



**MINUTES
FINANCIAL ADVISORY COMMITTEE MEETING
TUESDAY, JUNE 29TH, 2010 AT 4:00 P.M.
CITY HALL ROOM 205**

MEMBERS PRESENT: Chair Arlene Wright
Mayor Lovell Stanners
Councillor Bill Twaddle
Ray McKelvie
Bob Switzer
Ron Hopper
Councillor Tom Pink

MEMBERS ABSENT: None

STAFF PRESENT: Wayne Ritchie, Director of Financial Services
Jim Harrold, City Manager (left meeting at 5:30 p.m.)
James Krauter, Manager of Revenue

1. CALL TO ORDER – Chair Arlene Wright called the meeting to order at 4:00 p.m. and welcomed everyone to the meeting.

2. ADDITIONAL ITEMS

There were none.

3. DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

There were no disclosures of pecuniary interest and the general nature thereof declared.

4. CONFIRMATION OF MINUTES FROM THE PREVIOUS MEETING

Moved by Ray McKelvie:

“That the minutes of the Financial Advisory Committee Meeting held on Tuesday, May 25th, 2010 be approved.”

Carried Unanimously

5. DEPUTATIONS

There were no deputations presented.

6. CORRESPONDENCE RECEIVED FOR WHICH DIRECTION OF COMMITTEE / BOARD IS REQUIRED

There was no correspondence received.

7. REPORTS AND MATTERS TABLED

a) Long Term Borrowing for Capital Works – Wayne Ritchie

The capital works from 2008 and 2009 that have been completed and were to be financed from long term debt were summarized by Wayne Ritchie. The total to be financed is \$4,552,560.05 of which \$3,744,791.21 was for work at the Waste Water Treatment Plant. RBC the City's banking services provider and Infrastructure Ontario have provided virtually the same rate of interest and due to quicker turnaround time on the advancement of funds and less upfront costs Mr. Ritchie is recommending RBC.

Moved by Mayor Lovell-Stanners:

"That the Finance Advisory Committee receive the report entitled Long Term Borrowing For Capital Works dated June 16, 2010 written by the Director of Financial Services and further that a ten year loan be arranged with RBC for \$4,552,560.05 at the rate of 4.03 % or the equivalent interest rate at the day the agreement is in place."

Carried Unanimously

b) 2009 Budget to Actual Review – Wayne Ritchie

Mr. Ritchie informed the committee that the City's overall deficit from all operations for 2009 was just over \$400,000. Areas of greatest variance that contributed to this deficit were: WSIB expenses over budget; Clerk's Division revenues down from budget; costs for PSAB (Public Service Accounting Board) compliance higher than expected; Airport fuel revenues down from budget; maintenance and repair expenses at many city owned buildings over budget; roads department expenses for winter and summer maintenance over budget; interest earned on Cemetery Trust Fund down from budget; bag tag revenues down from budget; central yard composting expenses over budget; leachate haulage expenses at Landfill over budget; electric energy expenses at most City facilities over budget due to Provincial Benefit Charges on invoices; Building division revenues under budget.

The specifics behind most of these variances have been discussed with the committee and Council in the past. Mr. Ritchie mentioned that Council is

starting the 2011 Budget process in July this year. This early start is to allow time for a full understanding by Council of any changes that may reduce the 2011 budget as well as time for staff to have any changes ready for implementation in January 2011.

Mr. Ritchie discussed some options to offset the deficit on the City's Financial Statements for 2009. The options included drawing from Reserves and/or reducing the principal payments on a City owned debenture. The committee was concerned with drawing funds from Reserves as these reserves have been established in response to specific future needs.

Moved by Councillor Twaddle:

"That the Financial Advisory Committee receives the report entitled 2009 Budget To Actual Review dated May 28, 2010 presented by the Director of Financial Services and that in order to offset the 2009 Year End Deficit where applicable funds be drawn from Reserves that would apply to a City Division having a deficit (i.e. Works Equipment Reserve to lessen deficit in Roads Division) and that any remaining 2009 Year End Deficit be reduced to zero through the reduction in Principal Payment in 2009 on City owned debentures."

