



PELHAM FINANCE AND AUDIT COMMITTEE MINUTES

Meeting #: PFAC-04/2020
Date: Wednesday, September 9, 2020
Location: Zoom Meeting

Members Present: John Wink, Chair
Ron Kore
Marianne Stewart
Bill Crumm
Michael Cottenden

Members Regrets:

Staff Present: Teresa Quinlin
Charlotte Tunikaitis
David Cribbs (joined at 4:45pm)

Other: None

1. Call to Order and Declaration of Quorum

Noting that a quorum was present, the Chair Wink called the meeting to order at approximately 4:00 p.m.

2. Approval of Agenda

Moved By Ron Kore
Seconded By Bill Crumm

THAT the agenda for the September 9, 2020 regular meeting of the Pelham Finance and Audit Committee be adopted, as circulated.

Carried

3. Declaration of Pecuniary Interest and General Nature

None.

4. Approval of Minutes

July 9, 2020

Moved By Michael Cottenden

Seconded By Ron Kore

THAT the minutes of the July 9th, 2020 minutes of the Pelham Finance and Audit Committee be approved.

Carried

5. Business Arising from Minutes

None.

6. New Business

None.

7. Audit

None.

8. Operating Financial Report to July 31, 2020

Ms. Quinlin reviewed the financial report that would be presented to Council in September. The report highlights that the Town has unbudgeted expenditures of \$255,000 that have been approved by Council. In the next report there will be an additional approximate \$260,000 in costs related to appeals from cannabis companies. About 30% will be incurred in 2020 and 70% in 2021, which will be included in the 2021 operating budget. This is an item that is impacting the budget in addition to Covid-19.

A member asked about the investment income of 657% of budget, compared to the note which says that interest rates are lower than the prior year. Ms. Quinlin indicated that the interest is pooled and will be allocated out to the reserves at the end of the year, so there will be a lower allocation to the reserves due to lower interest rates.

The chair asked about planning fees which appear above budget indicating a great deal of work is being done, but building department revenue is down. Ms. Quinlin indicated that significant subdivision fees were collected in the year prior to Covid-19; the lower building permit fees relate to closures due to Covid-19.

A member asked if the written report accompanying the financials was new and said that it is helpful. Ms. Tunikaitis indicated that written reports have been provided to Council in the past to accompany the financial reports, but they have been provided to the Committee more recently as well. The member expressed concern that the Covid-related expenditures are being excluded but the decreased revenues are being included, so the committee may not be seeing a full picture. Ms. Quinlin noted that the Covid-related expenditures were presented to Council in May and July. The intention was to keep it separate while the Town awaited funding announcements. The Town has received an announcement of funding, and there will be Phase 2 funding available by application. The Town's allocation was based on a per household calculation. The Treasurer indicated that staff could include the new grant and the Covid-related expenditures on the next financial report.

The Committee agreed by consensus that they would like the Covid-related revenue and expenditures included in the next report.

Ms. Quinlin indicated that direct Covid-related expenditures to date amount to approximately \$200,000, and suggested that staff would include it in the August financial reports. Ms. Tunikaitis suggested that the Phase 1 funding would be included along with the Covid-related expenditures.

Ms. Quinlin indicated that the Town would submit a funding request for Phase 2 based on the gross cost rather than reduce the request based on the Town's mitigation strategies; the report is due by the end of October.

A member asked now that the Town is past the halfway point in the fiscal year, what is the forecast of where the Town will end up at the end of the fiscal year. The member asked if there were other financial risks outside of the items which had been noted. Ms. Quinlin mentioned that there are the Covid-related costs, which is a \$677,000 loss which is offset by a \$428,000 grant. That was the best



estimate the Town had at the end of June and she will do another estimate at the end of September. The next biggest impact is the legal actions and that is unknown at this point. At the October 28th Committee budget meeting staff should be able to provide a more up-to-date analysis of where the year will end up.

A member brought attention to the three items approved outside of the budget. The member indicated that it is quite immaterial and suggested there should be a contingency imbedded in the budget to help mitigate unanticipated expenditures. Ms. Quinlin indicated that normally the Town is not accustomed to expenditures outside of budget and unbudgeted expenditures will have to result in a property tax increase for 2021.

Ms. Tunikaitis suggested that a best practice of many municipalities is to have a rate stabilization and/or contingency reserve, but the challenge is getting from the current state of the reserves to where the Town needs to be in order to mitigate unpredictable expenditures, while still having adequate funding for infrastructure projects.

A member indicated that the Town needs to move in the direction of setting aside funds for contingency.

A member expressed concern with the MCC revenue and the advertising contract. Ms. Quinlin noted that the advertising contract will be coming to an end in 2021. The facility use is uncertain, and so this is part of the impact of Covid-19 that can't be controlled. Ms. Quinlin assured the Committee that Town staff are tracking accounts receivable to ensure they are followed up on regarding collectability.

