

**THE MUNICIPALITY OF THE COUNTY OF KINGS
BUDGET & FINANCE COMMITTEE
AGENDA
Monday, December 09, 2019
9:30 a.m. Tides Room - Coldbrook Municipal Complex**

Item	Description	Required Action	Responsible	Page
1.	Roll Call		Chair	
2.	Additions to the Agenda	Decision	All	
3.	Approval of Agenda	Decision	All	
4.	Disclosure of Conflict of Interest Issues	Decision	Chair	
5.	Approval of Minutes: <ul style="list-style-type: none"> • November 18, 2019 	Decision	Chair	2
6.	Business Arising from Minutes	Discussion	All	
New Business				
7.	Budget Timeline update (December)	Discussion	Katrina Roefs, Financial Analyst	-
8.	Briefing: Fire Inspection Cost Recovery	Briefing	Terry Brown, Fire Inspection Working Group	5
9.	Work Plan Update	Discussion	Greg Barr, Director of Finance & IT	11
Correspondence				
Other Business				
10.	Public Comments			
11.	Next Meeting: January 13, 2019 at 9:30am Tides Room	Decision	All	
12.	Adjournment	Decision	All	

**Municipality of the County of Kings
Budget & Finance Committee**

Meeting, Date and Time A Budget & Finance Meeting was held on Monday November 18, 2019 at 9:15 am in the Tides Room – Coldbrook Municipal Complex.

Attending In attendance were:

Committee Members: Councillor Hirtle - Chair
Deputy Mayor Lutz – Vice Chair
Councillor Best
Mayor Muttart

Staff: Greg Barr, Director of Finance & IT Services
Katrina Roefs, Financial Analyst
Kevin Wheaton , Financial Analyst
Amie Johnstone, Recording Secretary

Regrets: None.

Meeting Called to order: The Chair called the meeting to order at 9:30am

Additions to the Agenda: None.

Approval of the Agenda: **On the motion of Councillor Best, seconded by Deputy Mayor Lutz the agenda be approved as circulated.
Motion carried.**

Disclosure of Conflict of Interest Issues: None.

Approval of Previous Minutes: **On the motion of Deputy Mayor Lutz and seconded by Councillor Best, the minutes of Oct 21, 2019 be approved as circulated.
Motion carried.**

Business Arising from the Minutes: None.

New Business:

(7) Community Engagement Session Update

Greg Barr, Director of Finance & IT Services updated the committee on the public session that will take place on November 26, 2019. Invitation post cards have been distributed to all Councillors and posted in several public locations around the County. This has also been advertised on the radio, our web site and social media. This will be an informal event with Staff presenting a short overview and education session and then move on to the main session of the event when the public can give their public input. Once everyone has had their chance to add their priorities to the list, everyone will be given stickers (5) to place, to show their priorities. Staff will then summarize the results to everyone there and outline the next steps. The public will be asked to provide their information so they can be contacted with a summary of the event and once the budget is completed, how it was used in the budget.

Councillor Best and Deputy Mayor Lutz both advised that they will be unable to attend the event due to prior engagements

(8) Budget Timeline Update

Staff updated the committee that we are currently on track in the budget timeline. The infographic of the budget timeline is being worked on right now and will be completed soon.

Some discussion was had related to the mandatory payment to education. Staff advised they will reach out to AVRCE to ensure they bring information related to enrollment numbers and costs with them when they make presentation to the committee.

(9) Accountability Report Q2 - Operating

Katrina Roefs, Financial Analyst presented the briefing attached to the agenda.

Based on the information available to date, a surplus is forecast for just over \$339k; this is approximately .7% of budget.

On the motion of Mayor Muttart, seconded by Councillor Best,

That Budget & Finance committee receive the Accountability Report (Period Ending September 30, 2019) as attached to the November 18, 2019 agenda for information.

Motion carried.

(10) Accountability Report Q2 - Capital

Kevin Wheaton, Financial Analyst presented the briefing attached to the agenda.

