



## **The Corporation of the City of Stratford Finance and Labour Relations Sub-committee MINUTES**

Date: October 22, 2019

Time: 3:30 P.M.

Location: Council Chamber, City Hall

Sub-committee Present: Councillor Gaffney - Vice Chair Presiding, Councillor Beatty, Councillor Bunting, Councillor Ritsma

Regrets: Councillor Clifford

Staff Present: Michael Humble - Director of Corporate Services, Joan Thomson - Acting Chief Administrative Officer, Tatiana Dafoe - Acting Clerk, Jodi Akins - Council Clerk Secretary

Also present: Rick Orr, Kelly McCann

### **1. Call to Order**

The Vice-Chair called the meeting to Order.

Councillor Clifford provided regrets for this meeting.

### **2. Disclosure of Pecuniary Interest and the General Nature Thereof**

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a

member of Council has not been disclosed by reason of the member's absence from the meeting, to disclose the interest at the first open meeting attended by the member of Council and otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

No disclosures of pecuniary interest were made at the October 22, 2019 Finance and Labour Relations Sub-committee meeting.

### 3. Delegations

#### 3.1 2020 Insurance Renewal (FIN19-038)

**Staff Recommendation:** THAT the report regarding the City of Stratford's 2020 Insurance Renewal for the period December 31, 2019, to December 31, 2020, be received for information.

Motion by Councillor Beatty

**Sub-committee Decision:** THAT Rick Orr be heard.

**Carried**

**Sub-committee Discussion:** Rick Orr, of Orr Insurance Brokers, advised that he met with BFL Canada, the City's commercial insurance provider and the Director of Corporate Services requested that he present an update on the 2020 policy renewal to Sub-committee.

Mr. Orr advised that BFL was engaged at the tail end of a soft market and doesn't believe the City would have achieved the same savings this year. Updates on the insurance industry as a whole, including the underwriting side, were provided. Low interest rates, #MeToo litigation in the US, the opioid crisis and the highest weather-related losses in history have created tough liability years and a shrinking market has led to increased scrutiny of municipal accounts and risk management processes.

There were two significant losses this past year, the cyber-attack and the bus accident at the Kalbfleisch building, creating a poor loss ratio for a single year. He noted that he is regularly seeing 10-15% increases in retail insurance premiums. The renewal proposal for the City this year is an increase of 11%. He noted that both major incidents noted previously were covered by different providers than the Lloyd's of London liability insurer, or the renewal increase would have been much higher.

He suggested that the City has done a good job at risk mitigation, even with experiencing two large losses. The only change in coverage is a new minimum deductible for cyber liability for municipalities of \$25,000.

He will meet with staff to go over the policy in detail.

Motion by Councillor Beatty

**Sub-committee Recommendation: THAT the report regarding the City of Stratford's 2020 Insurance Renewal for the period December 31, 2019, to December 31, 2020, be received for information.**

**Carried**

#### **4. Report of Festival Hydro Inc.**

##### **4.1 Financial Statements and Commentary for Festival Hydro Inc. (FHI) – Q2 ending June 30, 2019 (FIN19-040)**

**Staff Recommendation:** THAT the Festival Hydro Inc. financial statements and commentary for the period ending June 30, 2019, be received for information.

Motion by Councillor Ritsma

**Sub-committee Decision: THAT a representative of Festival Hydro Inc. and Festival Hydro Services Inc. be heard.**

**Carried**

**Sub-committee Discussion:** Kelly McCann, Chief Financial Officer of Festival Hydro, reviewed the financial statement commentary for the period ending June 30, 2019, noting that they are \$74,000 ahead of budget.

With regard to balance sheet commentary, they are carrying ahead accounts receivable in the amount of \$330,000, decreased unbilled revenue in the amount of \$890,000 since June 2018 was attributed to a lower spot rate and less consumption, regulatory assets have increased \$784,000 over last year and deferred revenue is higher as a result of increased subdivision/customer driven work.

With regard to variances on the income statement, distribution revenue is below budget by \$137,000, driven by lower consumption and lower residential revenue due to an error in budget which did not take into

account partial months. Other revenue is ahead of budget by \$68,000 due to increased server rental revenue and higher management fee revenue. Operating and maintenance expenses are under budget by \$100,000 largely related to a timing difference. The cost to complete the transformer station maintenance was less than anticipated, resulting in \$8,000 left in the budget. Administration costs are \$40,000 less than the budgeted amount due to administrative changes and timing differences.

