



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

Date: January 17, 2023  
Time: 4:30 P.M.  
Location: Electronic Meeting

Sub-committee Present: Councillor Hunter - Chair Presiding, Councillor McCabe - Vice Chair, Councillor Beatty, Councillor Burbach

Regrets: Councillor Nijjar

Staff Present: Karmen Krueger - Director of Corporate Services, Tatiana Dafoe - City Clerk, Jodi Akins - Council Clerk Secretary

Also present: Alyson Conrad - Festival Hydro, Jeff Graham - Festival Hydro, Jamie Pritchard - Downtown Stratford BIA, Shawn Malvern - Downtown Stratford BIA

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

The Chair called the meeting to Order.

Councillor Nijjar 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*.

January 17, 2023

Name, Item and General Nature of Pecuniary Interest

No disclosures of pecuniary interest were made by a Member at the January 17, 2023, Finance and Labour Relations Sub-committee meeting.

**3. Delegations**

None scheduled.

**4. Report of Festival Hydro Inc. and Festival Hydro Services Inc.**

**4.1 Festival Hydro Financial Results 2022 Q3 (FIN23-007)**

**Staff Recommendations:** THAT the Festival Hydro Inc. financial statements and commentary for the period ending September 30, 2022, be received for information;

AND THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending September 30, 2022, be received for information.

Motion by Councillor Beatty

**Sub-committee Decision: THAT the presentation by Alison Conrad and Jeff Graham of Festival Hydro regarding the Q3 financial results be heard.**

**Carried**

**Sub-committee Discussion:** Alyson Conrad, Chief Financial Officer (CFO) of Festival Hydro, provided the following highlights on the third quarter for Festival Hydro Inc. and noted that the year end financials and first quarter of 2023 will be presented at the next Sub-committee meeting:

- net income as of September 30, 2022, being \$1.745 million, \$333,000 above budget;
- accounts receivable balances being higher than September 2021 and are all current balances;
- they have been making improvements on arrears balances throughout 2022 and ensuring customers are keeping up to date with their accounts;
- as November 15, 2022, they are in a winter moratorium and cannot disconnect residential or small commercial customers for non-payment;

- there being a spike in arrears during the winter moratorium period;
- there being large fluctuations in regulatory assets such as the cost of power from the Independent Electricity System Operator (IESO) throughout 2022;
- the fluctuations being 0 cents per kilowatt hour for some months and for others it being 10 cents;
- fluctuations not impacting the bottom line but do impact cash flow;
- with respect to the Income Statement, distribution revenue being \$204,000 above budget;
- Festival Hydro coming closer to budget for distribution revenue by the end of year and milder temperatures in the fall impacting energy use by customers;
- controllable costs being \$333,000 less than budget due to less maintenance and reactive work;
- controllable costs being consistently under budget through the end of Q3;
- net income picking up in last few months of the year and those expenses being driven by staffing levels as vacancies impact billing, collecting and meter reading;
- the Vice President of IT position being vacant in the first half of the year, and that position being vacant again by the end of December;
- Interest rates increased on their line of credit.

It was questioned why accounts receivables have increased. The CFO stated that rates are higher than they were last year, although it is not necessarily Festival Hydro rates, but the increase in power rates from the IESO. General consumption was also up. The CFO noted there was a decrease in consumption in 2020 and 2021 and it is starting to return to normal.

With respect to budgeting for the swings in cost of power, the CFO confirmed it is difficult to budget for. She has been in the industry for 10 years and this the first time she has seen these types of swing in prices.

They ensure they have enough credit available and catch up in the months when the cost is lower.

It was clarified that "RPP" stands for "Regulated Price Plan". There are residential and small commercial customers who are on a time of use plan in which rates are fluctuating in the background, but they do not see those fluctuations on their bills.

