



The Corporation of the City of Stratford
Finance and Labour Relations Committee
Open Session
AGENDA

Date: Monday, March 25, 2024

Time: 7:05 P.M.

Location: Council Chamber, City Hall

Committee Present: Councillor Hunter - Chair Presiding, Councillor McCabe - Vice Chair, Mayor Ritsma, Councillor Beatty, Councillor Biehn, Councillor Briscoe, Councillor Burbach, Councillor Henderson, Councillor Nijjar, Councillor Sebben, Councillor Wordofa

Staff Present: Joan Thomson - Chief Administrative Officer, Tatiana Dafoe - City Clerk, Tim Wolfe - Director of Community Services, Karmen Krueger - Director of Corporate Services, Taylor Crinklaw - Director of Infrastructure Services, Adam Betteridge - Director of Building and Planning Services, Neil Anderson - Director of Emergency Services/Fire Chief, Audrey Pascual - Deputy Clerk, Alex Burgess - Manager Ontario Works

To watch the Committee meeting live, please click the following link:

<https://video.isilive.ca/stratford/live.html>

A video recording of the meeting will also be available through a link on the City's website

<https://calendar.stratford.ca/meetings> following the meeting.

Pages

1. Call to Order

The Chair to call 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

3. Sub-committee Minutes

4 - 9

Sub-committee minutes are attached for background regarding the discussion held at the February 20, 2024, Sub-committee meeting.

4. Delegations

4.1 Request for Delegation by Judah Bootsma

Judah Bootsma has requested to address the Finance and Labour Relations Committee to ask:

1. that their property taxes be phased in over a four year period in 25% increments. This would be similar to the process MPAC provides when they reassess homes over a (4) year period.
2. that the City look at a different tax rate for their property that is similar to what the Township of Perth East would charge.

For the consideration of Committee.

Motion by

THAT the delegation by Judah Bootsma regarding the request for amendments to their property taxes be heard.

5. Report of the Director of Corporate Services

5.1 SEEDCo/investStratford Update to December 31 2023 (FIN24-006)

10 - 15

Staff Recommendation: THAT the Stratford Economic Enterprise Development Corporation (SEEDCo./investStratford) Update (FIN24-006) for the period ending December 31, 2023 be received for information.

Motion by

Sub-committee Recommendation: THAT the Stratford Economic Enterprise Development Corporation (SEEDCo./investStratford) Update (FIN24-006) for the period ending December 31, 2023 be received for information.

5.2 2023 Statement of Council Remuneration and Expenses (FIN24-011)

16 - 20

This item is also listed for consideration on the March 25, 2024, Regular Council reconvene agenda.

Motion by

Staff Recommendation: THAT the Report titled, "2023 Statement of Council Remuneration and Expenses" (FIN24-011), be received for information.

5.3 Long-Term Debt Update and Borrowing By-law (FIN24-012)

21 - 30

This item is also listed for consideration on the March 25, 2024, Regular Council reconvene agenda

Motion by

Staff Recommendation: THAT a by-law to authorize the borrowing in the form of a bank loan(s) in the principal amount of \$9,230,915 towards the cost of the Queen Street Storm project be adopted;

AND THAT the Chief Administrative Officer or City Clerk and the Treasurer (two signatures required) be authorized to sign all related documents with the City's financial institution to complete the borrowing of funds.

5.4 Local Improvement Financing Charges for Works Constructed Under the Local Improvement Act R.S.O. 1990, and O.Reg. 586/06 Local Improvement Charges – Priority Lien Status (FIN24-013)

31 - 38

Motion by

Staff Recommendation: THAT staff be directed to use the terms outlined in Report FIN24-013 for any current or upcoming Local Improvement projects pending the development of a Policy to be adopted by Council at a future meeting.

6. Adjournment

Meeting Start Time:

Meeting End Time:

Motion by

Committee Decision: THAT the Finance and Labour Relations Committee meeting adjourn.



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

Date: February 20, 2024
 Time: 4:30 P.M.
 Location: Council Chamber, City Hall

Sub-committee Present: Councillor McCabe - Vice-chair Presiding, Councillor Beatty, Councillor Nijjar

Regrets: Councillor Hunter, - Chair and Councillor Burbach

Staff Present: Karmen Krueger - Director of Corporate Services, Neil Anderson - Director of Emergency Services/Fire Chief, Tatiana Dafoe - City Clerk, Miranda Franken - Council Clerk Secretary

Also Present: Joani Gerber – CEO of Invest Stratford

1. Call to Order

The Vice-chair called the meeting to Order.

Councillors Hunter and Burbach provided regrets for this meeting.

Land Acknowledgment

Moment of Silent Reflection

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 February 20, 2024, Finance and Labour Relations Sub-committee meeting.

3. Delegations

3.1 Request for Delegation by Judah Bootsma

Motion by Councillor Beatty

THAT the delegation by Judah Bootsma be heard.

Carried

Sub-committee Discussion: Judah Bootsma, referring to documents circulated to Sub-committee, requested special consideration be given and that their property taxes be reduced to the 2023 amount. Highlights of the delegation included:

- there being a belief that this case is rare and would not apply to others;
- in the Fall of 2022, their family having moved into an 1890 built farmhouse on the edge of town;
- the house having been severed from the surrounding farmland and due to the severance, the property having been flagged for reassessment by the Municipal Property Assessment Corporation (MPAC);
- in 2022, MPAC having assessed the property at \$219,000.00 and the reassessment notice indicating it is now \$519,000.00;
- the owner having completed preliminary property tax calculations which indicate the property taxes will be increasing from \$3,034.00 per year to \$7,814.00 per year, representing a 157% increase;
- no renovations having been completed and there being no significant changes to the home except for a new septic tank that was installed;
- MPAC having directed the owner to the City to speak about tax rates;
- the owner feeling the amount is high, unaffordable, and unethical and stands to increase if the 2024 taxes increase;

- a study by the Fraser Institute indicating that the average Canadian pays about 45% of income in taxes, and 35% for necessities of life;
- concerns being expressed that high taxes will not result in a prospering City and will not encourage people to move to the City;
- the property being within Stratford's City limits but does not rely on Stratford services or amenities;
- if the request is granted, the tax amount would be maintained from previous years as there have been no reductions with the severance;
- before the severance, almost \$9,000.00 was collected on the farm as a whole, with the severance \$6,000.00 will be collected from the farm land and if granted, \$3,000.00 for the house; and
- it being noted the City also made money off the sale of the property due to the severance.

4. Report of the Director of Corporate Services

4.1 SEEDCo/investStratford Update to December 31, 2023 (FIN24-006)

Staff Recommendation: THAT the Stratford Economic Enterprise Development Corporation (SEEDCo./investStratford) Update (FIN24-006) for the period ending December 31, 2023 be received for information.

