






Town of Fort Smith
Municipal Services Committee
Tuesday, March 12, 2024, at 8:15pm
Town Hall Council Chambers

AGENDA

1. Call to Order
2. Declaration of Financial Interest
 - a. Statement of Disclosure of Interest
3. Delegations
4. Review
 - a. Agenda
 - b. Minutes
 - c. Visions and Values
5. Directors Report
6. Advisory Boards
 - a. Sustainable Development Advisory Board
7. Bylaw/Policy Review and Development
8. Administration
9. Other Business
10. Excusing of Councilors
11. Date of Next Meeting
12. Adjournment

Attached Documents	
 Statement of Disclosure of Interest	
 Municipal Services Minutes February 13	 Vision and Values.pdf



Town of Fort Smith
Code of Conduct for Council Members

ATTACHMENT A

STATEMENT OF DISCLOSURE OF INTEREST

Name of Council Member: _____

Date of Disclosure: _____

Council Meeting or

Committee Name: _____

Meeting Date: _____

Agenda Item: _____

Agenda Item Description: _____

Description of type and nature of Interest (i.e., Interest or Conflict of Interest)

Interest: Personal

 Pecuniary

Conflict of Interest:

Signature: _____ Date: _____

Councillor: _____

Office Use Only:

Recorded by _____ at: _____

Initials: _____

Date: _____



Town of Fort Smith
Municipal Services Standing Committee
Tuesday, February 13th, 2024, at 7:22 pm
Town Hall Council Chambers

Chairperson: Cr. Campbell
Members Present: Mayor Daniels, D/M Korol, Cr. Fergusson, Cr. Tuckey, Cr. Couvrette, Cr. Beaulieu, Cr. Pischinger
Regrets: Cr. Beaulieu
Staff Present: Tracy Thomas, Senior Administrative Officer
Katie Reid, Executive Secretary
Guests: Keith Morrison, SKL Consulting

1. Call to Order

Mayor Daniels called the meeting to order at 7:22 pm and handed the Chair to Cr. Campbell.

2. Declaration of Financial Interest

- a. Statement of Disclosure of Interest – There were no disclosures of financial interest.

3. Review

- a. Agenda – The agenda was reviewed.

RECOMMENDATION

Moved by: D/M Korol

Seconded by: Cr. Fergusson

That the agenda be adopted as presented.

CARRIED UNANIMOUSLY

- b. Minutes – The Municipal Services Standing Committee Minutes of January 16th, 2024, were reviewed and adopted at the Regular Meeting of Council on January 30th, 2024.

- c. Vision and Values – The Vision and Values were reviewed.

4. Directors Report

- a. Municipal Services Director Report January 2024 – The Director's Report was reviewed. Administration advised of an issue with arena ice surface being scraped too low, but that ice surface was flooded and repaired in one-day. Additionally, she advised that a line was hit with the Town bobcat and they believe the line to be an old unused line but are awaiting confirmation. She noted that a portion of Camsell Street is closed as a result, but will be reopened soon, and is not impacting access. Further, Administration advised that remediation work is near completion. Mr. Morrison noted that seven remediation tenders were issued on Town and Commissioner's land and that timber is being relocated to Town lands for implementation of a distribution program in the spring. He noted that funds expended are reimbursable by MACA.

5. Administration

- a. Briefing Note Draft 20-Year Capital Plan – The briefing note was reviewed. Mr. Morrison reviewed the budget process prior to approving the Capital Plan and noted that the budget has a legislated approval date while the Capital Plan doesn't.

Mr. Morrison advised that the 20-Year Long-term Capital Plan (LTC) is an inventory of all assets owned by the Town, and the replacement costs of the assets compared to current capital revenues. He noted that the LTC informs the 2024 Capital Plan regarding infrastructure requiring replacement in 2024, and the funds available.

Mr. Morrison reviewed assumptions, and noted that the list of Town assets includes vertical infrastructure (buildings), and horizontal infrastructure (linear assets), and all fleet and equipment. He noted that the NWTAC Insurance Program provides current insured replacement costs for most assets and that this information, combined with the year the asset was constructed/purchased and industry-standard asset lifetimes, allows the Town to determine when assets should be replaced and at what cost. Further, major assets have a mid-life retrofit included at 25% of the asset value to allow for major reinvestments in the asset such as envelope upgrade, interior fit-up, and HVAC replacement. He continued that while most assets have a defined lifetime, some renew annually such as for computer replacement or fire abatement, and that linear infrastructure is replaced cyclically, with funds accrued and expended as required. He advised that by having all assets listed in the LTC, the Town is able to see the total annual asset replacement costs looking forward 20-years and that the 20-year period was chosen to capture the mid-life retrofit of most Town infrastructure.

