

**MINUTES
CITY OF IQALUIT
CONTINUATION OF FINANCE
COMMITTEE OF THE WHOLE MEETING #08
December 23, 2014 at 4:00 PM
CITY COUNCIL CHAMBERS**

PRESENT FROM COUNCIL

Mayor Mary Wilman
Deputy Mayor Romeyn Stevenson
Councillor Kenneth Bell
Councillor Stephen Mansell
Councillor Noah Papatsie

ABSENT

Councillor Terry Dobbin
Councillor Joanasie Akumalik
Councillor Simon Nattaq

PRESENT FROM ADMINISTRATION

John Mabberi-Mudonyi, A/Chief Administrative Officer
Tracy Cooke, City Clerk
Amy Elgersma, Director, Recreation
Luc Grandmaison, Fire Chief
George Siegler, Deputy Fire Chief
Kevin Sloboda, Chief Municipal Enforcement Officer
Keith Couture, Director, Public Works
Robyn Mackey, Manager, Human Resources
Michael Hatch, Sergeant, Municipal Enforcement
Tracey Oram, Senior Finance Officer
Geneva Chislett, Controller
Jeanie Eeseemailee, Senior Interpreter/Translator

5. NEW BUSINESS

a) 2015 Budget

Chairperson Mansell noted that this meeting is a continuation of Finance Committee of the Whole meeting of December 20, 2014 for the 2015 budget deliberations.

Administration stated that amendments have been made to the Revenues and Expenses Summary Sheet as per discussions on December 20, 2014 and noted the following:

- Council – Other Expenditures has been increased to \$109,900.00; an increase of \$14,000.00
- Human Resources – Safety and Training – Other Expenditures has increased to \$27,100.00; an increase of \$20,000.00
- Human Resources – Training and Development – Other Expenditures has increased to \$585,600.00; an increase of \$5,000.00
- Public Works = Building Maintenance – Other Expenditures has increased to \$602,200.00, an increase of \$150,000.00
- Property Tax Revenue has been adjusted to \$17,850.300.00

After adjustments were made, the closing balance of the General Operating Fund is a deficit of \$4,190,166.00.

Councillor Bell noted that even if the City increases mill rates, the City remains with a deficit budget but is transferring approximately \$2,500,000.00 from the General Operating Fund into reserves. Another approximate \$1,300,000.00 dollars is being transferred from the Water and Sewer Fund into reserves and approximately \$700,000.00 from the Sanitation Fund to reserves. He noted that the Sanitation Fund would still have a deficit of approximately \$83,000.00 and did not understand why a significant amount of funds would be transferred to reserves rather than used to address the deficit.

He expressed his concern with significantly increasing mill rates, transferring a significant amount of funds into reserves and not obtaining a balanced budget in the General Operating Fund. He believed that funds in reserves proved themselves to be useful in 2014 when the City had to use funds for the fire extinguishment operation but that they were also proving to be a significant expense, making it difficult to afford or obtain a balanced budget. The committee should carefully consider the transfers to reserves and the fact that the City cannot afford operating costs at this time. He asked for clarification as to why the City would transfer approximately \$2,500,000.00 into reserves and still carry a deficit of approximately \$4,100,000.00 when the City is not accumulating sufficient interest on those funds to address deficits.

Administration advised that the total funds being transferred to reserves are the same as in 2014. The committee could choose to reduce the amount of funds being transferred to reserves if they so wish. If the committee wishes to proceed with a balanced, positive budget, an additional \$4,100,000.00 dollars of revenues would need to be generated.

Councillor Bell asked if it would be financially responsible to reduce debt rather than transferring funds for future projects and purchases.

Administration believed that it would be difficult for the City to finance future projects or purchases through borrowing taking into consideration that the City is currently in the progress of building a new aquatic centre and that finance

institutions have their own requirements and will set a limit as to how much funds the City can borrow. The City will also be financing the development of the new subdivision and must set funds aside for other important projects and purchases that are required in order for the City to properly function and provide services to the community.

Amendments were also made to the list of Capital Projects for 2015 and the following were added to the budget:

- Metal Crusher for a projected total of \$600,000.00; funds to be allocated from the Sanitation Fund
- Metal Removal for a projected total of \$250,000.00; funds to be allocated from the Sanitation Fund
- Sidewalks Projects for a projected total of \$175,000.00; funds to be possibly allocated from the Land Fund
- Garbage Truck for a projected total of \$375,000.00; funds to be allocated from the Sanitation Fund
- Barrel Removal for a projected total of \$30,000.00; funds to be allocated from the General Operating Fund
- Radio Equipment for Municipal Enforcement for a projected total of \$18,000.00 dollars; funds to be allocated from the General Operating Fund
- Radio Filtering System for the Dispatch division for a projected total of \$40,000.00; funds to be allocated from the General Operating Fund
- Backup Generator Installation for a projected total of \$100,000.00; funds to be allocated from the General Operating Fund

Administration explained that further clarification would be required in order to determine if the Land Fund could be used for the Sidewalks Pilot Project. The size or specifications of the car crusher that the Department of Public Works is considering to purchase in 2015 is unknown but the Purchasing Division did a quick search for the purchase of a car crusher and found one for a total estimated cost of \$250,000.00 compared to the estimated cost of \$600,000.00 as identified by the Director of Public Works.

