

Date: 31, January, 2024

Time: 4:00 pm

Location: Council Chambers, Town Hall

Attendance: Wayne Olson, Councillor
John Wink, Councillor
Brian Eckhardt, Councillor
Bill Crumm, Chair
Michael Cottenden, Member
Caroline Mann, Member

Staff Present: David Cribbs, CAO
Teresa Quinlin-Murphy, Director of Corporate Services & Treasurer
Usama Seraj, Manager of Financial Services & Deputy Treasurer

Other:

Regrets:

1. Call to Order and Declaration of Quorum

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

2. Land Recognition Statement

We begin this meeting by acknowledging the land on which we gather is the traditional territory of the Haudenosaunee and Anishinaabe peoples, many of whom continue to live and work here today. This territory is covered by the Upper Canada Treaties and is within the land protected by the Dish With One Spoon Wampum agreement. Today this gathering place is home to many First Nations, Metis, and Inuit peoples and

acknowledging reminds us that our great standard of living is directly related to the resources and friendship of Indigenous people.

3. Approval of Agenda

Through discussion the Chair brought forth an amendment to the agenda to include discussion on Pelham Finance and Audit Committee Meeting Dates and alignment with Terms of Reference with Committee Expectations. This item will be 8.1 on the Agenda.

Moved by Member Caroline Mann
Seconded by Councillor Wayne Olson

THAT the agenda for the January 31, 2024 regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.

Carried

4. Declaration of Pecuniary Interest and General Nature

There were no pecuniary interests disclosed by any of the members present.

5. Approval of Minutes

Moved by Member Michael Cottenden
Seconded by Councillor John Wink

THAT the minutes of the November 22, 2023 Pelham Finance and Audit Committee meeting be approved.

Carried

6. Unfinished Business

None.

7. Regular Business

7.1. 2024 Water and Wastewater Budgets

Treasurer noted that the Finance and Audit Committee (PFAC) have been given the 2024 Water and Wastewater Budgets and provided the PowerPoint presentations that will be shown to Council at the February 7, 2024 meeting.

The Deputy Treasurer went over the 2024 Water and Wastewater Budgets with the Finance and Audit Committee.

A Committee Member asked when the Region provides the Town of Pelham with the approved rates. The Treasurer, Teresa Quinlin-Murphy responded that the rates were given to them in November this year and that this is the regular scheduled time frame for the Region to provide the rates to municipalities. The Treasurer further explained that there was a lot of push from the Municipalities to get the rates in earlier. Furthermore, the Treasurer explained that the Town of Pelham waits for the Region's rates; twelve (12) months of actuals on the amounts of flows that the Town purchases from the Region and what the billing was before bringing in the budget.

A member of the committee questioned what the water loss in the system was due to. The Treasurer commented that in 2019 there was a recording error, the Region was probably undercharging us that's why the rate was one point five percent (1.5%). The norm is between fourteen and twenty percent (14-20%). The Deputy Treasurer added that loss is not necessarily the correct word it should be unbilled water. For several reasons, some amount of water is lost due to leakage, flushing, fire when tapped into the hydrant for example. The Deputy Treasurer further commented that it is not uncommon to have fifteen to twenty percent (15-20%) water loss and this amount is reasonable from what he has seen in other municipalities. A Committee Member commented that it would be interesting to do an estimate on the Fire Department's usage. The Treasurer noted that staff could investigate that. Water loss is the standard term, but it really is unbilled water.

A member asked staff what the capital spending will be in 2024 and 2025. The capital investments were presented at the last budget meeting and at that point staff were going back to the drawing board to review what projects were really needed and a what projects were a wish that we wanted to have done. The Treasurer noted that for Water and Wastewater whatever was brought to PFAC was approved by Council, there was nothing taken off the list. Teresa Quinlin-Murphy further noted that there were a couple of items taken off the list for Information Technology but nothing for Water and Wastewater. A member asked staff if they could outline the capital expenditures that were causing those numbers to go up exponentially. The CAO commented that this year, the Town of Pelham is redoing the last of the cast iron main north of Tim Hortons on Highway 20. The CAO noted that this neighbourhood has the oldest and worst piping left in the community and there will be virtually zero left in town after the project is completed.