Sub-committee Discussion: The CEO of investStratford, referring to a PowerPoint presentation, provided an overview of the investStratford update to December 31, 2023. Highlights of the presentation included:

- the report summarizing activities from July through to December 2023;
- there being many ongoing investment opportunities for both City owned properties and privately held commercial and industrial properties;
- there being instances where the City does not have a particular parcel that can meet the needs of a investment opportunity resulting in investStratford working to ensure all industrial and

commercial properties are available and marketed to the particular individuals and companies;

- 64 startups being supported by the Small Business Enterprise Centre;
- 130 consultations having been completed with entrepreneurs and new small business owners;
- 117 new jobs being created between June to December, 2023;
- a workshop having been hosted for small business and entrepreneurs on human resources;
- looking at what Generation Z and young employees look for in jobs, which is a different perspective than the past model;
- the sessions being available on the website so entrepreneurs can review at any time;
- three trade missions and trade shows with the South Western Ontario Marketing Alliance Partners netting more than 65 foreign direct investment leads that they consistently follow up with;
- with respect to City owned industrial land activity:
 - the Wright business Park being fully sold with work beginning on Lot 6 and part of Lot 1; and
 - two parcels being available in the Crane West Business Park, with many interested parties;
- the first visit to Japan since 2019 was completed in November 2023 with Mayor Ritsma;
- during the visit, all 5 parts suppliers were visited;
- in the community more than 29 hundred people go to work daily in a Japanese part supplier, they occupy 1.15 million square feet of industrial space and generate \$2.69 million in annual tax revenue;
- Mr. Hayashi noted that the Stratford Hayashi facility is the best facility they have world wide regarding production and efficiency;

- the trip being a foreign direct investment opportunity and saw engagement with more than 500 companies and organizations and many opportunities to meet with firms while in Japan;
- an event having been hosted with the Embassy and the Consulate General with economic updates being received;
- with respect to the Summer Company program, it being open for 2024;
- the Summer Company program being for students ages 15-29 to start small business through the summer;
- grants up to \$3,000.00 being available to purchase start up equipment, complete marketing etc.;
- there being mentorship opportunities throughout the summer from local community leaders and guidance from the small business team;
- there being a women in business celebration on March 25th which is an opportunity to help women in business to think on their feet, think strategically and to get dialogue flowing;
- a Foodpreneur program being started in partnership with Perth County;
- the program being for entrepreneurs doing work outside of traditional restaurants from a food manufacturing perspective, e.g. food processing packaging, labelling, ingredients;
- it being a free program with 6 weeks of expertise;
- the program being specific to individuals in Perth County, Stratford and St. Marys in the food space;
- CanExport funding having been approved with the funding leveraging the tradeshow budget and there being a specific strategy for the IndoPacific Region and Agrotech in food sectors;
- The Small Business Enterprise Center contract having been renewed for the third year to March 31, 2025;
- there being \$217,000 in provincial grants that are reliant on Council contribution; and

- when the City provides money, they are able to leverage that money and look at opportunities to grow the money.

Motion by Councillor Beatty

Sub-committee Recommendation: THAT the Stratford Economic Enterprise Development Corporation (SEEDCo./investStratford) Update (FIN24-006) for the period ending December 31, 2023 be received for information.

Carried

4.2 2023 Annual Reports from Committees of Council (FIN24-005)

Sub-committee discussion: The Vice-Chair noted that the Annual Reports from committees of council (FIN24-005) were received for information as follows:

- Active Transportation Advisory Committee;
- Heritage Stratford Committee;
- Accessibility Advisory Committee;
- Energy and Environment Committee;
- Stratfords of the World Committee, and;
- Communities in Bloom Committee.

5. Advisory Committee/Outside Board Minutes

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

6. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is March 19, 2024 at 4:30 p.m. in the Council Chamber, City Hall.

7. Adjournment

Motion by Councillor Nijjar

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

Carried

Meeting Start Time: 4:30 P.M.

Meeting End Time: 4:50 P.M.



MANAGEMENT REPORT

Date: February 20, 2024
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN24-006
Attachments: SEEDCo Update to December 31 2023

Title: SEEDCo/investStratford Update to December 31 2023

Objective: To receive an update on SEEDCo.'s activities for the period ending December 31, 2023.

Background: SEEDCo. gives regular updates to Council through the Finance and Labour Relations Sub-committee.

Analysis: Joani Gerber from SEEDCo. has been invited to attend to present the attached report.

Financial Implications:

Financial impact to current year operating budget:

SEEDCo receives financial contributions from the City as approved through the annual budget process. The 2023 contribution is \$544,840 for general operations, \$108,202 for the Small Business Enterprise Centre plus an additional amount of \$33,750 from the Infrastructure and Development Services (IDS) budget to support the Attainable Housing /Community Improvement Plan project.

These funds were leveraged to support the Rural Economic Development (RED) grant application that will be concluding shortly. The total City contribution for that project was \$68,750, spread between the 2022 and 2023 budget (\$33,750 in 2023).

Beyond this, there are no additional direct financial implications to the City's operating budget.

Alignment with Strategic Priorities:

Widening our Economic Opportunities

Strengthening Stratford's economy by developing, attracting and retaining a diversity of businesses and talent.

Alignment with One Planet Principles:

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Staff Recommendation: THAT the Stratford Economic Enterprise Development Corporation (SEEDCo./investStratford) Update (FIN24-006) for the period ending December 31, 2023 be received for information.

Prepared by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer

Recommended by: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Joan Thomson, Chief Administrative Officer

January 31, 2024

Title: Report to Finance & Labour Relations Sub-Committee

Councillor Hunter, Chair & Sub-Committee Members

CC: Karmen Krueger, Director of Corporate Services & Joan Thomson, CAO

Activities of the Stratford Economic Enterprise Development Corporation

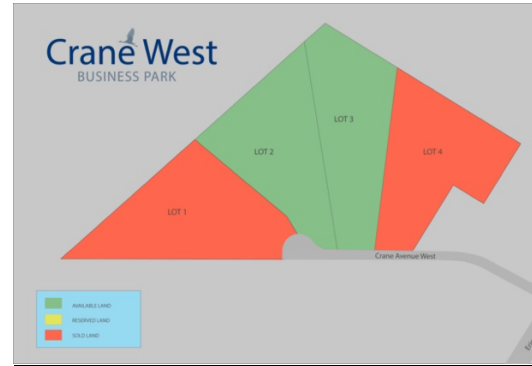
Aligning to the strategic priority of Council, **Widening our Economic Opportunities**, the following projects and activities are ongoing and underway.

Key Metrics (July 1 through December 31, 2023):

- Staff worked with 12 ongoing new investment opportunities for both City-owned and privately held industrial and commercial properties and responded to 14 inquiries.
- Staff are working with 9 existing companies supporting their retention and expansion plans.
- The Small Business Centre held 130+ consultations including 20 businesses started, 18 businesses sustained, 24 businesses expanded, and 2 businesses purchased.
- Staff hosted 1 networking event with an HR Specialist speaker.
- 117 (new) Jobs were created by businesses supported by the Small Business Centre.
- The Starter Company Plus program had a 7 participant cohort this fall helping 7 new businesses to prepare to launch or expand.
- Staff participated in many Workforce Development activities (e.g., Stratford-Bruce Peninsula Employment Service System Manager (SMM) and Attainable Market Housing Project).
- The CEO and Mayor participated in a SOMA led trade mission to Japan and had an audience with all 5 Japanese companies in Stratford. (Japanese companies in the City represent over 1 million square feet of industrial space and generate significant positive tax impacts and employment).
- With our SOMA Partners, Stratford had a presence at 3 trade shows generating more than 65 foreign direct investment leads. Companies included those in the automotive mobility sector, food and agri-tech and advanced manufacturing/plastics.