The City will be facing an increasing to salaries in 2015 of three point five percent for all employees as well as an increase of approximately seven percent to electricity rates. There will also be a five percent increase in fuel costs and the Departments of Emergency and Protective Services, Municipal Enforcement and Public Works have requested additional positions. Many projects are being proposed for 2015 in order to provide services to the residents of Iqaluit as well as significant purchases. The City will be forced to increase property taxes in order to accomplish goals and objectives.

Administration noted that the proposed mill rates for 2015 are lower than in 2014, but due to the increased property assessment value, the actual property taxes to

be paid by residents will be higher. In order for the City to obtain a reasonable balanced budget and accommodate all purchases and projects, a projected total of \$17,850,319.00 in revenues must be generated from property taxes. This would mean that mill rates would be as follows:

- Residential 7/8: 0.01712
- Residential 9/10: 0.02450
- Commercial: 0.03696
- Transmission: 0.03696
- Industrial (light): 0.04403
- Industrial (heavy): 0.04927

Councillor Bell asked how many positions were vacant in 2014 and perhaps later.

Administration advised that the only two positions that were vacant in 2014 and later is the Building Inspector and Assistant Planner; the Assistant Planner position is funded by the Land Fund and would not affect the mill rate.

Councillor Stevenson asked if the repairs to the Happy Valley sewer line could possibly be funded under the Canada Building Fund.

Administration explained that further research would be required as it is unclear what types of projects could be funded by the Canada Building Fund. The Department of Engineering will review requirements of the Canada building Fund and report back to the committee at a later date.

Mayor Wilman expressed her support for the proposed mill rates and proposed 2015 budget.

Councillor Bell suggested that the committee consider lower mill rates presented as an option on the Property Taxes 2015 Estimates working sheet to generate \$16,996,309.00; this would be approximately \$1,000,000.00 less than the option proposed by Administration. He stated that water rates and sanitation rates would also increase, in addition to the electricity and fuel rates. Many residents cannot afford to properly feed their families and a higher mill rate would mean higher taxes to be paid. The City should use funds in reserves if required to do so for purchases and projects to reduce cost of living for residents.

Councillor Stevenson stated that he has always been proud of City staff and City Council and their hard work and dedication. The City and the community worked together to address the landfill fire and many other issues compared to other cities where there are issues with levels of government and elected officials working together. He suggested that the committee review transfer to reserves and possibly reduce transfer amounts if possible.

Councillor Bell believed that the requests to purchase vehicles by the Municipal Enforcement Department should be leased to reduce transfers to reserves.

Administration advised that there will be approximately \$400,000.00 remaining in unrestricted reserves once withdraws have been completed for a recent request made by the Department of Recreation for expenditures related to the Aquatic Centre.

Councillor Bell stated that he could not support a mill rate of 17.12 for residential classification 7/8 and suggested that the mill rate for this classification be 15.12 and that additional funds required for a balanced budget be transferred from reserves.

Administration noted that the City transferred approximately \$1,474,000.00 to reserves in 2014 and approximately \$5,082,300.00 was withdrawn from reserves; approximately \$8,792,500.00 remains in reserves.

Councillor Stevenson agreed with Councillor Bell and suggested that the residential mill rate for classification 7/8 be 15.12 rather than the proposed mill rate of 17.12.

Councillor Bell noted that this would be a 20 percent increase to property taxes from 2014 and remains a significant increase for residents.

Councillor Stevenson believed that with the proposed mill rate, residents would only be facing a five percent increase to property taxes compared to 2014.

Motion #FIN14-39

Moved by: Mayor Wilman

Seconded by: Deputy Mayor Stevenson

That Committee approves the following 2015 Mill rates:

- Residential 7/8: 0.01512
- Residential 9/10: 0.02450
- Commercial: 0.03696
- Transmission: 0.03696
- Industrial (light): 0.04403
- Industrial (heavy): 0.04927

Unanimously Carried

Administration stated that a six percent decrease to the residential water subsidy and a six percent increase to all other classifications for water rates are being proposed.

Motion #FIN14-40

Moved by: Deputy Mayor Stevenson
Seconded by: Councillor Papatsie

That Committee recommends a six percent decrease to the residential water subsidy and a six percent increase to other rates.

Unanimously Carried

Administration stated that a ten percent increase to sanitation rates is being proposed as per the City's Solid Waste Management Plan.

Motion #FIN14-41

Moved by: Deputy Mayor Stevenson
Seconded by: Councillor Papatsie

That Committee recommends a ten percent increase to sanitation rates as per the Solid Waste Management Plan.

Unanimously Carried

Motion #FIN14-42

Moved by: Deputy Mayor Stevenson
Seconded by: Councillor Papatsie

That Committee approves the 2015 budget as presented.

Unanimously Carried

6. IN CAMERA SESSION

None

7. ADJOURNMENT

Motion #FIN14-43

Moved by: Councillor Bell
Seconded by: Deputy Mayor Stevenson

That Committee adjourns at 4:45pm.

Unanimously Carried




Councillor Mansell
Chairperson


John Mabberi-Mudonyi
Senior Director, Corporate Services

Approved by City Council on this 13 day of Oct, 2015, A.D.

