



**SEVERN SOUND ENVIRONMENTAL ASSOCIATION  
JOINT MUNICIPAL SERVICES BOARD  
SPECIAL MEETING**

**July 4, 2013**

**Town of Midland Lower Level Boardroom  
Dominion Avenue  
Midland, ON**

**Approved Minutes for Board**

Present	Councillor Ron Stevens	SSEA Chair/Township of Severn
	Councillor Andrew Hill	City of Orillia
	Deputy Mayor Stephan Kramp	Town of Midland
	Deputy Mayor Pat Marion	Town of Penetanguishene
	Councillor Kelly Meyer	Township of Oro-Medonte
	Mayor Ray Millar	Township of Tiny
	Councillor Dave Ritchie	Township of Tay
	Councillor Perry Ritchie	Township of Springwater
	Councillor Paul Wiancko	Township of Georgian Bay
	Keith Sherman	SSEA ED
Gail Marchildon	SSEA OM	
Guest	Marc Villeneuve	Director of Finance/Treasurer Town of Midland
	Judy Hancock	Deputy Treasurer

**SPECIAL MEETING PURPOSE: REVIEW SSEA 5 YEAR DEFICIT PLAN OPTIONS**

**1. WELCOME**

Chair Ron Stevens welcomed the SSEA board 9:00 AM

**2. REPORT ON PLAN TO ELIMINATE DEFICIT- KEITH SHERMAN**

This meeting was called in response to the Town of Midland's request that the deficit plan be reviewed prior to the SSEA's next Board meeting scheduled July 18, 2013. The Town of Midland's next Council meeting is July 22, 2013. The following options have been discussed with the Town of Midland Treasurer and Deputy Treasurer, the SSEA Chair and the SSEA Vice-Chair prior to this meeting. The goal of the plan is to eliminate the SSEA deficit within 3-5 years. The SSEA has been working closely with the Treasurer to significantly improve reporting and analysis of revenues and expenditures against budget. SSEA's core staff are part of the operations budget. Portions of regular and contract staff salaries are funded by Special Projects. Commitment to contract staff will only be

made where the supporting project has committed funding. The following options were tabled:

1. Continue to plan a small surplus each year for SSEA operations (\$15,200 in 2013) and depend on the Special Projects for the planned surplus in future years. This option would have higher uncertainty since the Special Projects are generally proposed and funded on an annual basis.
2. Plan an additional payment from SSEA municipal partners starting in 2014 of \$25,000 per year. Special Projects making use of data would also have a budgeted surplus to contribute to reducing the deficit each year. This option would provide an increased certainty of paying down the deficit within five years.
3. Plan an additional payment from SSEA municipal partners starting in 2014 of \$50,000 per year. Special Projects making use of data would also have a budgeted surplus to contribute to reducing the deficit each year. This option would provide an even higher certainty of paying down the deficit within five years.
4. Plan an additional payment from SSEA municipal partners in 2014 to pay down the deficit within the year.

#### Comments from the Board:

Vice-Chair Ray Millar commented that the technical issues experienced by Town of Midland staff attempting to enter data into the financial data base, even with SSEA staff working until 8PM the evening before, meant the 5 year budget reports for this meeting could not be distributed in advance. He further commented that classifying the documents as confidential in an open meeting would be inconsistent with protocol of an open meeting. This said, after reviewing the 5 year budget plan, Ray felt that this document should indeed be subject to confidentiality not under the Open Meeting Legislation but rather under the legislation of the Municipal Freedom of Information and Protection of Privacy Act. Ray went on to say that if this information were to become public, it could seriously disadvantage the SSEA with respect to potential competing service providers. While the written report should remain non-confidential, it was his opinion that the 5 year budget plan document (the blue sheets providing detail for 2014) remain confidential.

Ray noted that this conversation has been recorded by an outside group and asked if any permission was sought. He viewed this as problematic.

Ron Stevens commented that regarding the report, nothing was discussed as a group regarding personnel matters other than seeing this report with our own eyes.

Ray Millar suggested any further discussion on this topic be moved to an in camera session.

