

**REPORT OF THE COMMITTEE OF THE WHOLE
MEETING HELD IN THE MUNICIPAL COUNCIL
CHAMBERS ON THURSDAY, APRIL 23, 2020 AT
12:00 P.M.**

Chair C. Leclerc presided. Members present were S. Bujtas (via telephone), L. Christiansen (via telephone), J. Cordeiro (via telephone), B. Downie (via telephone), J. McCallum-Miller (via telephone), and E. Ramsay (via telephone). Also in attendance were H. Avison, Chief Administrative Officer, L. Greenlaw, Director of Finance, R. Schibli, Director of Public Works, C. Didier, Director of Leisure Services, K. Lautens (via telephone), Communications Advisor, A. Thompson, Clerk, and A. Poole, Executive Assistant (via telephone).

The Finance, Personnel & Administration Component of the Committee of the Whole meeting commenced at 12:00 p.m.

**A. FINANCE, PERSONNEL & ADMINISTRATION
COMPONENT**

1. 2020-2024 FINAL BUDGET

Chair Leclerc addressed the Committee. She acknowledged that the meeting was being held on the traditional unceded homelands and territory of the Tsimshian First Nation. She noted that there were some technical difficulties and the meeting would be webcast without picture, volume only.

Chair Leclerc acknowledged National Volunteer week. Due to the COVID-19 pandemic, Council was unable to hold the annual Volunteer Appreciation Dinner and Open House. She thanked all of the volunteers in the community for the work that they have done, and the work that they continue to do.

The Chief Administrative Officer addressed the Committee. In order to maintain proper social distancing, some of the senior managers were not in attendance at the meeting.

The Director of Finance addressed the Committee. There were many changes made to the budget since the provisional budget was presented. Due to the COVID-19 pandemic and subsequent closure of City facilities, the City will realize a three month loss of revenue amounting to approximately \$500,000. Due to the extreme weather in the first two month of 2020, the winter road and sidewalk maintenance budgets would also be increased by \$240,000 for 2020 only. To deal with the loss in revenue and the increase to the winter road and sidewalk maintenance budgets, one-time cuts of over \$700,000 were made to the budget.

The budget cuts reduced the proposed 7.4% tax increase to a 5% increase, at cost of \$380,000. In order to accomplish the reduction to the tax increase, staff requested the use of \$350,000 of the Northern Capital and Planning Grant (NCPG) reserve funds to fund a portion of a capital project that was previously funded by gaming revenue. This will free up gaming funds to be used in operations for 2020. Unlike most of our grant revenues which are more restrictive in terms of use, the City is authorized to use gaming funds for operational purposes.

It was noted that any reduction to the tax increase in 2020 would result in a tax increase in 2021. In order to maintain service levels, all budget reductions made in 2020 have been added back in to the 2021 budget.

Staff presented a 5% tax increase in 2020 and a 5% tax increase in 2021.

The RCMP will not be able to provide the City with an additional member that was included in the 2020 budget. Staff recommended removing the additional RCMP member from the 2020 operations budget with a value of approximately \$130,000. This could lower the 2020 tax increase to 4% and increase the 2021 tax increase to 6%, to add the member back into the 2021 budget.

A discussion took place regarding having a 4% tax increase in 2020 and a 6% tax increase in 2021. If the City is unable to offer some services in 2020, the tax increase should be decreased. The circumstances that compelled the City to consider adding the seasonal Bylaw Compliance Officers has changed.

It was also discussed that the savings from the RCMP member in 2020 could be used to add the seasonal Bylaw Compliance Officers back in to the budget, should the City need increased presence in the downtown this summer. A discussion took place with regards to considering a 4.5% tax increase in 2020, and a 5.5% tax increase in 2021.

It may be best to even the tax increase out by increasing it by 5% in 2020 and again in 2021, as there is no guarantee that next year will have the City in a better economic position.

The average assessment for a home in Terrace is \$300,000. For the average residential property, a 4% tax increase would amount to approximately \$64, a 5% tax increase would amount to approximately \$80, and a 4.5% tax increase would amount to approximately \$72.

The City has delayed the hiring of a Bylaw Compliance Clerk; however, this position is necessary and has been delayed, not removed, from the budget.

It is important to take into consideration the hardships that many businesses are currently going through.