9. MCC Operating Financial Report to July 31, 2020

The second ice was installed. The revenue is at 39% because revenue in the first couple of months of the year was very high. The loss of alcohol revenue and tournaments is a significant decline. The utility expenditures are lower due to the rate reduction due to Covid-19 as well as the new equipment used to make the ice.

Ms. Quinlin noted that the spike in hydro in July related to the use of the second rink (the Accipiter arena ice was installed early).

10. Transit Operating Financial Report to July 31, 2020



Ms. Quinlin noted that the Town received \$115,600 in grant funding from provincial gas tax and the report will be updated before it is provided to Council. The Region has taken over the transit from Grimsby, West Lincoln, and Pelham. The Town's cost is \$178,000 and the Region will take over the gas tax. There are 6 vehicles dedicated to the on-demand transit and demand was high in the first week. The cost is \$3 in West Niagara and \$6 to travel to other municipalities.

A member asked if the \$250,000 deficit for transit will be impacted with the Region taking over. Ms. Quinlin indicated that it will not be worse than the \$250,000 deficit budgeted but the final results are not yet known; the net that the Town has to pay is \$178,000 which is lower and will be reflected in the 2021 budget.

Mr. Cribbs joined the Committee meeting at 4:45pm.

A member asked whether the Town's costs would go down if other municipalities join. Ms. Quinlin indicated that this is for West Niagara municipalities. Ms. Quinlin also indicated that this is a pilot year and the Town has committed to this amount.

A member asked whether the Region could ask for a higher contribution from the Town after the pilot year. Ms. Quinlin indicated that it is a pilot year and it would be negotiated at that time. For 2021 staff will budget based on the Town's agreement.

Moved By Michael Cottenden

Seconded By Bill Crumm

THAT the Committee received the July 31, 2020 Operating Financial Report for information.

THAT the Committee received the July 31, 2020 MCC Operating Financial Report for information.

THAT the Committee received the July 31, 2020 Transit Operating Financial Report for information.

Carried

11. Capital Report

11.1. 2020 Second Quarter (Jan 1 – Jun 30, 2020)

Ms. Quinlin indicated that projects deferred to 2021 due to Covid-19 are presented at the bottom of the report along with red-circled items.

The chair noted that budgets are approved early in order to get competitive pricing based on bids but many RFPs were issued in August. Ms. Quinin noted that Covid-19 resulted in a one-month delay and staffing limitations resulted in the Town being unable to issue RFPs early.

Mr. Cribbs indicated that market prices seem to be favourable at this time. Mr. Cribbs supports the strategy to try to approve the budgets and issue the RFPs to take advantage of better market prices.

Ms. Quinlin noted the prior year projects being carried forward as well as their status. There are still quite a few being carried forward.

Moved By Michael Cottenden

Seconded By Ron Kore

THAT the Committee received the 2020 Second Quarter Capital Report for information.

Carried

12. Reserves

None.

13. Financial Risks**13.1. COVID-19 Update (Verbal)**

Ms. Quinlin indicated that the committee discussed this item earlier in the meeting. The Town received \$428,000 funding announcement to help offset the costs of approximately \$670,000. A member asked if the \$670,000 was all excluded from the revenue and expenditure report. Ms. Quinlin indicated that all of the expenses are included but only the \$200,000 in Covid-related direct expenses and the grant funding of \$428,000 are excluded.

Mr. Cribbs indicated that the Town is learning a great deal about the revenue from the MCC. The Town earned far more than anticipated by opening the second arena in the summer. For the fall, gymnasium revenue is expected to be fairly normal but the dominant customers for the arenas haven't yet determined what the ice usage will be in the fall. At this stage we would



normally expect to be earning peak revenue at this time of year but at this time it's in flux.

Mr. Cribbs indicated that with no unanticipated obstacles, by mid-October we expect to have all of the programs at the MCC up and running.

A member requested that at the next meeting of the committee that there be a forecast of the anticipated results of Town operations at year-end. Ms. Quinlin agreed that there would be.

Moved By Michael Cottenden

Seconded By Marianne Stewart

THAT the Committee received the COVID-19 Update Report for information.

Carried

14. Unfinished Business

None.

15. Next Meeting – Wednesday, October 28, 2020 at 4:00pm

None.

16. Adjournment

Moved By Michael Cottenden

Seconded By Bill Crumm

THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned.

Carried

The meeting was adjourned at approximately 5:05pm.



A handwritten signature in black ink, appearing to read "John Wink", is written over a horizontal line.

Chair, John Wink

A handwritten signature in blue ink, appearing to read "C. Tunikaitis", is written over a horizontal line.

Deputy Treasurer, Charlotte Tunikaitis