Motion by Councillor Burbach

**Sub-committee Recommendations: THAT the Festival Hydro Inc. financial statements and commentary for the period ending September 30, 2022, be received for information.**

**Carried**

With respect to Festival Hydro Services Inc., the CFO provided the following highlights:

- Festival Hydro Services Inc. operates as Rhyzome Networks and the names are sometimes used interchangeably;
- net income for the period being \$53,000 which is \$14,000 higher than budget but \$54,000 lower than 2021;
- reasons for budgeting less in 2022 than the previous year being they went through substantial strategy setting in 2021 and 2022 to look for additional sources of revenue and they also lost a customer that decreased revenue;
- the balance sheet being generally close to budget each quarter;
- expenses being run through Festival Hydro Inc. and are trued up every month as expenses and receivables are brought in;
- capital assets were at 75% of the Q3 budget;
- stabilizing and strengthening projects being completed in 2022 to reduce down times;
- some funds being spent on fiber capital and a small amount on Wi-Fi capital;
- in the past, their being significant costs on Wightman network expansion, but in 2021 and 2022 those costs having dropped;

- with respect to the income statement, revenue being \$62,000 lower than budget in Q3;
- IT services billed out for Festival Hydro being billed through Rhizome;
- staffing vacancies resulting in a decrease in revenue, but also a corresponding decrease in operating expenses;
- there being a full staff complement at mid year and a full staff complement continuing;
- IT staff retention being challenging;
- there being a decrease in costs due to bowl attachment rates which are set by the Ontario Energy Board; and
- \$34.76 being the rate charged for 2022, which was lower than 2021 at \$44.50.

Clarification was requested on the budget line for business development expenses. The CFO advised that budget line includes labour and associated labour costs. She plans to rename that account in the year end financial statements to separate actual business development activities from general labour expenses.

Motion by Councillor Beatty

**Sub-committee Recommendation: THAT the Festival Hydro Services Inc. financial statements and commentary for the period ending September 30, 2022, be received for information.**

**Carried**

## **5. Report of the Director of Corporate Services**

### **5.1 Downtown Stratford Business Improvement Area 2023 Draft Budget (FIN23-006)**

**Staff Recommendations:** THAT the 2023 budget of the Downtown Stratford Business Improvement Area be approved as submitted in the amount of \$325,272.50;

THAT the sum of \$299,472.50 shall be levied on properties located within the boundaries of the Downtown Stratford Business Improvement Area for the year 2023;

AND THAT staff be directed to bring the prepared by-law to a subsequent meeting for approval.

**Sub-committee Discussion:** The Director of Corporate Services provided a high level overview of the report, noting the BIA budget is subject to Council approval.

Referring to a PowerPoint presentation, Jamie Pritchard, General Manager of the Downtown Stratford Business Improvement Area (BIA), advised that the BIA will be 50 years old in 2023. Highlights of 2022 activities were provided as follows:

- 30 new businesses opened in the BIA in 2022;
- 2022 was busy with lots of marketing to promote initiatives such as Lights On, Car-Free Fridays, the opening of the Connection Centre and the return of the Festival Theatre;
- new branding being introduced in 2022 with a new logo and a new website;
- communication to the membership occurring through a member's section on the website, a member only Facebook page, email blasts, and a monthly newsletter;
- Winter Wander-Land weekend details being provided;
- beautification efforts included a mural by Kellan Hatanaka, bicycle repair stations and the animation of store fronts with high school students' interpretation of snowflakes;
- the Advocacy and Education group developed equity, diversity and inclusion training for members, and are in the process of developing an Equity, Inclusion, Diversity and Anti-Racism policy;
- two major goals for 2023 being the introduction of an electronic Downtown Dollars shopping card and the completion of a strategic plan.

Shawn Malvern, Treasurer of the BIA Board of Directors (BIA Board), stated that the 2023 proposed budget was approved by the BIA Board. Highlights of the proposed budget were provided as follows:

- there being no increase to the tax levy percent;

January 17, 2023

- with respect to revenue, the BIA receiving interest on investments and some grant money that will flow through to this budget year;
- expenses being in line with last year, although staffing fees have gone up with cost of living adjustments;
- the City providing back office support and there being some expenses related to office operations;
- funds being included in the budget for the strategic plan;
- Costs for advocacy and education having slightly increased;
- liability insurance having increased, along with the Directors' insurance;
- the anticipated levy refund having been increased to account for any closing businesses; and
- directory sign maintenance being dropped as a lot of work was completed in 2022.