Mr. Morrison advised that the Town has limited ability to borrow money and that the lending limit is approximately \$10 million of which \$4 million is still in use for Arena renovations. Further, the Town can only borrow funds over a 10-year term which results in large annual payments typically funded through aggressive property tax revenue increases. He provided an example of \$6 million payable in 10 years, which would result in a \$600k annual payment or a 20% property tax revenue increase. In consideration of this, he indicated that Town is required to save funds to be available for asset replacement when due. He noted that LTC lists all currently available revenues including GNWT CPI funds, Federal Gas Tax funds, and Town Reserve contributions, and contrasts them against the annual capital replacements expenses. He continued that this results in either a deficit of available capital funds and the need to risk manage asset replacement or a surplus which can be carried forward. Further, he noted that funds in reserves collect interest, and CPI/Gas Tax contributions have been increasing and that increases are offset by increases in asset replacement costs due to inflation.

Mr. Morrison reviewed caveats, and advised that assets not included in the NWTAC insurance appraisals include the Fire Hall, Landfill, Sewage Lagoon, Snowboard Park, Boardwalk and Lookout, Cemeteries, Skateboard Park, Parks and Playgrounds, Sand Spreader, Compactor, IT Assets, or Linear infrastructure such as sidewalks, watermains, etc. He suggested that insurance on these assets should be obtained immediately if not already insured.

He noted that linear asset quantities have changed as a result of the recent paving program including additional paved roads and trails, and that 2019 quantities were available.

He advised that some equipment values used by NWTAC were depreciated values and not replacement values (estimates used in these instances) and that no fleet values were provided by the NWTAC (estimates were again used). He continued that it was assumed that the tool carrier is still leased (replaced every 5-years and due 2024) and skid steers replaced annually. Further, significant fleet and equipment purchases were recently made and end-of-life equipment have not been surplussed and replaced. He noted that fleet requiring surplus is noted in green in the LTC and should be disposed of unless required for backup for essential services such as for the sewage, water, and garbage trucks.

Mr. Morrison advised that most information regarding current reserve balances, etc., is based on the 2022 Audit, and while 2023 revenues are mostly known, expense information is missing or only available to the 3rd Quarter of 2023. He noted that this is problematic with miscellaneous funding. He continued that fund balances were not provided and that the Financial Administration Bylaw requires that any aged surpluses in the funds be transferred to reserves, but this has not been happening. Further, the Financial Administration Bylaw requires \$300k be contributed to reserves annually, as well as \$25k for Ambulance replacement and \$50k for Landfill remediation, however is at the will of Council and can change arbitrarily.

Mr. Morrison advised that Federal Gas Tax is conditional funding that can only be spent on roads and utility infrastructure, however the analysis does not differentiate between asset types. He noted that while the analysis allows for the complete expenditure of Town Reserves, use of Reserves for Capital expenditures limits cashflow in the case of emergency. He noted the hazards of risk managing infrastructure at end of life as operation and maintenance costs significantly increase and negatively impact O&M budgets, services to residents decreases, unplanned failure of assets have a direct impact on residents, and reactive repair of unplanned failures is much more expensive and time-consuming than preventative replacement. He continued that given that most assets are aged with no commensurate reserve allocations, annual contributions equal replacement value/remaining life at a considerably larger amount. Lastly, he noted that pending level of services increases may add assets to the LTC such as composting and recycling to the Landfill, adding Ambulance parking to the Fire Hall, and a storage building for the Compactor.

Mr. Morrison provided an analysis, and noted that the Town currently has an infrastructure inventory of \$249 million which results in a \$34.9 million revenue requirement for 2024. He noted that revenues for 2024 are expected to be approximately \$17.6 million and that the Town has \$5.1 million in reserves and GNWT and Federal contributions.

Mr. Morrison advised of a significant shortfall of \$17.3 million in 2024 and that the annual shortfall reduces as the years progress and spending catches up with aging infrastructure with a total infrastructure debt of \$117.8 million by 2043. He noted that as a result, the Town is required to risk manage asset replacement and not replace infrastructure at end of life as indicated in “red” in the LTC.

Further, Mr. Morrison advised that the review of the LTC indicates the following, a \$3.3 million annual increase in revenue would reduce the deficit to zero over 20-years, how ever the infrastructure debt would be approximately \$52.2 million, and a \$5.9 million annual increase in revenue would reduce the debt to zero over 20-years.

He continued that the GNWT has advised that they currently underfund the Town by approximately \$3.5 million annually and that inflation is aggressively exceeding revenue increases which causes deficit to increase not decrease. He noted that in 2020 the value of all assets was \$187 million and in 2024, \$249 million, which is a 33% increase while CPI and Gas Tax have only increased by 14%. Further, he noted that Federal infrastructure stimulus spending programs (SCF, ICIP, BCP, etc.) have tapered off reducing revenue options.