City-Owned Industrial Land Activity (July 1 through December 31, 2023):

- All lots in the Wright Business Park are sold, apart from one parcel in a due diligence/feasibility review and one parcel under an option to purchase agreement.
- Two City-owned 5.5 acre industrial lots in the Crane West Business Park were put into reserve status in October but came back into the available inventory in December. There have been several new inquiries and staff have been reaching out to realtors and companies that have expressed interest in City lots in the past.



2022/23 Attainable Housing Special Project – Key Performance Indicators (July 1 through December 31, 2023)

- Project implementation recommendations from the Attainable Market Housing Project Final report were referred to the 2024 City Budget process, including a detailed expansion request submitted for a Housing Concierge Position.
- An internal Working Group continues to meet to discuss next steps and project implementation.
- City staff have applied to CMHC's Housing Accelerator Fund (HAF) to assist in resourcing project implementation.
- A Community Awareness Campaign continues through investStratford, City and various partners' social media channels.

Budget Variance Analysis (Year to Date, December 31, 2023), Attached.

- Note 1 – Final 60% of Small Business Centre funding from the Province to be received (early Feb 2024)
- Note 2 – second Starter Company cohort begins in Feb 2024
- All SBEC related expenses (rent, grants, events) are reported on a fiscal year end (April-March)

Looking Ahead to Q1 (January-March 2024)

- The next round of Starter Company (grant and education program for new and expanding companies) will work with 6 new entrepreneurs. The 5-week program will launch on February 12, 2024.
- The Summer Company program will accept applications for its grant and education program from January to May 2024. Seven spaces will be available to help students launch their own businesses and explore entrepreneurship.
- The small business team (SBEC) continues to meet with the Stratford City Centre, Destination Stratford, and the Perth Community Futures Development Corp to review opportunities and challenges facing downtown business owners.



82 Erie Street | 3rd Floor
Stratford | Ontario | Canada | N5A 2M4
Toll free 1.844.812.5055 | 519.305.5055
investStratford.com

- The internal Attainable Market Housing Project Team continue to meet to prioritize the next steps and set goals and timelines; implementation subject to 2024 budget.
- We will have representation at the following trade shows and events with SOMA Partners:
 - Consumer Electronics Show (CES) – technology companies in areas of Smart City, Mobility and EV
 - Society of Industrial and Office Realtors (SIOR)
 - 67th Annual Conference and Showcase of the Economic Developers Council of Ontario (EDCO)
 - Intelligent Community Forum (ICF), International Smart City Conference and Trade Show

Respectfully Submitted,

Joani Gerber
CEO, investStratford
igerber@investstratford.com

Attachments:

SEEDCo. Budget Variance Report Year to Date, Ending December 31, 2023

2023 Budget to Actual for SEED Co.**OPERATIONS**

as of January 17, 2024

	Budget	(unadjusted)	
	2023	Year to Date	
	2023	2023	
REVENUE			
City of Stratford - InvestStratford	544,840	544,840	
City of Stratford - SBEC	108,202	108,202	
City of Stratford - Housing Special Project	33,750	31,708	
Province Funding- SBEC	217,806	130,684	1
Recoverable Expenses and Charges	51,750	59,063	
Events and User Fees	-		
	\$ 956,348	\$ 874,497	
EXPENSES			
Salaries, Benefits and Contract Labour	544,475	530,667	
Training and Professional Development	7,500	4,259	
Insurance and Custodial	2,000	406	
Equipment, Capital and Software	5,000	867	
Support Services and Fees	29,500	27,702	
Office Supplies and Operations	45,242	27,502	
Consultants and Mentorship	72,500	75,534	
Legal and Audit	5,000	3,175	
Meals and Meetings	6,600	9,521	
Contingency/Reserve Transfer	10,000	-	
Conferences, Trade Shows, Travel and Mileage	44,000	54,255	
Promotion, Marketing, and Materials	30,000	29,882	
Memberships	36,750	37,977	
Rent and common area maintenance	21,781	18,701	
Events	10,000	-	
Grants	86,000	59,000	2
	\$ 956,348	\$ 879,448	
Projected Ending Surplus (Deficit)	\$ -	\$ (4,951)	

1 final 60% of Provincial Funding not yet received

2 second starter company cohort scheduled in Feb. 2024

NB: City operations are a calendar year end, December 31, 2023, SBEC operations are reported on a March 31, 2024 fiscal



MANAGEMENT REPORT

Date: March 25, 2024
To: Finance and Labour Relations Committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN24-011
Attachments: 2023 Statement of Council Remuneration and Expenses

Title: 2023 Statement of Council Remuneration and Expenses

Objective: To report on Council remuneration and expenses paid in 2023 in accordance with S.284(1) of the Municipal Act, 2001.

Background: In accordance with the Municipal Act, 2001:

284 (1) The treasurer of a municipality shall in each year on or before March 31 provide to the council of the municipality an itemized statement on remuneration and expenses paid in the previous year to,

(a) each member of council in respect of his or her services as a member of the council or any other body, including a local board, to which the member has been appointed by council or on which the member holds office by virtue of being a member of council;

(b) each member of council in respect of his or her services as an officer or employee of the municipality or other body described in clause (a); and

(c) each person, other than a member of council, appointed by the municipality to serve as a member of any body, including a local board, in respect of his or her services as a member of the body.

Analysis: As noted on the attached statement, amounts paid to or on behalf of the Mayor and Members of Council were authorized by City By-law 20-98, as amended by By-law 179-2019 on November 12, 2019.

Amounts reflected are paid in the year but may not reflect amounts incurred in the year. This difference is due to timing of expense claims submitted for payment.

Occasionally, an elected official will personally pay eligible expenses, or reimburse the City after the event. These amounts are not included in the Statement.

Financial Implications:

Financial impact to current and future year operating budget:

There is no financial impact or other considerations for this report. All reported expenses are included in the projected budgets annually.

This report is presented for information in accordance with S.284 of the Municipal Act, 2001.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Alignment with One Planet Principles:

Not applicable: This report is presented for information and has no impact on One Planet Principles.

