrears and why they are requesting that the city forgive the tax arrears. She asked who is responsible for the arrears.

Administration advised that N.W.T. Metis Development Corporation is asking the city to forgive the penalty fees from the tax arrears incurred from 2007 to today; N.W.T. Metis Development Corporation is of the opinion that the city did not follow proper procedure and that the taxes would have been paid otherwise. The corporation is willing to pay for the actual tax invoices but is requesting that the penalty fees be forgiven.

Councillor Akumalik believed that proper procedures were followed and notification was given regarding the arrears; the city cannot forgive tax arrears as per legislation. He did not understand why the matter was presented to the committee if the city must follow legislation and cannot accommodate the request to forgive the arrears.

Administration advised that it was recommended that the issue be brought before the committee for discussion with the history on the matter prior to responding to Nunavut Housing Corporation.

Councillor Bell asked for clarification if this was similar to the issue that the city has with collecting property tax arrears.

Administration advised that some residents simply do not pay their property taxes; this situation is different as Nunavut Housing Corporation indicated that they would pay for the property taxes but would like the interest fees that have accumulated over the years to be forgiven.

Motion #FIN13-18

Moved by: Councillor Bell

Seconded by: Deputy Mayor Wilman

Committee recommends that Administration advise Nunavut Housing Corporation that the full amount of tax arrears are payable for Portion of Lot 646, Plan 1626 and that the City is unable to offer forgiveness on tax arrears as per legislation.

Unanimously Carried

b) Monthly Financial Statements

John Mabberi-Mudonyi, Senior Director, Corporate Services

Administration reviewed the monthly financial statements for the committee beginning with the Consolidated Statement of Financial Position and noted the following:

- total Financial Assets of forty one million six hundred and fifty three thousand one hundred and thirty (\$41,653,130.00) dollars
- total Liabilities of thirty one million nine hundred and ninety eight thousand seven hundred and seventy four (\$31,998,774.00) dollars
- total Non-Financial Assets of ninety five million nine hundred and ninety one thousand five hundred and thirty eight (\$95,991,538.00) dollars
- total Accumulated Fund Balances of one hundred and five million six hundred and forty five thousand eight hundred and ninety four (\$105,645,894.00) dollars

Administration reviewed the General Fund for the committee and noted that Revenues decreased by one point seven seven (1.77) percent compared to 2012 but are over the expected budget by one point nine one (1.91) percent. This is due to rent recovery being significantly lower than 2012 by forty seven point four one (47.41) percent, the city has not issued any building permits to date and ambulance revenues have decreased by six point five seven (6.57) percent. The

reason for Revenues being over the expected budget is due to REACH fundraising and corporate donations as well as insurance claims received.

Salaries and Benefits also decreased by point four seven (.47) percent compared to 2012 and are below budget by seventeen point one eight (17.18) percent; several employees from the Emergency Services Department banked their overtime hours rather than having them paid out, some positions remain vacant and vacation travel allowance benefits were not all paid out during this period.

Office Expenditures decreased by point seven five (.75) percent and have a favorable variance of thirty one point two six (31.26) percent for the year-to-date; this is due to the Sustainability Plan that has not yet incurred most of its cost as well as legal fees and advertising.

Other Expenditures also decreased by four point one three (4.13) percent but remain under budget by eleven point one four (11.14) percent; this is due to inadequate amortization and low expenses incurred by the Economic Development Department.

Administration reviewed the Water and Sewer Fund for the committee and noted that Revenues decreased by fourteen point two eight (14.28) percent compared to 2012 and remain under budget by twenty three point five two (23.52) percent. Trucked services revenues were low by forty eight point nine six (48.96) percent as no accrual was made; the actual invoicing was done in August. Utilidor revenues were also lower than 2012 by nineteen point seven four (19.74) percent as no reasonable accrual could be made at the time; the actual posting will be made in September.

Salaries and Benefits increased by eight point one one (8.11) percent and remain under budget by five point one three (5.13) percent; the director position was vacant until March and the superintendent position remains vacant.

Other Expenditures decreased by two point eight eight (2.88) percent but are above the expected budget for the year-to-date by four (4) percent; this is due to heating and electricity costs.

Councillor Akumalik believed that the city was to purchase modern water metres in 2012 to address the issue of metre readings and accurate billing; he asked if these were purchased and installed.

Administration advised that the project is ongoing and the city will begin with the commercial sector first; the new metres will be installed and will allow staff to simply point at the metre and transmit data into the water billing system. This new system will allow the city to invoice customers on a regular and timely manner and will eliminate the potential for incorrect readings and invoicing.

Administration reviewed the Sanitation Fund for the committee and noted that Revenues increased by point nine one (.91) percent and remain under budget by six point zero five (6.05) percent.

Salaries and Benefits increased by three point five one (3.51) percent but remain under budget by fourteen point eight eight (14.88) percent; this is due to summer students and salary increases.

Office Expenditures decreased by nine point nine six (9.96) percent compared to 2013 but remain under budget by seventy three point two nine (73.29) percent.

