

Town of Drumheller COUNCIL MEETING MINUTES

June 18, 2012 at 4:30 PM
Council Chamber, Town Hall
703-2nd Ave. West, Drumheller, Alberta



PRESENT:

MAYOR:

Terry Yemen

COUNCIL:

Andrew Berdahl

Jay Garbutt

Lisa Hansen-Zacharuk

Sharel Shoff

Doug Stanford

Tom Zariski

CHIEF ADMINISTRATIVE OFFICER/ENGINEER:

Ray Romanetz

DIRECTOR OF INFRASTRUCTURE SERVICES:

Allan Kendrick

ACTING DIRECTOR OF CORPORATE SERVICES:

Bill Wulff

DIRECTOR OF COMMUNITY SERVICES:

Paul Salvatore

RECORDING SECRETARY:

Linda Handy

1.0 CALL TO ORDER

Mayor Terry Yemen called the meeting to order at 4:30 PM.

2.0 MAYOR'S OPENING REMARK

3.0 PUBLIC HEARING

4.0 ADOPTION OF AGENDA

MO2012.91 Garbutt, Shoff moved to adopt the agenda as presented. Carried unanimously.

5.0 MINUTES

5.1. ADOPTION OF REGULAR COUNCIL MEETING MINUTES

5.1.1 Regular Council Meeting Minutes of June 4, 2012

MO2012.92 Shoff, Zariski moved to adopt the regular Council Meeting minutes of June 4, 2012 as presented. Carried unanimously.

5.2. MINUTES OF MEETING PRESENTED FOR INFORMATION

5.2.1 Municipal Planning Commission Minutes of May 31, 2012

5.3. BUSINESS ARISING FROM THE MINUTES

6.0 DELEGATIONS

7.0 COMMITTEE OF THE WHOLE RECOMMENDATIONS

8.0 REQUEST FOR DECISION REPORTS

8.1. CAO

8.1.1 Presentation of 2011 Financial Statements

Alan Litster and Daniel Luymes - BDO provided the following overview of the 2011 Financial Statements:

- Page 1 Auditor's Report describes what was carried out during the audit and the opinion of the auditors which states that the financial position of the Town of Drumheller as at December 31, 2011 is a fair representation of its operations. Note 1 of the financial statements explains that certain comparative information for the year ended December 31, 2010 has been restated. These adjustments include land inventory for resale to reflect a number of parcels listed that did not belong to the Town as they had been sold in previous years; as well sick leave liability was adjusted to reflect utilization in future years.

- Page 2 Consolidated Statement of Financial Position – Accumulated surplus – total of \$135,312,586. Breakdown summary as follows: Cash and short term investments \$8.82M (cash balance changes as provincial grants come in and these dollars are spent). Investments are \$2.71M. Deferred revenue grants and other dollars received by the end of the year but not yet expensed is approximately \$3.27M. Net financial assets are (\$1.28M)(debt); non financial assets are \$136.5M.

- Page 3 Consolidated Statement of Operations (revenues and expenses by type for the 12 months). Revenue – Net municipal taxes raised is \$7,039,361; Excess (deficiency) of revenue over expenses is (\$474,748) plus government grants of \$7.77M and other capital revenues of \$1.96M to get excess of revenue at \$9.27M. Accumulated surplus restated at the beginning of the year is \$126,041,412 plus excess of revenue over expenditures of \$9.27M equals accumulated surplus at the end of the year of \$135.3M. Accumulated surplus is broken down into three components: equity in tangible capital assets; unrestricted surplus (deficit) and restricted surplus.

- Page 4 Consolidated Statement of Changes in Net Financial Assets (Debt) – excess of revenue over expenses of \$9.27M and additions and reductions of tangible capital assets for a net total of (\$3.68M) which is added to the balance at the beginning of the year of \$2.39M which gives the balance at the end of the year (\$1.28M).

- Page 5 Consolidated Statement of Cash Flows – Operating Transactions - Excess of revenues over expenses is \$9.27M with adjustments for items that do not affect cash (non cash transactions) for a total of \$11.43M less capital / investing and financing transactions for a net change in change and cash equivalents of (\$6.03M). Total change in cash of (\$3.27M) plus \$8.82M on hand at the beginning of the year for the end of year total of \$5.55M. The (\$3.27M) refers to deferred revenue or grants earmarked for specific projects such as the MSI, Kneehill Regional Water, NDCC, etc.
- Schedule of Tangible Capital Assets (cost at the beginning plus new additions less assets disposed of for a total of \$203M less accumulated amortization \$66M and debenture debt \$12M for a net book value of \$124M.
- Schedule of Breakdown of Property and Other Taxes (\$9.7M taxes levied less the portions of requisitions \$2.67M) for the net amount for municipal purposes of \$7.04M.
- Schedule of Government Grant Transfers – Operating \$849,350 plus Capital \$7.77M for a total of \$8.6M.