The Province has provided five property tax measures to municipalities that are not normally available:

1. Delaying provincial school tax remittances until the end of the year. These funds have to be remitted to the Province whether they have been collected or not. This would provide significant relief to local governments facing cash flow issues;
2. Borrowing interest free from the Capital Reserve funds, with repayment to take place within five years;
3. Borrowing from the Municipal Finance Authority (MFA). The MFA offers a revenue anticipation borrowing option where municipalities can borrow money to help fund the first half of the year before property taxes are collected. This would offer an additional year with payment due in 2021;
4. Discretion for municipalities to delay tax sales for one year to allow homeowners with delinquent taxes an additional year; and
5. Pushing out the deadline for completing reporting requirement (Annual Report & Statements of Financial Interest) to the end of August 2020.

The City will not be utilizing the borrowing options at this time. This would require additional taxation in 2021, and further taxation to repay the debt. Borrowing would have considerable impacts on the 5-year plan, and place further burden on tax payers for years to come.

If it is found that revenue losses are greater than anticipated, these options can be utilized.

Staff were looking for the following recommendations:

- Approval of the Final Budget;
- Approval to unify the tax penalty date for ALL classes to enhance the provincial orders. The Provincial Government has postponed the 10% penalty associated with non-payment for classes 04-08 (business, industry, recreational and non-profit) until Oct 1, 2020 with payment due by end of day Sept 30, 2020. Staff recommended including class 01, 02, and 09 (residential, utility, and farm). The tax notices will go out at the end of May as usual, with a due date of July 2, 2020. It is only the penalty date that will be postponed;
- Approval to defer commercial utility billing penalties to Oct 1, 2020. This would apply to two quarters of billings and would allow businesses to delay payment until Sept 30, 2020 to avoid penalty. The City has currently delayed the penalty to June 30, 2020. This would provide three additional months. As well, staff would like Council to consider deferring interest on outstanding accounts receivable billings until Oct 1, 2020; and
- Approval to postpone the tax sale for one year to allow homeowners with delinquent taxes one additional year. The Province has given discretion to municipalities to delay this for one year only.

The proposed General Fund 5-year Plan included a 5% property tax increase in 2020 and 2021, as well as a 4% increase in years 2022, 2023, and 2024.

The 2020 budget included \$149,000 of non-market change. Revenues from sale of services was down \$288,000 due to the closure of City facilities.

Gaming funds were down \$180,000, and cost sharing was down \$37,000.

The Committee addressed the General Fund budget comparison. Only items of significance were addressed.

The bowling alley lease is new revenue for the City. The City initially budgeted for seven months of lease revenue but this has since been reduced to four months to allow for a later opening date.

The General Levy and Transit Levy were reduced the difference between the 7.5% and 5% tax increase.

The City is currently not collecting fares on transit resulting in a significant loss of revenue.

The Grants Operating budget has a variance of \$1 million due to two capital projects. A large portion of the Grand Trunk Pathway Connection and Completion project was moved to 2021, along with its pending grant revenue of \$500,000.

A proposed project on Floyd Street was removed from the budget. The City was unable to secure the \$400,000 in grant funding for this project.

The cost sharing budgets required adjusting due to the adjustments made in the City's budget.

Gaming revenue has decreased by \$180,000 due to an estimated three month closure of the Chances Terrace facility.

The City is recognizing slightly less surplus in 2019 than had been anticipated.

The transfers from reserves budget was up \$1 million due to the addition of the vehicle, machinery, and equipment replacements into the Capital Plan. They are offset by a transfer from the Machine and Equipment Reserve fund.

The City's recreational facilities are anticipated to be closed for at least three months. Once they re-open, activities and facility use will look different than it did prior to closing.

There is an anticipated loss of approximately \$150,000 in pool revenue over the three month closure.

The non-ice rentals and arena banquet room rentals budgets will both see losses in revenue of approximately \$18,000.

The City has a cost-sharing agreement with the caretaker at Ferry Island. It was estimated that if and when the campgrounds re-opens, there won't be the same amount of use as in previous years. There was an anticipated loss in revenue of approximately \$22,000. The City hopes to have the Ferry Island campgrounds open on June 1, 2020.

A review was done of the internal vehicle charge-out (IVC) rates to ensure that the Machinery and Equipment Reserve fund was sustainable. Adjustments were made related to IVC and there was an overall increase in \$20,000 to the rates.

Significant changes were made around travel and training for Council and Administration Department staff. Many of the conferences that Council regularly attend were cancelled due to the COVID-19 pandemic. Many department budgets will have reduced travel and training costs due to COVID-19 restrictions.

Capacity funding has been removed from the 2020 budget and was completely removed from the 5-year plan.