Discussion was had on the items that have deviated or are expected to deviate from the budget, timeline and/or scope.

The committee has asked that in future a column be added to identify the reason why a project is under budget i.e. Project is unfinished. As well as a column for the anticipated carry over amount, if any.

The committee asked staff to confirm if there was an application that was denied or if there was no application submitted at all yet in relation to Project # 19-3410; Electric Vehicle Infrastructure Deployment.

On the motion of Mayor Muttart, seconded by Councillor Best,

That Budget & Finance committee receive the Capital Accountability Report for the Period Ending September 30, 2019 as attached to the November 18, 2019 agenda as information.

Motion carried.

*Please note there has been a portion of the attachment and report that has been redacted until potential land purchase has been finalized

(11) Work Plan Update

Staff presented updates to the work plan.

Highlights include,

Item #1: Fire - report coming in December. IT - Costing has begun

Item #2: A discussion may follow at a later date related to if a contract for services may be needed.

Item #4: Accountability reports will go to COTW next for presentation and recommendation to Council.

Item #5: Expect the Tax Sale & Payroll processes to be wrapped up shortly.

Item #6: Public engagement session scheduled for Nov 26

(12) Tender Opening Invites

The committee discussed and decided the best way to invite the chair of the Budget & Finance Committee to all tender opening would be via outlook invite. When tender openings are scheduled by any department the invite will include The Municipal Clerk and the B&F Chair to ensure this is on the council calendar and that someone from the committee is in attendance.

Correspondence.

None.

Next Meeting:

Monday December 9, 2019 at 9:30am in the Tides Room.

Adjournment:

**On the motion of Deputy Mayor Lutz, seconded by Councillor Best *the meeting be adjourned.*
Motion Carried.**

Approvals:

Budget & Finance Committee



Municipality of the County of Kings

Briefing

TO Budget and Finance Committee

PREPARED BY Terry Brown, Manager of Inspection Services
Katrina Roefs, CPA, CA Financial Analyst

MEETING DATE December 9, 2019

SUBJECT Update on Municipal Fire Inspection Review

ORIGIN

- November 7, 2017 Municipality of the County of Kings Budget & Finance Work Plan - Item Two
- January 14, 2019 Briefing Memo to Budget and Finance

RECOMMENDATION

That Budget and Finance receive this report for information.

INTENT

To provide the Budget & Finance Committee with an update on this specific program review.

DISCUSSION

Background

In accordance with the November 2017 Budget and Finance Work Plan, staff have been reviewing and implementing changes to the Municipal program of fire inspections.

Early on in the review, it was identified that to address a backlog of Fire Inspections, and an order of magnitude estimate of annual inspections, that an additional inspector would be required. This position was discussed and approved by Council during the 2018/19 budget deliberations. The following table indicates the progress made on clearing the backlog of inspections.

		Average per month
Average annual inspections prior to addition of second fire official	232	19
Inspections August 1, 2018 - November 30, 2019 (16 months) - two inspectors	870	54

An inter-departmental working group was formed in addition to the new position. The group has been examining ways to improve the fire inspection process and the mechanisms by which associated costs are being recovered. Without limitation, changes have involved updates to the database of properties requiring inspection and the introduction of scheduling software. A risk management profile has also been developed that considers conditions, which in addition to the requirements of the *Fire Safety Act* and National Building Code, may dictate an expedited timeframe for inspections. The review has further involved the tracking of time related to the various categories of inspections. This latter aspect is being used to ensure that an equitable basis for the back-billing of charges to the Towns is being utilized.



Municipality of the County of Kings

Briefing

Implications for the Towns

An analysis was undertaken to determine if the amount charged annually to Berwick and Kentville was adequate to offset the costs associated with delivering these services.