Motion by Councillor Ritsma

**Sub-committee Recommendation: THAT the Festival Hydro Inc. financial statements and commentary for the period ending June 30, 2019, be received for information.**

**Carried**

## **5. Report of Festival Hydro Services Inc.**

### **5.1 Financial Statements and Commentary for Festival Hydro Services Inc. (FHSI) – Q2 ending June 30, 2019 (FIN19-041)**

**Staff Recommendation:** THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending June 30, 2019, be received for information.

**Sub-committee Discussion:** Kelly McCann, Chief Financial Officer of Festival Hydro, advised they are \$1,000 ahead of budget. With respect to capital asset additions, 41% of the budget has been spent and they anticipate spending the entire budget, with a possible overspend on fibre expansion.

With respect to the income statement, revenues are \$18,000 ahead. Consulting services and operating expenses are running \$16,000 over budget due to business development, administration and outside services costs.

Motion by Councillor Bunting

**Sub-committee Recommendation: THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending June 30, 2019, be received for information.**

**Carried**

## **6. Report of the Manager of Financial Services**

### **6.1 Internal Borrowing (FIN19-042)**

**Staff Recommendation:** THAT Council approve internal borrowing from the Reserve Funds in the amount of \$5,897,975 over 10 years at a rate of 3.00%.

**Sub-committee Discussion:** The Director of Corporate Services reviewed the report. In response to a question regarding what they will do going forward, the Director stated that if there is a reasonable expectation that an expense will be incurred, it should be budgeted for.

Discussion took place about costs savings.

Motion by Councillor Beatty

**Sub-committee Recommendation:** THAT Council approve internal borrowing from the Reserve Funds in the amount of \$5,897,975 over 10 years at a rate of 3.00%

**Carried**

### **6.2 Operating Budget Variance Report as at September 30, 2019 (FIN19-043)**

**Staff Recommendation:** THAT the Operating Budget Variance report as of September 30, 2019 be received for information.

**Sub-committee Discussion:** The Director of Corporate Services advised that it is important to review any variances to the budget in September to know what flexibility there is if things come up at the end of year. There is currently a surplus of \$429,764.

Staff have been very successful at accelerating property tax supplemental income with the assistance of a consultant who worked closely with MPAC to reduce the timeframe from MPAC to include additional building activity on the assessment rolls. Staff can then issue supplementary tax bills.

User pay operations are under budget for water and wastewater and on the waste side, there is a projected deficit of \$200,000 as the contracts have come up significantly.

Motion by Councillor Bunting

**Sub-committee Recommendation:** THAT the Operating Budget Variance report as of September 30, 2019 be received for information.

Carried

## 7. Report of the Acting Clerk

### 7.1 Request for Changes to the 2019 Parking Capital Budget – Pay by Plate Installation (G-911-9109) (FIN19-044)

**Staff Recommendation:** THAT Council amend the capital budget for Pay by Plate Installation and reallocate the \$9,907.00 towards the hard wiring and addition of a shelter to the Albert lot pay by licence plate machine;

AND THAT the remaining \$7,971.36 be funded from the Parking Reserve Fund (R-R11-PRKG).

**Sub-committee Discussion:** The Acting Clerk stated that staff are looking for approval to reallocate funds for the Pay by Plate installation funds in the 2019 parking capital budget to the hard wiring of the Albert lot pay by licence machine and installation of a shelter. Staff have received complaints regarding glare on the screen and difficulties with using solar-powered machines during inclement weather. To address these issues, staff are recommending re-allocating these funds towards this initiative. Following approval of this report, staff were advised that a Heritage Alteration permit may be required for the shelter. The Acting Clerk requested that the staff recommendation be amended to reflect that requirement.

In response to what the hurry was, the Acting Clerk responded that significant issues with the solar powered pay by licence plate machines were experienced during inclement weather, particularly in the Albert and Erie Street lots. As the Erie lot is being reviewed for improvement, staff are holding off on hard wiring those units. The main difference between the solar-powered and hardwired machines is a heater in the hardwired units, which seems to help during cold weather.

Concern was noted that shipping is almost 50% of the equipment and installation. The Acting Clerk advised that there are savings when

purchasing more than one unit but staff are not in a position to recommend purchasing additional shelters. Other considerations were the difficulty in locating a provider that would accommodate the Albert lot as it is a very tight spot. Staff would support removing the requirement for a shelter and solely recommending hard wiring.

In response to whether the shelter would go over the machine, the Acting Clerk clarified that there would be a slight overhang, which would assist with keeping freezing rain and snow off the machines. With regard to whether the machines were accessible, the Acting Clerk advised the machines are accessible and that the City adopted an accessible parking permit policy, which does not require those who hold a valid accessible permit to remit payment for parking.