There was a reduction of \$61,000 to the bylaw wages budget. This accounted for the removal of the two seasonal Bylaw Compliance Officers, and a portion of the funding for a Bylaw Support Clerk.

Reductions relating to training were made to the Fire Department budgets.

Finance has reduced their travel and training budget. There were also some savings in the Finance Salaries budget due to an employee being away on temporary leave.

A 20 year loan hit its 10 year mark. The interest was readjusted downwards, saving the City approximately \$30,000 over the course of a year.

There was an \$11,250 reduction in the Leisure Services computer equipment and support budget due to the reduction in revenue.

The Leisure Services IVC budget has seen an increase of approximately \$10,000. In the provisional budget, it was unknown when the equipment would arrive. The two pieces of equipment will be arriving within the week - a new mower and tractor.

There was a reduction in the Leisure Services park wages budget due to a reduction in hours for summer park workers. Summer student hours have been reduced from 15 weeks to 9 weeks. The City will consider hiring summer students at end of June as opposed to beginning of May. All pool staff, with the exception of one employee, are on a temporary layoff. If facilities are not re-opened and the City is unable to offer summer program activities, some pool staff will be redeployed to parks in order to work. They would return to work in mid-June.

The Leisure Service special events budget was reduced by \$15,000; however, the City is hoping that some special events will still take place in 2020. The City is looking into what other communities are doing, while keeping in line with the guidelines and regulations set out by the Province. The City is hoping to still hold the Terry Fox run and the "Movie in the Park" events.

Pool operator wages were reduced by \$40,000 as there is very limited pool maintenance being done at this time. The pool administration budget was also reduced by approximately \$20,000 due to the two and a half month layoff period.

It was originally anticipated that there would be approximately \$22,000 in savings in the pool utilities budget. At this point, the savings are closer to \$30,000. The City plans on bringing pool staff back in small groups in mid-May to do some training and keep their skills up-to-date.

The TDCSS litter pick-up contract was not cancelled by the City. Unfortunately TDCSS was unable to fulfill the contract requirements. This item will be revisited in the future but for the time being, the City will take over those duties.

The annual review and minor works regarding bank protection on the Skeena River can be done digitally this year with the new Lidar mapping technology. This budget was eliminated for 2020.

The winter road maintenance budget was increased by \$200,000 for 2020. In the first two months of 2020, the City spent \$580,000 of this budget, including \$140,000 on hired equipment, due to the extraordinary weather circumstances. Comparatively, only \$23,000 had to be spent on hired equipment in 2019.

The winter sidewalk maintenance budget was also increased by \$40,000. To date, the City has spent \$88,000 of the \$107,000 budget and will not be able to keep within the budget in 2020 without this increase.

The drainage maintenance budget was reduced by \$30,000. Maintenance work will be deferred to future years wherever possible.

The Committee addressed the General Fund capital plan.

The Skeena Industrial Development Park (SIDP) Investment Attraction project, FireSmart & Fire Prevention and Preparedness project, and the Fire Hall washer/dryer remodelling project were all carried forward from 2019 and will be completed in 2020.

The reconstruction of Munroe Street was in the provisional budget; however, staff were requesting that \$350,000 of NCPG funds be used to offset a portion of this project to free up gaming funds to be used in operations.

The Grand Trunk Pathway Connection and Completion project was fully budgeted for in 2020. The City is still awaiting announcements regarding a portion of the grant funding for this project. Staff reviewed what could still be accomplished in 2020. There will be focus put on design, land negotiations, and preliminary consultation. The balance of this budget has been moved to 2021.

The function of the Internal Vehicle Committee (IVC) was reviewed. The City manages, maintains, and renews their fleet through the Machinery and Equipment Reserve fund which is a self-funding fund. Equipment is rented to various departments at rates that allow the City to operate, maintain, and replace them. These items are not normally noted in the capital plan, but have been included this year. The list included:

- Replacement of a one-tonne unit for parks, with a slightly larger unit with plow;
- Inclusion of a new parks mower;
- Replacement of an aged-out unit with a new one tonne pickup truck;
- Replacement of an aged-out electrical van with a new unit;
- Inclusion of a new SUV for Development Services to replace a pickup truck that was totalled in an accident; and
- Inclusion of a new excavator and trailer for the Public Works department, to replace an aged-out backhoe.

The funds for the Howe Creek Trail phase two project will be coming from the Terrace Community Forest reserve. Phase two includes trail upgrades, replacement of a bridge, trail connections, bat boxes, and interpretive signage, amongst other enhancements.

An additional \$20,000 was added to the pool extras budget in order to work through deficiencies from the Terrace & District Aquatic Centre renewal project.