A Member commented that staff committed to doing a Q1 review of previous approved projects. The Treasurer confirmed this and noted that staff are also doing a ten (10) year plan, to see if there is a need to still do these projects or if they need to be postponed.

A Committee Member suggested for adding an update on the Q1 review of previous project approval and the ten (10) year plan as an agenda item at the next meeting in May. The Treasurer agreed that a status update will be provided at the next meeting.

A member commented that in terms of the cost comparison or rates, pelham is at the bottom again. The member further noted that the previous study told the same story with a seven-point five percent (7.5%) or eight percent (8%) annual increase and that the Town of Pelham would get caught up and be more in line with the average. Further to this the updated study seems to be telling the same story. The Treasurer commented that what has happened is an increase in the cost of capital. The last BMA report reflected the rate study that was done in 2018. From 2018 – 2023, the cost of many of these things have gone up and some projects have changed as well.

A member pointed out that the BMA report indicated that the Town of Pelham rate structure and how the loss was reported between billed and unbilled water usage was unique in that it is hybrid. Whereas other municipalities are fixed. The member questioned from a sustainability perspective about how making that decision affects the Town financially because the higher proportional rate is on your variable water usage.

Teresa Quinlin-Murphy commented that historically the push from council at that time was sustainability, to encourage people to reduce the usage of water and to have a higher variable portion to the fixed would encourage people not to use as much water. A member noted that the Region billing is hybrid for water and fixed for wastewater.

A member further mentioned that answers are not needed right now but more guidance. The loss of thirty percent (30%) wastewater and approximately 11 percent (11%) increase in cost should be the focus and there needs to be time and effort spent on understanding what is going on and how to improve this scenario. The member agreed that the consultant would be a great resource for the Town to help with a solution. The Treasurer responded that she would ask the consultant about the different rate structure and what it means financially to the town of Pelham.

Moved by Councillor Brian Eckhardt
Seconded by Member Michael Cottenden

THAT the Committee received the 2024 Water and Wastewater Budgets for information.

Carried

7.2. 2024 Water and Wastewater Budgets PowerPoint Presentation

Moved by Member Caroline Mann
Seconded by Councillor John Wink

THAT the Committee received the 2024 Water and Wastewater Budgets PowerPoint Presentation for information.

Carried

8. Next meeting

Suggested Next Meeting May 22, 2024

8.1. Pelham Finance and Audit Committee Meeting Dates/Alignment with Terms of Reference

Through discussion the Committee reviewed the yearly meeting schedule with regards to alignment with the Terms of Reference for the Pelham Finance and Audit Committee (PFAC) to ensure fulfillment of the committee's duties and responsibilities and that meetings are scheduled accordingly from a sequence and timing perspective. The current meeting schedule is around two major functions at the Town of Pelham, the Audit and budget:

- November Meeting - Audit Planning and Operating and Capital Budgets
- January Meeting - Water and Wastewater budget
- May Meeting – Audited Consolidated Financial Statements

The CAO commented that this year around September Corporate Services will be providing a report on Debt Usage Policy and Guidelines for future decision making around how to fund future projects and deserves a stand alone meeting with this committee.

The Treasurer added that staff bring the Annual Report and Audit Financial Statements and all the budget presentations first to the Pelham Finance and Audit Committee to provide feedback to Council. Staff work hard on the quarterly reports with detailed notes to provide as much information; to provide answers on anticipated questions to save time for Council and ensure the PFAC members are informed. The Treasurer added that staff can do a six (6) month

coordinated meeting with PFAC to go over the actuals in more detail and to answer any questions the members may have. The Treasurer commented that staff are very careful with spending the budget and meet monthly on the capital and they are on top of those numbers.

Staff were directed by the Pelham Finance and Audit Committee to map out a workplan of upcoming items that the committee would be asked to provide feedback on before bringing it to Council and use the workplan to define what the PFAC meeting schedule would be for the rest of the year.

9. Adjournment

Moved by Member Caroline Mann
Seconded by Councillor Wayne Olsen

THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned at 5:08 pm

Carried



Chair, Bill Crumm



**Andrea Metler, Admin Assistant,
Corporate Services**