Staff Recommendation: THAT the Report titled, "2023 Statement of Council Remuneration and Expenses" (FIN24-011), be received for information.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services Joan Thomson, Chief Administrative Officer



**CITY OF STRATFORD
ANNUAL STATEMENT OF COUNCIL REMUNERATION AND EXPENSES
AT DECEMBER 31, 2023**

	BASE REMUNERATION PAID ¹	AMOUNTS PAID IN LIEU OF BENEFITS	PER DIEMS PAID ²	AMOUNTS PAID AND PAID ON BEHALF OF FOR CONFERENCE & MEETING EXP ³	AMOUNTS PAID BY LOCAL BOARDS ⁴	AMOUNTS PAID ON BEHALF OF FOR EMPLOYER REMITTANCE COSTS	TOTAL AMOUNTS PAID AND PAID ON BEHALF OF
Mayor Martin Ritsma	82,433	4,000		11,854	6,986	5,440	110,713
Deputy Mayor Harjinder Nijjar	23,188	4,000	1,800	1,132	4,175	2,082	36,377
Councillor Brad Beatty	21,304	4,000	2,640	6,849	3,802	1,999	40,595
Councillor Lesley Biehn	21,304	4,000	1,350	1,396		1,897	29,948
Councillor Taylor Briscoe	21,304	4,000		660		1,791	27,755
Councillor Jo-Dee Burbach	21,304	4,000	1,500	4,470		1,909	33,183
Councillor Bonnie Henderson	21,304	4,000	1,740	851		527	28,422
Councillor Mark Hunter	21,304	4,000		1,259	245	1,791	28,599
Councillor Larry McCabe	21,304	4,000		2,329	245	1,791	29,669
Councillor Cody Sebben	21,304	4,000	900	694	3,059	1,862	31,819
Councillor Geza Wordofa	21,304	4,000		4,386		1,791	31,481
TOTAL	297,358	44,001	9,930	35,880	18,511	22,880	428,561

Notes:

1. Includes all meetings of Council, Standing Committees & Sub-Committees
2. Includes meetings of Local Boards & Committees. Amounts relating to Spruce Lodge = \$510 of which Spruce Lodge reimbursed the City \$1,360
3. Includes mileage of \$2,078 and cell phone costs of \$7,320 for 10 Councillors and Mayor
4. No remuneration is paid to members of the Municipal Golf Course Board however Councillor Harjinder Nijjar received a free season membership valued at \$875.
5. There were some amounts paid after December 31, 2023 that relate to 2023. They are excluded from these amounts due to timing and will form part of 2024 reporting.

LOCAL BOARDS & COMMITTEES (OTHER MEMBERS)

	BASE REMUNERATION PAID	AMOUNTS PAID ON BEHALF OF FOR EMPLOYER REMITTANCE COSTS	PER DIEMS PAID	AMOUNTS PAID AND PAID ON BEHALF OF FOR CONFERENCE & MEETING EXP	TOTAL AMOUNTS PAID AND PAID ON BEHALF OF
<u>Committee of Adjustments:</u>					
Andy Bicanic	400	8			408
Charlene Gordon	342	7			348
Ajay Mishra	333	7			340
Peter Moreton	375	7			382
Justine Nigro	333	7			340
	1,783	35	-	-	1,818
<u>Festival Hydro Inc.:</u>					
Brad Beatty			see above		
Geraldine Guthrie	10,000	353	8,100	666	19,119
Mark Henderson	6,000		4,800	721	11,521
Susan Nickle	6,000	788	6,600	415	13,803
Dan Mathieson	-	1	60		
David Scott	6,000	479	2,700		9,179
John Tapics	8,000	302	7,500	858	16,660
David Baldarelli	500				
Cody Sebben			see above		
Martin Ritsma			see above		
	36,500	1,923	29,760	2,660	70,282
<u>Festival Hydro Services Inc.:</u>					
Brad Beatty			see above		
Geraldine Guthrie	500	51	2,100	85	2,736
Antonio Ciciretto			1,800		1,800
Dan Mathieson		1	60		
Geoff Williams		23	1,200		1,223
John Tapics		23	1,200		1,223
Martin Ritsma			see above		
Mark Hunter			see above		
Larry McCabe			see above		
	500	98	6,360	85	6,982

LOCAL BOARDS & COMMITTEES (OTHER MEMBERS)

	BASE REMUNERATION PAID	AMOUNTS PAID ON BEHALF OF FOR EMPLOYER REMITTANCE COSTS	PER DIEMS PAID	AMOUNTS PAID AND PAID ON BEHALF OF FOR CONFERENCE & MEETING EXP	TOTAL AMOUNTS PAID AND PAID ON BEHALF OF
<u>Police Services Board:</u> David Gaffney Harjinder Nijjar Martin Ritsma	3,420 see above see above	167 see above see above			3,587
	10,995	627	-	1,434	13,055
<u>Stratford Public Library Board:</u> Michael Corbett Mackenzie Kipfer Marthe Jocelyn Ana Costa Reis					
	-	-	-	-	-
<u>Upper Thames River Conservation Authority</u> Harjinder Nijjar		see above	see above	see above	-
	-	-	-	-	-

This report was prepared by the City of Stratford Treasurer, Karmen Krueger, on March 1, 2024, pursuant to the Municipal Act, 2001 c.25, Section 284(1) as amended, and as authorized under City of Stratford By-law # 39-2023 (to adopt the 2023 budget), City of Stratford By-law # 20-98 as amended (remuneration for members of Council), and City of Stratford Policy T.2.1 Travel and Conventions.



MANAGEMENT REPORT

Date: March 25, 2024
To: Finance and Labour Relations Committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN24-012
Attachments: 1. Sample Amortization Table
 2. Borrowing By-law

Title: Long-Term Debt Update and Borrowing By-law

Objective: To provide Council an update on the status of the City's pending long-term debt advances and to authorize borrowing by-law for the Queen Street Storm project.

Background: At the July 11, 2022, Council meeting, Council authorized the financing of several projects using long-term debt including the aerial truck for the fire department, the Quinlan pumping station, the Queen Street storm project, and Britannia Phase 2. Since then, the loans relating to the aerial fire truck and the Quinlan pumping station were advanced, but the Queen Street Storm project and Britannia Phase 2 projects were not.

For all these projects, the debt repayment requirements have been included in the budget process (2022, 2023 and 2024) and levied accordingly. For the aerial truck and Quinlan pumping station, the levied amounts are reducing the actual loan and funding the interest payments.

For the others, the projects remain 'unfinanced.' Drawing of the Queen Street storm loan was conditional upon the City submitting the 2021 final audited financial statements to the Bank. So, at this point, we are ready to proceed with the advancement of debt to replenish the cash that initially supported this project.

The debenture funds, when received, will eliminate the unfinanced liability, and replenish the City's reserve fund bank balance to support the reserve balances recorded in the City's books.

The Bank requires specific borrowing by-laws for each loan separately and this report addresses the Queen Street Storm project.

Analysis: As noted in the table below, the initially approved amount was \$15 million. The actual expenditure was less than this, and since then, there have been several years of payments towards this estimated balance (of both principal and interest amounts), so the current required loan is now down to \$9 million. Staff are recommending a corresponding 8-year repayment term for this to remain consistent with other linear projects and the assets' useful lives without affecting the levy impact.