Staff requested to use \$50,000 from the Gas Tax reserve fund for the Courthouse Trails project. This project is currently underway. The Terrace Off Road Cycling Association (TORCA), who is leading this project, have received a considerable amount of the funding that they require. The City's contribution will be used for trail upgrades, signage, and trail connections.

The City will be contributing up to 10 baskets to help the Terrace Downtown Improvement Area Society and Greater Terrace Beautification Society provide a basket program.

The climate change adaptation planning was brought forward by the City Planner in January, after the provisional budget was set. It has now been included in the 2020 budget.

The community grant writer budget has been increased by \$40,000 thanks to a \$32,000 contribution from LNG Canada and a Northern Development Initiative Trust grant of \$8,000.

A \$65,000 grant was received from the Province in order to establish a Situation Table. The Situation Table consists of group of stakeholders who support vulnerable people in the community. The grant was used for the training that was required for all members. The Situation Table is currently underway and has seen some success. At this time, it is on hold but will reactivate soon.

A playground project was moved from 2020 to 2021 due to capacity issues due to the ongoing COVID-19 pandemic.

Ferry Island upgrades, including the placement of gravel to the playground areas and campground, have been moved to 2021 due to capacity issues.

The Downtown Boulevard Enhancement project has been moved from 2020 to 2021 due to capacity reasons.

The only change to the sewer fund was that the user fee was reduced to 5% from 7.4% to match the increase in the general fund. This includes an increase of 8% in 2021, and 5% in years 2022, 2023, and 2024.

Neither of the water or sewer funds have not seen rate increases in over 15 years. They will not be able to fund the capital works projects without an increase.

The only change to the water fund was that the user fee was reduced to 5% from 7.4% to match the increase in the general fund. This includes an increase of 8% in 2021, and 5% in years 2022, 2023, and 2024.

There was a \$90,000 reduction in the water fund infrastructure grants as the Floyd Street project was removed, which included a water component.

There were no changes to the water or sewer fund capital plans.

The Committee addressed the surplus and reserve summary.

In the accumulated surplus general fund, prior year surplus was sitting at \$824,000, but just over \$1 million has been realized from the 2019 budget. Approximately \$970,000 has been transferred out of surplus for capital works projects in the 2020 capital plan. Accumulated surplus is sitting at just over \$893,000 at the end of 2020.

The Government Finance Officers Association recommended having at least two months of operating expenditures put away. The City is currently putting away about a half of a months' worth.

The surplus in the sewer fund is at \$490,000 at the end of 2020. It decreases as 2023 approaches due to larger capital works projects in those funds for the future.

The surplus in the sewer fund is at \$300,000 at the end of 2020. The surplus decreases as the years move forward due to larger capital works projects.

The Committee reviewed the reserve summaries.

The NCPG was received from the Province for use on capital projects and associated planning.

The Gas Tax - Community Works fund is funds that every community receives. The City has committed this fund to the Grand Trunk Pathway Completion and Connection project.

The Land Acquisition reserve is currently at \$1.4 million. These funds are used to purchase land.

The Affordable Housing reserve is currently at just under \$178,000. It gives the City the ability to contribute to various housing projects.

The Capital Works reserve is currently at just under \$2 million. This is the capital fund for the general fund. It is used for roads, transportation, and asset management.

There is currently \$144,000 in the Parks reserve fund, \$74,000 in the Parking Space reserve fund, \$3.3 million in the Machinery and Equipment reserve fund, \$15,000 in the Active Transportation reserve fund, and \$200,000 in the Landfill Closure reserve fund.

It was recommended that the 2020-2024 budget be approved as amended and that the 2020-2024 Financial Plan Bylaw proceed to Council for first, second, and third reading; and

that the 2020 Tax Rates Bylaw be prepared with a 4.5% increase for all classes proceed to Council for first, second, and third reading; and

Resolution No. 208-2020:
Amended this report to
replace "September 20,
2020" with "September 30,
2020".

that the tax penalty date for all classes be unified to postponed the 10% penalty associated with non-payment until October 1, 2020, with payment due by end of day September 30, 2020; and

that commercial utility billing penalties be deferred to October 1, 2020, and to defer interest on outstanding accounts receivable billings until October 1, 2020, and

that the tax sale be postponed for one year to allow homeowners with delinquent taxes one additional year.

The April 23, 2020 Finance, Personnel & Administration Component of the Committee of the Whole meeting adjourned at 1:15 p.m.

CERTIFIED CORRECT

Chair

Clerk