Under the existing model, direct costs related to Fire Inspection are charged to Berwick at 5% and Kentville at 20%. This resulted in the following revenue amounts for the Municipality over the past three years:

	<u>2017/18 Actual</u>	<u>2018/19 Actual</u>	<u>2019/20 Budget</u>
Kentville	\$26,124	\$36,150	\$45,500
Berwick	\$6,531	\$9,037	\$11,400

To determine if the percentages historically used to allocate costs to the Towns was representative of the actual inspections required in those jurisdictions, a listing of all properties by inspection type was compiled (see Appendix A). This analysis determined that a 1.5% increase in resource allocation was required for each of the Towns.

Note that the charges to the Towns have increased overall by ~26% in the current fiscal year. This percentage increase reflects the above stated incremental costs incurred by the Municipality.

In addition to confirming that the percentages used to allocate the costs related to Fire Inspection were accurate, the costs being recovered were also analyzed. Under the current model only direct costs related to Fire Inspection are charged back to the Towns. These costs include salaries, benefits, supplies, telephone, travel, clothing allowance, and depreciation on vehicles and IT equipment. Indirect costs such as building costs, finance support, training, and data base administration, are not being recovered. A calculation was completed to determine a reasonable allocation of these overhead costs as shown in Appendix C to this report.

Appendix B provides a recommended cost recovery model incorporating direct costs and the overhead as outlined above. This would increase the amounts recovered from the Towns as follows:

	<u>2018/19 Actual</u>	<u>2019/20 Budget</u>	<u>Recommended Recovery</u>	<u>Increase (decrease) from 2018/19 Actuals (\$)</u>	<u>Increase (decrease) from 2019/20 Budget (\$)</u>
Kentville	36,150	45,500	43,680	7,530	(1,820)
Berwick	9,037	11,400	13,205	4,168	1,805

Next Steps

Staff intend to:

- Consult the Towns with respect to the reorganized program and cost allocations;
- Through consultation with the Towns, formalize the cost recovery model within Sale of Service Agreements (to be reviewed by Budget and Finance and presented to Council for consideration); and
- Develop a discussion paper for consideration by Budget and Finance and Council on alternative methods of cost-recovery relative to properties situated within the Municipality requiring municipal fire inspections.

FINANCIAL IMPLICATIONS

- Cost recovery that is reflective of the service provision requirements for each Town.



Municipality of the County of Kings

Briefing

STRATEGIC PLAN ALIGNMENT

Check Applicable	Strategic Priority	Description
	Good Governance	
	Environmental Stewardship	
	Economic Development	
	Strong Communities	
	Financial Sustainability	
	Supports a Strategic Project	
✓	Supports a Core Program Enhancement	Enhances the ability to properly resource Fire Inspection services.
	Not Applicable	

ALTERNATIVES

- Maintain status quo.
- Update the allocation percentages but not incorporate an overhead component.

IMPLEMENTATION

- Consult with the Towns and develop draft Sale of Service Agreements and present same to the Budget and Finance Committee and Municipal Council.

COMMUNITY ENGAGEMENT

- No community engagement has been taken on this subject as it does not apply to this review.

APPENDICES

- Appendix A: Inspection Properties by Jurisdiction
- Appendix B: Recommended Recovery Model
- Appendix C: Overhead Calculation

APPROVALS

Greg Barr, Director of Finance & IT	November 29, 2019
Trish Javorek, Director of Land Use Planning	December 2, 2019
Scott Conrod, Chief Administrative Officer	December 4, 2019