As to whether the shelter has a solar attachment, the Acting Clerk advised it does not. It was suggested by a Sub-committee member that the shelters are not so much about people getting wet while paying; it is because they will provide better protection to the machines.

In response to whether these shelters are being utilized in any other community, the Acting Clerk advised that the City of Sudbury has these shelters. There are other communities that have larger, transit type shelters.

Discussion took place regarding the Heritage Alteration permit process.

Motion by Councillor Ritsma

**Sub-committee Recommendation: THAT Council amend the capital budget for Pay by Plate Installation and reallocate the \$9,907.00 towards the hard wiring and addition of a shelter to the Albert lot pay by licence plate machine, subject to all necessary approvals and permits being obtained;**

**AND THAT the remaining \$7,971.36 be funded from the Parking Reserve Fund (R-R11-PRKG).**

**Carried**

## **8. Report of the Acting Chief Administrative Officer**

### **8.1 Board Remuneration – Festival Hydro Inc., and Festival Hydro Services Inc. (FIN19-039)**

**Staff Recommendation:** THAT the recommendation and background information from Festival Hydro regarding the Boards of Directors compensation packages be received;

THAT consideration be given to adopting the Board's recommended compensation package for the Boards of Festival Hydro and for Festival Hydro Services Inc.;

THAT if approval is given for an increase in remuneration, that the annual Consumer Price Index increase used by the City be applied to the annual retainers;

AND THAT the Declarations of Sole Shareholder for both Boards be amended to implement any revised compensation packages accordingly, effective January 1, 2020.

**Sub-committee Discussion:** The Acting CAO advised that this report is based on a review and survey conducted through Festival Hydro. She clarified that one of the documents is marked confidential but confirmation was received that the documents are no longer confidential.

The first part of the report provides a review of the recommendation for the Festival Hydro Inc. Board of Directors. For Festival Hydro Services Inc., a background survey was not completed, although internal information gathering took place.

The Consultant's Report concluded that overall compensation for the board is well below market rate and made several recommendations, which are included in the staff report. It was noted that most comparators do not provide additional retainers to Committee Chairs and it is not uncommon for comparators to provide numbers for an annual retainer and fees for regular board attendance, however, the recommended fee structure is sufficient to position the board competitively overall.

What the recommendations mean for the Festival Hydro Inc. Board of Directors is that the proposed annual retainer would increase, as well as increased per diems. The proposed new fee structure is shown in the report.

Regarding Festival Hydro Services Inc., there has been no change to the fee structure since 2005. Currently, the Chair receives an annual retainer

and all members received a \$60 per meeting per diem. Comparators receive \$1,750 to \$2,100 per year based on five meetings per year.

The staff recommendation was reviewed. There is no impact on the tax base as compensation is recovered through Hydro Rates charged by Festival Hydro.

It was noted that there are three members of the Festival Hydro Inc. Board of Directors present on Sub-committee and that the recommendation could be forwarded to the rest of Committee for a fulsome discussion.

Motion by Councillor Bunting

**Sub-committee Recommendation: THAT the recommendation and background information from Festival Hydro regarding the Boards of Directors compensation packages be received;**

**AND THAT the following staff recommendations be forwarded to Committee for consideration and discussion:**

**THAT consideration be given to adopting the Board's recommended compensation package for the Boards of Festival Hydro and for Festival Hydro Services Inc.;**

**THAT if approval is given for an increase in remuneration, that the annual Consumer Price Index increase used by the City be applied to the annual retainers;**

**AND THAT the Declarations of Sole Shareholder for both Boards be amended to implement any revised compensation packages accordingly, effective January 1, 2020.**

**Carried**

## **9. Draft 2020 Meeting Schedule**

The Clerk's Office prepared a draft meeting schedule for 2020 for review by Sub-committee.

**Staff Recommendation:** THAT the draft 2020 meeting scheduled be approved.

Motion by Councillor Beatty

**Sub-committee Recommendation: THAT the draft 2020 meeting scheduled be approved.**

**Carried**

**10. Advisory Committee/Outside Board Minutes**

There were no Advisory Committee/Outside Board minutes to be provided to Sub-committee.

**11. Next Sub-committee Meeting**

The next Finance and Labour Relations Sub-committee meeting is Tuesday, November 19, 2019 at 3:30 p.m. in the Council Chamber, City Hall.

**12. Adjournment**

Motion by Councillor Beatty

**Sub-committee Decision: THAT the Finance and Labour Relations Sub-committee meeting adjourn.**

**Carried**

Meeting Start Time: 3:30 p.m.

Meeting End Time: 4:12 p.m.