Other Expenditures increased by seven point nine eight (7.98) percent but remain under budget by twenty four point nine two (24.92) percent.

Administration reviewed the Land Fund for the committee and noted that Revenues increased by one hundred and forty three point six six (143.66) percent compared to 2012 but remain under budget by twelve point eight zero (12.80) percent; this is simply due to the seasonality and timing issues.

Salaries and Benefits increased by forty five point five eight (45.58) percent but remain under budget by twenty five point eight four (25.84) percent.

Office Expenditures decreased by five point seven three (5.73) percent compared to 2012 and remain under budget by twenty five point four six (25.46) percent.

Other Expenditures increase by three hundred and eighty four point nine one (384.91) percent; this is due to the sale of new lots.

Councillor Bell asked why there was a significant difference in Salaries and Benefits since the Director of Planning and Development resigned in July.

Administration advised that the Director's position was vacant as of mid-July and the financial statements are for the period ending June 30, 2013. When an employee resigns from the city they are entitled to twenty five (25) percent of their accumulated sick time as well as one week pay for every year of service.

Administration reviewed the Gravel Fund for the committee and noted that there has been no activity to date; financial information will be provided later in the year.

Councillor Bell believed that a request had been made to the Public Works and Engineering Department to identify a safe weighing system to monitor the material used from the gravel source.

Administration advised that an update on this matter will be provided to Council at a later date as the information is not available at this time.

Administration reviewed the Reserves Fund for the committee and noted the following:

- total Transfers to Reserves of one million eighty six thousand three hundred (\$1,086,300.00) dollars
- total Closing Fund Balance of eleven million three hundred and eighty five thousand eight hundred and seventy six (\$11,385,876.00) dollars

Administration reviewed the Community Health Fund for the committee and noted that the relationship between the city and Service Canada has significantly improved; funds are being transferred to the city on a timely manner which allows for timely distribution of funds to each program.

Motion #FIN13-19

Moved by: Councillor Akumalik

Seconded by: Councillor Bell

Committee recommends that Council accept the monthly financial statements dated June 30th, 2013.

Unanimously Carried

- c) 2013 Budget Amendments
John Mabberi-Mudonyi, Senior Director, Corporate Services

Administration advised that when Council and staff meet to conduct the budget deliberations mistakes are sometimes made and need to be addressed before the end of the year; the proposed amendments do not affect the cash flow and are considered minor in nature.

Motion #FIN13-20

Moved by: Councillor Bell

Seconded by: Deputy Mayor Wilman

Committee recommends that Council approve the following budget amendments:

- an increase to Buildings - Administration General of fifty five thousand three hundred (\$55,300.00) dollars
- an increase to Buildings - EMS/Fire of ten thousand two hundred (\$10,200.00) dollars
- an increase to Machinery & Equipment – EMS/Fire of eighteen thousand three hundred (\$18,300.00) dollars

-an increase to Vehicles – EMS/Fire of thirty thousand five hundred (\$30,500.00) dollars
-a decrease to Public Works – Water and Sewer-Trucked-Vehicles of one hundred and ninety three thousand seven hundred (\$193,700.00) dollars
-an increase to Public Works – Water and Sewer-Trucked-Infrastructure of twenty two thousand seven hundred (\$22,700.00) dollars
-an increase to Public Works – Water and Sewer-Utilidor-Infrastructure of two hundred and twenty seven thousand (\$227,000.00) dollars
-an increase to Public Works – Roads of one hundred and twenty three thousand seven hundred (\$123,700.00) dollars

Unanimously Carried

d) Verbal Update – Television Broadcasting
John Mabberi-Mudonyi, Senior Director, Corporate Services

Administration stated that a quote was received from Iqaluit Cable for the upgrade to the broadcasting system in Chambers; the total estimated cost for equipment replacement and upgrade is eighteen thousand seven hundred and seventy (\$18,770.00) dollars.

Councillor Bell asked how much it would cost the city for the broadcasting of meetings.

Administration advised that this information had not been provided and that further information is required before the city can obtain a quote; the broadcasting would only be provided by Iqaluit Cable and those who have satellite will not be able to watch the meetings.

Councillor Dobbin believed that the quote received from Iqaluit Cable was reasonable. The city will also be able to video stream once the new website is developed as well as include all meeting agendas and minutes. He believed that the installation of cameras in City Hall could also be used for security surveillance for the security of employees. He believed that the city could also issue newsletters and include them on the website to increase communications between the city and residents.

Councillor Bell expressed his support for Councillor Dobbin's comments and believed that the city needed to increase transparency as much as possible.

Administration advised that meetings used to be broadcast live in English and re-broadcast on Thursdays in Inuktitut; the fee for broadcasting depended on the length of the meeting. If meetings are going to be broadcast in the future, the city should consider broadcasting them in all three official languages and this would most likely increase the cost for broadcasting.

Councillor Bell asked what the broadcasting fee was then.

