



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

Date: May 21, 2019

Time: 3:30 P.M.

Location: Council Chamber, City Hall

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

Regrets: Councillor Beatty

Staff Present: Michael Humble - Director of Corporate Services, Marilyn Pickering - Supervisor of Tax Revenue, Jodi Akins - Council Clerk Secretary, Mike Beitz - Corporate Communications Lead

Also present: Richard Bruton (Item 3.1), Angela Brayham, Eleanor Kane and Barbara Steed Young, Roger Howson, Judy Matheson (Item 4.1) Ysni Semsedini and Kelly McCann (Items 5.1 and 6.1), Media

1. Call to Order

The Chair called the meeting to Order and advised of regrets from Councillor Beatty.

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 Sub-committee meeting.

3. Delegations

3.1 Presentation by Richard Bruton, National Bank

Sub-committee Discussion: The Director of Corporate Services introduced Richard Bruton, Senior Investment Advisor of National Bank, Bruton Investment Group and advised that it has been one year since he took over part of the City's investment portfolio.

Mr. Bruton provided some background on the type of work his team does and stated that they must abide by the Municipal Act in terms of what municipalities can invest in. The investment portfolio the City has with him is approximately \$11 million.

There are three principal objectives a municipality is trying to accomplish with investments. Preservation of capital, liquidity and achievement of return.

Background was provided on the current market, noting that interest rates have been dropping for quite some time.

The investment portfolio is invested in three major categories. Approximately 1% cash, 47% in fixed income securities such as bonds and 52% principal protected notes. The return on investment for the last three months was 1.63%, 6 months was 3.62% and 1.81% since inception one year ago.

Mr. Bruton referred to a package of statements that was handed out to Sub-committee members which explains every investment that is being held for the municipality. Highlights were provided on the projected return of some of the investments.

It was strategized that of the \$11 million invested, \$2.4 will mature in 2025, \$2.6 in 2024, \$2.2 in 2023, \$2.6 in 2020 and lesser amounts in

between. The end of the maturity schedule was overloaded to ensure the highest rate of return for the municipality.

In response to a question regarding fees for management of the account, Mr. Bruton stated that the City pays institutional rates for commission, there are no ongoing fees and the returns presented are after expenses.

As to whether the money that matures in 2020 will be invested automatically, Mr. Bruton responded that no funds are re-invested without the express direction of the Treasurer to ensure that the goals and objectives of the municipality are met. They do try and keep the portfolio mix consistent.

For the information of Sub-committee.

5. Report of Festival Hydro Inc.

5.1 Financial Statements and Commentary for Festival Hydro Inc. (FHI) – Q4 2018 and Q1 2019 (FIN19-016)

Staff Recommendation: THAT the Festival Hydro Inc. 2018 audited financial statements and commentary for the period ending December 31, 2018, be approved by City Council;

That the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2019, be received for information;

THAT the attached Resolution of the Sole Shareholder of Festival Hydro Inc. be signed by the Mayor and Clerk;

THAT the financial statements of Festival Hydro Inc. as of December 31, 2018 consisting of the Balance Sheet as at December 31, 2018, the Statement of Income for the year ended December 31, 2018 and the Statement of Retained Earnings for the year ended December 31, 2018, and the notes to the financial statements, and the report of the auditors thereon dated April 25, 2019 be and the same are hereby approved and adopted;

AND THAT all acts, contracts, by-laws, proceedings, appointments,

elections and payments enacted, made, done and taken by the directors and officers of the Corporation since the last annual meeting of the shareholder as the same are set out or referred to in the minutes of the meetings and resolutions of the board of directors or referred to or given effect to in the aforesaid financial statements be and the same are hereby approved, ratified and confirmed.

Sub-committee Discussion: Ysni Semsedini, Chief Executive Officer and Kelly McCann, Chief Financial Officer, were present at the meeting to present the financial statements.