Ron Stevens asked for the Board's decision on whether or not this meeting should continue or be moved to an in camera session.

The Board decided to continue on without discussion of matters considered confidential.

**RECOMMENDATION:**

It is recommended that the SSEA Board approve option 2 over the next five years of funding. In addition, it is recommended that the Board communicate the funding option to each municipality and seek their concurrence with the plan.

It is further recommended that the SSEA Board request that the Town of Midland continue to support the deficit to an amount not to exceed \$350,000 on behalf of the SSEA municipal partners with provision of interest calculated on a quarterly basis on the average balance, according to the existing rate as adjusted.

**Comments:**

Ron Stevens checked to confirm once again that the Board was still willing to proceed with discussing these recommendations.

Board agreed.

Pat Marion commented that based on 1<sup>st</sup> quarter numbers, option 1 could be easily accomplished.

Kelly Meyer commented that she would like to explore option 1 further before jumping to option 2.

Ray Millar expressed concern with option # 1's ratio of Special Projects to normal operations with respect to how the deficit occurred. He agreed the deficit should be funded by a surplus of operations if in fact the deficit was due to Operations only. He felt that because we cannot make that assumption, it is not appropriate that a fixed portion be shared by the member municipalities on a pro-rated basis. Ray's view lies somewhere between option # 1 and # 2 depending on the assumptions that can be made using historical data to determine the Special Projects ratio to operations.

Paul Wiancko commented that he felt Midland would want more assurance that retiring the debt is manageable over the next five years and so felt they would want option 2 hence his support for that option.

Stephan Kramp commented the Midland Council has been discussing a number of other issues around the full cost recovery for the SSEA stating that CAO has been asked to come back to Council with a report that will in turn be shared at the SSEA's 2<sup>nd</sup> quarter meeting.

In answer to Stephan Kramp's suggestion that the Town was covering insurance for SSEA, Keith commented that the SSEA has separate insurance equivalent to an organization's separate insurance; SSEA provides a certificate of insurance yearly to the Town of Midland.

Stephan Kramp asked if the SSEA budget included WSIB costs.

Keith commented that the SSEA would have to investigate the costs. He went on to comment that:

1. The SSEA, based on the number of people and their related premiums, are included in the benefits that SSEA funds meaning the Town of Midland bears no extra charge.
2. The additional SSEA headcount combined with the fact that the SSEA has had no reported accident means the Town of Midland benefits from lower premiums as a result of the improved rating.

Keith commented that we are covered under the Town of Midland as per agreement. When the SSEA contracts an outside worker, they require a WSIB Clearance Certificate that they provide to the Town of Midland. The Town of Midland data base of contractors is the SSEA's source of information when ensuring that contractors that are shared have WSIB coverage.

Ray Millar supported Keith's comments stating that if there are increases to the Town of Midland's WSIB costs, the SSEA has certainly not contributed to those increased premiums given they are low risk with no reported accidents.

Keith further commented that the SSEA pays to the Town of Midland fees for the Town of Midland's services such as Treasurer, IT and administration costs and that if this needs to be adjusted, then the SSEA needs to hear this.

Stephan Kramp added that he has had monthly meetings with the Mayor and CAO and one issue on the table is a 100K cap which would significantly change options tabled today.

Ray Millar went on to say that the WSIB issue is a red herring; all municipal employees are at the same cost regardless if they are fire fighters or clerical staff. Ray felt the line of credit issues do not affect us today in terms of what decision we make. If the Town of Midland is not willing to float the 350K line of credit on behalf of all the municipal partners, then he suggests the SSEA look elsewhere. We are a nine member organization that can be guarantors to this line of credit, there are a number of options. It is a zero net as the SSEA pays through its project fees, fees for service etc all its financial costs. Ray does not feel that we need to review the options again.

Dave Ritchie supports Option # 2. He commented that we are serious about paying this deficit down and we will be in good shape at the end of the day. Dave supports eventually having a surplus as a cushion. It's taken a long time to get into this position but feels with all the new work coming in, the SSEA has a great future.