Administration believed that annual broadcasting fee was approximately eight to ten thousand (\$8,000.00-\$10,000.00) dollars and noted that the fee really depended on the length of the meeting and the number of meetings during the year.

Councillor Akumalik stated that he appreciated the idea of broadcasting meetings and the information provided but believed that the city had more important issues to address before investing such a significant amount of money to broadcast meetings.

Councillor Nattaq expressed his support for broadcasting meetings and increasing the communication between the city and the community but believed that the actual cost for the project would be higher when the city is finally ready to move forward with it; he suggested that the city consider significantly improving the system rather than just the basic needs so that the city does not need to spend more money in a couple years to update its system again.

Councillor Akumalik noted that the communication strategy was to be started in 2012 and Council has yet to receive any information or updates relating to it; the city needs to improve its communication with the public and the communication strategy should be made priority. He thanked the media for attending city meetings on a regular basis and providing information to the residents who cannot attend meetings.

e) Verbal Update – Reserves
John Mabberi-Mudonyi, Senior Director, Corporate Services

Administration believed that Councillor Bell had requested clarification on Reserves during a previous Finance Committee of the Whole meeting; clarification was requested as to what the information being sought is.

Councillor Bell noted that the city's fiscal year end is December 31st. During a previous Finance Committee of the Whole meeting, the committee reviewed the Audited Financial Statements and the total transfer to Reserves indicated in the financial statements did not match the total transfers to Reserves in the 2013 budget document; there was a significant difference between the two amounts and he requested clarification on the matter.

Administration advised that the Audited Financial Statements presented during an earlier meeting are not related to the 2013 budget that Council approved earlier in the year; the information provided in the Audited Financial Statements was for the fiscal year January 1, 2012 to December 31, 2012 and the budget document approved by Council during the 2013 budget deliberation was for the fiscal year January 1, 2013 to December 31, 2013.

Councillor Bell stated that there was a total transfer to Reserves for 2012 in the 2013 budget document approved by Council and that it was different from the total transfer to Reserves indicated in the Audited Financial Statements.

Administration advised that further clarification could be provided at a later date with the pertaining documents available to the committee.

- f) Verbal Update – School Tax Funds
John Mabberi-Mudonyi, Senior Director, Corporate Services

Administration advised that the city used to collect school taxes on behalf of the Government of Northwest Territories and issues a cheque to the Government of the Northwest Territories for monies collected. During the time when the Government of Nunavut was being established, for the remaining school taxes that the city had collected; the cheque was refused by the Government of the Northwest Territories since the Government of Nunavut was being established. The city then issued the cheque to the Government of Nunavut but it was also rejected; the city has tried numerous times to discuss the matter with the Government of Nunavut to transfer the school tax funds to them but has been unsuccessful.

The city later requested that the funds be written off from their financial systems but it was denied by the auditors. Further discussions have taken place with the auditors and it was recommended that the city document the history of the liability and why it remains in their financial systems and document the process and dates of which the city attempted to transfer the funds to the Government of Nunavut with proof attached.

Administration advised that the city has attempted to discuss this matter with the Government of Nunavut but was verbally advised, by government officials, that the city was no longer required to transfer these funds to the Government of Nunavut; these government officials did not want to provide this confirmation in writing. The city will continue to seek written confirmation that the funds do not need to be transferred to the Government of Nunavut; Council will be asked to review the history and proof that the city has attempted to transfer the funds prior to it being submitted to the auditors and a legal opinion will be sought before the reversal can be completed.

6. IN CAMERA SESSION

(1) In Camera item – Labor/Legal

Motion #FIN13-21

Moved by: Councillor Dobbin
Seconded by: Deputy Mayor Wilman

Committee goes In Camera at 7:35pm.

Unanimously Carried

Motion #FIN13-22

Moved by: Councillor Dobbin
Seconded by: Deputy Mayor Wilman

Committee returns to Regular Session at 8:45pm.

Unanimously Carried

Motion #FIN13-23

Moved by: Deputy Mayor Wilman
Seconded by: Councillor Nattaq

Committee recommends that Council approve the proposal from Fotenn Consultants Inc. to provide in house Planning Support Services for the period commencing Monday, September 23, 2013 and ending Friday, October 18, 2013 and enter into a contract for said term. The contract is to include a weekly professional fee of three thousand five hundred (\$3,500.00) dollars, overtime paid at an hourly rate of one hundred (\$100.00) dollars per hour, excess baggage allowance of two hundred and fifty (\$250.00) dollars, per diem based on comparable Federal/Government of Nunavut rates, travel costs from Ottawa to Iqaluit return as well as accommodations. Administration shall issue a Call for Proposals if an additional four weeks of support services are necessary.

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

7. ADJOURNMENT

Motion #FIN13-24

Moved by: Councillor Akumalik
Seconded by: Councillor Bell

Committee adjourns at 8:50pm.

Unanimously Carried

Councillor Stevenson
Chairperson

John Mabberi-Mudonyi
Senior Director, Corporate Services

Approved by City Council on this **28th** day of **January**, 2014, A.D.