Ms. McCann reviewed the commentary on the financial statements for the year ended December 31, 2018, noting that net income was recorded of \$2.47 million which was \$494K ahead of budget.

With respect to the income statement, distribution revenue was ahead of budget by \$169K and other revenue was ahead of budget by \$667K, largely due to a \$433K CDM incentive received in 2018 that was tied to results in a conservation program run by Festival Hydro.

Operating and maintenance costs were \$208K over budget relating to unexpected costs for inspection and resulting maintenance of the transformer tower. Billing, collection and administrative costs are \$154K over budget largely related to amending prior indirect tax filings. Tax expenses were \$130K over budget as a result of income being higher than expected.

With respect to the 2019 first quarter update, Ms. McCann advised that Festival Hydro showed net income of \$487K, which is \$59K ahead of budget.

The income statement shows distribution revenues below budget by \$48K due to timing. Operating and maintenance expenses are over budget by \$20K which is common for the first quarter. Billing and collection costs are over by \$11K.

Motion by Councillor Bunting

Sub-committee Recommendation: THAT the Festival Hydro Inc. 2018 audited financial statements and commentary for the period ending December 31, 2018, be approved by City Council;

That the Festival Hydro Inc. financial statements and commentary for the period ending March 31, 2019, be received for information;

THAT the attached Resolution of the Sole Shareholder of Festival Hydro Inc. be signed by the Mayor and Clerk;

THAT the financial statements of Festival Hydro Inc. as of December 31, 2018 consisting of the Balance Sheet as at December 31, 2018, the Statement of Income for the year ended December 31, 2018 and the Statement of Retained Earnings for the year ended December 31, 2018, and the notes to the financial statements, and the report of the auditors thereon dated April 25, 2019 be and the same are hereby approved and adopted;

AND THAT all acts, contracts, by-laws, proceedings, appointments, elections and payments enacted, made, done and taken by the directors and officers of the Corporation since the last annual meeting of the shareholder as the same are set out or referred to in the minutes of the meetings and resolutions of the board of directors or referred to or given effect to in the aforesaid financial statements be and the same are hereby approved, ratified and confirmed.

Carried

6. Report of Festival Hydro Services Inc.

6.1 Financial Statements and Commentary for Festival Hydro Services Inc. (FHSI) – Q4 2018 and Q1 2019 (FIN19-017)

Staff Recommendation: THAT the Festival Hydro Services Inc. 2018 audited financial statements and commentary for the period ending December 31, 2018, be approved by City Council;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2019, be received for information;

THAT the attached Resolution of the Sole Shareholder of Festival Hydro Services Inc. be signed by the Mayor and Clerk;

THAT the financial statements of the Corporation as of December 31, 2018 consisting of the Balance Sheet as at December 31, 2018, the Statement of Income for the year ended December 31, 2018 and the Statement of Retained Earnings for the year ended December 31, 2018, and the notes to the financial statements, and the report of the auditors thereon dated April 25, 2019 be and the same are hereby approved and adopted;

AND THAT all acts, contracts, by-laws, proceedings, appointments, elections and payments enacted, made, done and taken by the directors and officers of the Corporation since the last annual meeting of the shareholder as the same are set out or referred to in the minutes of the meetings and resolutions of the board of directors or referred to or given effect to in the aforesaid financial statements be and the same are hereby approved, ratified and confirmed.

Sub-committee Discussion: Ysni Semsedini, Chief Executive Officer and Kelly McCann, Chief Financial Officer, were present at the meeting to present the financial statements.

Ms. McCann reviewed the commentary on preliminary financial results for the year ended December 31, 2018, noting that net income of \$258K, which is \$129 ahead of budget.

With respect to the income statement, revenues were \$76K ahead of budget, largely due to fibre and Wi-Fi revenues.

Operating expenses were below budget by \$97K, largely tied to labour costs.

She brought attention to a current tax expense in 2018 that was actually the utilization of income tax credits that were earned in 2010. It is not a cash transaction.