Mr. Malvern advised it was important to staff and the BIA Board to not increase their tax levy as they know that small businesses are struggling.

It was questioned how Winter Wander-land performed compared to its previous incarnation of a winter marketplace. The General Manager stated that the decision to change the format was related to the number of markets already occurring in the same time frame, as well as concerns in the past of selling items in the market that local retailers are also selling.

The BIA was thanked for all their hard work in supporting the downtown businesses and animating the downtown square. Support for the roll-out of the electronic Downtown Dollar shopping card was also noted.

Motion by Councillor Burbach

**Sub-committee Recommendations: THAT the 2023 budget of the Downtown Stratford Business Improvement Area be approved as submitted in the amount of \$325,272.50;**

**THAT the sum of \$299,472.50 shall be levied on properties located within the boundaries of the Downtown Stratford Business Improvement Area for the year 2023;**

**AND THAT staff be directed to bring the prepared by-law to a subsequent meeting for approval.**

**Carried**

**5.2 2023 Ont Reg 284/09 Excluded Expenses (FIN23-004)**

**Staff Recommendation:** THAT the report titled, "Ontario Regulation 284/09 – Excluded Expenses" (FIN23-004), be adopted.

**Sub-committee Discussion:** The Director of Corporate Services provided an overview of the staff report. The Director advised it is a regulatory compliance report required to meet the legislative requirements of Ontario Regulation 284/09. The report outlines the differences between the cash expenses the City reports and the Public Sector Accounting Board (PSAB) requirements to record non-cash expenses for amortization expenses on tangible capital assets, post-employment benefits expenses and solid waste landfill closure and post-closure expenses. The staff report outlines the impact those expenses have on the financial statements. In future years, asset retirement obligation expenses may be added.

The adjustments staff will make at the end of the year are captured in the report. If these were included in the tax levy, it would translate to \$10-12 million annually. Staff are not intending to recommend that route and will continue to budget on a modified cash basis.

Motion by Councillor McCabe

**Sub-committee Recommendation: THAT the report titled, "Ontario Regulation 284/09 – Excluded Expenses" (FIN23-004), be adopted.**

**Carried**

**5.3 Asset Retirement Obligations (ARO) (FIN23-005)**

**Staff Recommendations:** THAT the draft Asset Retirement Obligation Policy attached to Report FIN23-005, be approved;

AND THAT staff be authorized to establish a new Asset Retirement Obligation Reserve Fund if/as required, and this new reserve fund be added to F.1.13 Reserve and Reserve Fund Policy.

**Sub-committee Discussion:** The Director of Corporate Services provided an overview of the staff report. This policy arose as a derivative of the landfill post-closure costs regulation and the City is now required to



January 17, 2023

identify any costs associated with retiring assets. This includes environmental retirement costs such as disposal of asbestos or assets that need to be returned to their natural state when no longer in use.

The report is to bring forward the draft policy for consideration by Council. Staff will be continuing work to identify any future liabilities. These liabilities will be measured and included in the City's financial statements beginning in the 2023 fiscal year.

Motion by Councillor McCabe

**Sub-committee Recommendations: THAT the draft Asset Retirement Obligation Policy attached to Report FIN23-005, be approved;**

**AND THAT staff be authorized to establish a new Asset Retirement Obligation Reserve Fund if/as required, and this new reserve fund be added to F.1.13 Reserve and Reserve Fund Policy.**

**Carried**

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

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

**7. Next Sub-committee Meeting**

The next Finance and Labour Relations Sub-committee meeting is February 21, 2023 at 4:30 p.m.

**8. Adjournment**

Motion by Councillor Burbach

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

**Carried**

Meeting Start Time: 4:30 P.M.

Meeting End Time: 5:10 P.M.