



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

Date: September 17, 2019

Time: 3:31 P.M.

Location: Council Chamber, City Hall

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

Staff Present: Michael Humble - Director of Corporate Services, Jacqueline Mockler - Director of Human Resources, Janice Beirness - Manager of Financial Services, Jodi Akins - Council Clerk Secretary, Tatiana Dafoe – Acting Clerk, Michael Mortimer – Manager of Environmental Services, Kathy Bjorkquist – Human Resources Coordinator

Also present: Members of the Public and Kimberley Richardson (Item 6.1)

1. Call to Order

The Chair called the meeting to Order.

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 by a Member at the September 17, 2019 Finance and Labour Relations Sub-committee meeting.

3. Delegations

None scheduled.

4. Report of the Manager of Financial Services

4.1 Draft 2018 Consolidated Financial Statements (FIN19-033)

Staff Recommendation: THAT the draft 2018 Consolidated Financial Statements be approved and the 2018 Audit Report be received for information.

Sub-committee Discussion: The Manager of Financial Services advised that the highlights from the financial statement are noted in the report. There was an increase in the annual surplus of \$10 million for 2018 due to land sales and federal gas tax. The bank balance increased by approximately \$20 million as a result of the \$10 million surplus and new debt issued for approximately \$6 million.

The Manager introduced Cameron Johnston of Millard, Rouse & Rosebrugh LLP to discuss the 2018 audit report.

Motion by Councillor Ritsma

THAT Cameron Johnston CPA, CA, LPA, of Millard, Rouse & Rosebrugh LLP be heard.

Carried

Mr. Johnston noted their independence from the City of Stratford as required as auditors. He referenced the audit report attached to the agenda and reviewed the highlights for Sub-committee.

With respect to reportable matters, the auditors found that accounting principles and policies were applied consistently and appropriately and no unusual transactions or misstatements arising from fraud or other irregularities were noted. The process for tracking unadjusted differences, which may be a late invoice not captured before the financial statements were completed, was explained and the dollar amount was found to be insignificant.

Page 8 of the report discusses internal controls and no significant deficiencies were found. Excellent cooperation was received from staff at the City and there no difficulties when completing the audit.

Referring to the draft audit report, Mr. Johnston read the auditor's opinion. The responsibilities of both management and those charged with governance for the financial statements and the auditor's responsibilities were highlighted. No issues overall were noted with the auditor's report.

With respect to the financial statements, there was a \$24 million budgetary surplus. Mr. Johnston explained the process for purchasing assets and how they are shown. They are not shown as a deduction of expense on the income statement, but are shown as an increase in assets and depreciated accordingly.

Significant liabilities were noted, such as solid waste landfill closure costs, deferred revenue and employee benefits.

Motion by Councillor Bunting

Sub-committee Recommendation: THAT the draft 2018 Consolidated Financial Statements be approved and the 2018 Audit Report be received for information.

Carried

5. Report of the Manager of Environmental Services

5.1 Request to Waive Water and Wastewater Charges due to Discolouration Event (FIN19-034)

Staff Recommendation: THAT the report on the request to waive water and wastewater charges due to discolouration event for 94 Louise Street, 90 Louise Street, and 104 Blake Street be received for information.

Sub-committee Discussion: The Manager of Environmental Services reviewed the staff report and stated the homeowner was advised of the meeting but was unable to attend.

In response to a question about how much was spent on chemicals, the Manager responded the homeowner advised he spent upwards of \$200 but did confirm that all of the chemicals would not be needed to rectify the situation.

With regard to what caused the discolouration, the Manager stated it can be caused by changes in dynamics of water flow such as a fire event or flushing of pipes. The Manager believes that using three water sources over many hours may have caused the discolouration event. It was noted that there was a fire event in and around the same time period, however, the homeowner indicated he filled the pool prior to the fire.

Motion by Councillor Beatty

Sub-committee Recommendation: THAT the report on the request to waive water and wastewater charges due to discolouration event for 94 Louise Street, 90 Louise Street, and 104 Blake Street be received for information.

Carried

5.2 Request for Changes to 2019 Capital Budget – Grit Removal System (G941-9782) (FIN19-035)

Staff Recommendation: THAT Council amend the capital budget for the Grit Removal System replacement and re-allocate \$150,000 towards the Tertiary Filter Rehabilitation at the Water Pollution Control Plant.