Mr. Morrison advised that the analysis does not allow for new assets, only the replacement of existing assets and that any new assets currently not listed in the LTC would increase annual revenue requires and delay the reduction of deficit while placing additional pressures on operating budgets through the increased need to operate assets and save for replacement. Further, he noted that the Auditor has valued the depreciation of Town assets at \$1.4 million annually which is significantly less than the \$6.5 million calculated by the Town's 2043 value, but that the depreciation value does not allow for mid-life retrofits. Additionally, the Auditor does not use the same definition of capital assets as the Town and the Town has leeway with reserve funds with their origins from the O&M Budget.

- b. Briefing Note 2024 Capital Plan – The briefing note was reviewed. Mr. Morrison advised that in 2023 council approved the 2023 5-Year Capital Investment Plan (CIP) which identified 45 capital projects to undertake in 2023 using forms provided by the GNWT. Further, he noted that in July 2023, Council approved a 2023 Capital Project Update which uses a project substantiation sheet for each project a priority matrix to prioritize projects which reduced the number of projects for 2023 to 33. He continued that the draft 2024 Capital Plan intends to use the modified 2023 Capital Project Update as a base, removing any completed projects and adding any new projects required in 2024. He indicated that new project's have substantiation sheets and incorporated into the original Priority Matrix and that projects currently underway will be identified to ensure work can continue.

Mr. Morrison advised that new projects in the CIP include: Garbage Truck Procurement, Bike Track Development, Water Treatment Plant Upgrade, and the Integrated Transportation Master Plan. He noted that the Human Resources Project identified in the CIP is scheduled to occur in 2025 but is currently underway and that the project budget has been increased by \$200k to allow for expenses already incurred.

Mr. Morrison noted that the Economic Development Zone and Climate Change Adaptation Plan projects are detailed in the project justification section of the CIP but are not carried over the actual Capital Plan section of the CIP. He noted that this is problematic as external funding has been received for both projects and suggested determining if funds are still available. He suggested adding to the 2024 Capital Plan if funds are still available.

Mr. Morrison noted that the 2023 Capital Project Update de-prioritized the Community Art Initiative and Slope Stability Design projects which is also problematic due to external funding that has been received.

Further, Mr. Morrison advised that changes to existing projects have been avoided but that cost increases have been incorporated for IT Recommendation, Asset Management System Implementation, Annual Fire Abatement, and Water Treatment Plant Upgrades. He noted that additional potential projects for 2024 include the Functional Review, Street Light Program, Economic Development Plan update, Pump Stations, and Winter Power Outage Preparedness.

Mr. Morrison noted that the intent is for Council to review the Priority Matrix and approve the projects identified and that delayed projects be low priority.

Mr. Morrison suggested the Town consider external project management support that understands municipal requirements and a municipal operating environment. He noted that capital funds can be used to pay for external project management services, reducing pressure on Administration and the O&M Budget. Further, he suggested the approval of the 2024 Capital Plan includes allowing Administration to reallocate project funds for professional fees should external project management be required.

Mr. Morrison noted that the 2024 20-year Long-term Capital Plan will require revision once the prioritization exercise is complete, and the 2024 Capital Plan is approved.

6. Excusing of Councillors

RECOMMENDATION

Moved by: Cr. Couvrette

Seconded by: D/M Korol

That Cr. Beaulieu be excused from the Municipal Services Standing Committee meeting on February 13th, 2024.

CARRIED UNANIMOUSLY

7. Date of Next Meeting

The next Municipal Services Standing Committee meeting will be held on March 12th, 2024.

Mayor and Council agreed to have a Special Meeting on Monday, February 18th for further review and prioritization of the draft 2024 Capital Plan and 20-Year Long Term Capital Plan.

8. Adjournment

RECOMMENDATION

Moved by: Cr. Couvrette

Seconded by: D/M Korol

The meeting be adjourned at 8:50 pm.

CARRIED UNANIMOUSLY

Vision

The vision statement outlines what our community wants to be. Our vision statement provides a basis for future decision-making and activities.

The Town of Fort Smith will work with our partners to enhance our excellent quality of life by respecting values, traditions, and healthy lifestyles. We will continue to advance as a unified, active and prosperous community.

Values

The mission defines how the Town will operate; it represents what is fundamentally important to us in how we work with each other and represent the citizens of Fort Smith.

- **Welcoming** – we are a friendly community which embraces our visitors, students and residents alike.
- **Innovative** – we take on new challenges in the pursuit of excellence.
- **Sustainable** – we are committed to sustainability in our Town’s operations and development.
- **Unified** – we work with Indigenous governments and our partners to implement our plans and achieve our goals.
- **Committed** – we operate professionally and to the highest ethical standards.