A. Litster concluded his report by commending Administration on the careful management of tax dollars. B. Wulff presented the monthly financial report for December 31, 2011 which has been modified so that the numbers are in line with the financial statements submitted to Council on a quarterly basis.

In response to questions from Council, it was explained that budgeting for amortization (estimating the use of capital assets over a period of time which is a non cash amount) has created an operating budget deficit position for the Town in the amount of \$2,193,792. With regards to debt, it was confirmed that the Town's debt limit is \$23M and the current Town's debt is \$12M. A. Litster explained that incurring debt beyond the allowed limitations (1.5X revenue of the Town) would require approval by the Minister of Municipal Affairs.

MO2012.93 Shoff, Berdahl moved to approve the 2011 financial statements as presented. Carried unanimously.

8.1.2 Bylaw 10.12 Debenture Bylaw

R. Romanetz presented Bylaw 10.12 being to borrow dollars in the amount of \$318,750 for the purpose of an implementation process / engineering upgrade at the East Coulee Waste Water Plant. He stated that under the Municipal Government Act there is a requirement for the bylaw to be advertised for two consecutive weeks to allow for public comments. He explained that once the bylaw is adopted, Council may wish to proceed with funding the project with other revenue sources rather than borrowed dollars. There is no mandatory requirement to proceed with the borrowing. The purpose of the bylaw is to ensure that borrowing is approved before the project starts.

MO2012.94 Shoff, Zariski moved first reading of Bylaw 10.12.

Discussion on the Motion:

Councillor J. Garbutt stated that although the Town is well within their debt allotment it has significantly changed upward within the last few years. He further stated that there is a restricted surplus for sewer and he would prefer to pay cash for the upgrade rather than borrowed dollars. R. Romanetz explained that it is not unusual for municipalities to

borrow dollars when the borrowing is over the period for the life of the upgrade which in this case is for 25 years. The debenture is for 20 years. He further explained that the equipment has been ordered and the project will go to tender within the next 30 days. It is anticipated that the upgrade will be completed by the end of 2012.

Vote on Motion:

In favor – Stanford, Hansen-Zacharuk, Shoff, Zariski, Berdahl, Yemen

Against – Garbutt

Carried.

8.1.3 Bylaw 11.12 Debenture Bylaw

R. Romanetz presented Bylaw 11.12 being a bylaw to borrow dollars in the amount of \$435,800 for the purpose of extending the water transmission line from Cambria to East Coulee. He further explained that \$435,800 is 10% of the project costs. He further advised that Council will have the same opportunity to discuss whether to proceed with the project using borrowed dollars.

MO2012.95 Berdahl, Hansen-Zacharuk moved first reading of Bylaw 11.12.

Discussion on Motion:

In response to a question from Council, R. Romanetz advised that there were approximately 10-12 expressions of interests from property owners for water connections along the corridor. Councillor J. Garbutt stated that in original discussions with the residents, it was explained that the Town would not borrow to fund this project. R. Romanetz explained that there may be other projects on the horizon that may need access to the reserves. He further explained that the length of time to service this project is long term and interest rates are low and borrowing would appear to be a reasonable option.

Vote on Motion:

In favor – Stanford, Hansen-Zacharuk, Shoff, Zariski, Berdahl, Yemen

Against – Garbutt

Carried.

8.1.4 RFD - Appointments to the Drumheller Public Library Board

R. Romanetz advised that under their bylaw, the Drumheller Public Library (DPL) Board membership can be to a maximum of 10 members. With the additional appointments of Ms. Leila Bjerland and Mr. Rodney Black the Board will reach its full complement. The members of the Library Board have reviewed Leila and Rodney's applications and recommend approval. In addition, the DPL Board is recommending the appointment of Mrs. Margaret Nielsen as the alternate designate to represent the DPL Board on the Marigold Regional Library System Board.

MO2012.96 Berdahl, Garbutt moved that Council approve the appointment of Leila Bjerland and Rodney Black to the Drumheller Public Library Board for a three year term plus the appointment of Margaret Nielsen as the alternate designate to represent the DPL Board on the Marigold Regional Library System Board. Carried unanimously.