Sub-committee Discussion: The Manager of Environmental Services advised that staff are looking to obtain approval to amend the 2019 sanitary capital budget for the Grit Removal System replacement and reallocate those funds towards emergency rehabilitation of the Tertiary Filter system at the Water Pollution Control Plant.

In 2019, staff looked at full replacement of the grit removal system. It was estimated at \$350,000. Following a formal review, costs have been estimated from \$600,000 to \$1 million.

The tertiary filter failed in August and has been taken off line. It is estimated at \$150,000 for full rehabilitation. Staff are recommending reallocation of the grit removal funds to this project. The remaining \$200,000 will be used towards engineering services for the grit removal project, which will hopefully proceed in 2020.

Motion by Councillor Ritsma

Sub-committee Recommendation: THAT Council amend the capital budget for the Grit Removal System replacement and re-allocate \$150,000 towards the Tertiary Filter Rehabilitation at the Water Pollution Control Plant.

Carried

6. Report of the Director of Human Resources

6.1 Council Remuneration (FIN19-036)

Staff Recommendation: THAT the Ad Hoc Citizen's Committee on Council Remuneration Report be considered by the Finance and Labour Relations Sub-committee;

AND THAT direction be given.

Sub-committee Discussion: The Chair noted that Kimberly Richardson, Chair of the Ad-Hoc Citizen's Committee on Council Remuneration was in the gallery and available to answer questions.

The Director of Human Resources provided background on the creation of the committee and their mandate. Considerations included current base remuneration, indexed by the consumer price index, and per diems received for meetings. A recommendation was put forward by the Committee at the August 26, 2019 Council meeting to commence dealing with the 1/3 tax exemption at a net cost of \$12,758 and a tax levy impact of 0.02%. Options were also put forward for when that should be implemented.

It was noted that the committee started with 7 comparators and narrowed down to Woodstock and St. Thomas.

With respect to compensation beyond replacement of the income lost with the 1/3 tax exemption, the committee looked at base pay plus benefits and provided 3 options. The three options were outlined for Sub-committee as written in the report.

Additional recommendations were made regarding completion of a governance review with regard to the size of Council, a remuneration review each term of Council, and standardized formats for review and moving towards a salary remuneration model. It was suggested that if Council wants to retain the per diem structure, it should be looked at from an indexing perspective.

Option 1 was discussed and it was noted the impact on the tax levy would be \$75,747 or 0.128%. The impact for Options 2 and 3 would be \$119,747 or 0.202%.

In response to whether the current per diem rate was indexed with the CPI, the Director advised it was not.

The Chair expressed concern that moving from a current rate of \$12,141 to \$28,278, plus per diems would not be appropriate in light of provincial budget cuts. Replacement of the income lost with the removal of the 1/3 tax exemption would be a total of \$16,679.00.

Discussion took place regarding the number of councillors on City Council and whether the number should be reviewed. It was noted that an average amount for extra meetings would not be fair as some council members sit on 2 advisory committees and some sit on 7 or 8.

Ms. Richardson requested clarification on the numbers. She explained that the options provided include an average amount for per diems. Replacement of the amount lost with the 1/3 tax exemption is only \$241.

The Director stated that the estimated average amount of per diems added to the options was \$4,320. For comparison purposes, because the comparators do not have a per diem system, an average of 6 committees and 12 meetings at \$60 each was calculated.

Ms. Richardson suggested that Council could consider each councillor sitting on an equal number of advisory committees.

Motion by Councillor Gaffney

Sub-committee Recommendation: THAT Option 3, which includes an adjusted base rate, accounts for the 1/3 tax exemption, consists of \$4,000 in lieu of group health and dental coverage, and includes an estimated average per diem for Councillors, be implemented effective January 1, 2020 for all members of Council;

AND THAT the per diem for meeting attendance by Councillors be indexed annually by 30%.

Carried

7. Advisory Committee/Outside Board Minutes

The following Advisory Committee/Outside Board minutes were provided for the information of Sub-committee:

Stratfords of the World Advisory Committee minutes dated May 23, 2019

8. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is Tuesday, October 22, 2019 at 3:30 p.m. in the Council Chamber, City Hall.

Councillor Clifford provided regrets for this meeting.

9. Adjournment

Motion by Councillor Ritsma

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

Carried

Meeting Start Time: 3:31 p.m.

Meeting End Time: 4:06 p.m.