Inspection Type	Berwick	Kentville	Kings	Total	Frequency	# of Inspections		Berwick	Kentville	Kings	Total
						in 5 years					
A2	13	18	186	217	3	0.6	7.8	10.8	111.6	130.2	
C	19	62	191	272	5	1	19	62	191	272	
D	15	82	139	236	5	1	15	82	139	236	
E	13	17	137	167	5	1	13	17	137	167	
F1	0	2	5	7	1	0.2	0	0.4	1	1.4	
F2	9	18	99	126	1	0.2	1.8	3.6	19.8	25.2	
F3	1	8	4	13	3	0.6	0.6	4.8	2.4	7.8	
A2/C			1	1	3	0.6	0	0	0.6	0.6	
A2/D		1	2	3	3	0.6	0	0.6	1.2	1.8	
A2/E			9	9	3	0.6	0	0	5.4	5.4	
A2/F2		1	8	9	1	0.2	0	0.2	1.6	1.8	
A2/D/E			1	1	3	0.6	0	0	0.6	0.6	
C/E		1	2	3	5	1	0	1	2	3	
C/D/E		1	1	2	5	1	0	1	1	2	
D/C		4	5	9	5	1	0	4	5	9	
D/E		1	11	12	5	1	0	1	11	12	
D/F2			4	4	1	0.2	0	0	0.8	0.8	
E/F2		3	2	5	1	0.2	0	0.6	0.4	1	
Total	70	219	807	1096			57.2	189	631.4	877.6	
Inspection %	6.4%	20.0%	73.6%	100.0%			6.5%	21.5%	71.9%	100.0%	

Based on the total properties requiring inspection the % allocation of costs should be revised as follows:

	Current	Revised	Change
Berwick	5.0%	6.5%	1.5%
Kentville	20.0%	21.5%	1.5%
Kings	75.0%	72.0%	-3.0%
Total	100.0%	100.0%	0.0%

Appendix B Recommended Recovery Model - Fire Inspection

	2017/18	2018/19	2019/20	
Direct Inputs	Actual	Actual	Budget	Average
01-2-224-301 Salaries	101,848	137,083	167,900	135,610
01-2-224-302 Benefits	20,017	25,639	34,800	26,819
01-2-224-303 Supplies	89	833	1,400	774
01-2-224-304 Telephone	349	369	1,368	695
01-2-224-305 Travel	5,855	3,792	10,500	6,716
01-2-224-308 Clothing	26	1,399	900	775
Transfer to Reserves - IT Equipment and				
01-2-224-399 Vehicle Depreciation	1,800	10,040	10,040	7,293
Total Direct Inputs	129,984	179,156	226,908	178,683
Overhead Allocation				24,471
Total Costs				203,153
Allocation				
Berwick			6.5%	\$ 13,205
Kentville			21.5%	\$ 43,678
Kings			72.0%	\$ 146,270
			100.0%	\$ 203,153

Appendix C - Overhead Calculation

	2017/18	2018/19	2019/20	
	Actual	Actual	Budget*	Average
Municipal Complex	\$ 537,450	\$ 530,230	\$ 555,750	\$ 541,143
Less portion for lobby/Chambers	(134,363)	(132,558)	(138,938)	(135,286)
Staff Portion	403,088	397,673	416,813	405,858
FTE excluding outside workers	49.6	54.8	56.8	53.7
Building Cost per position	8,125	7,255	7,340	7,555
FTE Budgeted for Fire Inspection				2.7
Building overhead to allocate				<u>\$ 20,399</u>
Fire Inspection Training	<u>\$ 2,072</u>	<u>\$ 2,621</u>	<u>\$ 4,516</u>	<u>\$ 3,070</u>
Finance support staff - billings, analysis - estimated at 10 hours per year between Accounting Analyst and Financial Analyst			Average salary & benefits	\$ 81,214
			Hours per year	<u>1,820</u>
			Cost per hour	45
			Estimated hours per year	10
			Cost to allocate	<u>\$ 446</u>
Database Admin - estimates 1 hour per month to maintain fire inspection database			Average salary & benefits	\$ 84,361
			Hours per year	<u>1,820</u>
			Cost per hour	46
			Hours per year	12
			Cost to allocate	<u>\$ 556</u>
			Total Overhead to Allocate	<u>\$ 24,471</u>

**2019/20 Budget less property tax which is no longer an ongoing cost, in the new complex there will be an offsetting cost related to depreciation and the transfer to capital reserves*