Stephan Kramp commented that he supports Option # 4. Stephan commented that everyone knows the SSEA is a good organization that we all stand behind and a onetime cost would not be a hardship for municipalities using Severn Township and Georgian Bay Township as examples. Stephan further commented that regarding the 38K for Midland as a onetime fee, he would be more than willing to take this back to his council to seek approval. Option # 4 would resolve the line of credit and interest issues and other discussions; this would clean the table for a new start. Most important, in terms of legacy cost, everyone pays for the legacy cost up front in an equitable manner. Stephan also commented that by cleaning the slate, it would allow the SSEA to keep their fees down and not overcharge for their services.

Ray Millar commented that he does not support a onetime payout. For his municipality it would mean a 1% tax increase therefore it is not an option and feels this could imply a municipality opting out due to Option # 4. The cost recovery plan does not imply overcharging for services; it is a full cost recovery for charges that have been either under charged or not charged at all for services in the past. A surcharge is not an accurate statement. Any normal business would manage in the same way. The fact that the SSEA does so much for so little, it's a matter of moving forward and charging reasonable fees for services. Ray commented the option to discharge the deficit and build reserves over a period of time makes better business sense therefore he would be in support of Option #2 however he would like to add a provision that should the Town of Midland not be willing to cover the SSEA or the line of credit to support the efficient operation of the SSEA that we allow ourselves some opportunity to secure a separate line of credit as guaranteed by the nine member municipalities.

Pat Marion agreed with Ray commenting he does not want municipalities to opt out due to the costs of a onetime deficit recovery.

Stephan Kramp further commented he agrees that he does not want any municipalities to opt out of the SSEA therefore Option # 4 would not be the way to go, he wants the municipalities to remain united supporting the SSEA. With regards to Mayor Millar's comments, he does not agree that a new surcharge on special projects will not be added to pay the deficit. His understanding from previous meetings is that there will be added surcharges to pay off the deficit. He would support Option # 2 if this is clearly stated.

Ray Millar commented that rather than a surcharge it is more accurately reflected as a cost recovery fee as they had not been accurately reflected in the past.

Pat Marion commented he has been on the board for several years and has always seen a break even budget and feels you cannot run on this basis in business, you have to run a surplus, not for a profit but to recover all unexpected costs incurred due to unanticipated costs the following year.

Kelly Meyer supports Option #2 in principal and asked about the timing for this proposal as it will have be a part of their 2014 budget plan.

Stephan Kramp stated that he met with the CAO and Mayor on Monday and that he has brought all issues to the table on their behalf including the 100K cap.

Keith Sherman commented that we have been working on this plan with the Town of Midland all the way along, there has been no direction given or letters received from the Town of Midland regarding a 100K cap.

**1. Recommendation:**

**Moved by: Ray Millar**  
**Seconded by: David Ritchie**  
**Carried Unanimously.**

**Motion: It is recommended that the SSEA Board approve Option #2 over the next 5 years of funding. In addition, it is recommended that the Board communicate the funding option to each municipality and seek their concurrence with the plan prior to municipalities completing their 2014 budgets.**

**2. Recommendation:**

**Moved by: Ray Millar**  
**Seconded by: Pat Marion**  
**Carried.**

**It is recommended that the SSEA Board request to the Town of Midland continue to provide administrative services to the SSEA on a full cost recovery basis shared by all nine member municipalities and to support the operational line of credit with prevailing rates in the amount of \$350,000.00 subject to annual review and planned reductions.**

**Discussion of Motion:**

Stephan Kramp stated that although he thinks this a great plan of approach and in no way disagrees with the concept, regarding this Motion, he must stay

consistent with the motion brought before Midland council; therefore his vote remains a nay and he cannot support the \$350,000.00 line of credit.

**3. Motion:**

**Moved by:** Kelly Meyer  
**Seconded by:** Perry Ritchie

**Motion to adjourn the meeting.  
Carried.**

Handwritten signatures in blue ink. The first signature is "Keith Sherman" and the second is "Ron Stevens". Both are written over a horizontal line.

Keith Sherman, Executive Director/ SSEA Chair Ron Stevens