With respect to the 2019 first quarter update, net income was reported of \$37K, which is \$22K ahead of budget. Revenues were \$18K ahead of

budget, mainly related to consulting revenue being ahead of budget due to timing. Operating expenses are below budget by \$4K largely tied to timing of operating costs.

Ms. McCann noted that they are going out to RFP for auditors and will bring a recommendation forward later in the year.

Motion by Councillor Gaffney

Sub-committee Recommendation: THAT the Festival Hydro Services Inc. 2018 audited financial statements and commentary for the period ending December 31, 2018, be approved by City Council;

THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending March 31, 2019, be received for information;

THAT the attached Resolution of the Sole Shareholder of Festival Hydro Services Inc. be signed by the Mayor and Clerk;

THAT the financial statements of the Corporation as of December 31, 2018 consisting of the Balance Sheet as at December 31, 2018, the Statement of Income for the year ended December 31, 2018 and the Statement of Retained Earnings for the year ended December 31, 2018, and the notes to the financial statements, and the report of the auditors thereon dated April 25, 2019 be and the same are hereby approved and adopted;

AND THAT all acts, contracts, by-laws, proceedings, appointments, elections and payments enacted, made, done and taken by the directors and officers of the Corporation since the last annual meeting of the shareholder as the same are set out or referred to in the minutes of the meetings and resolutions of the board of directors or referred to or given effect to in the aforesaid financial statements be and the same are hereby approved, ratified and confirmed.

Carried

4. Report of the Director of Corporate Services

4.1 2019 Community Grant Appeals (FIN19-015)

The following requested to address Sub-committee with respect to their Community Grant appeal:

1. Angela Brayham, Director/Curator of Gallery Stratford
2. Eleanor Kane, Fundraising Committee Volunteer for Music & Opera Appreciation
3. Steve Toman, Chair and Music Director and Roger Howson, Vice-Chair of Stratford Blues & Ribfest
4. Judy Matheson, General Manager of Stratford Summer Music

Motion by Councillor Gaffney

Sub-committee Decision: THAT Angela Brayham, Eleanor Kane, Roger Howson and Judy Matheson be heard regarding their respective Community Grant appeals.

Carried

Sub-committee Discussion: Angela Brayham, Director/Curator of Gallery Stratford thanked Sub-committee for their ongoing support of the art gallery.

Referring to a Powerpoint presentation, she stated that despite being thankful for the grant received, they are appealing for the full amount requested as public art needs public support. They are the only public art institute within 45 km. The Gallery provides support for the community in the form of workshops, presentations and provision of space for activities and examples from a typical week were provided.

She advised of challenges around funding, noting that patrons believe that the City pays for everything for the Gallery, despite the gallery receiving no base support. All funds received must be earned, whether through grants, fundraising, memberships or sponsorships. She spends almost all her time fundraising.

The Gallery received two grants in 2019. One from the City in the amount of \$51K and \$12K from the Ontario Arts Council. All other grant funding is

project specific.

She urged Sub-committee to consider an increase to their 2019 community grant.

In responses to questions regarding paid admission and cost for classes, Ms. Brayham advised that they used to charge admission and had 2,000 visitors. Since making admission by donation to be more accessible to the public, attendance is now up to approximately 20K unique visitors a year. The average 4-6 week class is around \$100 and that is just cost recovery.

*Councillor Gaffney absent from the meeting [4:01 pm]

Eleanor Kane, from Music & Opera Appreciation, referred to a Powerpoint presentation and referred to their mission statement from their original application.

*Councillor Gaffney now present [4:03 pm]

Along with twelve weeks of music presentations, Music & Opera Appreciation supports ten live opera screenings in the City Hall Auditorium, an example of catering to arts enthusiasts in the community.

Two people involved with the group were referred to and their backgrounds in the arts provided, Joanne McArthur, the Board Chair and Barbara Steed Young, artistic leader of the MOA.