Purpose	Amount	Term	Annual Payment (Principal and Interest)
Aerial Truck-Fire	\$1,864,100	25	\$131,600
Quinlan Pumping Station	\$4,000,000	15	\$376,667
Queen St. Storm Project	\$15,355,000	15	\$1,445,929
Queen St. Storm REVISED	\$9,230,915	10/8	\$1,445,929

Interest rates are still to be confirmed, one of the last steps before drawing down the loan, and are estimated to be 5-6% for the term. Staff are discussing a shorter term (i.e. 1 year) as rates are expected to drop in the coming 6-18 months. If this option is selected then the rate would be locked in for 1 year, and when it matures it will require a new term.

A couple of items to note for information:

- 1) Unfinanced liabilities usually arise due to timing differences, or in cases where a funding solution has yet to be identified. This timing difference does put pressures on the City's cash balances, as funds earmarked for general operations, or current year capital projects could face risks of cash flows being insufficient if these timing differences are not resolved. So far, the City has been able to manage project cash flows but at some point, any unfinanced obligations need to identify a funding strategy.
- 2) At December 31, 2023, the City has several other unfinanced liabilities awaiting funding outcomes and decisions as follows:
 - i) Britannia St Phase 2 Build - \$4.7 million, pending completion of the build (will be funded via debenture per previous approval)
 - ii) Cooper Site Expropriation - \$3 million, pending staff report to outline options for costs incurred in 2020-2022 relating to the expropriation.
 - iii) Roadhouse Drain - \$18,421, relating to early work done on the capital project (will be funded from the 2024 project budget).

A total of \$7.8 million is remaining unfinanced with options brought forward in a subsequent staff report.

Financial Implications:

Financial impact to current year operating budget:

There are no expected impacts to the 2024 budgeted payments relating to this long-term debt by-law.

Financial impact on future year operating budget:

There are no expected impacts to the future budgeted payments relating to this long-term debt by-law.

Link to asset management plan and strategy:

These assets were added to the City's linear inventory in 2021 and form part of the required future asset replacements.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.

Alignment with One Planet Principles:

Not applicable: One Planet Principles do not apply as this report relates to financial strategies.

Staff Recommendation: THAT a by-law to authorize the borrowing in the form of a bank loan(s) in the principal amount of \$9,230,915 towards the cost of the Queen Street Storm project be adopted;

AND THAT the Chief Administrative Officer or City Clerk and the Treasurer (two signatures required) be authorized to sign all related documents with the City's financial institution to complete the borrowing of funds.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer Joan Thomson, Chief Administrative Officer

Serial Debenture Schedule

Organization Name	City of Stratford
Principal Amount	\$ 9,230,915.00
Annual Interest Rate	6.50 %
Loan Term (Year)	8
Debenture Date (mm/dd/yyyy)	04/30/2024
Maturity Date (mm/dd/yyyy)	04/30/2032
Payment Frequency	Monthly
Loan Type	Serial

Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
05/31/2024	\$ 147,115.07	\$ 96,155.36	\$ 50,959.71	\$ 9,134,759.64
06/30/2024	\$ 144,957.50	\$ 96,155.36	\$ 48,802.14	\$ 9,038,604.28
07/31/2024	\$ 146,053.41	\$ 96,155.36	\$ 49,898.05	\$ 8,942,448.92
08/31/2024	\$ 145,522.58	\$ 96,155.36	\$ 49,367.22	\$ 8,846,293.56
09/30/2024	\$ 143,416.38	\$ 96,155.36	\$ 47,261.02	\$ 8,750,138.20
10/31/2024	\$ 144,460.92	\$ 96,155.36	\$ 48,305.56	\$ 8,653,982.84
11/30/2024	\$ 142,388.97	\$ 96,155.36	\$ 46,233.61	\$ 8,557,827.48
12/31/2024	\$ 143,399.26	\$ 96,155.36	\$ 47,243.90	\$ 8,461,672.12
01/31/2025	\$ 142,868.43	\$ 96,155.36	\$ 46,713.07	\$ 8,365,516.76
02/28/2025	\$ 137,868.35	\$ 96,155.36	\$ 41,712.99	\$ 8,269,361.40
03/31/2025	\$ 141,806.77	\$ 96,155.36	\$ 45,651.41	\$ 8,173,206.04
04/30/2025	\$ 139,820.43	\$ 96,155.36	\$ 43,665.07	\$ 8,077,050.68
05/31/2025	\$ 140,745.11	\$ 96,155.36	\$ 44,589.75	\$ 7,980,895.32
06/30/2025	\$ 138,793.02	\$ 96,155.36	\$ 42,637.66	\$ 7,884,739.96
07/31/2025	\$ 139,683.44	\$ 96,155.36	\$ 43,528.08	\$ 7,788,584.60
08/31/2025	\$ 139,152.61	\$ 96,155.36	\$ 42,997.25	\$ 7,692,429.24
09/30/2025	\$ 137,251.90	\$ 96,155.36	\$ 41,096.54	\$ 7,596,273.88
10/31/2025	\$ 138,090.95	\$ 96,155.36	\$ 41,935.59	\$ 7,500,118.52
11/30/2025	\$ 136,224.49	\$ 96,155.36	\$ 40,069.13	\$ 7,403,963.16
12/31/2025	\$ 137,029.29	\$ 96,155.36	\$ 40,873.93	\$ 7,307,807.80
01/31/2026	\$ 136,498.46	\$ 96,155.36	\$ 40,343.10	\$ 7,211,652.44
02/28/2026	\$ 132,114.83	\$ 96,155.36	\$ 35,959.47	\$ 7,115,497.08
03/31/2026	\$ 135,436.80	\$ 96,155.36	\$ 39,281.44	\$ 7,019,341.72
04/30/2026	\$ 133,655.95	\$ 96,155.36	\$ 37,500.59	\$ 6,923,186.36
05/31/2026	\$ 134,375.14	\$ 96,155.36	\$ 38,219.78	\$ 6,827,031.00
06/30/2026	\$ 132,628.54	\$ 96,155.36	\$ 36,473.18	\$ 6,730,875.64
07/31/2026	\$ 133,313.48	\$ 96,155.36	\$ 37,158.12	\$ 6,634,720.28
08/31/2026	\$ 132,782.65	\$ 96,155.36	\$ 36,627.29	\$ 6,538,564.92
09/30/2026	\$ 131,087.42	\$ 96,155.36	\$ 34,932.06	\$ 6,442,409.56
10/31/2026	\$ 131,720.99	\$ 96,155.36	\$ 35,565.63	\$ 6,346,254.20
11/30/2026	\$ 130,060.01	\$ 96,155.36	\$ 33,904.65	\$ 6,250,098.84
12/31/2026	\$ 130,659.33	\$ 96,155.36	\$ 34,503.97	\$ 6,153,943.48
01/31/2027	\$ 130,128.50	\$ 96,155.36	\$ 33,973.14	\$ 6,057,788.12
02/28/2027	\$ 126,361.32	\$ 96,155.36	\$ 30,205.96	\$ 5,961,632.76
03/31/2027	\$ 129,066.84	\$ 96,155.36	\$ 32,911.48	\$ 5,865,477.40