Description	Summarized Approach	Target Date	Status Update Dec 09, 2019
<p>Item #1 Program reviews: A review of programs and cost-recovery methods being offered and used by the Municipality in the provision of services such as IT and inspections to MOK clients and third parties</p>	<p>MoK is undertaking reviews of select programs with the intent of identifying resource requirements, efficiencies, and technology applications or enhancements.</p> <p>Fire Inspection was selected for the first review</p> <p>To address chargeback recovery formulas, staff are undertaking "Activity Based Costing" (ABC) exercises. The ABC exercises will identify how costs could be allocated to MoK clients, other Municipalities, and Municipal Corporations.</p>	<p>Data Compilation (Finance): October 30, 2019</p> <p>Staff Review (Inspection & Finance): November 30, 2019</p> <p>Report to Committee: January 30, 2019</p>	<p>Fire: Briefing by Fire Inspection Working Group included as Item #8 on this, December 09, 2019 Budget & Finance Committee Agenda Package.</p> <p>IT: Cost recovery model has been drafted for all external locations where IT services are provided. This model will be reviewed as part of the IT department operating budget meeting. Once reviewed a briefing will be prepared for the committee.</p>
<p>Item #2 Chargeback formulas: The fees and charges related to properly structured programs are to be embedded in policy or contract.</p>	<p>Lessons learned in the Fire Inspection review will be used to examine other programs, e.g. IT services, Building Inspection and By-Law Enforcement</p>	<p>December 31, 2019 (IT)</p> <p>June 30, 2020 (Building)</p>	<p>See Item #1 update.</p>
<p>Item #3 Budget Development Process: Budgets for the Municipality are to be developed in an ordered and timely manner</p>	<p>The intent has been and continues to be having the ongoing operations of the Municipality be planned and administered in accordance with a standardized timeline that allows for consultations, drafting, and a Council review and approval period.</p>	<p>Ongoing</p>	<p>Annual Item - Last Approved at Council Nov 5, 2019 for the 2020/21 fiscal year</p>

Description	Summarized Approach	Target Date	Status Update Nov 18, 2019
<p>Item #4 Accountability Report Review:</p>	<p>A quarterly report will be presented which will identify significant variances and provide a yearend forecast of financial results.</p> <p>As per Section 4. c. 2. of the amended Budget & Finance Terms of Reference; <i>Section 4.c.2.</i></p> <p><i>Ensure that:</i></p> <p><i>a) Council receives timely, meaningful reports that keep it properly informed of all Department's financial situation and that provide the information needed for decision making;</i></p> <p><i>b) All financial reports to the Council clearly display the financial results of each principle area of activity and include relevant information such as: actual-to-budget variance and year-to-date variances and outlook, and reflect events to-date or anticipated factors. Future year's implications must also be discussed</i></p>	<p>Quarterly presentations.</p> <p>Presented at the 2nd committee meeting, subsequent to quarter end date.</p> <p>4th quarter accountability to be presented once year end financial information is compiled.</p>	<p>Q2 2019/20 Accountability Reports (Operating & Capital) are scheduled to go to COTW on Dec 17, 2019</p>
<p>Item #5 Level of Spending Review</p>	<p>As per the Budget & Finance Terms of Reference Section 4. d., the committee will work in conjunction with the Audit Committee to complete the review of the existing Procurement Policy. Once this policy has been reviewed and any amendments made, the Budget & Finance committee will annually review the levels of spending and make recommendation to Council as needed.</p>	<p>Procurement Policy review will be complete by Dec 31, 2020 as per Audit Committee's approved work plan.</p> <p>Once initial policy review is complete and recommended changes have been approved, this item will continue as an Annual Item for review.</p>	<p>Management continues to review the flow charts and make changes as identified. Anticipated completion date is in the next few weeks.</p>

Description	Summarized Approach	Target Date	Status Update November 18, 2019
Item #6 Public Engagement	To develop and maintain the standards for Public engagement related to the communication of the annual municipal budget.	On-going item. Material to be produced and available once the budget has been approved each year.	Community Engagement Session took place Nov 26, 2019. A wrap up report will be provided to Budget & Finance Committee and COTW at a future meeting.