Examples of Fall and Winter sessions and collaborations with the community were provided. One of their collaborations is with the Queen of the Square Cinema with who they offer financial support to offset the cost of renting the City Hall Auditorium to book a full season of the HD Metropolitan Opera live. They are asking for \$750 which is half the cost of renting the auditorium.

Roger Howson, Vice-Chair of the Stratford Blues and Ribfest organizing committee, stated that they require financial support to continue with the event and they appreciate the support that has been provided in the past.

Referring to a Powerpoint presentation, he noted that it is not just a party,

"Strengthening our Community: Attracting People and Investment"

it is a first class event, referring to a quote from the Blues Society that "finally someone got it right, putting blues and ribs together..."

The impact based on the Ontario Ministry of Tourism formula is \$389,260 based on 25% visitors from outside of the City and 75% local attendance.

He noted that a partnership with the Stratford Museum has given them greater exposure, providing a number of examples.

As the event grows, costs have increased as well, with big name musicians, increased advertising to bring in out of town visitors and increased security, electrical, tent and washroom rental prices cited as examples. Their total net worth remains at a break even point.

Attention was drawn to the youth program, run by Dayna Manning and the BBQ competition, which is Canada's only all-pork BBQ competition.

In response to whether a partnership with the Ontario Pork Congress came with any financial benefits, Mr. Howson stated that they support some of the cost of the BBQ competition.

With respect to sponsors, Mr. Howson advised that they receive funds from sponsors including some hotels, Molson, TD Bank and a number of business and corporations. They lost several sponsors due to a concerned business owner sending letters to their sponsors multiple times asking them not to sponsor the event.

Judy Matheson, General Manager of Stratford Summer Music, stated that since the grant application was made last year, they have had a change in circumstances related to their office space. They were free tenants at Scotiabank for 18 years but the building has since sold and they are now paying for office space and related costs in the sum of \$30K per year which is a huge draw on their budget. She respectfully requested the remaining \$5K requested in their original application.

It was suggested that the appeals be referred back to the community grant review committee as they viewed the original applications.

It was noted that Feline Friends also appealed their community grant but were not present at the meeting.

Motion by Councillor Ritsma

Sub-committee Decision: THAT the community grant appeals be referred to the Community Grant Review Committee for recommendations to Council.

Carried

4.2 Ontario Regulation 284/09 (FIN19-013)

Staff Recommendation: THAT the report from the Director of Corporate Services regarding legislative requirements of Ontario Regulation 284/09, and the impact of excluded expenses from the City's 2019 budget, be approved.

Sub-committee Discussion: The Director of Corporate Services advised that this is an annual report and that municipalities have been allowed to budget on a cash or accrual basis. Stratford has continued to budget on a cash basis. If that method is used, this report is a legislative requirement to do a reconciliation from the cash basis to the accrual basis. A number of non-cash items must be included and several things that are included such as principal paid on debt, transfers to and from reserves among others, must be excluded.

Motion by Councillor Gaffney

Sub-committee Recommendation: THAT the report from the Director of Corporate Services regarding legislative requirements of Ontario Regulation 284/09, and the impact of excluded expenses from the City's 2019 budget, be approved.

Carried

7. Report of the Supervisor of Tax Revenue

7.1 Tax Relief under Section 357(1)(d.1) - Sickness or Extreme Poverty (FIN19-018)

Staff Recommendation: THAT the Finance and Labour Relations Sub-committee provide direction on the tax and interest relief request as presented by the owner of 50 Galt Road Unit 226, Stratford.

Motion by Councillor Ritsma

Sub-committee Decision: THAT the property owner of 50 Galt Road #226, be heard regarding a request for tax relief.

Carried

Sub-committee Discussion: Chris Koslowski introduced himself as the former owner of the Ruffins Pet Centre in Festival Marketplace Mall. He is present to request consideration of waiving of all outstanding interest, as well as reducing the current outstanding balance of his property taxes by 50% under Section 357 of the Municipal Act.