8.2. Director of Infrastructure Services

8.2.1 RFD - 2012 Cast Iron Water Line Replacement Award of Tender

A. Kendrick advised that tenders for the 2012 Watermain Replacement Program closed on May 29, 2012 with two tenders received from M. Pidherny's Trucking Ltd. and Knibb Developments Ltd. The low bidder was M. Pidherny's Trucking Ltd. with a tender amount of \$885,187.50 including GST. The engineering estimate for this project was \$681,000.00. As reported to Council on June 4th, the project cost is significantly higher than anticipated (\$340,000 over the Town's budget of \$600,000). Due to budget constraints, the Town and MPE reviewed the options to reduce the project costs. Upon further review with our consultants, it was determined that Section 9 Clause 8 in the Instructions to Bidders allows the owner to negotiate terms with the bidder submitting the lowest valid bid. For reasons provided for in MPE's letter of June 8th, 2012, Administration is recommending that the Town award the contract to M. Pidherny's Trucking, and further, for Council to authorize Administration to negotiate with the low bidder M. Pidherny's Trucking to implement Option 2 which removes Schedule C from the scope of the project and reduce the total project costs to \$775,300.00 (\$675,000 plus eng. \$100,300).

In order to finance the budget shortfall of \$175,300, Administration is recommending delaying the construction of the force main extension from Central Drumheller to South Railway Ave. The project has not been designed and the necessary easements have not been acquired. It is unlikely this project would be able to proceed in 2012. The project would be brought forward for reconsideration by Council in 2013.

MO2012.97 Zariski, Shoff moved that the contract be awarded to the low bidder M. Pidherny's Trucking subject to Administration being able to negotiate with M. Pidherny's Trucking to implement Option 2 which removes Schedule C from the scope of the project and reduces the total project costs to \$775,300.00 (\$675,000 plus Eng. \$100,300).

Councillor L. Hansen-Zacharuk requested that appropriate signage directing the traffic flow be posted during the disruptions.

Vote on Motion: Carried unanimously.

8.3. Director of Corporate Services

8.4. Director of Community Services

9.0 PRESENTATION OF QUARTERLY REPORTS BY ADMINISTRATION

10.0 PUBLIC HEARING DECISIONS

11.0 UNFINISHED BUSINESS

12.0 NOTICES OF MOTIONS

13.0 COUNCILLOR REPORTS

13.1 Councillor S. Shoff – Badlands Community Garden Society (Heritage Garden Society) Update

Councillor S. Shoff advised that the Badlands Community Garden Society received grant dollars for the materials and some work for the Heritage garden. She further advised that Chris Marion as well as other volunteers do the work without compensation. Chris already has volunteers to look after the community garden (vegetables) near Newcastle however volunteers for the Heritage garden are lacking. She encouraged all interested individuals to contact Chris to get the work finished sooner. It is anticipated that the garden will be completed by mid September.

Councillor S. Shoff advised that the Communities in Bloom judges will come to Drumheller to provide comments on our whole valley on July 31st. She encouraged all residents and the Town to do their part by cleaning up their yards, their gardens, and beautifying their area as much as can be done. She explained that this is a non competitive year but in order to keep status the Town must be judged at least every three years.

13.2 Councillor S. Shoff - Community Futures

Councillor S. Shoff provided the following highlights on Community Futures' activities:

According to the Starland Development Plan, 51 wind turbines will be developed in the Handhills area in the near future.

Western Diversification, supporters of Community Futures Offices in Canada, will approve contracts for funding by March 2013.

Hope College has an agreement with the old St. Anthony's school for space in the school. Hope College has changed to include planned health care program such as Allopathic and Naturopathic. Hope College is looking at either getting a Provincial Charter or an Order in Council from the government to begin. Funding is needed. Hope College is hoping to work with Campus Alberta to offer a wide range of health care courses.

The Community Futures AGM is June 27th at 7:00 PM.

14.0 IN-CAMERA MATTERS

MO2012.98 Shoff, Zariski moved to go in camera at 6: 20 PM. Carried unanimously.

14.1 Land Matter - Plan 8310798 Block 13 Pt. Lot 1

14.2 Land Matter - Hygrade Industrial Park

14.3 Legal Matter

MO2012.99 Stanford, Shoff to revert to regular Council meeting at 6:55 PM. Carried unanimously.

There being no further business, the Mayor declared the meeting adjourned at 6:55 PM.

Mayor

Chief Administrative Officer