04/30/2027	\$ 127,491.47	\$ 96,155.36	\$ 31,336.11	\$ 5,769,322.04
05/31/2027	\$ 128,005.18	\$ 96,155.36	\$ 31,849.82	\$ 5,673,166.68
06/30/2027	\$ 126,464.06	\$ 96,155.36	\$ 30,308.70	\$ 5,577,011.32
07/31/2027	\$ 126,943.52	\$ 96,155.36	\$ 30,788.16	\$ 5,480,855.96
08/31/2027	\$ 126,412.69	\$ 96,155.36	\$ 30,257.33	\$ 5,384,700.60
09/30/2027	\$ 124,922.94	\$ 96,155.36	\$ 28,767.58	\$ 5,288,545.24
10/31/2027	\$ 125,351.03	\$ 96,155.36	\$ 29,195.67	\$ 5,192,389.88
11/30/2027	\$ 123,895.53	\$ 96,155.36	\$ 27,740.17	\$ 5,096,234.52
12/31/2027	\$ 124,289.37	\$ 96,155.36	\$ 28,134.01	\$ 5,000,079.16
01/31/2028	\$ 123,758.54	\$ 96,155.36	\$ 27,603.18	\$ 4,903,923.80
02/29/2028	\$ 121,481.10	\$ 96,155.36	\$ 25,325.74	\$ 4,807,768.44
03/31/2028	\$ 122,696.88	\$ 96,155.36	\$ 26,541.52	\$ 4,711,613.08
04/30/2028	\$ 121,326.99	\$ 96,155.36	\$ 25,171.63	\$ 4,615,457.72
05/31/2028	\$ 121,635.22	\$ 96,155.36	\$ 25,479.86	\$ 4,519,302.36
06/30/2028	\$ 120,299.58	\$ 96,155.36	\$ 24,144.22	\$ 4,423,147.00
07/31/2028	\$ 120,573.56	\$ 96,155.36	\$ 24,418.20	\$ 4,326,991.64
08/31/2028	\$ 120,042.72	\$ 96,155.36	\$ 23,887.36	\$ 4,230,836.28
09/30/2028	\$ 118,758.46	\$ 96,155.36	\$ 22,603.10	\$ 4,134,680.92
10/31/2028	\$ 118,981.06	\$ 96,155.36	\$ 22,825.70	\$ 4,038,525.56
11/30/2028	\$ 117,731.04	\$ 96,155.36	\$ 21,575.68	\$ 3,942,370.20
12/31/2028	\$ 117,919.40	\$ 96,155.36	\$ 21,764.04	\$ 3,846,214.84
01/31/2029	\$ 117,388.57	\$ 96,155.36	\$ 21,233.21	\$ 3,750,059.48
02/28/2029	\$ 114,854.29	\$ 96,155.36	\$ 18,698.93	\$ 3,653,904.12
03/31/2029	\$ 116,326.91	\$ 96,155.36	\$ 20,171.55	\$ 3,557,748.76
04/30/2029	\$ 115,162.51	\$ 96,155.36	\$ 19,007.15	\$ 3,461,593.40
05/31/2029	\$ 115,265.25	\$ 96,155.36	\$ 19,109.89	\$ 3,365,438.04
06/30/2029	\$ 114,135.10	\$ 96,155.36	\$ 17,979.74	\$ 3,269,282.68
07/31/2029	\$ 114,203.59	\$ 96,155.36	\$ 18,048.23	\$ 3,173,127.32
08/31/2029	\$ 113,672.76	\$ 96,155.36	\$ 17,517.40	\$ 3,076,971.96
09/30/2029	\$ 112,593.98	\$ 96,155.36	\$ 16,438.62	\$ 2,980,816.60
10/31/2029	\$ 112,611.10	\$ 96,155.36	\$ 16,455.74	\$ 2,884,661.24
11/30/2029	\$ 111,566.56	\$ 96,155.36	\$ 15,411.20	\$ 2,788,505.88
12/31/2029	\$ 111,549.44	\$ 96,155.36	\$ 15,394.08	\$ 2,692,350.52
01/31/2030	\$ 111,018.61	\$ 96,155.36	\$ 14,863.25	\$ 2,596,195.16
02/28/2030	\$ 109,100.77	\$ 96,155.36	\$ 12,945.41	\$ 2,500,039.80
03/31/2030	\$ 109,956.95	\$ 96,155.36	\$ 13,801.59	\$ 2,403,884.44
04/30/2030	\$ 108,998.03	\$ 96,155.36	\$ 12,842.67	\$ 2,307,729.08
05/31/2030	\$ 108,895.29	\$ 96,155.36	\$ 12,739.93	\$ 2,211,573.72
06/30/2030	\$ 107,970.62	\$ 96,155.36	\$ 11,815.26	\$ 2,115,418.36
07/31/2030	\$ 107,833.63	\$ 96,155.36	\$ 11,678.27	\$ 2,019,263.00
08/31/2030	\$ 107,302.80	\$ 96,155.36	\$ 11,147.44	\$ 1,923,107.64
09/30/2030	\$ 106,429.50	\$ 96,155.36	\$ 10,274.14	\$ 1,826,952.28
10/31/2030	\$ 106,241.14	\$ 96,155.36	\$ 10,085.78	\$ 1,730,796.92
11/30/2030	\$ 105,402.08	\$ 96,155.36	\$ 9,246.72	\$ 1,634,641.56
12/31/2030	\$ 105,179.48	\$ 96,155.36	\$ 9,024.12	\$ 1,538,486.20
01/31/2031	\$ 104,648.65	\$ 96,155.36	\$ 8,493.29	\$ 1,442,330.84
02/28/2031	\$ 103,347.26	\$ 96,155.36	\$ 7,191.90	\$ 1,346,175.48
03/31/2031	\$ 103,586.99	\$ 96,155.36	\$ 7,431.63	\$ 1,250,020.12

04/30/2031	\$ 102,833.55	\$ 96,155.36	\$ 6,678.19	\$ 1,153,864.76
05/31/2031	\$ 102,525.33	\$ 96,155.36	\$ 6,369.97	\$ 1,057,709.40
06/30/2031	\$ 101,806.14	\$ 96,155.36	\$ 5,650.78	\$ 961,554.04
07/31/2031	\$ 101,463.67	\$ 96,155.36	\$ 5,308.31	\$ 865,398.68
08/31/2031	\$ 100,932.83	\$ 96,155.36	\$ 4,777.47	\$ 769,243.32
09/30/2031	\$ 100,265.02	\$ 96,155.36	\$ 4,109.66	\$ 673,087.96
10/31/2031	\$ 99,871.17	\$ 96,155.36	\$ 3,715.81	\$ 576,932.60
11/30/2031	\$ 99,237.60	\$ 96,155.36	\$ 3,082.24	\$ 480,777.24
12/31/2031	\$ 98,809.51	\$ 96,155.36	\$ 2,654.15	\$ 384,621.88
01/31/2032	\$ 98,278.68	\$ 96,155.36	\$ 2,123.32	\$ 288,466.52
02/29/2032	\$ 97,645.11	\$ 96,155.36	\$ 1,489.75	\$ 192,311.16
03/31/2032	\$ 97,217.02	\$ 96,155.36	\$ 1,061.66	\$ 96,155.80
04/30/2032	\$ 96,669.51	\$ 96,155.80	\$ 513.71	\$ 00.00
	\$ 11,658,316.48	\$ 9,230,915.00	\$ 2,427,401.48	



**BY-LAW NUMBER XX-2024
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to enter into a bank loan agreement with the Royal Bank of Canada for the purpose of long-term borrowing.