He stated that this is specifically related to the pet sale ban enacted by Council last year. The ban affected his life in a drastic way, causing a loss of \$145,000 per year in revenue. His business became unprofitable and he was put in a position of having to sell due to his financial arrangements with his home.

He requested that Council consider adjustments to his outstanding tax amount due to the consequences of the pet sale ban on his life.

Mr. Koslowski responded to questions about his home mortgage and how long he has owned his home.

With respect to the sale of cats and dogs at his previous business, Mr. Koslowski stated that he sold approximately 8-10 puppies per month at \$1,000-1,200 per pup and 50-60 kittens at \$150 each, plus the residual sales of 15-20% for accessories. It was the backbone of his business and he was unable to make up the difference in revenue, despite trying to remarket and rebrand.

In response to how the City typically responds to these requests, the Director of Corporate Services stated that this is the first request he has seen at this City but noted that in some municipalities, authority is delegated to the Treasurer to make minor adjustments to interest on taxes.

The tax account balance is what has been budgeted and is required by the municipality and is generally not negotiable. The interest charges may

or may not be negotiable, subject to the decision of Council.

The Supervisor of Tax Revenue stated that she could only recall 1-2 times this request has been made but it would be very unique circumstances for interest to be written off and could not recall an instance where the tax principal was adjusted. She doesn't recall anyone applying under this particular section before.

In response to what the total amount would be, the Supervisor advised that the interest owing to date is \$1,881.60. Mr. Koslowski stated that he is specifically requesting 2017-2018 taxes to be looked at. The total taxes for 2017-2018 is \$8,285. A 50% reduction would be \$4,140.

A concern was noted with setting a precedent.

With respect to delegated authority, the Director advised that there is none currently so any requests would come to Council. If Council delegated authority, it would typically be a minor discretionary limit, typically \$500 or less.

In response to whether payment plans can be established, the Director confirmed that a payment plan could be arranged based on individual situations. It was noted that if there was others on title, they could be pursued for payment as well. Discussion on potential options for payment plans and what would happen if the payments aren't made took place.

Motion by Councillor Ritsma

Sub-committee Recommendation: THAT staff be authorized to work with the owners of 50 Galt Road, Unit 226 to establish a payment plan for the total amount of taxes owing, including principal and interest.

Carried

Motion by Councillor Gaffney

Sub-committee Recommendation: THAT staff prepare a report regarding delegating authority to the Treasurer of the Corporation and Supervisor of Tax Revenue to reduce a penalty

or interest charge against a property under Section 341 of the Municipal Act up to a limit of \$250.00.

Carried

*Gaffney now absent from the meeting [4:45 pm]

8. Report of the Director of Infrastructure and Development Services

8.1 City of Stratford Asset Management Policy (FIN19-014)

Staff Recommendation: THAT Council approve the City of Stratford Asset Management Policy.

Sub-committee Discussion: The Director of Corporate Services stated that this asset management policy is different from the capital asset policy. This policy was prepared by Public Sector Digest, the City's consultants for updating the asset management plan.

This policy is a legislated requirement to be adopted by July 1, 2019 and must be reviewed every five years.

Motion by Councillor Ritsma

Sub-committee Recommendation: THAT Council approve the City of Stratford Asset Management Policy.

Carried

Councillor Gaffney was not present for the vote on this motion.

*Councillor Gaffney now present [4:47 pm]

9. Advisory Committee/Outside Board Minutes

There are no Advisory Committee/Outside Board minutes to be provided to Sub-committee at this time.

10. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is June 18, 2019 at 3:30 p.m. in the Council Chamber, City Hall.

11. Adjournment

Motion by Councillor Bunting

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

Carried

Meeting Start Time: 3:30 pm

Meeting End Time: 4:47 pm