Carried Unanimously

c) Police Costs Comparison – Wayne Ritchie

In response to requests from the Finance Advisory Committee Mr. Ritchie presented a report with comparison of the information provided by several other municipalities as part of their Financial Information Returns (FIR's) to the Province. Treasurers from several of these other communities were contacted to see if there was any significant accounting or reporting differences between municipalities. Although there is room for some differences due to "professional opinion" for the most part the costs attributed to Policing Costs were the same. The Policing Costs reported per capita by municipality on their FIR's for 2008 were:

Brockville	\$ 417.97
Owen Sound	321.40
Belleville	275.07
Woodstock	263.68
Stratford	257.09
Sarnia	253.87
Barrie	246.17
Collingwood	241.45

Discussion ensued around the increase in Police Costs over the past few years and the structure of reporting for Police through the Police Services Act and the Police Services Board.

Moved by Ron Hopper:

"That the Financial Advisory Committee receives the report entitled Police Costs Comparison dated June 19th, 2010 presented by the Director of Financial Services."

Carried Unanimously

d) Tax Ratios Alignment with County – Jamie Krauter

The City's tax ratios are higher than the County's. Upon rejoining the County the City committed to working toward harmonizing its tax ratios with the County tax ratios over time. For 2010 the City's Tax Policies have moved the commercial tax class ratios - 4.42 % and the industrial tax class ratios - 3.17 %. If Council is able to maintain the same pace of change to its tax ratios in future years it would appear that the City's tax ratios would be harmonized with the County's in the next 10 years. Factors that may affect this would include outcomes of future reassessment of all properties in Ontario; substantial new assessment; substantial loss of assessment.

It is important that the City continue to decrease its tax ratios so that the business community is paying an equitable share of the City's budget when compared to the share of the budget that the business community in other municipalities pays. As has been stated many times the actual dollars that a business in Owen Sound pays is not generally greater than they would pay in a similar urban center, however the percentage of the total City budget that they contribute to is greater in Owen Sound than in most Ontario urban centres.

Committee members commented on the numerous and complicated issues surrounding taxation in Ontario and that it was often difficult deal with only one issue like tax ratios in isolation.

Moved by Bob Switzer:

"That the Financial Advisory Committee receives the report entitled Tax Ratios Alignment with County dated June 24th, 2010 presented by the Manager of Revenue and supported by the Director of Financial Services, and further

That the Financial Advisory Committee recognizes the importance of moving towards the County tax ratios and that they recommend to Council that at a minimum the City be committed to the same progress in future years as was made in 2010, and further

The Financial Advisory Committee be updated annually on the progress made on harmonizing the City and County tax ratios until they are blended."

Carried Unanimously

e) Return Envelopes for Utility Payments – Jamie Krauter

The City distributes to utility customers approximately 28,000 “green return” envelopes each year. With the myriad of payment methods now available to the ratepayer each year fewer of them utilize the return envelope to pay their account. Best estimates are that less than 13 % use the return envelope and it costs the utility and ultimately the ratepayer \$4,000 per year.

Moved by Ray McKelvie:

“That the Financial Advisory Committee receives the report entitled Return Envelopes for Utility Payments dated June 24th, 2010 presented by the Manager of Revenue and supported by the Director of Financial Services and recommends that the practice of including payment envelopes with the utility bills be discontinued and further that a note be placed on all utility bills and an information flyer be included in the next utility billing cycle informing ratepayers of this change as well as informing them of the other payment methods available.”

Carried Unanimously

8. OTHER BUSINESS

There was no other business declared.

9. CORRESPONDENCE RECEIVED WHICH IS PRESENTED FOR THE INFORMATION OF THE COMMITTEE/BOARD

No correspondence was received.

10. ADJOURNMENT

The Chair thanked the Committee members for attending and declared the meeting adjourned at 5:45 p.m.

11. THE NEXT MEETING

The next Financial Advisory Committee meeting is scheduled at the call of the Chair.