WHEREAS Part XIII of the Municipal Act 2001, 5.0. 2001, Chapter 25, provides authority for a municipality to incur a debt for municipal purposes, whether by borrowing money or in any other way and may issue debentures and prescribed financial instruments and enter prescribed financial agreements for or in relation to the debt;

AND WHEREAS Council of The Corporation of the City of Stratford (the "Corporation") has authorized various undertakings in respect of which Council of the Corporation has by by-law approved such undertakings to be financed in whole or in part by incurring long-term debt (individually an "Undertaking", collectively the "Undertakings") and Council of the Corporation deems it appropriate to authorize borrowing to meet expenditures made in connection with the Undertakings up to a maximum principal amount of \$9,230,915.

AND WHEREAS the Corporation and the Royal Bank of Canada have agreed to enter into a bank loan agreement for long-term borrowing:

NOW THEREFORE BE IT ENACTED by the Council of The Corporation of the City of Stratford as follows:

1. That the Head of Council and/or the Chief Administrative Officer and the Treasurer are hereby authorized to enter into a bank loan agreement with the Royal Bank of Canada to meet capital expenditures incurred to a maximum amount of \$9,230,915 for Queen Street Storm project - over a maximum of 8-year term, interest rate to be determined to a maximum of 6.5%, amortization maximum 8 years;
2. Annual payments of principal and interest to be paid in monthly installments, said payments to be raised as part of the general municipal levy as required.
3. The lender(s) from whom amounts may be borrowed under the authority of this by-law shall be the Royal Bank of Canada and such other lender(s) as may be determined from time to time by by-law of Council.
4. The Treasurer shall, at the time when any amount is borrowed under this by-law, ensure that the lender is or has been furnished with a certified copy of this by-law, a certified copy of the by-law mentioned in Section 2 determining a different lender, if applicable, and a statement indicating the specific

Undertaking or the specific Undertakings in respect of which the temporary borrowing will be made.

5. The proceeds of every loan obtained under this by-law shall be applied for the purpose of the specific Undertaking or the specific Undertakings in accordance with the provisions hereof.
6. Promissory notes or other authorized evidence of indebtedness made under Section 1 shall be signed by the Treasurer and the Chief Administrative Officer or by such other person as is authorized by by-law to sign the same.
7. This by-law shall come into force and take effect upon the final passage thereof.
8. Schedules "A" and "B" attached hereto form part of this By-law.

Read a FIRST, SECOND and THIRD time and

FINALLY PASSED this 25th day of March, 2024

Mayor – Martin Ritsma

Clerk – Tatiana Dafoe

SCHEDULE "A" TO
BY-LAW NUMBER XX-2024

Of The Corporation of the City of Stratford
Enacted this 25th day of March, 2024

The following projects are financed under this by-law:

1. Queen Street Storm Project \$9,230,915

SCHEDULE "B" TO
BY-LAW NUMBER XX-2024

Of The Corporation of the City of Stratford
Enacted this 25th day of March, 2024

Left blank to insert:

Queen Street Storm Project Maximum Rate 6.5%



MANAGEMENT REPORT

Date: March 19, 2024
To: Finance and Labour Relations Sub-committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Report Number: FIN24-013
Attachments: L.3.1 Local Improvements,
 L.3.2 Municipal Standard for Local Improvement Roads for
 Reconstruction

Title: Local Improvement Financing Charges for Works Constructed Under the Local Improvement Act R.S.O. 1990, and O.Reg. 586/06 Local Improvement Charges – Priority Lien Status

Objective: To consider a standardized approach to financing Local Improvement Charges.

Background: Part XII of the Municipal Act allows for full cost recovery of a specified project amongst those users who benefit or may benefit in the future from the service provided. The City has two current policies established for eligible local improvement works that are initiated by the City for works that the City plans to undertake. For some projects, if costs are not recoverable at the time of project completion, the City could possibly never recoup those costs.

The intent of this report and policy is to provide a standardized framework for the financial terms when a local improvement project proceeds, to ensure a fair and consistent approach for beneficiaries while ensuring that the incremental financial costs to the City are adequately captured. It is meant to complement the City's current Local Improvement policies L.3.1 and L.3.2 attached for reference.

The City has 7 outstanding local improvement projects where benefitting property owners have utilized payment options. Each of these projects' affected properties were provided with 10-year repayment terms at 5%. Repayment becomes due at the time construction costs are finalized, typically one year after the construction project is considered substantially completed.

Summarized, they are:

Project	Outstanding Principal	Repaid by	Number of Properties	Interest Rate
Matilda St Roadwork	\$31,253.04	2026	15	5%
Mornington St Sidewalk	\$811.77	2026	1	5%
Dawson St Sidewalk	\$1,703.26	2028	2	5%
Pleasant Drive	\$73,769.37	2031	13	5%
Linton Ave	\$30,091.12	2029	3	5%
Burritt St	\$1,101.66	2024	3	5%
Burritt/Frederick	\$90,324.86	2031	11	5%
Total	\$225,055.08		48	

Analysis: Historically, interest rates for Stratford's local improvement charges have been determined at the Treasurer's discretion. Also historically, the Bank's prime rate and interest rates in general have been lower than in recent years.

Earning a rate of return is not a primary consideration when financing capital works, but in cases where the City's money is used for what is essentially a repayable loan, the cost of financing should be considered. Funds for these types of programs have generally come from general cash and as repaid, replenish general cash. Simply stated, when the City lends funds to projects or entities, it is using cash that it had otherwise levied for general operations or for allocation to the capital program. Using these funds in an unstructured manner could cause temporary cash flow pressures.

The RBC prime rate at the date of preparing this report is 7.2%. In looking at other municipal local improvement by-laws and policies, the recommended approach is to link the rate charged to residents for local improvements to the City's cost of money. The general intent is that the cost of money includes interest on borrowed funds, or interest lost on funds on hand, plus administrative costs. Using a rate of Prime +1.5% would generally cover those costs, without earning a premium at the expense of the property owner.

Fixed rates (as have been used previously) were considered, however could prevent the Municipality from recovering the fully burdened construction costs from a local improvement project and do not account for inflation and heavy construction market cost increases experienced in recent years.

Staff are recommending for current and future projects, that a variable rate of Prime plus 1.5% apply to residents who elect for financing terms. This is representative of the cost of the City's funds, while still being a reasonable rate that might not be widely available to general residents through other financial means. This would essentially be a fixed rate for the term of each local improvement, so for example, when a project is ready to be financed, if Prime rate was 7%, the property owner could lock in at 8.5% for the term, which would be open for repayment at any time.

The existing 7 projects would be designated as 'legacy', thus maintaining their fixed rate of 5% for the duration of their repayment.

Highlights of the draft policy include repayment terms, interest rates and clarification around maximum financing periods and are outlined below.

Staff consulted other municipalities as well as the Infrastructure Services department who concurs that the policy is fair and considers the unique types of projects the City undertakes as local improvements.

It is noted that some municipalities offer no financing options through the municipality and require full payment at the completion of the project. Generally, financing option timeframes range from 5 to a maximum of 15 years and interest rate structures vary from using debenture rates at the time of completion, interest rates at the time of completion, plus administrative fee, to charging a higher interest rate to capture administrative costs. The latter option is easiest to understand and administer.

Staff recommend the following inclusions in the policy:

1. Incorporate administration costs within the overall interest rate charged for simplicity for local improvement projects;
2. Use an interest rate equal to the bank's Prime Rate (bank being used by the City) plus 1.5%. The Prime Rate would be based on the rate in effect at the time of the agreement;
3. Lock in the financing rate for the period of the financing;
4. Financing rates to be used for current year projects would not impact prior year agreements. Old financing rates would remain at the rate in effect at the time of the agreement as indicated in #3 above;
5. Limit the financing period to 5, 10 or 15 year timeframes, determined based on total financing required as follows:
 - Less than \$1,000, no financing terms available, invoiced
 - \$1,001 - \$5,000, maximum of 5 year repayment, added to tax roll
 - \$5,001 - \$20,000, 5 or 10 year repayment, added to tax roll annually
 - \$20,001 and above, 5, 10 or 15 year repayment, added to tax roll annually

6. No options to renegotiate the repayment terms during the term but balances are always fully open for repayment at any time; and
7. Give legacy designation to existing commitments made for current local improvement projects so they are unaffected by this new policy.

A gap in funding for asset management has been identified in the Asset Management Plan. It is assumed that Council's intent is for local improvements to be recovered from the petitioners as outlined in Policy L.3.1 (attached for reference). When a local improvement project moves forward which will add to the asset management burden, lifecycle costs should be included for the full costing to extend the lifecycle of the asset that was improved.

Financial Implications:

Financial impact to current year operating budget:

There are limited financial implications with the proposed change to local improvement financing, as the number of projects that are financed are not significant at this time. However, adoption of the policy ensures that the City can reasonably recover their own costs of using taxpayer funds.

If the policy is not adopted, the City will continue to lose the option of full cost recovery on local improvement projects. It may also be exposed to cash flow pressures depending on the project.

Financial impact on future year operating budget:

Similar to current year impacts noted.

Link to asset management plan and strategy:

When a local improvement project moves forward which will add to the asset management burden, lifecycle costs should be included for the full costing to extend the lifecycle of the asset that was improved.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Developing our Resources

Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.

Alignment with One Planet Principles:

Health and Happiness

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Staff Recommendation: THAT staff be directed to use the terms outlined in Report FIN24-013 for any current or upcoming Local Improvement projects pending the development of a Policy to be adopted by Council at a future meeting.

Prepared by:	Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer
Recommended by:	Joan Thomson, Chief Administrative Officer

The Corporation of the City of Stratford

Policy Manual

L.3 Local Improvements

Dept: Infrastructure and Development
Services

Committee: Infrastructure, Transportation and
Safety

L.3.1 Local Improvements

Adopted: September 28, 1998 by R98-504

Amended: March 4, 2019

Reaffirmed: November 10, 2014

Related Documents: By-law 194-87 as amended by By-law 36-90; By-law 63-94

☒ Council Policy ☐ Administrative Policy

The Local Improvement process is used to recover the cost of municipal capital improvements (e.g. sidewalk, roads, watermain, sewer etc.) from benefitting property owners in accordance with the regulatory requirements. Costs are recovered from property owners benefitting from the project through Local Improvement Charges. The process to administer Local Improvement Charges is statutorily set out in the Municipal Act (2001) under Ontario Regulation 586/06: Local Improvement Charges – Priority Lien Status.

The purpose of this Policy is to itemize the cost sharing percentages applied to certain projects in the City of Stratford.

Eligible Projects:

Local Improvement Charges shall only be applied to eligible capital works projects that result in a minimum recovery of \$40,000 from the total benefitting Property Owner assessments.

Sidewalk:

Local street sidewalks 40% frontage share to property abutting work, 60% City share.

Collector and arterial street sidewalks 50% frontage share to Development Charges Bylaw, 50% City share.

The first priority is to get one sidewalk on all arterial roads. The second priority would be to get at least one sidewalk on all collector roads and the third priority would be to get two sidewalks on all arterial roads.

Roadwork:

- (a) Up to and including 8.5m (28 feet) wide
Property Owner frontage share is 40%. City share is 60%;
- (b) Over 8.5m (28 feet) wide is 100% City share;
- (c) Additional material required for heavy duty street pavement is 100% City share.

Storm Sewer:

- (a) Up to and including 675mm (27 inches) diameter
Property Owner frontage share is 40%. City share is 60%;
- (b) Over 675mm (27 inches) diameter is paid by the City on a prorated basis according to the diameter of the sewer.
- (c) Storm services are paid 100% by the owner.

Sanitary Sewer:

- (a) Up to and including 200mm (8 inch) diameter
Property Owner frontage share is 100%;
- (b) Over 200mm (8 inch) diameter is paid by the City on a prorated basis according to diameter of the sewer.
- (c) Sanitary services are paid 100% by the owner.

Watermain:

- (a) Up to and including 200mm (8 inch) diameter
Property Owner frontage share is 100%;
- (b) Over 200mm (8 inch) diameter is paid by the City on a prorated basis according to diameter of the main.
- (c) Water services are paid 100% by the owner.

Flankage Exemptions:

If any of the above works abut a corner lot in a residential zone, the City shall pay for the first 40m (131 feet) along the flankage of the lot. Any flankage over 40 m (131 feet) shall be assessed to the abutting property.

Catchbasins:

All catchbasins and leads are paid 100% by the City.

Intersections:

All work at street intersections shall be paid 100% by the City.

The Corporation of the City of Stratford

Policy Manual

L.3 Local Improvements

Dept: Infrastructure and Development
Services

Committee: Infrastructure, Transportation and
Safety

L.3.2 Municipal Standard for Local Improvement Roads for Reconstruction

Adopted: November 10, 2014 by R2014-444

Amended:

Reaffirmed:

Related Documents:

☒ Council Policy ☐ Administrative Policy

Further, that the Municipal Standard be adopted for local improvement roads for reconstruction as follows:

- Municipal Standard
 - The road will be brought up to the current municipal standard which includes the following: sidewalk, curb and gutter, asphalt, storm sewers, watermain and sanitary sewers.
 - Services which were originally omitted will be paid for under the *Municipal Act*, Local Improvement Charges.
 - Existing services which are in need of replacement will be paid for by the City.